2022 ANNUAL REPORT

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CONTENTS

About the INSURANCE AND PENSIONS COMMISSION

The Insurance and Pensions Commission (IPEC) is a statutory body established in terms of the Insurance and Pensions Commission Act [Chapter 24:21], to regulate the insurance and pensions industry with the objective of protecting the interests of policyholders and pension scheme members.

The Commission reports to the Ministry of Finance and Economic Development.

Our Vision

To be a safe, vibrant, and sustainable insurance and pensions industry by 2025.

Our Mission

To regulate, supervise and develop the insurance and pensions industry for the protection of policyholders and pension scheme members through regulatory excellence.

Our Core Values

Values are critical in guiding behaviours, and these are defined to ensure a common understanding. The following are the IPEC values and their supporting definitions:

Professional	We are reliable in setting our own high standards.
Accountability	We are answerable in terms of ethics and governance
Fairness	We shall develop and apply rules, regulations and procedures equitably among all clients and stakeholders
Integrity	We apply agreed policies equally to all, maintain the highest of personal, professional and ethical conduct.
Excellence	We strive to exceed expectations by upholding the utmost quality standards and provide assuarance on decision making.

CORPORATE INFORMATION

Address:	160 Rhodesville Avenue, Greendale, Harare
Telephone Numbers:	0242- 443358/61/443422 or 0772 154 281-4
Email:	enquiry@ipec.co.zw
Website:	www.ipec.co.zw

Independent Auditor:	Nolands Harare, Chartered Accountants
Lawyers:	Sawyer and Mkushi Legal Practitioners
	Muvingi and Mugadza Legal Practitioners
	Gill, Godlontons and Gerans Legal Practitioners
Banks:	FBC Bank Limited and CBZ Bank Limited

INSURANCE AND PENSIONS COMMISSION

31 March 2023

Honourable Prof. M. Ncube

Minister of Finance and Economic Development

Mgandane Dlodlo Building, 6th Floor, B. Block,

Cnr. Samora Machel Avenue/Simon Mazorodze Street,

Harare

Dear Honourable Minister

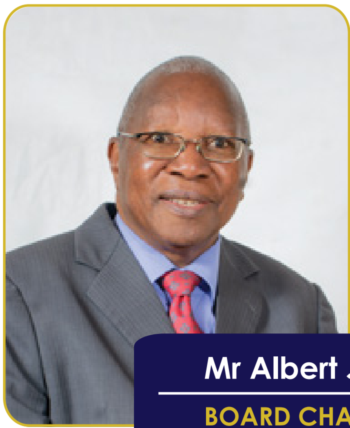
INSURANCE AND PENSIONS COMMISSION ANNUAL REPORT FOR THE YEAR-ENDED 31 DECEMBER 2022

In accordance with Section 49 (1)(d) of the Public Finance Management Act, [Chapter 22:19], I have the pleasure of presenting to you the IPEC Annual Report and Financial Statements for the year-ended 31 December 2022.

Yours faithfully,

A. J. Nduna
Board Chairperson, INSURANCE AND PENSIONS COMMISSION

THE BOARD OF DIRECTORS



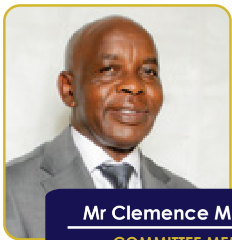
Mr Albert J Nduna
BOARD CHAIRPERSON

Mrs Annah Mashingaidze
BOARD VICE CHAIRPERSON

Mr Godwin Nyengedza
BOARD MEMBER

Mr David Mureriwa
BOARD MEMBER

Mrs Judith Rusike
BOARD MEMBER



Mr Clemence Muzondo
COMMITTEE MEMBER

Mrs Duduzile Shinya
COMMITTEE MEMBER

Dr Grace Muradzikwa
EX-OFFICIO MEMBER

MANAGEMENT

Dr Grace Muradzikwa
COMMISSIONER

Cuthbert. T. Munjoma
DIRECTOR PENSIONS

Sibongile Siwela
DIRECTOR INSURANCE & MICROINSURANCE

Robson Mtangadura
DIRECTOR ACTUARIAL

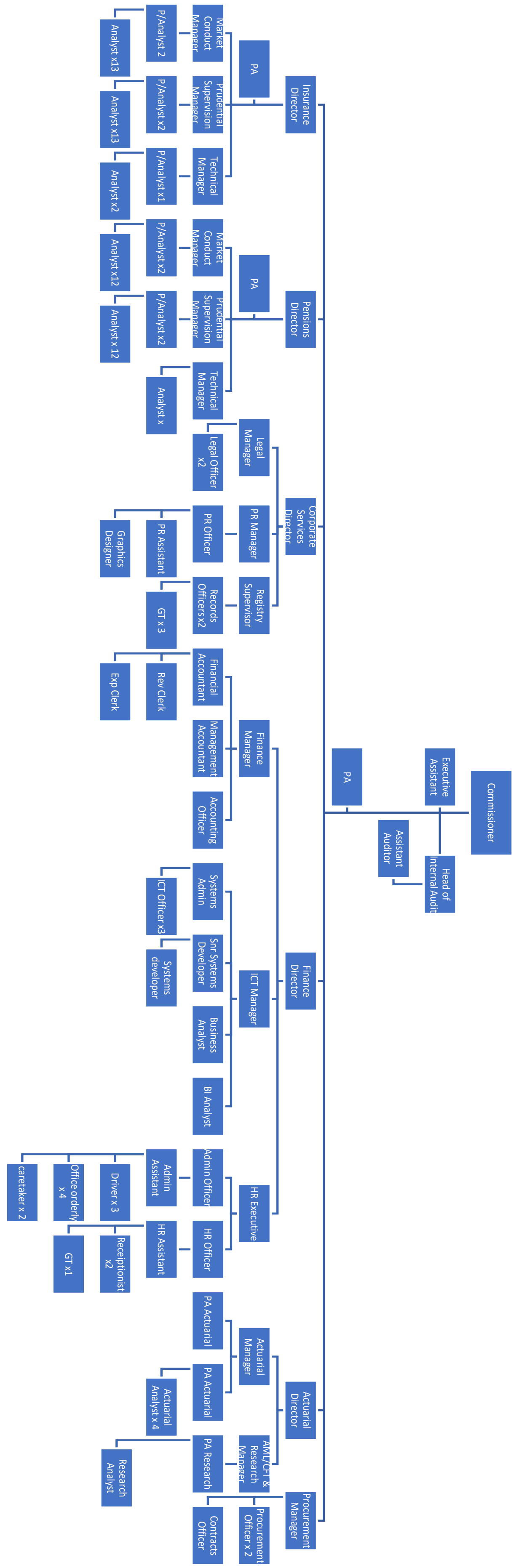
Samantha Nhende
DIRECTOR CORPORATE SERVICES

Blessmore Kazengura
DIRECTOR FINANCE & ADMINISTRATION

Norest Ngungu
HEAD INTERNAL AUDITOR

Takesure Chabaya
PROCUREMENT MANAGER

IPEC ORGANOGRAM



CHAIRPERSON'S STATEMENT

I am delighted to present to you the Annual Report and audited statements for the Insurance and Pensions Commission for the financial year -ended 31 December 2022.

Emerging Regulatory Trends

Zimbabwe's offer to the Africa Continental Free Trade Area (AfCFTA) on trade services was on banking whilst the insurance sub sector remained protected. Behind the scenes, Southern African Development Community (SADC) regulators have been working on a project to harmonise laws so that they come up with Model Laws for Financial Intermediaries and Insurance. Although, somewhat slow, this will allow for smooth integration into the Africa Continental Free Trade Area.

Accordingly, the industry's stakeholders have started engagements on the roadmap of opening up the sector as well as the necessary conditions precedent to that. However, the industry will take guidance on lessons from the banking sector.

Overview of the Operating Environment

The domestic economy grew at a slower rate of 4% in 2022 compared to 8% in 2021 with sources of growth being mining, construction, and increased industry capacity utilisation. However, the growth was weighed down by the downside risks on account of geo-political tensions in eastern Europe, which disrupted the global supply chain as well as the inflationary pressures and poor agricultural season.

Inflation that persisted in the first half of 2022 was reversed in the second half of the year mainly attributable to tight fiscal and monetary policy measures. This saw some convergence of the official and alternative rates in the second half with the premium on the official rate declining to around 20%.

Meanwhile, the Commission continued the implementation of its strategic plan, which was aligned with the National Development Strategy (1) 2021-2025. The Strategy directly contributed to the Economic Growth and Stability cluster, of improving financial inclusion. In addition, the Commission is also a contributing partner in the infrastructure and utilities cluster.

Resource Mobilisation

The Commission supported the NDS (1) through the infrastructure and utilities cluster by recommending the conferment of Prescribed Asset (PA) status on projects of national importance, which saw the Minister of Finance and Economic Development according PA status on 13 projects valued at US$664 million. The projects were mainly skewed towards agriculture and renewable energy.

However, investments in prescribed assets by the pension and insurance industry amounted to ZW$73.84 billion and ZW$40.8 billion, constituting 7% and 10% of the industry assets, respectively.

Strategy Implementation.

The Commission achieved a success rate of 83% strategy execution as 5/6 outcomes met or exceeded the required targets. The outcome that was below target related to the improvement of pensions benefits. This was on account of delayed gazetting of the pre-2009 compensation regulations and low pension benefits paid by occupational pension schemes. The Commission is hopeful that significant progress will be made in 2023 to finalise the pre-2009 compensation and to improve pension benefits.

In line with the Government's thrust of leaving no one and no place behind, the Commission prioritised financial inclusion through the implementation of various initiatives during the period under review and these include:

i. The licensing of five dedicated microinsurance companies, which enhances access, affordability and usage of insurance products by low and irregular income earners.

ii. The licensing of a micropension product in the form of a provident fund offered by a life assurance company.

iii. Development of a Micropension Framework to enhance access to and usage of formal savings plan by low and irregular income earners, particularly non-standard workers.

iv. Participation in the development of the National Financial Inclusion Strategy (NFIS 11) 2022-2026 under the auspices of the Financial Services Sector Working Group on Financial Inclusion.

Governance

The Commission's Board comprised five (5) Board members and two (2) Committee members. The tenure of the Board members was extende in June 2022 for a further four (4) years in terms of the Public Entities Corporate Governance Act [*Chapter 10:31*].

The Board reviewed the Board Charter and the Code of Ethics to ensure that they were alive to good corporate governance and ethics.

The Commission is generally compliant and held its biannual statutory meetings with the Minister for guidance to ensure that the oversight remained aligned to the mandate.

Financial Performance of the Commission

The Commission adopted the International Accounting Standard 29 Financial Reporting in the hyperinflationary Economies" (IAS 29). IPEC's total restated revenue for the year-ended 31 December 2022, amounted to ZW$ 3.563 billion, which was a 2% increase from 2021 revenue of ZW$ 2.706 billion.

Total expenditure for the period under review was ZW$ 3.326 billion compared to ZW$ 1.583 billion in 2021. The Commission recorded a deficit of ZW$ 818.652 million compared to ZW$ 1.882 billion surplus in 2021. The table below summarises the Commission's financial performance in 2022:

Restated Figures(ZW$)

Desription	**2022**	**2021**	**Growth**
Revenue	3,563,065,387	2,706,904,416	32%
Other Unrealised Gains	1,127,072,845	1,142,618,142	-1%
Total Expenditure	(3,326,149,499)	(1,583,030,032)	110%
Net Monetary Loss	(2,785,544,631)	(669,051,784)	316%
Revaluation	602,903,433	285,219,657	111%
Surplus	**(818,652,465)**	**1,882,662,419**	
Non- Current Assets	3,869,369,315	4,040,580,425	-4%
Current Assets	1,074,091,018	919,912,623	17%
Total Assets	**4,943,460,333**	**4,960,493,047**	
Equity	4,503,686,641	4,437,505,811	1%
Liabilities	439,773,692	522,987,237	-16%
Total Equity and Liabilities	**4,943,460,333**	**4,960,493,047**	

Historical Figures (ZW$)

Desription	**2022**	**2021**	
Revenue	2,292,794,050	620,696,801	269%
Other Unrealised Gains	771,954,193	262,003,867	195%
Total Expenditure	(2,415,388,200)	(353,109,171)	584%
Surplus	**649,360,043**	**529,591,497**	
Non- Current Assets	3,703,003,279	1,173,803,237	215%
Current Assets	1,064,713,586	267,523,673	298%
Total Assets	**4,767,716,865**	**1,441,326,910**	
Equity	4,327,943,173	1,289,189,488	236%
Liabilities	439,773,692	152,137,422	189%
Total Equity and Liabilities	**4,767,716,865**	**1,441,326,910**	

Annual General Meeting

The Commission held its fourth Annual General Meeting (AGM) on 06 July 2022. The meeting was well attended by stakeholders, including the Ministry of Finance and Economic Development, Office of the President and Cabinet, the Office of the Auditor General, the State Enterprises and Restructuring Agency, External Auditors and other regulatory bodies. During the AGM, the 2021 Audited Financial Statements and Annual Report were adopted.

Outlook and 2023 Priorities

The economy is projected to grow by 3.8% in 2023 mainly driven by a good agricultural season, mining and tourism services. However, risks to this forecast continue to be climate-related, erratic power supply and external shocks.

Fiscal authorities project that the finance and insurance sector will grow modestly by 1.2% way below the GDP growth. However, the Commission is confident that measures to promote financial inclusion, industry innovation and development as well as confidence in insurance and pensions will result in the sector experiencing growth.

The Commission's 2023 game changer will be the finalisation of the pre-2009 compensation in line with the Justice Smith's recommendations including: -

- Checking the adequacy of pension benefits;
- Improving the industry's reputation;
- Continuous retention of the Commission staff to match the level of expertise and sophistication in the market;
- Fostering a culture of strict compliance with the rules and regulations;
- Promoting innovation and industry growth; and
- Improving Corporate Governance in the industry.

Appreciation

On behalf of the Board, I would like to thank our parent ministry, the Ministry of Finance and Economic Development and the Corporate Governance Unit for their support and guidance during the period under review.

I would like to thank my fellow IPEC Board members, the Commissioner, Management and Staff and the industry for their support during the year 2022.

Albert J Nduna
BOARD CHAIRMAN

COMMISSIONER'S FOREWORD

The Commission worked relentlessly to achieve its strategic objectives in 2022 and met most of the targets.

The Commission strengthened its regulatory framework given that strong regulation and supervision are essential to safeguarding financial stability.

Regulatory Framework

During the period under review, the Pension and Provident Funds Act [Chapter *24:32*] was promulgated. The Act is expected to further provide robust regulation, and improve governance, disclosure and accountability of pension and provident funds. Furthermore, the Act gives additional supervisory powers to the Commission to deal decisively with a variety of supervisory concerns.

The Insurance and Pensions Commissions Bill and the Insurance Bill have remained outstanding and are before Parliament. In the meantime, the Commission will continue using Circulars and Directives where necessary.

Strategy Performance

In 2022, the Commission's strategy was anchored on the theme **"Back to Basics"** being the foundational principles of

insurance (risk mitigation) and pension (social protection).

The 2022 annual plan had three programmes:

1. Regulation and supervision of the insurance and pensions industry;

2. Corporate Governance and institutional capacity development; and
3. Growth and capacitation of the industry.

Programme 1 – Regulation and supervision of the insurance and pensions industry

The Commission strengthened its supervisory frameworks in response to emerging regulatory issues to promote robust regulation, safeguard public interests, and ensure more effective enforcement. The Commission used a two-pronged Risk Based Supervision Framework - on the one hand, providing for compliance-driven supervision and on the other hand, risk-based supervision to promote compliance and industry soundness.

Outcome 1: Improved Pension Benefits

To improve pension benefits, the Commission introduced a quarterly benefits tracker to gauge the level of benefits paid by private occupational pension funds and possible regulatory interventions. Nevertheless, in 2022 there was minimal growth in pension benefits compared to the prior year. This can be attributed to the reduced level of revaluation gains that were recorded owing to the bearish movements on the Zimbabwe Stock Exchange as well as some high administration expenses by some pension funds especially stand-alone funds. Self-administered funds continued to perform better than the other administration models as the growth rate for benefits outpaced asset growth and inflation.

To improve benefits, the Commission will enforce compliance with the Expenses Framework, monitoring of investment performance per fund, continued enforcement of the Guidance Paper, and disclosure of foreign currency business and payment of benefits in foreign currency. Meanwhile, the Commission is analysing the pension products in the market to check the adequacy and suitability of these products to inform supervisory actions.

The Commission's 2022 Game Changer was closing the pre-2009 loss of value as recommended by the Justice Smith's Commission of Inquiry. Significant strides were made in the quest to close this issue especially the Government's commitment to compensate pensioners to the tune of US$175 million. The pre-2009 Compensation regulations are expected to be gazetted in 2023, paving way for the compensation exercise to begin.

Outcome 2: Improved Industry Compliance with regulatory requirements

In line with a Risk-Based Approach to both prudential and market conduct supervision, the Commission was seized with ensuring compliance with the following key regulatory requirements as informed by thematic risks in the pensions and insurance industry: -

- Compliance with the Expenses Framework;
- Compliance with Investment Guidelines, including Prescribed Assets;
- Asset Separation provisions of the

Insurance Act and Pension & Provident Funds Act; and

- Compliance with the Risk and Corporate Governance Guideline.

To enhance market conduct supervision, the Commission acquired and implemented the Freshdesk Omnichannel suite, a complaints management system. This system has provided a one-stop platform for lodging and tracking complaints via different platforms like Twitter, Facebook, WhatsApp, email, and IPEC's website.

The Minister accorded prescribed asset status on 13 applications worth a total of US$664 million as of 31 December 2022, concentrated in agriculture and renewable energy. Compliance with prescribed assets increased for pension funds, short term insurers, and life insurers, which were at 7%, 5%, and 12%, respectively.

Programme 2: Corporate Governance and institutional capacity development. The focus of this programme was to ensure that the Commission aligned its policies and practices with international best practices of standard setters for better regulation and supervision of the industry. Through its membership with international and regional organisations, the Commission had access to contemporary training and development initiatives.

Outcome 3: Improved Internal Governance

The Commission enhanced its internal Governance by adopting The Three Lines of Defence for Enterprise Risk Management. As a growing organisation focus on risk management improved and the risk management function is now independent of the Internal Audit Department, which is now primarily providing risk assurance. Generally, the Commission has nurtured a culture of strict compliance with statutes, laws, regulations, Circulars and Directives from the Treasury and the Corporate Governance Unit.

Outcome 4: Well-resourced Commission

The Commission endeavoured to ensure that it is fully resourced in terms of human, physical and financial resources. On human resources, the staff complement stood at 134 with an establishment of 143. The Commission recruited members of staff with diverse skills to capacitate the prudential, market conduct and technical supervision.

Efforts to have an effective retention policy was a challenge as staff turnover marginally increased to 12% in 2022 compared to 11% in 2021. The staff turnover was attributable to uncompetitive remuneration.

The Commission has a young, vibrant, energetic, and innovative staff complement with 72% being Millennials and Generation Z. The Commission managed to close the gender gap to a ratio of 49:51 females and males in 2022 compared to 44:56 in 2021, respectively in line with the Commission's Gender Policy of 50:50 female to male ratio.

The Commission provided training and development programmes informed by existing competencies and capacity gaps identified during performance appraisals.

Following the acquisition of a new property in Harare Central Business District, the Commission relocated some of the staff members to the new offices.

The Commission is a going concern with a healthy balance sheet, which was used to achieve its mandate.

