

July 24, 2006

Circular No. 5 of 2006

**Zimbabwe Association of Reinsurance Organisation (ZARO)**

**Insurance Council of Zimbabwe (ICZ)**

**Zimbabwe Insurance Brokers Association (ZIBA)**

**RE: EXERNALISATION OF INSURANCE BUSINESS**

1. As you are aware insurance companies had been downgraded from the Exchange Control's priority list of foreign currency allocation.
2. The Insurance and Pensions Commission has, through the instigation of ZARO, negotiated with the RBZ to upgrade/reinstate insurance companies on higher priority in the allocation of foreign currency. The RBZ has acceded to this and ZARO has been advised as per my letter dated 10 July 2006.
3. This position shall remain like that for as long as the RBZ is satisfied that insurance companies are acting responsibly with no perceived abuses.
  - To avoid the downgrading of insurance companies to lower priority, there is need to transparently manage the placement of insurance business on the external market.

- In light of this, all external placement of risks shall be handled through the ZARO/Insurance Council Committee mentioned in my letter of 10<sup>th</sup> July 2006.
4. Once more you are reminded that the Commissioner's Office does not have the authority to permit insurers to transact business in foreign currency. This falls under the jurisdiction of the RBZ. Special dispensation should be obtained from the Exchange Control Authorities if premium payment is to be done in foreign currency.

M. S. Mpofu (Mrs)

**COMMISSIONER OF INSURANCE, PENSION AND PROVIDENT FUNDS**