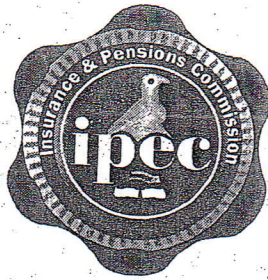


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3rd Floor, Finsure House
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Zimbabwe

April 30, 2008

Circular No. 8 of 2008

To: Insurance Council Of Zimbabwe (ICZ)
Zimbabwe Association of Reinsurance Organization (ZARO)
Life Offices Association of Zimbabwe (LOA)
Zimbabwe Association of Funeral Assurers (ZAFA)
Zimbabwe Insurance Brokers Association (ZIBA)
Fund Administrators

Review of capital levels

1. Further to our circular number 12 of 2007 regarding the above issue, I wish to advise that we have now considered the various representations made on our proposal by your various associations.
2. Although the levels of capital proposed as at the circular date appeared very high, it has become apparent that with no sign that inflation will decline any time soon, the figures no longer seem that high. In fact by the time a statutory instrument is issued to make the capital levels effective, these figures will be on the lower side and may even be requiring a review upwards.
3. In view of the above, rather than lower the figures, the Commission has decided to expand the definition of capital to include the following:

- a) Issued and fully paid up ordinary shares which should be no less than 40% of the total capital in that category of business. For example in the case of an insurance broker, the issued and fully paid up ordinary shares should be no less than 40% of \$1 trillion.
- b) Paid up non cumulative irredeemable preference shares.
- c) Reserves consisting of:
 - i) non- repayable share premium.
 - ii) disclosed reserves created by a charge to net income in the financial year immediately preceding the current one.
 - iii) non distributable reserves.
 - iv) published retained earnings for the current year including interim earnings where these have been verified by external auditors.
- d) Minority interests in subsidiaries arising on consolidation.

4. Please note that these new capital levels will be effective by 1st November 2008. This is meant to give industry enough time to mobilize the requisite resources. This includes the option of mergers and acquisitions should this be necessary

L. S. Mpofu
M. S. Mpofu

COMMISSIONER OF INSURANCE, PENSION AND PROVIDENT FUNDS