Overall in 2022, the Commission prioritised the use of its financial resources for regulation and supervision.

Outcome 5: Improved visibility of the Commission

This outcome's activities were mainly targeted at growing the brand equity and maintaining the good reputation of the Commission to foster public confidence. The Commission embarked on several awareness programmes targeted at pensioners, sponsoring employers of pension funds, labour organisations and insurers. The consumer education campaigns were aimed at empowering consumers to know their rights and responsibilities so that they could make informed financial decisions.

Programme 3 - Growth and capacitation of the industry

This programme links directly to the National Financial Inclusion Strategy and the National Development Strategy 1 (2021-2025). The programme targeted to improve insurance penetration and pensions coverage in 2022.

Outcome 6: Improved Industry Growth

Due to climate change related risks, the focus of this outcome was on promoting agriculture insurance, which contributed about 3% to the Gross Premium Written in 2021. There was a need to climate-proof agriculture and protect smallholder farmers through agricultural insurance to build resilience and ultimately improve insurance penetration. The Commission was involved in the innovation lab, which was expected to culminate in the development of an agricultural insurance product with a farmer's basket expected to be launched in 2023. This is courtesy of the support the Commission received from Access to Insurance Initiative.

The Commission also partnered with the International Finance Corporation to develop agricultural index-based insurance to protect smallholder farmers from climate-related crop losses in Zimbabwe.

To improve financial inclusion and social protection for non-standard workers, the Commission enhanced the Microinsurance Framework and developed a draft Micropensions Framework.

Conclusion

The year 2023 is the Commission's halfway mark of the 2021-2025 strategic plan, and there is a need to give impetus to the initiatives started in the first two years of the strategy to ensure that visible results and impacts are realised. This requires support from all stakeholders to achieve the vision of a safe, vibrant and sustainable industry by 2025.

Appreciation

On behalf of Management and Staff, I wish to express my profound gratitude to the Board for its excellent stewardship, wisdom, guidance, and support.

My appreciation also goes to the Ministry of Finance and Economic Development, Corporate Governance Unit, regulated entities, policyholders and pension fund members, as well as fellow financial sector regulators, and development partners.

Grace Muradzikwa
COMMISSIONER OF INSURANCE, PENSION AND PROVIDENT FUNDS

GOVERNANCE

Governance Statement

The Insurance and Pensions Commission (IPEC) has a statutory mandate of registering, regulating, monitoring and supervising insurance companies, pension and provident funds in Zimbabwe.

The Board of the Insurance and Pensions Commission is committed to upholding the tenets of good corporate governance, which include accountability, integrity and transparency in its governance processes. The Board retained this culture as part of its strategic focus and oversight duties in the period under review.

The performance speaks to the commitment of the Commission to adhere to good and sound corporate governance ethics as stipulated in the Public Entities Corporate Governance Act [*Chapter 10: 31*].

Role and Responsibility of the Board

The Board is established in terms of section 5 of the Insurance and Pensions Commission (IPEC) Act [*Chapter 24:21*] and provides strategic direction and control over the Commission's affairs. The Board is responsible for formulating the policies of the Commission in terms of the IPEC Act, Insurance Act [*Chapter 24:07*] and the Pensions and Provident Funds Act [*Chapter 24:32*].

The Board considers the interests of stakeholders such as pensioners, policyholders, regulated entities and the Government of Zimbabwe. The Board does this by formulating a strategy for the Commission that is underpinned by adequate resource allocation, risk management and a commitment to generating social value for its stakeholders.

Governance Structure

The Board is constituted of non-Executive members, Committee members and the Commissioner, who is an ex-officio member. This is in line with section 5 of the Insurance and Pensions Commission Act [*Chapter 24:21*] and section 11 of the Public Entities Corporate Governance Act [*Chapter 10:31*]. The members of the Board were appointed for their knowledge, skills and experience that brings independent judgment to the deliberations and decisions in insurance and pension matters.

A Board Charter is in place clearly spelling out the Commission`s purpose, vision, mission and it`s values. The Board is superintended by a Non-Executive Chairperson. The responsibility of the Chairperson is to provide strategic guidance and leadership to the Board. A Vice Chairperson stands ready to step into the shoes of the Chairperson as and when the need arises.

The Board operates with Committees to which it delegated certain functions. These Committees operate under their respective Terms of Reference (ToRs). The Committee`s ToRs further elaborate the roles, responsibilities and extent of delegated authority from the Board. Through board committees, Non-Executive Directors are responsible for ensuring that the Board fulfils its responsibilities under the relevant Acts, the Board Charter and Board Committee ToRs. Through the relevant Board committees, management is given guidance on the implementation of the Commission's mandate and approved annual strategy.

The IPEC Board is composed of the following members:

Mr Albert Nduna – Board Chairperson

Mr Nduna holds a BSc Degree in Accounting and Finance from the University of Lancaster and a Master's Degree in Business Administration from the University of Bradford, United Kingdom.

He has vast experience in both the public and private sector having worked for Delta Corporation, the Ministry of Finance and Economic Development as Under Secretary and later promoted to the position of Deputy Secretary responsible for Domestic and International Finance. Mr. Nduna's portfolio in the Ministry included regulation of insurance companies and pension funds, banks, building societies and the Zimbabwe Stock Exchange.

Mrs Anah Mashingaidze – Board Vice Chairperson

Mrs Mashingaidze holds a Bachelor of Accountancy (Honours) Degree from the University of Zimbabwe, a Bachelor of Laws (LLBS) from the University of South Africa (UNISA), and a Master of Business Leadership Degree from UNISA.

She is a Chartered Management Accountant with diverse experience spanning over thirty years in treasury, working capital management, strategic financial management, tax- planning, management accounting, budgeting, information technology and company secretarial.

Mrs Judith Rusike – Board Member

Mrs Rusike holds a BSc (Hons) Degree in Economics and a Masters' Degree in Business Administration from the University of Zimbabwe. She has 20 years' experience in Government, earned from working in the then Economic Planning Commission, as an Economist, before joining the Ministry of Finance and Economic Development, where she was promoted to Chief Economist in the domestic and international resource mobilisation space, and later to Deputy Director in the Tax and Revenue Department.

Mrs Rusike also received training in various courses including domestic resource mobilisation, financial markets regulation and reforms, debt and capital markets development, and financial sector stability.

She is currently the Director for Financial Sector Policy in the Ministry of Finance and Economic Development.

Mr David Mureriwa – Board Member

Mr Mureriwa holds a BSc Mathematics Degree from the University of Zimbabwe and is a Fellow of the Faculty of Actuaries (Scotland) and the Actuarial Society of South Africa.

He has 26 years' experience as an actuarial consultant to life and short-term insurance companies, pension funds and medical aid funds in various countries. Mr. Mureriwa was once a Chief Actuary for the African Actuarial Consultancy, Head of Actuarial and Investments Consultant for South Africa's Quantum Financial Services and Actuarial Consultant for Sanlam Namibia.

Mr Godwin Nyengedza – Board Member

Mr Nyengedza holds a Bachelor of Laws and Master of Laws Degrees, both attained from London. He is a registered Legal Practitioner, Notary Public and Conveyancer in Zimbabwe, a Barrister (England & Wales), member of Lincoln's Inn and an associate member of the Chartered Institute of Arbitrators (UK).

He has over 25 years' experience gained from Customs & Excise (now ZIMRA), shipping, cross-border transport and logistics, insurance and banking. Mr Nyengedza has also consulted for the UK Border Agency. He has previously interned with a UK-based Magic Circle law firm and was a beneficiary of a Lex Africa fellowship that saw him placed for three months with a Washington DC-based international law firm in 2018.

Dr Grace Muradzikwa – Commissioner and Ex-Officio Board Member

Dr Grace Muradzikwa attained a Bachelor of Administration Degree with the University of Zimbabwe. With the same institution she also attained a Master's Degree in Business Administration. She also holds an Honorary Masters Degree in Business Administration with Women`s University in Africa and an Honorary PhD in Leadership from the same institution.

She is an Associate and Fellow of the Insurance Institute of South Africa. She is a decorated insurance executive with over 35 years of experience in the insurance industry. She was a member of the co-founding team that established the Zimbabwe Reinsurance Corporation in 1984. She was at the helm of Diamond Insurance Company, before its merger with the National Insurance Company of Zimbabwe in 2002. She became the first black woman to list and lead a publicly traded company in Zimbabwe.

Mr Clemence Muzondo – Committee Member

Mr Muzondo holds a Bachelor of Accountancy Honours Degree from the University of Zimbabwe and a Master's Degree in Business Leadership (MBL) obtained from UNISA. He is a Chartered Accountant who was admitted as a member of the Institute of Chartered Accountants in 1993.

He has 33 years' experience in leadership, accounting and auditing gained from various reputable companies. Mr Muzondo has served on various boards including FSG Zimbabwe (Pvt) Limited, Red Star Holdings Limited. He is a Partner - Auditing and Advisory Services at PFK Chartered Accountants since 2011 where his main role is provision of advisory services involving business restructuring and fundraising.

Mrs Duduzile Shinya – Committee Member

Mrs Shinya holds a Bachelor of Accounting Science Honours obtained from UNISA and a Master's Degree in Business Leadership (MBL). She is a Chartered Accountant - admitted as a member of the Institute of Chartered Accountants in 2007.

She holds a wealth of leadership experience earned over 20 years in various sectors including FMCG, Financial Advisory and Financial Holdings in Africa Limited, PricewaterhouseCoopers, Imara Capital, Amalgamated Brands and Medical Investments Limited. Mrs Shinya has served on various boards including Schweppes Zimbabwe Limited, Old Mutual Limited, CBZ Bank, ZINWA and ZITF Board. She is currently the Chief Finance and Corporate Affairs Officer at Zimbabwe Investment and Development Agency.

Board Tenure

- The Board's contracts expired in June 2022 and the majority of contracts were extended for a second term of four (4) years. This was with the exception of Mrs. A. Mashingaidze whose contract expires in June 2023 having served the maximum number of years as prescribed by the Public Entities Corporate Governance Act.
- The Board also renewed the two-year contracts for the Committee members – Mr. C. Muzondo and Mrs. D. Shinya.

Gender Representation

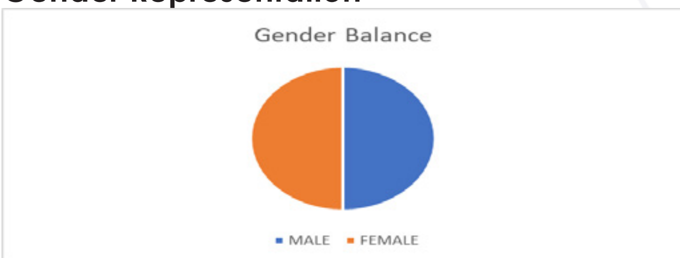


Fig.1

In the period under review, the gender representation on the IPEC board was proportionate with 50% females and 50% males . This has been extended to Committee members that do not sit on the Board. This is in sync with section 17 of the Constitution of Zimbabwe and section 11(7) (a) of the Public Entities Corporate Governance Act, which places a responsibility on the State and line Ministers respectively, to ensure that so far as practicable, there are equal numbers of men and women on the Board of every public entity for which he or she is responsible.

Geographical Representation, Board Seats and Qualifications of the Board

The Board is fairly represented geographically in terms of sections 18 of the Constitution and 11(7) (b) of the Public Entities and Corporate Governance Act, which enjoins the State and agencies of government to ensure fair representation of all Zimbabwe`s regions in all institutions. Members of the Board also possess diversity of skills, experience or qualifications for managing the entity as required by section 11(7) (c) of the Public Entities and Corporate Governance Act. Additionally, none of the Board Members is a member to more than two boards of a public entity as provided in section 11(4) of the Public Entities and Corporate Governance Act.

Board Committees

The Board established specific Committees with different roles and responsibilities to ensure the efficient and effective discharge of the Board's mandate. The overall goal of running the Commission however remains within the purview of the Board. The functions of each Committee are reviewed annually. For the first half of the year, the Board operated with four Committees. An additional Committee i.e. the ICT Committee was constituted in the third quarter of the year to enable more focus on key strategic ICT projects, which the Commission is embarking on.

Fig 2

i. **Finance and Risk Committee**

The Finance and Risk Committee provides oversight of the financial management, financial reporting, risk management and mitigation of the principal risks that could materially impact the Commission's operations and exceed its risk tolerances. The Board recognises that effective management of risks ensures the Commission achieves its strategic objectives, mitigates threats and creates opportunities.

ii. **Audit Committee**

The Audit Committee reviews the adequacy and effectiveness of the Commission's systems in the following areas :

- Financial reporting;
- Performance reporting;
- Risk oversight and management; and
- Internal control.

The Committee monitors and reports to the Board on the integrity of the financial statements of the Commission. This includes annual and half yearly reports, reviewing the accounting policies adopted, decisions taken regarding major areas of judgment, significant adjustments resulting from audit, the going concern assumption, compliance with accounting standards, legal, regulatory and other reporting requirements. The Committee oversees the work of the internal audit function and monitors the effectiveness of the internal controls.

The external auditors are invited to all the Committee meetings. The external auditors review all materials on accounting matters in advance of each meeting and their reports, comments and findings on key issues and areas of concern are included in the Committee pack.

iii. **Human Resources, Remuneration and Procurement Committee**

The Human Resources, and Remuneration and Procurement Committee assists the Board in the effective discharge of its responsibilities and reports to the Board on issues relating to the following:

- Human resources strategy, budget and policy;
- Remuneration framework; to include executive and non-executive;
- Review of senior management performance;
- Recruitment and retention of staff;
- Staff and Board training and development;
- Succession planning;
- Governance; and
- Procurement planning and, strategy and processes.

The Commission strives to provide competitive salaries through fair and non-discriminatory pay practices and processes. The Committee ensures that employees with similar skills, knowledge, qualifications, experience and performance, are paid equally for the same comparable work.

iv. **Operations Committee**

The Operations Committee provides assurance to the Board with regards to the soundness and effectiveness of the framework of the Commission in ensuring delivery of outcomes expected in the strategic plan, Prudential and Market Conduct Supervision, Legal, Actuarial and Anti-Money-laundering/combating the financing of terrorism issues affecting regulated entities.

v. **ICT Committee**

- The Committee provides oversight of the ICT strategy, projects and management.
- The Commission is embarking on implementing a robust supervisory management system among other ICT projects. The Committee has oversight on ICT project management and provides guidance to management on the formulation and implementation of new ICT business development projects.

The Board Committee membership is provided below:
Table 1

HR & PROCUREMENT	AUDIT	OPERATIONS	FINANCE & RISK	AD HOC ICT
G. Nyengedza*	J. Rusike*	D. Mureriwa*	A. Mashingaidze*	A. Mashingaidze*
A. Nduna	D. Mureriwa	A. Mashingaidze	G. Muradzikwa**	D. Shinya
J. Rusike	C. Muzondo	D. Shinya	G. Nyengedza	C. Muzondo
G. Muradzikwa**		C. Muzondo	D. Shinya	G.Muradzikwa**
		G. Muradzikwa**		

**Committee Chairperson   **Ex Officio Member*

The membership of the Board Committees remained unchanged save for the Finance and Risk Committee where Mr C. Muzondo was an alternate member in the first half of the year. Mr Nyengedza was appointed as an alternate Director to the ICT Committee.

Analysis of Board and Committees Attendance Register

Attendance by members in Board and Committee meetings was generally satisfactory. There was an increase in physical meetings in the year 2022 following the relaxation of Covid 19 guidelines in relation to meetings. Despite the said relaxation of meeting requirements, the requirement for social distancing among other health guidelines for meetings were adhered to.

Board and Committee attendance for the year 2022 was as follows:
Table 2

Director	HR (6)	Ops (7)	F&R (7)	Audit (5)	Ad Hoc ICT (2)	Board (8)	AGM (1)	Statutory Meeting with MoFED (2)	Commissioner performance evaluation by Board (2)	Board Chairman & Commissioner performance evaluation by OPC Consultant (2)	Stakeholder Meeting (1)	Board Training on Risk Management	Total	% Attendance
A.Nduna	6	N/A	N/A	N/A	N/A	8	1	2	2	2	1	1	23/23	100%
A. Mashinagidze	N/A	7	7	N/A	2	8	1	2	2	N/A	Apology	1	30/31	97%
G. Nyengedza	6	N/A	7	N/A	1	8	1	2	2	N/A	1	1	29/29	100%
D. Mureirwa	N/A	7	N/A	5	N/A	8	1	2	2	N/A	Apology	1	27/28	96%
J. Rusike	6	N/A	N/A	5	N/A	7	1	2	1	N/A	Apology	1	23/26	88%
G. Muradzikwa	6	7	6	5	2	8	1	2	2	2	1	1	42/43	98%
D. Shinya	N/A	4	2	N/A	Apology	5	1	2	1	N/A	Apology	Apology	15/27	56%
C. Muzondo	N/A	5	3	4	2	8	1	2	2	N/A	1	1	29/31	94%
Overall Attendance	100%	86%	89%	95%	88%	94%	100%	100%	88%	100%	50%	88%		91%

The overall Board's attendance for 2022 was 91%. This was a reduction from the 94% attendance achieved in 2021.

Key Governance and Compliance Activities

Some of the key activities of note are as follows:

- Board training – The Commission facilitated training on Risk Management for its Board members in March 2022.
- Mr Mureriwa, Mrs Mashingaidze and Mr Muzondo virtually attended the ZAPF Conference between 18 to 20 May 2022.
- Mr Nduna attended an IODZ Chairpersons workshop in June 2022.
- Mr Nduna and Mr Nyengedza attended a Wellness Workshop in June 2022.

- Board members attended a joint webinar with ICAZ on Accounting and Reporting Matters for Zim Pension Industry in June 2021.
- Performance Management – The Board regularly reviewed the performance of the Commissioner, Senior Management and itself using the IRBM performance management system. In line with the Government Directive for parastatals and State-Owned Entities, an external consultant conducted performance reviews of the Commissioner and the Board Chairperson.
- Board Evaluation – An externally facilitated evaluation of the Board and its Committees was done in the third quarter and the report was subsequently presented to the Minister of Finance and Economic Development.
- Statutory Meetings - The Board managed to have both of its statutory meetings with the Minister in April and December 2022.
- Conducted all quarterly Committee and Board meetings.
- Circulated board resolutions to line Ministry and CGU.
- Reviewed the Board Charter and Code of Ethics and submitted to Line Ministry for approval.
- Reviewed all Committee Terms of Reference, which were adopted by the Board.
- Year 2022 board strategy review and year 2023 Board planning was conducted.
- Submitted board approved the year 2023 budget and AIPA to line Ministry.
- Submitted year 2023 Board Chairman and Commissioner Performance contracts to Ministry.
- Conducted team building for the Board.
- Held a stakeholder workshop prior to year 2022 strategy review and year 2023 strategy formulation.
- Submitted Declarations of Assets and Conflict of Interest forms to the line Ministry and CGU.

Images of the Board training and Strategy Review session

Board Remuneration

The remuneration of the Board is in terms of sections 12 and 14 of the Public Entities Corporate Governance Act and as per IPEC categorization under the approved remuneration structure.

- The CGU reviewed Board sitting fees in March 2022 effective from 1 January 2022.
- Another review was done for the period effective from 1 July 2022 to date.

Internal Checks, Control and Auditing

The Commission has an established internal audit function headed by an Internal Auditor who reports functionally to the Audit Committee. The department assesses compliance of the Corporate Services Departments and conducts follow up audits for any audit findings to ensure governance gaps identified are addressed in a holistic and robust manner. The Board is also furnished with a quarterly Compliance Report to monitor the compliance requirements of the Commission at Board level.

