



2009 PENSIONS COMPENSATION FACTSHEET

The Pensions and Provident Funds (Compensation for Loss of Pre-2009 Value of Pension Benefits) Regulations, 2023 were gazetted on Friday 29 September 2023 through Statutory Instrument 162 of 2023. But what does all this mean to policyholders and fund members?

All this is explained below:

Background

The President of the Republic of Zimbabwe constituted a commission of inquiry in 2015 to investigate the causes and extent of the loss of value of life insurance policies and pensions suffered by policyholders and pension scheme members following the conversion of Zimbabwe dollar policies to the multicurrency regime in 2009.

The Justice George Smith-led Commission of Inquiry found that some policyholders and pension scheme members were prejudiced during the conversion process. The Inquiry's Report recommended that the affected policyholders and pension scheme members should be compensated.

Who Qualifies for Compensation under the **Pensions and Provident Funds (Compensation for Loss of Pre-2009 Value of Pension Benefits) Regulations, 2023?**

Every member or former member of a fund or insurer that offered private occupational or personal pension plans during the period 01 January 2000 to 28 February 2009.

For the avoidance of doubt, this includes:

- a) active member;
- b) active pensioner;
- c) deferred pensioner;
- d) suspended pensioner;
- e) beneficiary;
- f) members or beneficiaries who exited the fund through death or other means contemplated by the rules of the fund;

For defined benefit schemes, only members who exited during the period 01 January 2000 to 28 February 2009, shall be compensated.

Pensioners paid in currencies other than the Zimbabwe dollar during the same period are not eligible for compensation under these regulations, as they did not experience loss of value.

Applicable Forms of Compensation

All compensation will be done in Zimbabwe dollars. However, in the event that a fund is generating enough foreign currency from its investments, compensation may be made in that currency.

The form of payment will depend on whether the affected individual is still employed or is receiving a pension where benefits for active, deferred or suspended members may be put in their retirement pots while pensioners may be paid once the compensation scheme is approved,

Compensation Roadmap

Following the gazetting of the regulations on 29 September 2023 with an effective date of 01 October 2023, below are the steps to be followed until the actual payment of the benefits:

(i) Industry to Submit Compensation Plans

Liable insurer or pension fund to submit compensation plan to the Insurance and Pensions Commission (IPEC), including the list of eligible policyholders or pension fund members and the compensation amounts within 90 days after the Regulations come into effect (by 31 December 2023)..

(ii) IPEC Approval of the Compensation Plans

IPEC is to analyse the compensation plan and either approve or reject the proposed compensation plan (if it does not meet the expected standard) within 30 days after receiving the compensation plan (by 30 January 2024).

After approval of the compensation plan, the insurer or pension fund will publish in the media, the names of the members entitled to compensation.

(iii) Payment of Benefits

If IPEC approves the compensation plan, the insurer or pension fund will be expected to start paying eligible policyholders or pension fund members no later than 30 days after the IPEC approval (by 02 March 2024).



Are insurance products covered by the Pensions and Provident Funds (Compensation for Loss of Pre-2009 Value of Pension Benefits) Regulations, 2023?

No, insurance products will be covered in the Insurance Regulations, which are yet to be gazetted.