



20 March 2013

Circular No. 2 of 2013

Insurance Council of Zimbabwe (ICZ)

Zimbabwe Association of Reinsurance Organisations (ZARO)

Zimbabwe Insurance Brokers Association (ZIBA)

Zimbabwe Loss Adjusters Association (ZILA)

INVESTMENT GUIDELINES FOR SHORT TERM INSURANCE COMPANIES

1. Further to our letter of 13th February 2013 regarding the above guidelines, please be advised that some of your comments have been taken into account resulting in the following guidelines which take effect immediately. We however appreciate that there might be need to make certain adjustments to some of your portfolios. In this regard full compliance is expected by 1st April 2014. The Insurance and Pensions Commission will, however, expect visible movements towards compliance. In this respect, compliance will be closely monitored on an ongoing basis.

2. Levels of Compliance with guidelines

	TYPE OF INVESTMENT	UPPER LIMIT (%)
a)	Prescribed Assets	35%
b)	Properties	10%
c)	Quoted Shares	45%
d)	Unquoted shares	5%
e)	Money Market	70%
f)	Cash	20%
g)	Other	5%

Notes

- i. Properties include buildings and land (developed or not developed). There must be title deeds to these properties. For the purposes of calculating solvency margin any properties without title deeds should not be included as assets. Short term insurers shall only buy properties for the purpose of occupation or providing office accommodation to its staff and management. (Not for commercial purposes). However this will not deny the company the opportunity to let out excess space.
 - ii. Quoted shares are shares that are tradable on the Zimbabwe Stock Exchange (ZSE).
 - iii. Prescribed Assets are bonds/securities, issued by central government, local government, quasi-government organisations or any other bonds/securities that may be accorded prescribed asset status by the Minister from time to time. (See definitions given in the Insurance Act {Chapter 24:07} and the Pensions and Provident Funds Act {Chapter 24:09})
 - iv. Unquoted shares are shares in private companies.
 - v. The cash in any one bank should not exceed 10% of total investments.
 - vi. (c)+(e) should not exceed 70%.
 - vii. An insurer should not put more than 10% of its investments in an associate company.
 - viii. Other investments include loans to staff, management, shareholders and directors. It also includes investment in a property rented by the company or any other investment dependant on the property of the company.
3. Should you require any further clarification, please do not hesitate to contact IPEC.


M. S. Mpofu

COMMISSIONER OF INSURANCE, PENSION AND PROVIDENT FUNDS