Disclosure and Transparency

The Commission adheres to key aspects of transparency and disclosure as part of a comprehensive corporate governance framework. Resolutions made by the Board for the period January 2022 to December 2022 were submitted to the Ministry of Finance and Economic Development and the Office of the President and Cabinet's Corporate Governance Unit in line with the requirements of the Public Entities Corporate Governance Act.

In line with the Public Entities Corporate Governance Act, the Commission has made available the following documents on the IPEC website:

- Annual Report
- Financial Statements
- Approved IPEC Strategy
- Board Charter
- Board Committee Terms of Reference
- Code of Ethics

Regulatory Environment

The legal framework governing the operations of the Commission consists of the following:

- Constitution of Zimbabwe;
- Insurance and Pensions Commission Act [*Chapter 24:21*];
- Pensions and Provident Funds Act [*Chapter 24:32*];
- Insurance Act [*Chapter 24:07*];
- Money Laundering and Proceeds of Crime Act [*Chapter 9:24];*
- Public Entities Corporate Governance Act]*Chapter 10:31*];
- Public Finance Management Act [*Chapter 22:19*];
- Companies and Other Business Entities Act [*Chapter 24:03*];
- Public Procurement and Disposal of Public Assets Act [*Chapter 22: 23*],
- Labour Act [*Chapter 28:01*]; and
- Freedom of Information Act [*Chapter 10:33*].

Statement of Compliance

Based on the information set out in the Legal and Governance report, the Commission complied with all the legislative and corporate governance requirements throughout the accounting period.

RISK MANAGEMENT

Risk management is central to the Commission's decision-making process and signifies a commitment to good corporate governance and culture.

The Commission adopted the three lines of defence model of managing risk and it provided a structure and clearly defined the roles and responsibilities of different players in the risk management system. The first line of defence is management control, which involves owners of the risk, and front-line employees whilst the second line comprises the risk function supported by risk champions and compliance officers and the third is composed of the Internal Audit Department.

The risk function reports directly to the Commissioner and is independent of the Internal Audit function providing assurance in the effective management of risk at the Commission. The three lines of defence represented an approach to providing structure around risk management and internal controls within the Commission by clearly defining the roles and responsibilities of the risk lines.

The oversight of the risk management function is done by the Board, which reviewed the adequacy of internal controls and mitigation measures in 2022. The Board and Management have joint accountability and responsibility for the overall risk management framework.

However, some of the key roles of the Board are: -

- make a robust assessment of emerging and principal risks;
- promoting a culture of risk awareness; and
- monitoring risk management and enhancing internal controls.

During the reporting period, the Commission identified top ten risks that were monitored by the Board. The color-coded risk matrix chart below was used to establish whether identified residual risk is extreme, high, medium, and low, and the likelihood and impactor resultant risk. Following this review process is an update on the risk heat map.

The Commission had only 20% of the risks in the severe category, which were operational and reputational on account of elevated staff turnover and failure to close the pre-2009 compensation respectively.

Below is the risk scoring key used in risk rating:

Risk Score Key

Risk Rating	Score	Description
Critical	25	Very high business impact and negative effect on the mandate. Urgent management attention
Severe	12-20	High Adverse impact
Moderate	6-12	Medium adverse impact
Low	Under 5	No action is required unless the risk score has increased.
Not Rated	N/R	Emerging risk


ipec

INTERNAL AUDIT REPORT

Internal Audit Purpose

The system of internal control is designed to manage risk to a reasonable level to ensure that the Commission achieves its strategic objectives and expected results. By its nature, internal control can therefore, only provide reasonable and not absolute assurance of internal controls' effectiveness.

Board and Management

It is the responsibility of the Board through Senior Management to establish and maintain a system of internal control that will prevent or detect fraud and or irregularities.

Internal Audit

Internal Audit provides an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the Commission. It assists the Commission in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the adequacy and effectiveness of the internal control, risk management and governance processes. It detects material misstatements due to fraud and error, and makes appropriate recommendations to Management, to enhance the prevention and detection of fraud.

Internal Control Status

In the year 2022, Internal Audit focused on adding value to the Commission by providing assurance on internal control, risk management and governance processes by carrying out audits in line with the Audit Committee's approved annual audit plan. The objective was to ensure that existing internal controls are adequate and effective to mitigate the Commission risks. Observed weaknesses were communicated both to Management for actioning and the Committee for its oversight role, as well as monitoring whether Management implemented the agreed action plans in line with recommendations. Internal Audit cooperated with external auditors to ensure efficiency and effectiveness of the statutory audit. The internal control system is satisfactory, with room for improvement in areas where weaknesses were noted. Notwithstanding the foregoing, it must be noted that the process of risk assessment and establishment of adequate and effective risk measures is a continuous process, where new risks arise commensurate with activities that are undertaken by the Commission.

BUSINESS OPERATIONS

PENSIONS SECTOR

Outcome 1 - Improved Pension Benefits

Benefits Tracking

Pursuant to its strategic outcome of improving benefits, the Commission introduced quarterly benefits tracking to gauge the level of benefits being paid by the private occupational pension industry to inform regulatory interventions.

Benefits amounting to ZW$68 billion were paid out in 2022 to 35,202 pensioners and 25,565 beneficiaries. However, the year 2022 saw marginal growth in benefits compared to the prior year. This is mainly attributed to the reduced level of revaluation gains that were recorded owing to bearish movements on the Zimbabwe Stock Exchange and the Victoria Falls Exchange in the 2nd and 3rd Quarters of 2022. ZSE market capitalisation eased from a high of ZW$3.5 trillion during the second quarter to ZW$1.6 trillion during the fourth quarter before closing the year at ZW$2 trillion. VFEX All Share fell 13.55% from 109.69 points in December 2022.

Negative revaluations on both ZSE & VFEX affected investment return and pension increases given the significant industry investment in quoted equities, which averaged around 29% of the portfolio. The volatility of the stock market also exposed funds which were overly exposed to quoted equities as some funds, failed to raise funds from liquidating equities to finance pension benefits.

Inflation also outpaced industry asset growth during the 2nd and 3rd quarters of 2022. As a result, the level of growth in benefits failed to track inflation.

Benefit Analysis per Sub-Sector

The self-administered funds continued to perform better than the other administration models as the growth rate for benefits outpaced asset growth and inflation. This signals the role of asset managers in asset creation and the importance of having ring-fenced assets for pensioners.

Stand-alone funds had the lowest level of benefits being paid to pensioners, with a significant amount of income going towards the cost of administration expenses. The Commission continues to engage stand-alone funds to rationalise salary structures for their management and staff to protect pension fund members and pensioners. The Commission remains seized with enhancing corporate governance in stand-alone pension funds.

The Commission has commenced engagements with some of the stand-alone funds regarding the sustainability of the administration model given the high cost of administration expenses, which are contributing to the depletion of fund assets.

In addition, The Commission has also challenged the funds to develop policies that facilitate Infrastructure sharing, having observed that acquisition and maintenance fees for Information and Technology (I.T) systems contribute significantly to administration expenses among the funds. The funds were requested to submit proposals for analysis by the Commission prior to implementation.

Unclaimed Benefits

Total unclaimed benefits as of 31 December 2022 amounted to ZW$7.24 billion compared to ZW$2.97 billion reported as of 31 December 2021, representing an increase of 144%. The increase was mainly due to distribution of asset revaluation gains as the number of individuals with unclaimed benefits decreased from 151,253 to 111,542.

The decline was mainly attributed to the transfer of some unclaimed benefits to the Guardian Fund as well as the reclassification of some benefits following the issuance of Circular 28 of 2022, which clearly defined the category of members to be classified as unclaimed benefits. The Commission continues to carry out public awareness campaigns so that members with unclaimed benefits come forward and claim the benefits.

Non-resident Pensioners

The benefit arrears towards non-resident pensioners continued to increase as many funds continue to default on payments owing to limited access to foreign currency. The total amount due to non-resident pensioners as at the end of Q4/2022 amounted to US$661,259 (ZW$444 million).

Most non-resident pensioners reported were under stand-alone funds, which accounted for 55% of the pensioners, followed by insured funds that accounted for 42%, while self-administered funds accounted for only 3% of the non-resident pensioners.

In an effort to reduce the arrears owed to non-resident pensioners, the Commission engaged the Reserve Bank of Zimbabwe seeking prioritisation of pension funds on the auction system. RBZ confirmed the prioritisation and subsequently, The Commission directed all pension funds to submit their applications to RBZ after conducting existence checks on the non-resident pensioners. The Commission is tracking progress regarding the outcome of the fund applications.

Payment of Benefits in Forex

Some pension funds have started paying part benefits in foreign currency in line with requirements of S.I. 280 of 2020 that benefits be paid according to the currency of income. Benefits amounting to US$4.38 million were paid in foreign currency during the year under review. However, the payment of benefits in forex is still on a once off and quarterly basis in most funds.

The Commission is monitoring the recent developments on the Victoria Falls Securities Exchange (VFEX), including the migration by significant counters such as Simbisa from the ZSE to the VFEX. The increased activity on the VFEX has the potential to improve foreign currency income for pension funds and consequently the capacity of funds to settle benefits in foreign currency.

During the year under review, the Victoria Falls Securities Exchange continued to record increasing volumes with market capitalisation increasing from US$254 million as at 31 January 2022 to US$444 million as at 31 December 2022 following the migration of significant counters from ZSE.

2019 Currency Change Pensioners Compensation

The 2019 currency changes resulted in some unintended consequences on the pensions industry. The Government responded by availing USD75million Kuvimba Mining House asset equivalent to 5% shareholding. The first dividend of USD400,000 was declared for the financial year 2021 and was subsequently distributed starting with most vulnerable pensioners. As at 31 December 2022, a total of 3,644 pensioners received USD100 each from the compensation exercise. Distribution of the 2022 financial year dividend will be done once the money is availed.

The compensation exercise has gone a long way in restoring confidence in our industry.

Implementation of Justice Smith Compensation Framework

The Commission has made significant progress toward resolving the pre-2009 loss of value as recommended by Justice Smith's Commission of Inquiry. The 2009 Compensation Regulations are currently going through the necessary governance processes. The Commission remains hopeful that gazetting of the regulations will be done before end of Q1 2023. Allowing for approval of compensation schemes and mobilisation of resources, the actual compensation is expected to commence in September 2023.

Commission efforts to improve benefits

The Commission is instituting several initiatives to mitigate the adverse impact of factors militating against improvement in benefits. The table below indicates the risks facing the industry in relation to benefits improvement and supervisory responses:-

Risks	Supervisory Responses
Hyperinflation, which stood at 244% in 2022, in the erosion of value. Benefits amounting to ZW$68 billion paid out in 2022	• Regulatory forbearance on breach of investment limits. Funds are largely invested in quoted equities and property to the tune of 72%. • Reviewed investment Guidelines to include offshore and alternative investments. US$4.5 million was invested in ESATF shares in Mauritius in 2022. • Several alternative investment projects accorded Prescribed Asset status and most of them are USD-linked. • Continued enforcement of Guidance Paper notwithstanding negative revaluations from Q2 to Q3/2022. • Issued Guideline on Preservation and Commutation Amounts, which set minimum pension for principal pensioners at USD40 per month and USD20 for beneficiary pensioners. However, the strict enforcement of new minimum pensions will be done after closure of 2009 compensation to avoid pensioners leaving value in pension funds. • Challenged industry to use forex income to pay benefits in forex. About US$4.38 million was paid in 2022 in once off and quarterly intervals.
Low contributions due to the labour practice of awarding non-pensionable cushioning allowances	• Awareness raising targeted at labour organisations and key stakeholders. Engaged the National Employment Council Symposium, Boards of Funds and labour organisations.
Partial withdrawals on job switching, leading to very low average asset per member of ZW$1.2 million as at 31 December 2022	• Enhanced supervision to restore lost consumer confidence in pensions. • Consumer awareness targeted at pension fund members and labour organisations
Product irrelevance – guaranteed funds and level annuities	• Issued Guideline on Smoothed Pooled Investment and Income Drawdown Framework • Raised awareness on the two frameworks and continued efforts to enhance uptake are part of the 2023 planned activities. • Going forward, focus is on assessing uptake of the Income Drawdowns and enforcing the Guideline on Smoothed Pooled Investment Guidelines

Risks	Supervisory Responses
High administration and investment management expenses	• Regulation of expenses through the Framework on Expenses • Identifying funds that have to revisit their administration models.
Contribution arrears, which stood at ZW$26 billion as at 31 December 2022 Actuarial deficits on the majority of the remaining 41 DB funds, which are parastatal related	• Engagement with sponsoring employers, Boards of Funds and GOZ • Possibility of using garnish powers in the new Pension and Provident Funds Act *[Chapter 24:32]*
Gap in post-retirement health support to pensioners	Lobbying for national dialogue on the establishment of a National Health Insurance Scheme and a review of the model for Medical Aid Schemes

Outcome 2 - Improved Industry Compliance

In line with a Risk-Based Approach to both prudential and market conduct supervision, the Commission was seized with ensuring compliance with the following key regulatory requirements as informed by thematic risks in the pensions industry:-

- Compliance with the Expense Framework
- Compliance with Investment Guidelines, including Prescribed Assets
- Asset Separation provisions of the Insurance Act and Pension & Provident Funds Act.
- Compliance with Risk and Corporate Governance Guideline
- Compliance with Record-keeping Standards
- Treatment of Unclaimed Benefits
- Remittance of Contributions
- Compliance with Financial Reporting Requirements
- Compliance with the new Pension and Provident Funds Act
- Compliance with Guidance Paper on Currency Reforms

Compliance With the Expense Framework

The Commission issued a Framework on Expenses in December 2021 to curtail high administration expenses for the pensions industry. It capped expense ratios for administration fees, board costs and investment fees for asset managers servicing pension funds and the overall administration expenses.

The Framework was effective 01 January 2022 and had 30 June 2022 as the target compliance date. There was a 20% increase in the number of active funds compliant with the cap of 5% on administration fees as a percentage of contributions received during the year. The number of funds that complied with the board costs to contributions ratio increased by 33% during the year under review.

Overall, the number of funds that complied with administration expenses to contribution ratio declined by 8.97%, meaning the expenses actually increased. The source of increase for the expenses is due to investment management expenses, which have been capped as a percentage of funds under management.

Asset Management fees have become a major driver of administration expenses, hence the need for greater focus on compliance with basis and caps for each asset class. The Commission is also monitoring the impact of unregulated expenses such as audit, actuarial and investment advisory fees to assess their impact on the viability of pension funds.

Administration expenses for stand-alone self-administered funds were largely not compliant due to high salaries, which requires time to address due to labour law considerations. Pension funds have commenced restructuring as part of cost rationalisation measures to comply with the Expenses Framework.

The Commission is seized with mitigating the risks facing the industry in complying with the Framework on expenses as presented in the table below:-

Risks and Supervisory Efforts in Curtailing Expenses

Risks	Supervisory Responses
Transfer pricing of shared services such as investment management, actuarial and ICT systems	Enhanced regulatory focus on shared services in a financial group and enforcing compliance with ZIMRA approved transfer pricing document.
Concealment of expense lines required to assess full compliance with Expense Framework	Review of reporting requirements to unmask major expense lines e.g., asset management fees for each asset class. Disclosure requirements were introduced as part of the quarterly and annual returns that are filed with IPEC.
Obscene salaries, which are approved by Board of funds to the detriment of fund members	Quarterly monitoring of salaries of self-administered and stand-alone funds Engagement with Boards of Funds, NECs and Ministry of Public Service Labour and Social Welfare to take into consideration that pension funds are trust funds, whose assets should be ring-fenced for the benefit of members. IPEC has stressed the need to balance between remunerating the skills serving pension funds and protection of fund members.

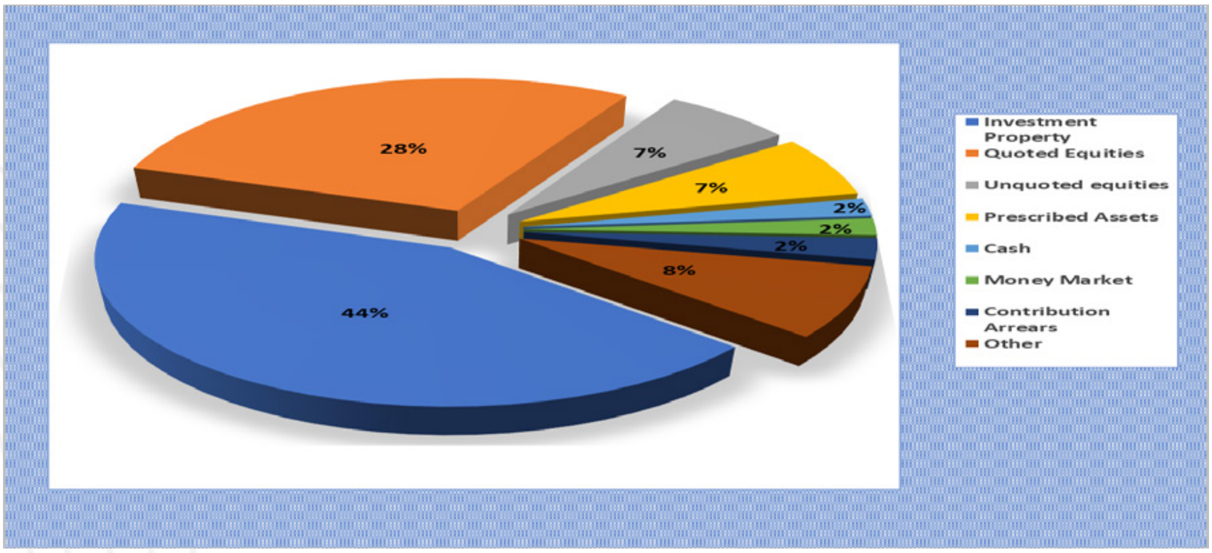
Risks	Supervisory Responses
High Cost of Imported IT system	Engaging funds to consider ICT system sharing, with the main target being parastatal related funds, which are not-for-profit organisations. Funds and administrators urged to consider local IT systems to serve on annual maintenance fees for imported fees, which stood at US$4.3 million in 2022.
Lack of performance benchmarks for asset managers	Engagement with SECZ and AIMZ on performance benchmarks for asset managers Issuance of expense framework to curtail asset management fees

Compliance With Investment Guidelines

The Commission is enforcing Revised Investment Guidelines, which were issued in August 2021. The guidelines define exposure limits for different asset classes and introduced a 15% limit for offshore investments and increased exposure in private equity to 15% from 10%. The compliance deadline for the new asset class exposure limits is January 2024.

The pie chart below indicates the asset breakdown of the industry's assets of ZW$ 1.11trillion as at 31 December 2022:-

Asset Composition of the Pensions Industry



The industry's assets were concentrated in investment properties and quoted equities, which accounted for 72% of the industry's total portfolio. The concentration in real assets is due to the need to preserve value in an inflationary environment. This is also in contravention of the investment guidelines and the Commission is working with the industry to ensure compliance.

Compliance With Prescribed Assets

The pensions industry invested ZW$73.84 billion as at 31 December 2022, which is 468% increase from the 2021 investment. However, compliance level stood at 7%, which is below the prescribed minimum of 20%.

The Ministry of Finance and Economic Development accorded prescribed asset status on 13 applications worth a total of US$520 million and ZW$2 billion as of 31 December 2022. Agricultural and renewable energy were the sectors with the highest number of instruments accorded prescribed asset status, each with five approved instruments.

The table below shows the instruments accorded prescribed asset status for the year 2022, market uptake and level of subscription by the insurance and pensions industry:-

Item	Date Approved	Instrument	Nature of Instrument	Issue Size	Currency	Subscribed Amount	Amount Raised from the Insurance and Pensions Industry	Instrument %age Uptake	Description
1	4 Mar 2022	Zororo PA	Equity	45,000,000.00	USD	Nil	Nil	0.00%	Purpose :Solar project Tenor: 25 years
2	4 Mar 2022	Centragrid	Equity	5,572,000.00	USD	5,572,000.00	2,485,000.00	100.00%	Purpose :Solar project Tenor: 10 years Return: 10% per annum
			Debt	23,928,000.00	USD	9,412,999.50	6,655,320.00	39.34%	
3	7 Apr 2022	Nhaka	Equity	10,000,000.00	USD	1,648,886.00	1,648,886.00	16%	Purpose :Cattle backed Investments Tenor: 10 years Return: 10% per annum
4	7 Apr 2022	Mangwana Opportunit	Convertible debt	5,000,000.00	USD	2,550,000.00	2,550,000.00	51%	Purpose: To finance productive sectors of the economy namely agriculture, mining and tourism. Tenor 10 years Return 20%pa
5	18-May-22	Equinox	Debt and Equity	9,000,000.00	USD	Ni	Nil	0.00%	Purpose :Solar project Tenor: 9 years Return: 10% per annum
6	24-Jun-22	Agrowth	022 Winter wheat seaso	2,000,000,000.00	ZW$	279,455,399.40	279,455,399.40	13.97%	Purpose : Financing winter cropping season Tenor: 270 days Return: 80% with increamental rate of +2% annual coupon per 6% in the commodity price
	24-Nov-22			500,000.00	USD	328,000.00	328,000.00	65.60%	
7	28-Jul-22	PROGANIC	Equity	5,000,000.00	USD	Nil	Nil	0.00%	Purpose: To establish facilities for the production of button mushrooms Tenor: 10 years Return: 8% per annum
8	19-Oct-22	AFC	Agrobills	ZW$. equivalent of 15	ZW$	12,000,000,000.00	140,500,000.00	12.33%	Purpose : Financing 2022/23 summer season Tenor: 270- 360 days Return: negotiable on private placement basis with a minimum rate of 110% per annum
9	27-Oct-22	Frontier Real Estate	Convertible Debenture	10,000,000.00	USD	4,598,138.00	4,598,138.00	45.98%	Purpose : To finance the development of commercial real estate properties Tenor: 12 months Return: 5%per annum payable annually
10	17-Nov-22	Heka Bond	Debt	42,000,000.00	USD	254,000.00	-	0.60%	Purpose: Harare-Kanyemab road rehabilitation Tenor: 5 years Return: 10% per annum
11	6-Dec-22	Agrowth	Debenture	10,000,000.00	USD	6,200,000.00	1,200,000.00	62.00%	Purpose:2022/23 summer contract farming Tenor: 270 days Return: 12% per annum
12	6-Dec-22	ParValue	Debt and Equity	45,810,000.00	USD	Nil	Nil	0.00%	Purpose:Construction and operation of a 50MWp Solar Photovoltaic Tenor: 10 years Return: 10% per annum
13	20-Dec-22	Fairview Investments	Equity	292,500,000.00	USD	Nil	Nil	0.00%	Purpose:forward selling of stands Tenor:5years

The introduction of the Gold Coins, which have prescribed asset status had a positive impact on improving industry compliance. As at 31 December 2022, the industry had acquired 1,762 bullion coins of varying denominations with a value of ZW$2.29 billion up from the initial investment of ZW$170 million since their introduction in June 2022. The table below shows the investment in gold coins by the industry.

Gold Coin Investments

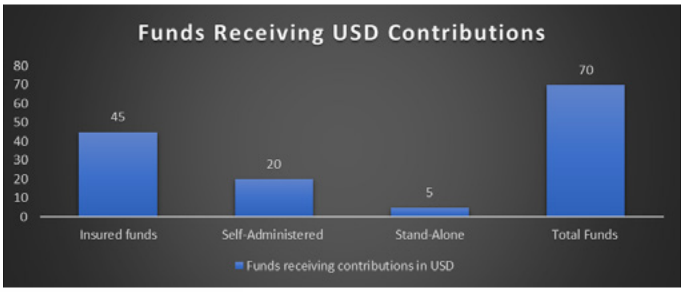
Denomination	Insured	Self Admin	Stand Alone	Total
0.1 Oz	-	2	-	2
0.25 Oz	-	1	20	21
0.5 Oz	9	35	-	44
1 Oz	27	1254	414	1695
Number of Coins	**36**	**1,292**	**434**	**1,762**
Value of Gold Coins (ZW$ billions)	**0.04**	**1.69**	**0.55**	

The Commission is monitoring the uptake of gold coins by the insurance and pensions industry through quarterly returns.

Remittance of Pension Contributions

Pension contributions were received in both the Zimbabwe dollar and the United States dollar during the year under review, though pre-dominantly in local currency. As at 31 December 2022, a total of 70 funds were receiving contributions in foreign currency. The graph below shows the number of funds per administration model that were receiving USD contributions as at 31 December 2022.

Funds Per Administration Model Receiving USD Contributions.



Contribution arrears constituted 2% of total industry assets as at 31 December 2022. The contribution arrears continue to negatively impact the industry's liquidity and capacity to improve benefit payments due to the investment opportunity cost. The table below shows the trend in contribution arrears during the year.

Contribution Arrears During The Year

	Q1	Q2	Q3	Q4
30 days and below	1.52	3.82	9.43	9.62
Between 31days and 60 days	1.40	1.89	7.89	8.09
Between 61 days and 90 days	1.45	1.71	3.11	3.83
91 days +	0.99	1.61	5.87	4.40
Total	**5.41**	**9.04**	**26.30**	**26.21**

Amount in ZW$ billions

The Commission has been publishing the list of pension funds in contribution arrears and the top-50 defaulting employers as a way of bringing the employers to account to their members. In terms of the new Pensions and Provident Funds Act [*Chapter 24:32*, the Commission now has powers to garnish bank accounts of defaulting employers in favour of the pension fund. Employers have been engaged to enter into repayment agreements with pension funds before the Commission moves in to exercise its garnish powers.

Asset Separation

The Commission has been enforcing requirements of the legislation regarding the separation of assets between shareholders, policyholders and pension scheme members.

All regulated entities in the life insurance and non-life sectors were assessed for compliance with the Acts. The exercise was concluded for all entities except First Mutual Life Assurance (FML) which failed to timeously provide required information for the exercise resulting in instituting a forensic investigation.

Five out of six life companies that were into pension fund administration have been compliant with the requirements. The non-complying entity has been subjected to a forensic investigation, whose outcome is expected to inform the separation of assets between shareholders, policyholders and pension scheme members. Going forward, the Commission is seized with ensuring the separation of assets at product and pension fund levels.

Compliance With Risk and Corporate Governance Guideline

Given the important role of effective governance on the administration of pension funds, the Commission has been seized with ensuring compliance with the Risk and Corporate Governance Guideline for Pension funds. Particular focus has been on ensuring that Boards of pension funds are fully constituted, have adequate skills mix and constituted as per their respective pension fund rules. Most inactive funds have governance gaps, and the Commission is following up on non-complying entities.

In an effort to enhance the quality of governance, the Commission came up with new fit and probity requirements for members of Boards of Funds, which have since been incorporated into the draft Pension and Provident Funds Regulations. These include the revised minimum qualifications for a member of Board of fund and membership to professional bodies.

Compliance with Record-Keeping Standards

In response to the challenge of poor data integrity, the Commission issued Standards for Record-Keeping for the Insurance and Pensions Industry. The objectives of the Standard are to ensure the following:-

a. Accurate records are maintained for the purpose of calculating entitlements and liabilities. The standards specify retention periods.

b. All data collection processes are clearly documented and regularly reviewed to 'stress test' the validity of data and to ensure they are aligned to updated legislative requirements.

c. All information and data is communicated securely and accurately, within prescribed timescales.

d. There is mandatory audit of data to test the status of data, assess compliance with the policy, and test internal controls inherent within data collection processes and to ensure training requirements are identified and actioned.

e. There is continued development of appropriate technology to improve data quality standards.

The Commission's supervisory focus has been on the Management Information Systems for pension funds and administrators to ensure data integrity. The industry has been urged to explore the feasibility of IT system sharing and replacement of imported systems with local solutions through partnership with innovation hubs.

Treatment of unclaimed benefits

Following the Commission's observation on the continued misclassification of members with unclaimed benefits, resulting in over or understatement of such member benefits, the Commission revised the Guideline on Treatment of Unclaimed Benefits and Suspended Pensioners on 11 July 2022.

There was a notable decline of 26.25% in members with unclaimed benefits from 151, 253 to 111,542 during the review period. The decline was mainly driven by transfer of members to the Guardian Fund as well as reclassification of membership category in line with Circular 28 of 2022.

Further, the correct classification of membership saw a re-categorisation of some members from the unclaimed benefits category to the deferred pensioners, which contributed to the increase of deferred pensioners from 368 933 to 406 544.

Compliance With Financial Reporting Requirements

The bulk of the pension funds and administrators did not comply with the requirement to file 2021 Audited Financial Statements and Actuarial Valuation reports by the due date of 30 June 2022. IPEC had to extend the compliance deadline by two months, The reporting pension funds and administrators cited several reasons for their non-compliance with reporting deadline, which include, the perceived onerous requirements of IFRS reporting, limited audit capacity in the country and onerous requirement of separating accounts into sub-accounts in line with requirements of the Guidance Paper on Currency Reforms.

Having considered the costs and benefits of adopting IFRS reporting, particularly IAS29, the Commission issued revised Financial Reporting Requirements for pension funds, which are anchored on requirements of IAS 26. The new requirements are effective from 2022 audited financial statements and were a product of consultations with the Public Accountants and Auditors Board (PAAB) and other stakeholders in the accounting profession.

The Commission instituted several measures to prepare the pensions industry for the new reporting deadline. Some of the initiatives include :-

a) Training of preparers of financial statements of pension funds.

b) Engagements with auditors of pension funds.

c) Engagements with PAAB on measures to ensure compliance with reporting requirements and deadlines by pension funds.

d) Industry urged to ensure forward planning to meet the 31 March submission deadline provided for in the new Pension and Provident Funds Act *[Chapter 24:32]*. Part of this will be to ensure adequate resourcing of finance/accounts departments.

Compliance With the new Pension and Provident Funds Act [Chapter 24:32]

The new Pension and Provident Funds Act *[Chapter 24:32*, which came into law on 2 September 2022, has presented an enabling framework to close significant gaps in the regulation and supervision of pension funds.

Following the enactment of the new Act, the Commission directed the pensions industry to conduct self-assessment compliance checks whilst efforts were underway to gazette Regulations to support the implementation of the Act. The self-assessments were being submitted to the regulator to gauge their compliance levels and inform compliance strategies as the regulated entities worked on their 2023 strategic plans.

The Commission developed draft Pension Regulations, which will consolidate various Circulars, Directives and frameworks that had been issued by the Commission in response to deficiencies in the legal Framework. The next section presents regulatory circulars and Frameworks issued in 2022, of which, some have already been subsumed in the draft Regulations.

Circulars, Guidelines and Frameworks

For the period 1 January to 31 December 2022, the Commission released a total of 32 circulars relating to the Pensions Industry.

Circulars Issued During the Year

Document	Issue Date	Content
1. Circular 1 of 2022	12 January 2022	2019 Compensation: Criterion for distributing the USD400,000 Kuvimba Mining House Dividend
2. Circular 2 of 2022	18 January 2022	Issuance of Investment Guidelines for the Pensions Industry.
3. Circular 6 of 2022	11 February 2022	Standards Regarding Direct Remission of Pension Contributions to Pension Funds.
4. Circular 7 of 2022	11 February 2022	Standards for the Pensions Industry on Receipt and Payment of Gifts and Other Items of Value.
5. Circular 10 of 2022	4 March 2022	Guidance Paper Implementation: Clarification on the roles of Fund Administrators, Actuaries, Accountants and Asset Managers.
6. Circular 11 of 2022	16 March 2022	Standards on reporting requirements for Pension Fund Administrators
7. Circular 13 of 2022	18 March 22	Notification of the Publication of the Insurance and Pensions (Levy) Regulations and Insurance (Amendment) Regulations 2022
8. Circular 16 of 2022	23 March 2022	Registration of Insurance and Pensions Industry players on the GoAML

Document	Issue Date	Content
9. Circular 18 of 2022	04 Apr 2022	Annual audited financial reporting requirements and template for pension and provident funds
10. Circular 19 of 2022	13 April 2022	Invitation to the industry to a training workshop on Anti-Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing (AML/CFT/CPF)
11. Circular 20 of 2022	03 May 2022	Data request for the mortality tables development project.
12. Circular 23 of 2022	16 May 2022	Call and request for monthly, quarterly, and annual submission of asset managers' reports to monitor investment performance
13. Circular 24 of 2022	01 June 2022	Call for comments on the revised pension fund reporting requirements.
14. Circular 25 of 2022	14 June 2022	Guidelines on: - -Transfer of fund business between funds and fund administrators; and -Revised expenses framework for pension funds prescribing limits to be observed in defining the basis and rate of charging expenses.
15. Circular 27 of 2022	16 June 2022	Standardised template for reporting fund business by pension fund administrators.
16. Circular 28 of 2022	11 July 2022	Revised guideline for the classification and treatment of unclaimed benefits and suspended pensioners.
17. Circular 29 of 2022	15 July 2022	Invitation to an engagement workshop with industry on the 2009 Compensation regulations and sharing of regulator's expectations.
18. Circular 30 of 2022	20 July 2022	Call for comments and input to the guideline on the establishment, operation, and administration of in-house funds to ensure sound governance and promote efficiency in the administration of pension funds.
19. Circular 31 of 2022	25 July 2022	Call for comments on the draft regulations for the pre 2009 compensation.
20. Circular 32 of 2022	30 August 2022	Call for Comments and Input on the Guideline for Fitness and Probity Standards for Trustees.

Document	Issue Date	Content
21. Circular 34 of 2022	12 August 2022	Revised Guideline for the Pension Industry in Financial Statements Reporting
22. Circular 36 of 2022	02 September 2022	Notification of the publication of the new act, the Pension and Provident Funds Act [Chapter 24:32]
23. Circular 37 of 2022	25 August 2022	Guidance Paper implementation - removal of peer review requirements and waiver of the June actuarial valuations.
24. Circular 38 of 2022	14 September 2022	Request for inputs from the Insurance and Pensions Industry towards the 2023 National Budget.
25. Circular 39 of 2022	19 September 2022	The Commission's recommendation to the Insurance and Pension Industry to invest in gold coins.
26. Circular 40 of 2022	19 September 2022	Guideline on Record-keeping Standards, Determination of Preservation Amounts and Commutable Benefits and Appointment of Fund Liquidators for the Insurance and Pensions Industry.
27. Circular 41 of 2022	22 September 2022	Request for Self-assessment Compliance Reports on the state of Compliance with the new Pension and Provident Funds Act [Chapter 24:32].
28. Circular 43 of 2022	06 October 2022	Request for additional Information as part of quarterly return submissions.
29. Circular 46 of 2022	06 December 2022	Early Adoption of the International Financial Reporting Standards [IFRS] Sustainability Disclosure Standards Issued by the International Sustainability Standards Board (ISSB).
30. Circular 47 of 2022	09 December 2022	Call for input into the pension and provident fund regulations.
31. Circular 48 of 2022	14 December 2022	Call to update institutional risk assessments.
32. Circular 50 of 2022	23 December 2022	Renewal of registration licences for all fund administrators.

Compliance with Guidance Paper on Currency Reforms

The Commission continued to enforce requirements of the Guidance Paper on Currency Reforms, whose objective is to ensure equitable allocation of revaluation gains on assets that supported liabilities prior to the 2019 currency reforms.

Whilst the investment market witnessed negative revaluations on listed equities from Q2 to Q3 2022, the total industry assets increased in nominal terms by 248% from ZW$318.96 billion to ZW$1.1 trillion as at 31 December 2021. The total income for the period under review was ZW$705.36 billion compared to ZW$174.57 billion for the same period during the previous year. Notwithstanding the nominal increase in income by 304%, in USD terms, there was a decline of 35%, from US$ 1.61 billion to US$ 1.05 billion.

The major sources of income were fair value gains on investments, interest from investments and contributions amounting to ZW$312.72 billion, ZW$222.05 billion and ZW$80.71 billion, respectively. These three had nominal increases of 305%, 313% and 392%, respectively, compared to the prior year.

About 71% of funds (108 out of 152) submitted 2021 Guidance Paper Requirements and these were assessed by the Commission. The remaining 29% of funds received exemptions as they were undergoing dissolution, and some were troubled.

Below are some of the key outcomes from the assessments done so far:

a. Great improvement in the compliance and implementation of the Guidelines. Pension funds scored much higher than insurance entities.

b. Bonuses and pension increases declared per sub-account as required in the Guidance Paper and were largely tracking asset performance.

c. The Commission has noted with great concern the failure by some entities and pension funds to physically split assets by sub-accounts in 2021 as required by the Guidelines due to retrospective application. A directive was issued to the industry to ensure compliance with this requirement as part of 2022 submissions.

d. Data integrity remains a challenge and the Commission is instituting a raft of measures including Guidelines to ensure proper record keeping given the long-term nature of contracts in our sector.

The industry is still expected to comply with the Guidance paper for the future financial years/measurement dates. The Commission was seized with ensuring that pensioners are benefiting from the asset revaluations. Therefore, the issue of asset separation per membership category in a pension fund has become a key regulatory focus going forward.

Inspections

In line with a risk-based approach to supervision, the Commission conducted thematic inspections on the Pensions

Industry. The inspections focused on compliance with the expense framework, benefits tracking, data integrity, status of ownership of Investment property by pension funds and receipt of rental income/ dividends, disclosure of forex business, and governance of umbrella funds.

Outcome 5 - Improved Visibility of the Commission

The Commission embarked on several awareness programmes targeted at pensioners, sponsoring employers of pension funds and labour organisations. Various media was used to reach out to the targeted audience, including the use of Mai Chisamba TV show on unremitted contributions, presentations to NECs symposium, road shows, participation in agricultural shows and use of social media.

The Commission has also enhanced its cooperation with other financial sector regulators under the auspices of the Financial Stability Committee and the Smart Regulatory Forum. Further, IPEC is now actively participating in the National Social Insurance Committee of NDS1 and the National Economic Consultative Forum's technical committees.

At regional and international fora, IPEC is actively participating in the SADC Committee of Insurance, Securities and Non-Bank Financial Authorities (CISNA), the African Supervisors Forum, the International Organisation of Pension Supervisors (IOPS) and in all OECD/IOPS surveys, meetings and training programmes.

Hosting of IOPS 2023 Technical Meetings and AGM

IPEC won a bid to Host the Technical Meetings, Annual General Meeting and Joint OECD-IOPS meetings in Victoria Falls in October 2023 meetings. The event will draw participants from pension supervisors across the globe, regulated players, multilateral development financial institutions and academics, other stakeholders, thus putting IPEC on the international regulatory map.

Outcome 6 - Industry Growth

Pension Coverage

The Commission registered 10 new funds namely Home Style Bricks, Centenary School, Shamva Gold Mine, Kyle Preparatory School, Insiza Rural District Council, Dura Isiphala Provident Fund, Mbuya Dorcus Hospital, ACTV Group of Schools, Econet Preservation Fund and Blessed Old Age. Thus, the pensions industry closed the year 2022 with 981 funds, which was a decline from the prior year's number of 985 funds. The decline in the number of funds was partly caused by dissolutions and the transfer of some self-administered funds into umbrella funds.

The industry registered a 1.23% increase in total fund membership from 944,161 to 953,886. The increase is mainly due to new entrants in mining and construction sectors. Pension coverage ratio, as measured by the percentage of total membership for private occupational schemes to total labour force of 3.86 million, stood at 22% as of December 2022, which is a 2% increase, from the December 2021 position.

Dissolutions

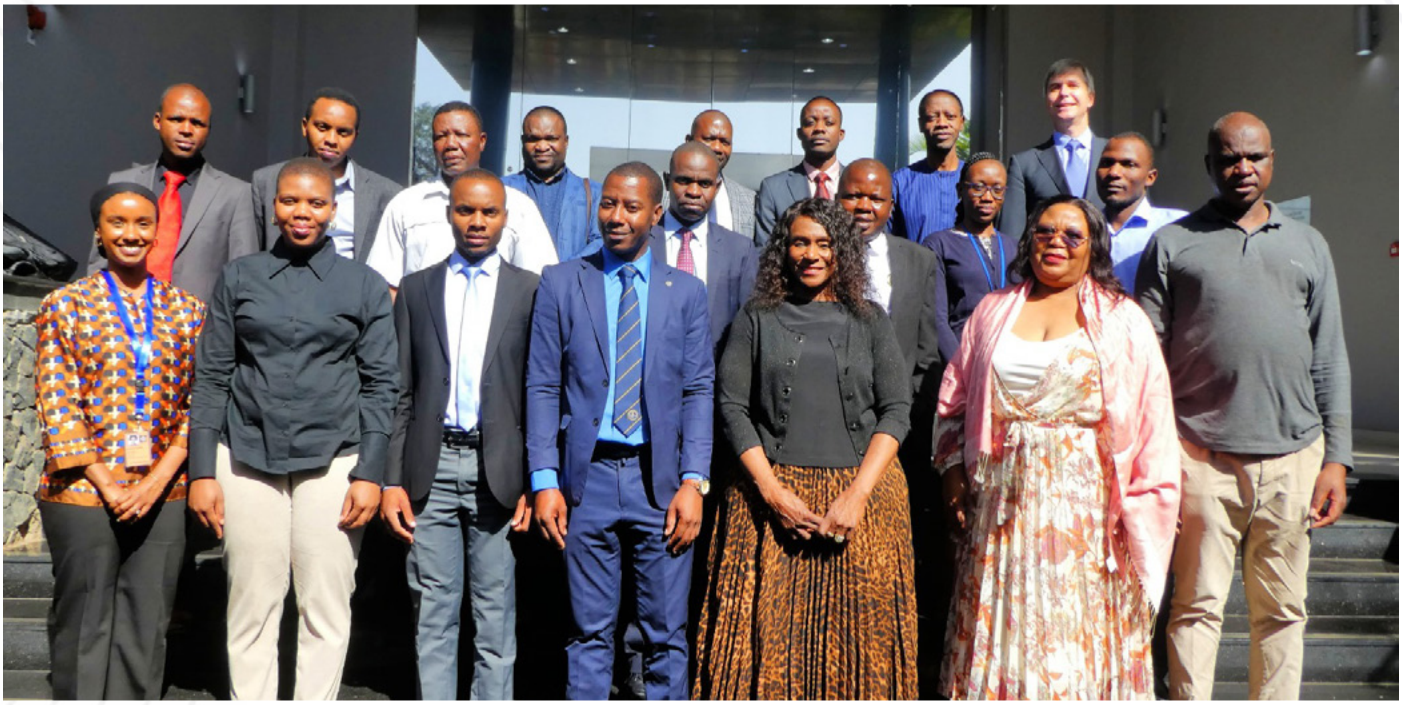
A total of 313 funds were under dissolution by the end of the year. The dissolution of most funds was held in abeyance pending resolution of the pre-2009 compensation, asset and membership reconciliation.

Notwithstanding the above, seven funds managed to finalise the dissolution with six being funds under the administration of Old Mutual and one under First Mutual Life. The table below shows the number of funds undergoing dissolution under the respective administrators.

Conclusion

The pensions industry has continued to be resilient given the operating environment. The biggest challenge remains that of improving benefits in the short-term owing to the long-term nature of the pensions industry. Therefore, supervisory priority is being given to both quick wins and strategic interventions that will have long-term impact on the welfare of pensioners.

The Commission also appreciates Government's commitment to bring closure to the long outstanding issue of the 2009 compensation through pledging US$175 million towards the compensation exercise. The Commission has developed regulations to guide the industry in the computation of prejudice in line with the Justice Smith recommended compensation framework. The expectation is to roll out the compensation exercise once the Regulations are gazetted. Putting closure to the pre-2009 compensation is expected to usher renewed confidence and impetus to the industry.

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INSURANCE SECTOR

Outcome 1 – Improved Insurance Benefits

New Products

The Commission received fifty (50) product applications from the Insurance industry in 2022 for approval. Forty-five (45) were approved while five (5) were carried forward to 2023. The table below indicates the number of new products approved for the insurance industry:

Life Assurance Sector	Short-term Insurance Sector	Micro-Insurance Sector	Funeral Assurance Sector	Total
10	32	3	0	45

Outcome 2 – Improved Industry Compliance

Compliance with Minimum Capital Requirements (MCR)

The industry's average compliance level with the minimum capital requirements was 98% as at 31 December 2022. The following sub-sectors, had 100% compliance with the MCR: reinsurance brokers, short-term insurers, reinsurance companies and micro-insurers. Funeral assurance companies had the lowest compliance level at 88% whilst life assurers were at 92% compliance.

The Commission has motivated for the indexing of MCR to the United States Dollar to reduce the frequency of minimum capital requirement (prescribed in local currency) reviews. Draft regulations to this effect have been submitted for approval. The USD indexed MCR will become effective once the requisite Statutory Instrument is gazetted.

The Table below shows compliance levels with the MCR.

Compliance with MCR as at 31 December 2022

Class of Business	MCR (ZW$ Million)	No. of Entities	No. of Compliant Entities	% Compliance Status
Life Assurers	75	12	11	92%
Funeral Assurers	62,5	8	7	88%
Short Term Insurers	37,5	20	20	100%
Composite Reinsurers	112,5	4	4	100%
Non Composite Reinsurers	75	5	5	100%
Micro Insurers	4,5	2	2	100%
Insurance Brokers	1,5	28	28	100%
Reinsurance Brokers	1,5	8	8	100%
Average Compliance (%)				98%

Zimbabwe Integrated Capital and Risk Project (ZICARP)

The Commission is developing a risk-based solvency capital regime for local insurers and this has been named the Zimbabwe Integrating Capital and Risk Programme (ZICARP). The objective of ZICARP is to ensure that all insurers hold capital that is commensurate with the risks that they hold.

As at 31 December 2022, the following activities had been undertaken:

- Quantitative Impact Study 1 – These assessed insurers against frameworks developed. From the study, the Commission can conclude that the solvency of insurers is not significantly different from expectations save for a few entities.

- Insurers were also directed to conduct Own Risk Solvency Assessment (ORSA). The objective was to ensure that insurers understand the risk that they are exposed to. The Commission noted that, overall, insurers had a good understanding of the risks that they hold and have requisite mitigatory measures in place to manage the identified risks.

Draft ZICARP Regulations are already in place and are currently going through necessary governance processes for them to be gazetted. ZICARP became effective on 1 January 2023 and hence all insurers are expected to report on the ZICARP basis for the financial year 2023. Pending gazetting, the industry will continue to do parallel solvency assessment both on current framework and on the ZICARP framework.

Compliance with Prescribed Assets requirements

The insurance industry is required to comply with prescribed assets thresholds set in Statutory Instrument 206 of 2019. Table below shows the compliance status of the insurance industry as at 31 December 2022:

Insurance Sector	Compliance level with Prescribed Assets (2022)	Minimum Prescribed Assets Threshold
Short-term insurers	4.96%	10%
Life Assurers	11.47%	15%
Funeral Assurers	0.07%	10%
Short-term Reinsurers	13.54%	10%
Life Reassurers	13.78%	15%

Compliance with Shareholding requirements

Statutory Instrument 49 of 1989 as amended by Statutory Instrument 59 of 2005 stipulates that every insurer or insurance broker must have at least three shareholders. The Table below show number of compliant and non-compliant entities as at 31 December 2022:

Insurance Sector	Number of Compliant Entities	Number Non-compliant Entities	Number of Roadmaps submitted
Short-term insurers	12	8	6
Life Assurers	7	5	5
Funeral Assurers	7	1	1
Reinsurers	10	6	3
Brokers	27	1	1

The Commission engaged non-compliant entities to regularize their shareholding structures. The Commission is further engaging the entities, which have not yet submitted their compliance roadmaps. Regulatory sanctions will be applied to entities that would have failed to comply with the shareholding requirements.

IFRS 17

IFRS 17 – Insurance Contracts, is a new insurance reporting standard, which became effective 1 January 2023 replacing IFRS 4. Its key objective is to standardise insurance accounting globally to improve comparability and increase transparency, and to provide users of accounts with the information they need to meaningfully understand the insurer's financial position, performance, and risk exposure.

During the year, the Commission implemented various initiatives to prepare for the standard. A survey was conducted to gauge the industry's preparedness, followed by industry trainings so that insurers get to understand the standard. Dry runs were also conducted to check progress made to date.

In line with the guidance from Public Accountants and Auditors Board (PAAB), who are the custodians of reporting standards in Zimbabwe, all insurance companies are expected to report on IFRS 17 for the financial year 2023 going forward.

Legal and regulatory developments in 2022

The following Statutory Instruments were gazetted in 2022:

- Statutory Instrument S.I. 45 of 2022 - Revision of fees payable to the Commission.
- Statutory Instrument S.I. 46 of 2022 - Revision of levies payable to the Commission.

The following table summarises the 26 circulars that were issued in 2022 to improve supervisory efficiency.

Summary of Circulars issued in 2022

Statutory Instrument/ Circular	Date Gazetted / Issued	Purpose
Circular 3 of 2022	7 February 2022	2022 Global Money Week Activities.
Circular 4 of 2022	3 February 2022	International Financial Reporting Standard (IFRS) 17 Training.
Circular 5 of 2022	7 February 2022	Zimbabwe Integrating Capital and Risk Programme (ZICARP) Pillar 1 31 December 2021 reporting.
Circular 8 of 2022	14 February 2022	Financial Intelligence Unit Directive on revised thresholds for cash transaction reports, electronic funds transfer, and international funds transfers.
Circular 9 of 2022	15 February 2022	Appointment of Beacon Actuarial Services to Develop Mortality tables for the Zimbabwean Insurance and Pensions industry.
Circular 10 of 2022	4 March 2022	Guidance Paper implementation: Clarification on the roles of Fund Administrators, Actuaries, Accountants and Asset Managers.
Circular 12 of 2022	29 March 2022	Registration requirements for Individual Agents.
Circular 13 of 2022	18 March 2022	Notification of Publication of the Insurance and Pensions (Levy) Regulations, 2022 and Insurance (Amendment) Regulations, 2022.
Circular 14 of 2022	29 March 2022	Amendment to the Directive on Governance and Risk Management for Insurance Companies.
Circular 15 of 2022	24 March 2022	Zimbabwe Integrating Capital and Risk Programme (ZICARP) Training Way Forward.

Circular 16 of 2022	23 March 2022	Registration of Insurance and Pensions industry players on go AML.
Circular 17 of 2022	28 March 2022	Mortality Tables Development Project- Industry Workshop.
Circular 20 of 2022	03 May 2022	Mortality Tables Development Project- Request for data.
Circular 21 of 2022	09 May 2022	Call for inputs-Insurance and Pensions Industry response paper to policy measures to restore confidence, preserve value and restore macro-economic stability-President's speech (07 May 2022)
Circular 22 of 2022	12 May 2022	Presentation of Mock Own Risk and Solvency Assessment (ORSA) results.
Circular 26 of 2022	15 June 2022	Request for the Insurance and Pensions Industry's input into the 2022 mid-term national budget review.
Circular 29 of 2022	15 July 2022	Invitation to the industry engagement workshop on the pre-2009 loss of value (2009 Compensation) Regulations and Modalities.
Circular 31 of 2022	25 July 2022	Request for Industry Comments on Draft Pre-2009 Compensation Regulations.
Circular 35 of 2022		Sponsorship Request for the Inaugural Insurance and Pension Industry Awards.
Circular 37 of 2022	25 August 2022	Guidance Paper implementation: Waiving of Peer Review Requirements and June Valuations.
Circular 38 of 2022	14 September 2022	Request for Insurance and Pensions Industry's Inputs into 2023 National Budget.
Circular 39 of 2022	19 September 2022	Gold Coin Investment by the Insurance and Pensions Industry.
Circular 42 of 2022	12 October 2022	Review of Minimum Capital Requirements (MCR) for the Insurance Industry.
Circular 44 of 2022	24 October 2022	Nairobi Declaration on Sustainable Insurance.
Circular 45 of 2022	25 October 2022	Review of guidelines on insurance products for Life, Funeral Assurance and Non-Life Insurance Companies.
Circular 46 of 2022	06 December 2022	Early Adoption of the IFRS Sustainability Disclosure Standards Issued by the International Sustainability Standards Board (ISSB).

No Premium No Cover

The short-term insurance industry has witnessed a steady increase in premium debtors, which affects the liquidity and the true asset position of the industry and ultimately the settlement of policyholder claims. To protect both the industry and policyholders, and promote the growth of the industry, the Commission proposed the regulation of No Premium No Cover. The draft regulations await promulgation.

Outcome 6 – Growth of the Insurance Industry

Registered entities

For the year-ended 31 December 2022, the insurance industry had 2, 875 players, reflecting a 14% increase from the 2,522 players reported as at 31 December 2021. The increase is mainly attributed to the registration of agents.

The following entities were registered during 2022; one (1) short term insurer, five (5) micro insurers, one (1) reinsurer, and three hundred and forty-six (346) agents.

The Table below shows the architecture of the insurance industry as at 31 December 2022:

Architecture of the Insurance industry as at 31 December 2022

Class of Business	Number of Registered Entities/ Persons as at	
	31- December - 2022	31- December - 2021
Life Assurers	12	12
Funeral Assurers	8	8
Short Term Insurers	20	19
Microinsurers	10	5
Short Term Reinsurers	6	5
Composite Reinsurers*	4	4
Insurance Brokers	28	28
Reinsurance Brokers	8	8
Agents	2,779	2,443
Total	**2,875**	**2,522**

These are reinsurers doing both short term and life business.

Gross Premium Written

During the year 2022, direct underwriters wrote total gross premium amounting to ZW$172.85 billion, a nominal increase of 359% from ZW$37.62 billion written in 2021. The breakdown of the gross premium written by the industry is highlighted in the Table below.

Breakdown of Gross Premium Written by Direct Underwriters for the year ending 31 December 2022

Class of Business	ZW$ billion Dec-21	Dec-22	Nominal Growth (%)
Life Assurers	16.496	60.758	268%
Short Term Insurers	19.191	103.869	441%
Funeral Assurers	1.334	5.437	308%
Micro Insurers*	0.598	2.787	366%
Total	37.619	172.851	359%

**The figures pertain to two (2) micro-insurers as the other microinsurers were recently registered and were not writing business during the period that is being reported on.*

Short-term insurers maintained the pole position in terms of contributing towards the industry 2022 GPW contributing 60% from 39% in 2021. Micro-insurers contributed the least premium (2%).

Insurance Industry Assets

Total assets for the insurance industry grew by 266% (in nominal terms) from ZW$ 129.90 billion as at 31 December 2021 to ZW$ 475.96 billion as at 31 December 2022. The table below shows the breakdown of total assets by class of business.

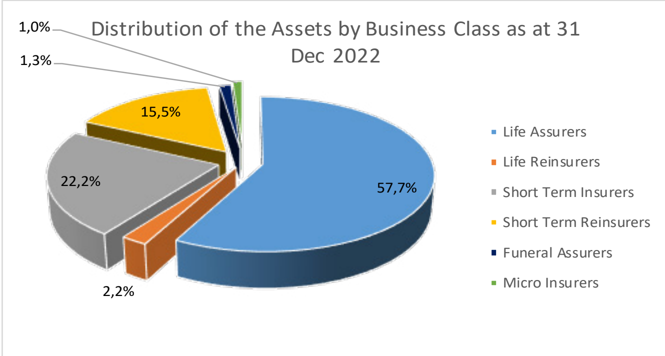
Assets for the Insurance Industry as at 31 December 2022

Class of Business	ZW$ million Dec-21	Dec-22	Nominal Growth (%)
Life Assurers	90.089	274.750	205%
Life Reinsurers	3.688	10.528	185%
Short Term Insurers	20.031	105.771	428%
Short Term Reinsurers*	12.696	73.890	482%
Funeral Assurers	2.875	6.103	112%
Micro Insurers**	0.517	4.917	851%
Total	129.896	475.959	266%

**2021 figures pertain to nine (9) reinsurers as Transaxis Re was not yet registered then.*

***The figures pertain to two (2) microinsurers as the other reinsurers were recently registered and were not writing business at the time of the report.*

Distribution of the Assets by Business Class as at 31 Dec 2022



Life Assurers dominated the insurance industry in terms of assets as they held 57.7% of the industry's total assets as shown in the figure above. Life Reinsurers held the least assets (1% of industry's total assets).

Reinsurance

The average retention ratio for short-term insurance businesses was 45.19%, which was within acceptable limits given that it matched best practices. Short-term reinsurers had a retention ratio of 61.40%, whilst the retention ratios for life and funeral assurance companies were 97.14% and 100%, respectively.

Earnings

After accounting for technical results and management expenses, the industry recorded positive underwriting results. In nominal terms, the total profit after tax was ZW$71.37 billion, which translates to ZW$20.76 billion in real terms. According to the table below, life insurers had the most profit after tax, totalling ZW$37.52 billion, while reinsurance brokers had the lowest profit-after-tax, totalling ZW$0.99 billion.

Insurance Industry Earnings as at 31 December 2022

Class of Business	Profit After Tax (ZW$ million)
Life Assurers	37.524
Life Reinsurers	0.033
Short Term Insurers	13.891
Short Term Reinsurers	13.020
Funeral Assurers	0.811
Micro Insurers	0.763
Insurance Brokers	4.339
Reinsurance Brokers	0.985
Total	**71.366**

Mortality Tables

The Commission partnered with the industry to develop country specific mortality tables. The one-year project is expected to end on the 30th April 2023. As at 31 December 2022, the following key milestones were achieved:

- Phase I - desktop analysis which looked at the tables currently used in the country and literature review on development of tables in other jurisdiction;
- Phase II – Data collection and development of crude rates to enable comparison with available mortality tables; and
- Phase III – Development of the actual tables and quantitative impact assessment for pricing and reserving. As at 31 December 2022, Phase III was 70% complete.

Zimbabwe specific mortality tables are critical in ensuring accurate pricing as well as making provision for liabilities and hence are key in promoting financial inclusion.

Projects

The Commission currently has several projects running with participation from various stakeholders aimed at developing the industry.

Agriculture Index Insurance Project

In 2022, the Commission entered into an agreement with the International Finance Corporation (IFC), a member of the World Bank Group to develop agriculture index insurance in Zimbabwe. The project aims at developing a regulatory framework for agriculture index insurance and to capacitate both the Commission and the industry in agriculture index insurance.

Innovation Lab

The Commission, in collaboration with Access to Insurance Initiative, Reos Partners and InsuResilience Global, embarked on an initiative to increase the resilience of the most vulnerable sectors of the society against the impact of climate change through innovative insurance solutions. These insurance solutions culminated in the implementation of an Innovation Lab. Zimbabwe participated in the programme alongside other countries that include Zambia, Granada, and Costa Rica. The programme ran for 12 months from September 2021 to September 2022. The outcome from the Innovation Lab is an insurance prototype, offering an Area Yield Index Insurance product bundled with Funeral Assurance and Inputs (seeds, pesticides, and fertilizers).

The Innovation Lab culminated in the development of an agricultural insurance product whose variables are being finalised. The Actuarial Society of Zimbabwe (ASZ) is assisting with the pricing of the product which will be prototyped in Goromonzi District. The outcome from the Innovation Lab is an insurance prototype, offering an Area Yield Index Insurance product bundled with Funeral Assurance and Inputs (seeds, pesticides, and fertilizers).

Complaints

The Commission received two hundred and seventy-one (271) complaints in the year 2022. One hundred and eighty-eight (188) complaints were resolved and eighty-three (83) were carried forward to the year 2023. The table below shows the number of complaints for the insurance sector:

Insurance Sector	Number of Received complaints	Number of resolved complaints	Number of complaints carried forward to 2023
Short-term insurers	107	93	14
Life Assurers	136	67	69
Funeral Assurers	28	28	0
Totals	**271**	**188**	**83**


ipec

ACTUARIAL, RESEARCH & AML/CFT

Asset Separation

The Insurance Act [Chapter 24:07] and the Pension and Provident Funds Act [Chapter 24:32] require regulated entities to separate policyholder assets from shareholder assets, and insurance assets from pensions assets. All regulated entities in the life insurance and non-life sectors were assessed for compliance with the Acts. The exercise was concluded for all entities except First Mutual Life Assurance (FML) which failed to timeously provide required information for the exercise resulting in the Commission instituting a forensic investigation.

Over 60% of the entities were compliant with the Acts. IPEC is monitoring the implementation of the approved compliance roadmap for non- compliant entities. All the non-compliant entities are required to have complied by 30 June 2023. The FML forensic investigation was concluded, and the report submitted to the Minister of Finance and Economic Development in line with requirements of the law.

All funeral companies are non-compliant and proper guidance will be provided to ensure sector compliance. This will be addressed as part of the comprehensive overhaul of the sector including changes to the existing funeral model in line with the Treat Customer Fairly (TCF) Framework.

Guidance Paper

In 2020, the Commission issued out the Guideline on Adjusting Pension and Insurance Values in Response to the 2019 Currency Reforms – to ensure fair and equitable distribution of revaluation gains emanating from the 2019 currency reforms. The Commission will continue to enforce the Guideline until its satisfied that all the gains are adequately distributed. Below are some of the key outcomes from the assessments done so far:

- Great improvement in the compliance and implementation of the Guidelines. Pension funds scored much higher than insurance entities.
- Bonuses and pension increases declared per sub-account as required in the Guidance Paper and were largely tracking asset performance.
- The Commission has noted with great concerns failure by some entities and pension funds to physically split assets by sub-accounts in 2021 as required by the Guidelines due to retrospective application. A directive was issued to the industry to ensure compliance with this requirement as part of 2022 submissions.
- A general improvement in the way funeral sector determines their liabilities for policyholders. Most entities were able to clearly show liabilities for all their product lines including paid up policies.

- Data integrity remains a challenge and the Commission is instituting a raft of measures including Guidelines to ensure proper record keeping given the long-term nature of contracts in our sector.

The industry is still expected to comply with the Guidance paper for the future financial years/measurement dates.

2019 Currency Change Pensioners Compensation

2019 currency changes resulted in some unintended consequences on our sector. The Government responded by availing USD75 million Kuvimba Mining House asset equivalent to 5% shareholding. The first dividend of USD400,000 was declared for the financial year 2021 and was subsequently distributed starting with most vulnerable pensioners. As at 31 December 2022, a total of 3,644 benefited USD100 each from the compensation exercise. Distribution of the 2022 financial year dividend will be done once the money is availed. The compensation exercise has gone a long way in restoring confidence to our industry.

Implementation of Justice Smith Compensation Framework

The Commission has made significant progress toward resolving the pre-2009 loss of value as recommended by Justice Smith's Commission of Inquiry. The 2009 Compensation Regulations are currently going through the necessary governance processes. The Commission remains hopeful that gazetting of the regulations will be done before end of Q1 2023. Allowing for approval of compensation schemes and mobilisation of resources, we expect the actual compensation to commence in September 2023.

Anti-Money Laundering /Combating the Financing of Terrorism

The Commission continues to implement a risk-based approach to AML/CFT supervision, thereby directing resources to areas presenting higher ML/TF risks. A dedicated AML/CFT unit was established to ensure that there is improved monitoring and enforcing AML/CFT compliance. Supervised entities are required to demonstrate their understanding of the money laundering and terrorist financing risks to which they are exposed and implement the appropriate mitigation measures. To this end, entities updated their institutional risk assessments. Similarly, IPEC updated its sectoral risk assessment with life insurance subsector being rated medium low. Two dedicated AML/CFT onsite inspections were conducted during the period under review. Offsite monitoring is being done through review of AML/CFT quarterly returns. Some of the deficiencies identified from onsite inspections include:

- Lack of sound corporate governance systems and oversight of AMLCFT issues
- Inadequate client onboarding procedures to guide staff on AML/CFT requirements.
- Limited understanding of AML/CFT compliance role, and insufficient resources for the function.
- Insufficient documents for verification

of customer identity.
- Lack of risk categorization of clients, and application of enhanced due diligence measures for high-risk clients.

The Commission continues to promote AML/CFT awareness within the insurance and pensions sector. Two industry trainings were conducted in 2022. The first training done in January 2022 virtually targeted Compliance Officers and technical staff and was on AML/CFT Obligations and Quarterly Return Template. The second training was a physical workshop conducted jointly with the Financial Intelligence Unit in April 2022, and targeted compliance officers and internal audit. The joint training covered (I) AML/CFT obligations, (ii)Role of FIU (iii) Beneficial Ownership, (iv) Risk Trends and Methods (iv) Terrorist Financing and Proliferation Financing. Further, two AML/CFT awareness articles were published through quarterly industry reports, covering (I) Suspicious Transactions Reports and (ii) Targeted Financial Sanctions.

Research and Innovation

The Research and Innovation Unit conducted several research projects in 2022 aimed at advising the Minister of Finance and Economic Development on matters relating to the insurance and pensions industry and informing regulatory/supervisory processes. The following policy papers were submitted to the Ministry: (i) Importance of the Insurance and Pensions Sector Contribution to Economic Growth and Employment, (ii) Strategies for Improving Financial Inclusion (penetration rate) of Insurance and Pensions and (iii) Public Assets Risk Management among others.

The unit also undertook a survey to gauge the use of insurtechs in the industry and identify inhibitors, and a survey report was finalised during the year. Other issues researched on include Regulatory Sandbox Frameworks: Opportunities, Challenges and Lessons from International Experiences.


Our Mission
Know your
Insurance &
Pension

CONSUMER EDUCATION AND VISIBILITY

The Unit's activities are mandated through section 4 (1) (d) of the Insurance and Pensions Commission Act [Chapter 24:21], which directs the Commission: "To provide information to the public on matters relating to insurance and pension and provident funds and to encourage and promote insurance and investment in such funds".

The Commission utilises various tools to engage with consumers, particularly to educate them about insurance and pensions.

During the year under review, the Unit focused on the following Key Result Areas and Outcomes as set out in the Commission's annual strategic plan:

Outcome 1: Improved Industry Compliance

Initiatives implemented under this outcome were:

Naming and shaming defaulting sponsoring employers

The Commission published the top 50, by value, defaulting sponsoring employers who had not been remitting pension contributions. The objective was to sensitise fund members so that they are aware that their contributions were not being remitted and for trustees of these funds to put measures in place to ensure the employers remitted outstanding contributions.

Publication of licensed entities

One of the challenges that the Commission has been grappling with is the existence of unlicensed entities selling funeral policies. This exposes unsuspecting people to being short-changed by these entities when claims arise. Some complaints that the Commission has received indicated that some of these entities were of no fixed aboard, as such the people who would have bought policies from them, sometimes struggle to locate them when a claim arises. To address this problem, the Commission published in national newspapers, the names of licensed entities, which are authorised to offer insurance services in terms of the Insurance Act. This was meant to ensure that the public does not transact business with unlicensed entities.

Outcome 2: Industry Growth

One of IPEC's statutory mandates is to educate the public on matters relating to insurance and pensions and to promote their uptake. During the year under review, IPEC implemented various initiatives with the objective of increasing financial literacy and awareness.

Below are some of the initiatives that were implemented under the industry growth outcome during the year under review:

Media campaigns

The Commission utilised mainstream media to sensitise the public about insurance and pension matters. This included 25 radio and

10 television programmes and interviews. The radio programmes and interviews were broadcast on Radio Zimbabwe, Power FM, Star FM, ZiFM, Midlands 98.4FM, and Studio 7. The television programmes included an appearance on "Mai Chisamba Show" to sensitise the public on their right to have their pension contributions remitted to the pension fund so that they can receive their benefits when they become due. Another TV programme was on "Face The Nation" on Ztv, focusing on generic consumer awareness while another one was on World Consumer Rights Day sensitising consumers about their rights and responsibilities. The Commission also ran an animation on Ztv educating fund members to ensure their sponsoring employers remit contributions to the pension fund timeously.

Under print and digital media, the Insurance and Pensions Journal and the Consumer Education newsletter were published as well as opinion editorials, during the year under review with a special focus on consumer awareness.

The Commission also leveraged digital and social media in June and September by dedicating the months to educating the public on the importance of insurance and pensions as part of the Insurance Awareness Day on 28 June and Pensions Awareness Day on 15 September.

Awareness Roadshows

While in the last two years, the Commission could not conduct face-to-face roadshows owing to Covid-19 restrictions, the Commission was able to conduct two roadshows in 2022 following the relaxation of the Covid-19 restrictions. One of the roadshows was conducted in Bindura, Mashonaland Central province in commemoration of the Insurance Awareness Day, which is recognised on 28 June annually. The roadshow focused on generic consumer awareness about the various classes of insurance. The other roadshow was conducted in Makonde district, Mashonaland West province to sensitise smallholder farmers on the importance of agricultural insurance.

Retirement planning seminars

The Commission conducted two retirement planning sessions in Harare at a local church and a rotary club. The thrust of the seminars was to sensitise participants on the importance of retirement planning to avoid old age poverty.

Financial literacy initiatives targeting young people

In line with the financial inclusion agenda, the Commission conducted a Global Money Week campaign and competition for primary, secondary and tertiary students. The competition drew participation from students from across the country with about 50 students submitting entries for the competition, compared to 16 in 2021. Some of the participants were from remote areas such as rural Gokwe, (Nembudziya). The competition focused on educating young people about insurance and pension matters.

During the same Global Money Week campaign, the Commission conducted face-to-face seminars at three schools in Harare. Further, the Commission conducted seminars at two other schools in Norton and Harare educating learners on the importance of risk management through insurance and retirement savings.

Webinar on investment opportunities

The Commission jointly hosted a webinar with the Zimbabwe Investment and Development Agency (ZIDA) to sensitise the industry on existing investment opportunities available for the industry. The industry was informed of the areas that required investment, which the industry could tap into.

Launch of the National Financial Inclusion Strategy 11 (NFIS11)

The Commission was part of the thematic working group, which worked with the consultant to develop the NFISII, which was launched during the year under review. The strategy forms the basis for the initiatives that will be implemented to ensure that those who were previously financially excluded can be financially included.

Launch of the Finscope Survey

The Commission contributed to the development of the Finscope survey, which sought to establish the level of financial inclusion for Micro Small-to- Medium Enterprises (MSMEs). The survey revealed that insurance uptake by the MSMEs sector has grown from 5% in 2012 to 25% in 2022. Some of the major barriers to insurance uptake were that insurance is too expensive and lack of awareness on the part of consumers. To this end, this informs the Commission's consumer education messaging to educate MSMEs about insurance and its benefits.

Outcome 3: Increased visibility of the Commission

Under this outcome, the Commission implemented the following initiatives:

Billboards Installation

The Commission had 17 billboards throughout the country, covering all the country's10 provinces. Billboards coverage included in areas such as Hwange, Chiredzi, Beitbridge, Zvishavane, Kadoma, and Rusape. The billboards were strategically located on highways and busy roads with high traffic, thereby increasing the chances of the billboards being seen.

Exhibitions

The Commission participated at 12 exhibitions, including ZITF, Harare Agricultural Show, 9 provincial agricultural shows in Marondera, Mutare, Bindura, Masvingo, Gweru, Gwanda, Hwange and Victoria Falls as well as the World Consumer Rights Day commemorations in Harare and Masvingo, during the year under review. This enhanced the visibility of the Commission, including in areas such as Hwange.

Corporate Social Responsibility

The Commission spearheaded a medical outreach in Harare, in partnership with various stakeholders. The medical initiative targeted the elderly in five suburbs in Harare, i.e. Dzivarasekwa, Kambuzuma, Mbare, Glen Norah and Hatcliff, which saw at least 1, 500 elderly people in these communities being attended to by medical personnel during the outreach.

Increased Media Coverage

The Commission recorded 213 media articles, during the year under review. Some of the initiatives, which drew extensive media coverage include publication of defaulting sponsoring employers, which recorded at least 25 me the Annual General Meeting, the IPEC-ZIDA webinar and quarterly reports.

Awards Recognition

As a testament to the Commission's excellent performance, some members of Commission Management, the Commissioner, Director Corporate Services and Public Relations Manager received awards of recognition for their work.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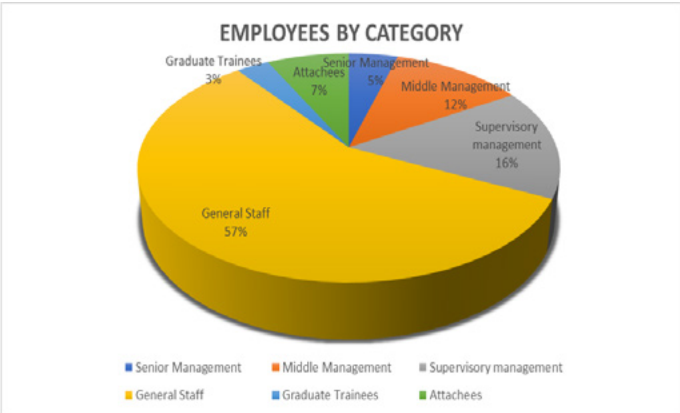
A Lifelong Promise

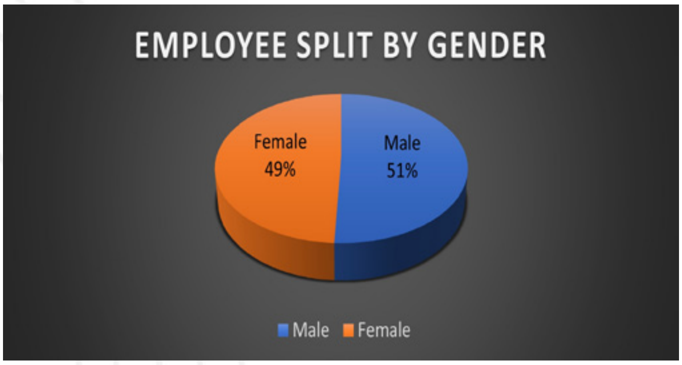
HUMAN RESOURCES MANAGEMENT

Staff Complement

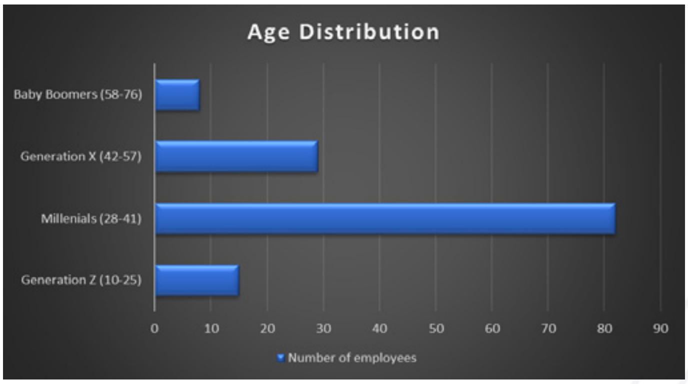
As of 31 December 2022, the total number of staff in post was 134 against an approved establishment of 143 which translates to 94%.



The gender mix was 68 male and 66 female employees, which translates to a ratio of 51:49 compared to the IPEC policy ratio of 50:50 as shown in the chart below.



Age profile



Number of staff recruited during the year

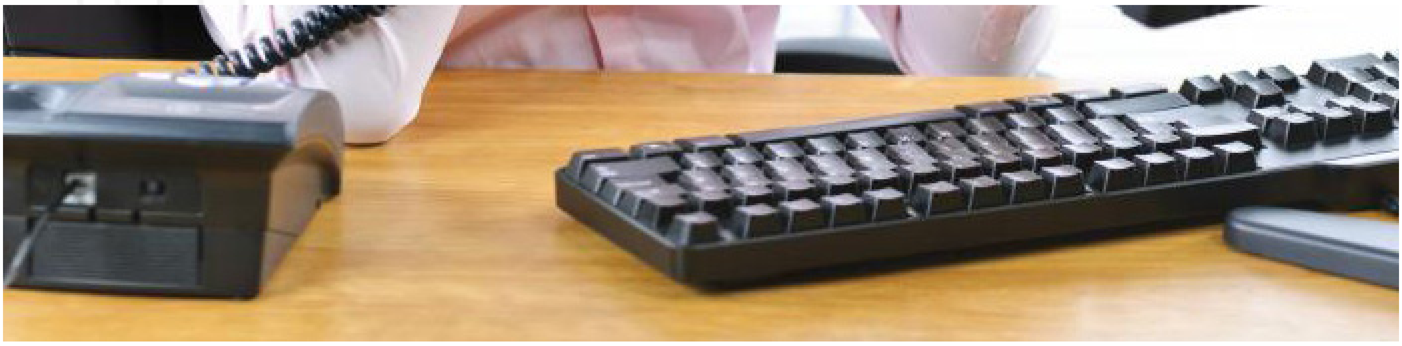
During the year 2022, the Commission recruited a total of 49 employees with diverse skills sets. These were for both replacements and to cover for the Commission restructuring requirements.

Staff resignations during the year

There were 15 voluntary resignations in 2022, reflecting a 12% staff turnover for the year. The main contributor for the resignations was the unfavourable remuneration structure and the loss of value of the local currency. This resulted, in the Commission losing critical staff who were opting for greener pastures where salaries are paid in foreign currency. The Commission continues to work on strategies to retain staff and ensure that the labour turnover rate is manageable.

Staff Training and Development

The Commission staff attended the following training programmes, workshops, and



conferences during the year 2022:

CONFERENCE/ WORKSHOP	PERIOD
IFRS and Tax Update – Effective Skills Development	2-5 February 2022
IFRS 17 Training	February 2022
Accounts Assistants Masterclass	23-24 February 2022
ESAAMIG Taskforce for Senior Officials	2-9 April 2022
Pensions Certified Analyst Course	8-15 May 2022
MEFMI – Role of Fintechs	24 June 2022
AIRDC – Introductory IFRS 17 Training	05 July 2022 26 July 2022 09 August 2022 23 August 2022
MEFMI – Change Management	18-22 July 2022
Corporate Governance Training	01-06 August 2022
MEFMI – Enterprise Risk Management	22-26 August 2022
Megafest Summer School Convention	9-10 September 2022
Cybersecurity – Cyber Financial Crime Course	19-21 September 2022
IPRA – Pension and Retirement	28 September 2022
IOPS Risk Based Supervision	26-27 September 2022
Lloyds Training for Regulators	04 October 2022
IFRS 17 IMF Workshop	24 October – 04 November 2022
Zimbabwe SAP User Group Seminar	26-28 October 2022
Effective Independent AML/CFT/CPF Assurance Review Programme Training Hybrid Workshop	10 November 2022
AML/CFT Subcommittee on Compliance, Strategic Training Session	20-24 November 2022
IPAAB-IPEC IFRS17 Workshop	17 November 2022
Human Resources Directors Forum	09-11 November 2022
Accounting and Audit Procedures	21-24 November 2022
Fundamentals of Agriculture Index Insurance	05-9 December 2022
Disaster Risk Financing	12-15 December 2022
Secondment to First Mutual Reinsurance	01-31 December 2022

Performance Management

The Commission continued to implement performance-based salary increases for the year 2022. This has enhanced the Commission's culture of performance with a marked improvement in individual and corporate performance during the year.

Employee Relations

The Commission enjoyed a stable employee relations climate throughout the year. There was continuous engagement on the improvement of conditions of service and employee wellness with several initiatives being implemented. The Works Council platform provided an effective communication channel between management and staff during the year

Safety and Health

Sporting Activities

Members of staff participated in various employee wellness activities such as the marathon, soccer, and other sporting activities. The darts team also came online in the last quarter of the year.

Covid19 update

The Commission continued implementing the recommended health protocols as per the WHO and Ministry of Health and Child Care guidelines. The Commission recorded three positive cases during the year, and the affected personnel fully recovered. As part of prevention, IPEC stocked and distributed Covid 19 preventative medication to members of staff. All offices and vehicles were regularly fumigated against Covid19.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INFORMATION COMMUNICATION TECHNOLOGY

Introduction

Digital transformation has taken the spotlight in recent years and has come into sharper focus as organisations transition to virtual ways of working. Most organisations are eager to adopt the latest technologies, apply advanced analytics and leverage data to enhance performance and drive business success. The Information and Communications Technology Unit is responsible for providing ICT direction for the Commission, enabling the Commission to execute its mandate. Below are some of the activities carried out during the year under review:

Complaints management system

In the period under review, the Commission managed acquired and implemented Freshdesk Omnichannel suite, a complaints management system. This system has provided a one stop platform for lodging and tracking complaints via different platforms like Twitter, Facebook, WhatsApp, email, and IPEC's website. Freshdesk has given assurance that all lodged complaints/ enquiries are resolved/closed in a timely manner. Management is excited with this investment as it resonates with the mandate of protecting the interest of policyholders and pension scheme members.

Vulnerability Assessment and Penetration Testing

Whilst no cyber-attacks have been recorded to date, IPEC continues to take Cyber Security as a priority as evidenced not only by the commissioning a Vulnerability Assessment and Penetration Test (VAPT) project but more-so by the policies, personnel and controls dedicated to cyber security in the organisation. In the period under review the Commission carried out a VAPT of its IT infrastructure which was conducted by Baker Tilly. The Commission received a good cyber security ranking but essentially also got recommendations on further hardening the ICT system. 70% of the issues raised had been implemented by year end.

Cyber Security awareness training platform

Successful implementation of a Knowbe4 platform, which is an integrated Security Awareness Training and Simulated Phishing platform was completed during the year under review. This platform has improved the Commission's internal cyber security posture.

Completion of SAP ERP project

The period also marked the finalisation of the SAP implementation project, with delivery of all the functions in line with the scope.

Key focus areas for 2023

The year 2023 will continue with the same theme and effort of going paperless through process automation and integration of systems. High on the priority is the streamlining of the supervisory business processes through investing in an electronic supervisory solution.

The year 2023 should see the implementation IPEC Electronic Board Management solution as the Commission strives to leave no stakeholder behind in the digital transformation.

IPEC has already embarked on a project to digitally archive all the records in Registry into SAP system. The project is expected to be completed by September 2023.

To modernise and secure IPEC's website, leveraging on the latest technology, the Commission expects a new, refreshed website to be published during the second quarter of 2023.

The Commission will continue to implement its digitisation plan that is meant enhance achievement of the IPEC mandate.

ANNUAL FINANCIAL STATEMENTS

GENERAL INFORMATION

Insurance and Pensions Commission
Financial Statements for the year ended 31 December 2022

Country of incorporation	Zimbabwe
Nature of business	The Commission supervises and regulates Insurance entities and pension funds
Directors	Mr Albert Nduna - Chairperson Mrs Annah Mashingaidze - Vice - chairperson Mr David Mureriwa - Board Member Mr Godwin Nyengedza - Board Member Mrs Judith Rusike - Board Member Mrs Duduzile Shinya - Committe Member Mr Clemence Muzondo - Committe Member Dr Grace Muradzikwa -Commissioner
Registered office	160 Rhodesville Avenue Greendale Harare Zimbabwe
Postal address	P.O. BOX HR6773
Bankers	CBZ Bank Limited FBC Bank Limited
Auditors	Nolands Harare Chartered Accountants 7 Glenara Avenue South Eastlea, Harare Contacts : +263 (242) 481037/9 Email : enquiries@nolandshre.co.zw

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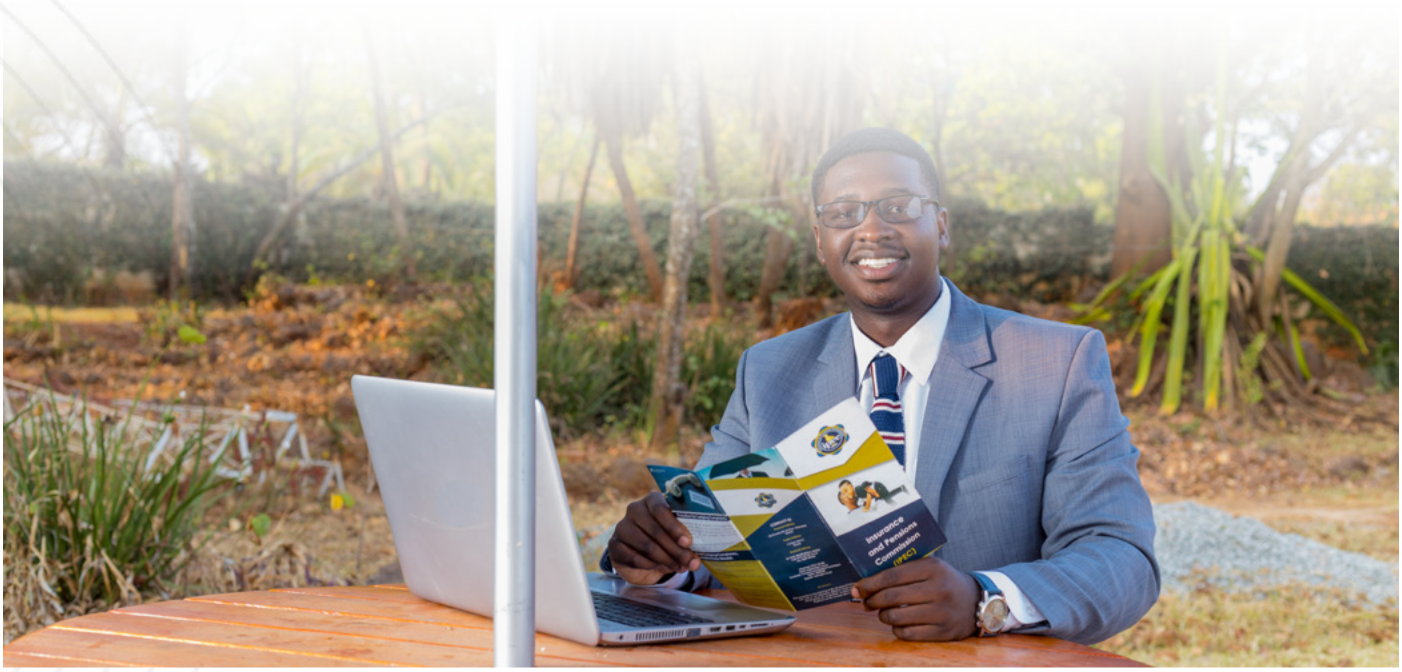

Insurance and Pensions Commission
Financial Statements for the year ended 31 December 2022
Directors' Responsibility and Approval

The Directors are required in terms of the Insurance and Pensions Commission (IPEC) Act [Chapter 24:21] to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Insurance and Pensions Commission (Commission) as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards and manner required by IPEC Act [Chapter 24:21] The independent external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and the requirements of the IPEC Act [Chapter 24:21] and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Commission and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Commission and all employees are required to maintain the highest ethical standards in ensuring the Commission's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Commission is on identifying, assessing, managing and monitoring all known forms of risk across the Commission. While operating risk cannot be fully eliminated, the Commission endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors have reviewed the Commission's cash flow forecast for the year to 31 December 2023 and, in light of this review and the current financial position, they are satisfied that the Commission has or had access to adequate resources to continue in operational existence for the foreseeable future.

Preparer of the financial statements

The financial statements were prepared under the supervision of Mr B. Kazengura who is the Finance Director and has the following qualifications: Bachelor of Technology Honours in Accounting (UZ) and is an affiliate member of the Association of Chartered Certified Accountants (ACCA).

The independent external auditors are responsible for independently auditing and reporting on the Commission's financial statements. The financial statements have been examined by the Commission's independent external auditors and their report is presented on pages 61 to 64.

The financial statements set out on pages 65 to 87, which have been prepared on the going concern basis, were approved by the board of Directors on 29 / 03 / 2023 and were signed on their behalf by:

Approval of financial statements

Mr Blessmore Kazengura (B. Tech. HACC-UZ, ACCA) - Preparer

Dr Grace Muradzikwa -Commissioner

Mr Albert Nduna - Chairpersonon

Independent Auditor's Report

To the Minister of Finance and Economic Development and the Board of Directors of the Insurance and Pensions Commission

Opinion

We have audited the accompanying financial statements of **Insurance and Pensions Commission,** which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the year then ended, and a summary of significant accounting policies and the explanatory notes as set out on pages 65 to 87.

In our opinion, the accompanying financial statements presented fairly, in all material respects, the financial position of **Insurance and Pensions Commission,** as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Insurance and Pensions Commission Act [Chapter 24:21].

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Authority in accordance with the International Ethics Standards Board of Accountants Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Zimbabwe. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Valuation of Property and equipment The Commission's property and equipment is carried at a revalued amount of ZW$3,047,850,393 as at December 31, 2022 after adjusting for revaluation surplus of ZW$602,903,433. The assets were revalued in accordance with IAS 16. A property valuation expert was engaged to conduct revaluation of the commission's assets. Valuation techniques adopted considered valuer' s assumptions, unobservable inputs and therefore required significant judgement in determining the fair value of the assets. As a result, valuation of property, plant and equipment was key audit matter.	Our procedures included: ▪ Evaluating whether the Valuer (expert) has the necessary competence, capabilities and objectivity. ▪ Obtaining a sufficient understanding of the field of expertise of the expert. ▪ Evaluation of the adequacy of the Valuer's work for the auditor's purposes. ▪ Evaluating assumptions and methods, including models where applicable, that are used by the auditor's expert, and whether they are generally accepted within that expert's field and appropriate for financial reporting purposes. ▪ Evaluating the internal and external data or information used by the expert to come up with the value of land and buildings. ▪ Consideration of the reasonableness of the valuer's balances was done in comparison with the market rates. We were satisfied that the property and equipment were correctly valued.

Other information

The Directors are responsible for the other information. The other information comprises the Chairperson's report and Commissioner's report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We confirm that we have not identified any such inconsistencies or misleading statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Insurance and Pensions Commission Act [Chapter 24:21], and the Public Finance Management Act [Chapter 2:19] and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit was conducted in accordance with ISA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is:

11/05/2023

Per: - Bernard Matamba
PAAB Practising Number: -77
Nolands Harare Chartered Accountants

Date, Harare

Insurance and Pensions Commission
Financial Statements for the year ended 31 December 2022
Statement of financial position

Figures in Zimbabwe Dollar	Notes	Inflation adjusted		Historical cost	
		2022 ZW$	2021 ZW$	2022 ZW$	2021 ZW$
Assets					
Non-Current Assets					
Property and equipment	5	3,047,850,393	2,122,343,023	3,047,850,393	617,391,352
Right-of-use assets	6	5,478,226	15,196,624	5,478,226	2,815,739
Intangible assets	7	234,616,036	234,616,036	68,250,000	68,250,000
Other financial assets	12	581,424,660	1,668,424,742	581,424,660	485,346,146
		3,869,369,315	**4,040,580,425**	**3,703,003,279**	**1,173,803,237**
Current Assets					
Inventories	8	13,355,254	1,288,290	13,355,254	295,090
Loans to executive directors, managers and employees	9	155,063,712	215,913,238	155,063,712	62,809,341
Prepayments	11	270,581,083	22,435,329	261,203,651	6,526,456
Accounts receivable	10	91,866,363	16,742,680	91,866,363	4,870,459
Cash and cash equivalents	13	543,224,606	663,533,086	543,224,606	193,022,327
		1,074,091,018	**919,912,623**	**1,064,713,586**	**267,523,673**
Total Assets		**4,943,460,333**	**4,960,493,048**	**4,767,716,865**	**1,441,326,910**
Reserves and Liabilities					
Reserves					
Reserves		915,036,575	312,133,143	2,483,386,265	472,244,564
Accumulated fund		3,588,650,066	4,125,372,668	1,844,556,908	816,944,924
		4,503,686,641	**4,437,505,811**	**4,327,943,173**	**1,289,189,488**
Liabilities					
Non-Current Liabilities					
Lease liabilities	6.1	5,991,571	10,341,571	5,991,571	3,008,372
Deferred income	16	54,709,766	195,906,418	54,709,766	56,989,340
		60,701,337	**206,247,989**	**60,701,337**	**59,997,712**
Current Liabilities					
Accounts payables	14	263,902,359	274,681,519	263,902,359	79,905,082
Provisions	15	113,682,412	40,721,301	113,682,412	11,845,860
Lease liabilities	6.2	1,487,584	1,336,428	1,487,584	388,768
		379,072,355	**316,739,248**	**379,072,355**	**92,139,710**
Total Liabilities		**439,773,692**	**522,987,237**	**439,773,692**	**152,137,422**
Total Reserves and Liabilities		**4,943,460,333**	**4,960,493,048**	**4,767,716,865**	**1,441,326,910**

The financial statements and the notes on pages **65 to 87** were approved by the Board of Directors on 29 / 03 / 2023 and were signed on its behalf by:

Mr Blessmore Kazengura (B Tech. HACC-UZ, ACCA) - Preparer

Muradzikwa

Dr Grace Muradzikwa -Commissioner

Mr Albert Nduna - Chairperson

Insurance and Pensions Commission
Financial Statements for the year ended 31 December 2022
Statement of Comprehensive Income

Figures in Zimbabwe Dollar	**Notes**	**Inflation adjusted**		**Historical cost**	
		2022 ZW$	**2021 ZW$**	**2022 ZW$**	**2021 ZW$**
Revenue	17	3,563,065,387	2,706,904,416	2,292,794,050	620,696,801
Other operating income	18	47,398,375	21,621,241	34,920,533	4,957,779
Other operating gains	19	1,127,072,845	1,142,618,142	771,954,193	262,003,867
Government grant realised		7,841,733	-	2,279,573	-
Operating expenses	24	(3,326,149,499)	(1,583,030,032)	(2,415,388,200)	(353,109,171)
Operating surplus		**1,419,228,842**	**2,288,113,766**	**686,560,148**	**534,549,276**
Investment income	20	842,672,784	613,338,531	349,851,364	140,639,345
Finance costs	23	(13,079,597)	(6,353,946)	(8,799,528)	(1,456,968)
Net monetary loss		(2,785,544,631)	(669,051,784)	-	-
Surplus/ (deficit) for the year		**(536,722,602)**	**2,226,046,567**	**1,027,611,984**	**673,731,653**
Other comprehensive income					
Fair Value gain on revaluation of property		602,903,433	285,219,657	2,011,141,701	394,154,886
Total comprehensive income for the year		**66,180,831**	**2,511,266,224**	**3,038,753,686**	**1,067,886,539**

Insurance and Pensions Commission
Financial Statements for the year ended 31 December 2022
Statements of Changes in Reserve

Inflation Adjusted

	Revaluation reserve ZW$	Other NDR ZW$	Total reserves ZW$	Accumulated fund ZW$	Total ZW$
Balances as at 1 January 2021	**-**	**26,913,485**	**26,913,485**	**1,899,326,101**	**1,926,239,586**
Surplus for the year	-	-	-	2,226,046,567	2,226,046,567
Other comprehensive income for the year	285,219,657	-	285,219,657	-	285,219,657
Total comprehensive income for the year	**285,219,657**	**-**	**285,219,657**	**2,226,046,567**	**2,511,266,224**
Balances as at 31 December 2021	**285,219,657**	**26,913,485**	**312,133,143**	**4,125,372,668**	**4,437,505,810**
Deficit for the year		-	-	(536,722,602)	(536,722,602)
Other comprehensive income for the year	602,903,433	-	602,903,433	-	602,903,433
Total comprehensive income for the year	**602,903,433**	**-**	**602,903,433**	**(536,722,602)**	**66,180,831**
Balances as at 31 December 2022	**888,123,090**	**26,913,485**	**915,036,575**	**3,588,650,066**	**4,503,686,641**

Historical Cost

	Revaluation reserve ZW$	Other NDR ZW$	Total reserves ZW$	Accumulated fund ZW$	Total ZW$
Balances as at 31 December 2020	**77,975,242**	**114,436**	**78,089,678**	**143,213,270**	**221,302,948**
Surplus for the year	-	-	-	673,731,653	673,731,653
Other comprehensive income for the year	394,154,886	-	394,154,886	-	394,154,886
Total comprehensive income for the year	**394,154,886**	**-**	**394,154,886**	**673,731,653**	**1,067,886,539**
Balances as at 31 December 2021	**472,130,128**	**114,436**	**472,244,564**	**816,944,924**	**1,289,189,488**
Surplus for the year	-	-	-	1,027,611,984	1,027,611,984
Other comprehensive income for the year	2,011,141,701	-	2,011,141,701	-	2,011,141,701
Total comprehensive income for the year	**2,011,141,701**	**-**	**2,011,141,701**	**1,027,611,984**	**3,038,753,686**
Balances as at 31 December 2022	**2,483,271,829**	**114,436**	**2,483,386,265**	**1,844,556,908**	**4,327,943,173**

Insurance and Pensions Commission
Financial Statements for the year ended 31 December 2022
Statement of Cashflows

Figures in Zimbabwe Dollar	Note(s)	Inflation adjusted		Historical cost	
		2022 ZW$	2021 ZW$	2022 ZW$	2021 ZW$
Operating Activities					
Surplus/ (deficit) for the year		**(536,722,602)**	**2,226,046,567**	**1,027,611,984**	**673,731,653**
Adjustments for:					
Depreciation and amortisation	22	217,006,686	88,402,784	77,713,376	15,717,386
Losses (profit) on disposals of assets		8,660,242	5,970,387	(914,458)	1,369,018
Loss on assets written off		13,285,487	-	4,071,250	-
Gains on foreign exchange		(1,240,342,279)	(182,967,875)	(834,462,030)	(41,954,778)
Interest income		(57,907,530)	(97,048,163)	(47,551,437)	(22,253,274)
Finance costs		13,079,597	6,353,946	8,799,528	1,456,968
Fair value gains		104,609,192	(965,620,654)	63,422,295	(221,418,107)
Profit on disposal of shares		(781,339,662)	(495,495,463)	(300,088,582)	(113,617,772)
Deferred income movement		(7,841,733)	(227,764,670)	(2,279,573)	(66,210,659)
Changes in working capital:					
Inventory		(12,066,965)	3,449,420	(13,060,164)	562,336
Accounts receivable		(75,123,684)	20,755,656	(86,995,904)	1,915,956
Prepayments		(248,145,754)	53,640,894	(254,677,195)	7,241,752
Loans to directors, managers and employees		60,849,526	(200,884,606)	(92,254,371)	(60,089,472)
Accounts payable		(10,779,160)	243,835,931	183,997,276	74,322,675
Provisions		72,961,110	14,808,817	101,836,551	7,156,242
Cash (used in)/generated from operating activities		**(2,479,817,529)**	**493,482,971**	**(164,831,452)**	**257,929,925**
Interest income	20	57,907,530	97,048,163	47,551,437	22,253,274
Effects of inflation		1,376,336,346	124,479,459	-	-
Net cash from operating activities		**(1,045,573,653)**	**715,010,593**	**(117,280,016)**	**280,183,198**
Cash flows from investing activities					
Purchase of qouted investments	12	(214,048,015)	(666,192,629)	(144,004,558)	(193,795,990)
Purchase of unqouted investments	12	(229,170,011)	-	(183,243,847)	-
Sale of financial assets	12	695,390,528	269,744,577	467,836,179	78,468,922
Purchase of property and equipment	5	(558,847,077)	(888,659,074)	(503,499,143)	(203,552,491)
Proceeds from sale of property and equipment		4,842,383	706,915	4,842,383	130,982
Net Cash from investing activities		**(301,832,192)**	**(1,284,400,211)**	**(358,068,987)**	**(318,748,577)**
Cash flows from financing activities					
Payment of lease liabilities	6	(165,316)	(1,695,064)	(111,220)	(386,704)
Cash payments for the interest portion of lease liabilities	6	(13,079,597)	(6,353,946)	(8,799,528)	(1,456,968)
		(13,244,913)	**(8,049,010)**	**(8,910,748)**	**(1,843,672)**
Total cash movement for the year		**(1,360,650,759)**	**(577,438,628)**	**(484,259,751)**	**(40,409,052)**
Cash and cash equivalents at beginning of the year		663,533,086	1,058,003,840	193,022,327	191,476,601
Effect of foreign exchange differences on cash and cash equivalents		1,240,342,279	182,967,875	834,462,030	41,954,778
Total cash and cash equivalents at end of the year	13	**543,224,606**	**663,533,087**	**543,224,606**	**193,022,327**

Insurance and Pensions Commission
Financial Statements for the year ended 31 December 2022
Accounting Policies

1 Nature of the business

The Insurance and Pensions Commission (IPEC) is a statutory body established in terms of the Insurance and Pensions Commission Act [Chapter 24:21], to regulate the insurance and pensions industry with the objective of developing the industry for the protection of insurance policyholders and pension fund members' interests.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied by the Commission to all the years presented unless stated otherwise.

2.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Insurance and Pensions Commission Act [Chapter 24:21]. The financial results have been restated to take account of inflation in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies (IAS 29).

In February 2019, the Government of Zimbabwe issued Statutory Instrument 33 (S.I. 33) of 2019, which, based on our legal interpretation, for accounting and other purposes, prescribed parity between the US Dollar and local currency as at and up to the effective date of 22 February 2019, and also prescribed the manner in which certain balances in the financial statements would be treated as a consequence of the recognition of the RTGS Dollar as currency in Zimbabwe. It is the Commission's view that the prescribed parity in value between local currency and the USD did not accurately reflect underlying market economic conditions between 1 October 2018 and 22 February 2019. The treatment resulted in a misstatement of foreign currency transactions in the year ended 31 December 2018 up to 28 February 2019, and the impact of the misstatement is included in the opening retained earnings balance of the 31 December 2021 comparative year opening balances.

The Commission has determined that the impact of the misstatement is no longer material for the 2022 financial year. These financial statements are compliant with IFRSs.

The financial statements have been prepared on historical cost convention except for the revaluation of property and equipment and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Functional and presentation currency

The Commission operates in a dynamic environment which has been subjected to considerable changes to monetary and exchange control policies in the recent years. In the year under review, the economy has witnessed a substantial increase in volumes of foreign currency transactions, mainly the United States Dollars (USD). Given this multi-currency environment, the Directors have assessed in terms of International Accounting Standards (IAS) 21, if there has been a change in the functional currency used by the Commission during the year. In their assessment the Directors included considerations of whether the various modes of settlement may represent different forms of currency. The following was considered:

(a) The currency that mainly influences the sales prices for goods and services.

(b) The currency of the competitive forces and regulations that mainly determines the sales prices of goods and services.

(c) The currency that mainly influences labour, material and other costs of providing goods and services (normally the currency in which such costs are denoted and settled).

(d) The currency in which funds from financing activities are generated; and the currency in which receipts from operating activities are usually retained.

In view of the aforementioned assessments outlined in IAS 21 guidelines, the Directors concluded that the Commission's functional currency remains the Zimbabwe dollar (ZW$), consistent with the presentations made in the prior year financial statements.

Insurance and Pensions Commission
Financial Statements for the year ended 31 December 2022
Accounting Policies

IAS 29 Hyperinflationary economies

The Public Accountants and Auditors Board through its pronouncement 01/2019 provided guidance to all entities that report based on the International Financial Reporting Standards (IFRSs) on the application of Financial Reporting in Hyperinflationary Economies Standard (IAS 29) in Zimbabwe. The pronouncement requires that companies that prepare and present financial statements for financial period ended on or after 1 July 2019 apply the requirements of IAS 29 " Financial Reporting in Hyperinflationary economies."

The historical amounts were restated at the end of the reporting period to reflect the general change in purchasing power of the reporting currency (ZW$). Professional judgement was used and appropriate adjustments were made to historical financial statements in preparing financial statements which are IAS 29 compliant.

Sources of price index

Indices used were obtained from the Zimbabwe Statistical Office for the period from February 2009 to December 2022.

Year	Indices	Average indices	Conversion factor
December 2020	2474.51	1579.09	5.53
December 2021	3977.46	3135.22	3.44
December 2022	13672.91	9198.69	1.00

The main procedures applied for the above-mentioned restatement are as follows:

i. All corresponding figures as of and for the year ended 31 December 2022 are restated by applying the change in the index from 31 December 2021 to 31 December 2022.

ii. Monetary assets and liabilities that are carried at amounts current at balance sheet date are not re-stated because they are already expressed in terms of the monetary unit current at the balance sheet date.

iii. Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date and components of shareholders equity are restated by applying the change in the index from the date of the transaction or if applicable from the date of their most recent revaluation to 31 December 2022. An impairment loss is recognised in profit or loss if the remeasured amount of a non-monetary item exceeds its estimated recoverable amount.

iv. Property, plant and equipment that is not current at the statement of financial position date is restated from the date of initial application of hyperinflation conditions, that is, 1 January 2019 or from the transaction date if purchased after 1 January 2019. Depreciation and amortisation amounts are based on restated costs. Currently all assets are revalued annually at the balance sheet date, and therefore are being carried at amounts current at the balance sheet date, are not restated. The depreciation amounts are based on the opening restated amounts.

v. Profit or loss items/transactions, except the depreciation and amortisation charges explained above, are restated by applying the change in the index from the date of the transaction to 31 December 2022.

vi. The effect of inflation on the net monetary position of the entity is included in the income statement as loss or gain on monetary position.

vii. All items in the cash flow statement are expressed in terms of the measuring unit current at the balance sheet date.

2.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2.2 Significant judgements and sources of estimation uncertainty (Continued)

Useful lives of property and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on Commission replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

Expected credit losses

Expected credit loss allowance on accounts receivable was estimated using a provision matrix taking into account past default rates, debtor specific circumstances, and general industry conditions and forecast conditions as at the reporting date. The Commission advances relief short term loans to staff members and these are recovered from payroll. No write offs are therefore expected from such short term loans.

The Commission reviews all financial assets at the reporting date to assess whether there has been increase in credit risk for the purposes of expected credit loss expense calculation. In particular, judgement by management is required on key concepts such as whether there has been a significant increase in credit risk, measurement of lifetime expected credit losses and forward-looking assumptions on determining the probability of default. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Fair value estimation

The fair value of financial instruments and other assets and liabilities measured at fair value, is based on their market price at the reporting date. If a market price is not available, the fair value of an instrument is estimated using discounted cash flow techniques. Where discounted cash flow techniques are used, estimated future cash flows are based on management’s best estimates and the discount rate is market related at the reporting date for an instrument with similar terms and conditions.

The Commission revalued its property and equipment during the under review. The valuation was conducted by external valuers using appropriate valuation techniques and inputs for each valuation which involves significant judgement. Observable market data is used as inputs to the extent that it is available. If prices are not readily determinable, fair value is based either on internal valuation models or management estimates of amounts that could be realised under current market conditions. The translation of the foreign currency denominated assets and liabilities to local currency is based on the year-end exchange rate while transactions are translated at the average exchange rate for the reporting period.

2.3 Property and equipment

Property and equipment is initially measured at cost. Costs include costs incurred initially to acquire or construct an item of property and equipment and costs incurred subsequently to add to, replace part of, or service it.

Property and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Subsequent to initial recognition, property and equipment is stated at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would have been determined using fair value at the end of the reporting period

At the end of each year the commission assesses the fair values of the property and equipment to determine whether any significant changes in the fair values which necessitates revaluation.

When an item of property and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Insurance and Pensions Commission
Financial Statements for the year ended 31 December 2022
Accounting Policies

2.3 Property and equipment (Continued)
Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Commission. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	25 years
Furniture and fittings	Straight line	5 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
Other property and equipment	Straight line	5 years
Right of use asset	Straight line	5 years
Leasehold improvement -Town office	Straight line	5 years
IT equipment	Straight line	3 years

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

2.4 Intangible Assets
An intangible asset is recognised when:
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably. Intangible assets are initially recognised at cost.

Intangible assets are initially recognised at cost.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation Method	Average Useful life
SAP Software		Indefinite

2.5 Financial Instruments
Financial instruments held by the Commission are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Commission ,as applicable, are as follows:
Financial assets which are equity instruments:
- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Insurance and Pensions Commission
Financial Statements for the year ended 31 December 2022
Accounting Policies

2.5 Financial Instruments (Continued)

When financial assets are recognised initially they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, any directly attributable transaction costs. Transaction costs on all financial assets that are carried at fair value through profit or loss, they are accounted for as an expense. The Commission determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

2.5.1 Accounts receivable

Classification

Accounts receivable, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Commission's business model is to collect the contractual cash flows on Accounts receivables.

Recognition and measurement

Accounts receivables are recognised when the Commission becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The Commission recognises a loss allowance for expected credit losses on Accounts receivables, excluding Value Added Tax (VAT) and prepayments. The amount of expected credit losses is updated at each reporting date.

The Commission measures the loss allowance for Accounts receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The Commission makes use of a provision matrix as a practical expedient to the determination of expected credit losses on Accounts receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of Accounts receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

Write off policy

The Commission writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Commission recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

2.5.2 Accounts payable

Classification

Accounts payable, excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Insurance and Pensions Commission
Financial Statements for the year ended 31 December 2022
Accounting Policies

Recognition and measurement

They are recognised when the Commission becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

2.5.3 Cash and cash equivalents
Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

2.5.4 Derecognition
Financial assets
The Commission derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Commission neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Commission recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Commission retains substantially all the risks and rewards of ownership of a transferred financial asset, the Commission continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.6 Leases
The Commission assesses whether a contract is, or contains a lease, at the inception of the contract. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Commission has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Commission as lessee
A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Commission is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Commission recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease liability
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Commission uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Commission under residual value guarantees;
- the exercise price of purchase options, if the Commission is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the Commission is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

2.6 Leases (Continued)

Right of use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position. Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the Commission incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

2.7 Inventory

Inventories are measured at the lower of cost and net realisable value. Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

2.8 Employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted. The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

2.9 Provisions and contingencies

Provisions are recognised when:

- the Commission has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation.

2.10 Revenue from contracts with customers

The Commission recognises revenue from the following major sources:

- Levies form Pension funds and Insurance companies
- Annual fees from members
- Application fees
- Registration fees
- Externalisation fees

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Commission recognises revenue when it transfers control of a product or service to a customer.

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2.10 Revenue from contracts with customers (Continued)

Revenue from Pension funds and Insurance companies

Revenue from levies is recognised at the beginning of every quarter and this is the point in time when the Commission transfers the regulatory services to Insurance and Pensions companies intending to do business in that quarter.

Annual fees from members

Revenue from annual fees is recognised at the beginning of the year as this is the point in time when the Commission is unconditionally entitled to receive the annual fees.

Application fees

Revenue from application fees is recognised at the point in time when a prospective client makes an application to the Commission. This is the point in time when the Commission is unconditionally entitled to receive the application fees income.

Registration fees

Revenue from registration fees is recognised at the point in time when the Commission registers a new member and this is the point in time when the Commission becomes unconditionally entitled to receiving registration fee income.

Externalisation fees

Revenue from externalisation fees is recognised at the point in time when the Commission approves any insurer or broker to place business outside zimbabwe and this is the point in time when the Commission becomes unconditionally entitled to receiving externalisation fees income.

2.11 Translation of foreign currencies Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Zimbabwe Dollars, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

In circumstances where the Commission receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the Commission initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, Commission determines a date of transaction for each payment or receipt of advance consideration. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

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Accounting Policies

3. New Standards and Interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the Commission has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	**Effective date:** **Years beginning on or after**	**Expected impact:**
Amendments to IAS16 property plant and equipment proceeds before intended use	1-Jan-22	In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.
Amendments to IAS 37 onerous contracts costs of fulfilling a contract	1-Jan-22	In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.
Annual improvements to IFRS 16 Leases	1-Jan-22	The amendment removes the illustration of the reimbursement of leasehold improvements.

3.2 Standards and interpretations not yet effective

The Commission has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Commission's accounting periods beginning on or after 01 January 2023 or later periods:

Standard/ Interpretation:	**Effective date:** **Years beginning on or after**	**Expected impact:**
Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies	1-Jan-23	In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.
Definition of accounting estimates: Amendments to IAS 8	1-Jan-23	In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.
IFRS 17 Insurance Contracts	1-Jan-23	In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by: • A specific adaptation for contracts with direct participation features (the variable fee approach) • A simplified approach (the premium allocation approach) mainly for short-duration contracts

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5 Property and Equipment

	Land	Buildings	Leasehold improvements-	Furniture and fixtures	Motor vehicles	Office equipment	IT equipment	Other assets	Total
	ZW$	ZW$	ZW$	ZW$	ZW$	ZW$	ZW$	ZW$	ZW$
Inflation Adjusted									
Carrying amount - 31 December 2020	**321,759,135**	**540,615,486**	**27,081,758**	**41,402,415**	**214,293,650**	**3,796,971**	**40,899,881**	**24,134,184**	**1,213,983,480**
Cost/ valuation	321,759,135	545,455,884	30,147,030	46,526,966	230,973,536	4,546,773	47,556,310	26,416,614	**1,253,382,248**
Accumulated depreciation	-	(4,840,399)	(3,065,272)	(5,124,551)	(16,679,886)	(749,802)	(6,656,429)	(2,282,430)	**(39,398,768)**
Additions	-	687,954,131	-	1,706,571	171,302,412	384,186	27,311,774	-	**888,659,074**
Revaluation	-	18,519,892	(6,761,848)	10,528,174	57,698,147	1,681,980	23,645,528	5,112,931	**110,424,804**
Disposal	-	-	-	-	(6,548,623)	-	-	-	**(6,548,623)**
Depreciation	-	(13,679,493)	(10,061,823)	(5,403,623)	(34,469,638)	(932,178)	(15,423,415)	(4,205,540)	**(84,175,710)**
Carrying amount - 31 December 2021	**321,759,135**	**1,233,410,016**	**10,258,087**	**48,233,538**	**402,275,947**	**4,930,959**	**76,433,768**	**25,041,575**	**2,122,343,024**
Cost/ valuation	321,759,135	1,233,410,016	10,258,087	48,233,538	402,275,947	4,930,959	76,433,768	25,041,575	**2,122,343,024**
Accumulated depreciation	-	-	-	-	-	-	-	-	**-**
Additions	-	35,880,555	-	48,479,797	338,540,314	23,807,596	112,138,815	-	**558,847,077**
Revaluation	110,240,865	198,274,998	(4,976,948)	15,285,710	288,144,165	(4,532,953)	(18,913,762)	19,381,358	**602,903,433**
Disposals	-	-	-	(4,911,251)	(2,912,324)	-	-	(6,388,881)	**(14,212,457)**
Write off	-	-	-	-	-	-	-	(13,285,487)	**(13,285,487)**
Depreciation	-	(49,885,568)	(3,239,396)	(15,172,033)	(94,998,102)	(3,046,562)	(37,395,222)	(5,008,315)	**(208,745,198)**
Carrying amount - 31 December 2022	**432,000,000**	**1,417,680,000**	**2,041,743**	**91,915,760**	**931,050,000**	**21,159,040**	**132,263,600**	**19,740,250**	**3,047,850,393**
Cost/ valuation	432,000,000	1,417,680,000	2,041,743	91,915,760	931,050,000	21,159,040	132,263,600	19,740,250	**3,047,850,393**
Accumulated depreciation	-	-	-	-	-	-	-	-	**-**

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5 Property and Equipment (continued)

	Land ZW$	Buildings ZW$	Leasehold improvements- ZW$	Furniture and fixtures ZW$	Motor vehicles ZW$	Office equipment ZW$	IT equipment ZW$	Other assets ZW$	Total ZW$
Historical Cost									
Carrying amount - 31 December 2020	**8,033,000**	**12,717,000**	**3,647,803**	**5,760,030**	**46,518,000**	**1,383,898**	**13,355,394**	**9,622,023**	**101,037,148**
Cost/ valuation	8,033,000	12,717,000	3,647,803	5,760,030	46,518,000	1,383,898	13,355,394	9,622,023	**101,037,148**
Accumulated depreciation	-	-	-	-	-	-	-	-	**-**
Additions	-	157,579,866	-	390,900	39,237,806	88,000	6,255,919	-	**203,552,491**
Revaluation	85,567,000	190,371,144	-	8,499,916	39,416,393	81,523	6,253,725	(953,825)	**329,235,875**
Disposals	-	-	-	-	(1,500,000)	-	-	-	**(1,500,000)**
Depreciation	-	(1,868,009)	(663,717)	(619,669)	(6,649,792)	(119,001)	(3,630,392)	(1,383,583)	**(14,934,163)**
Carrying amount - 31 December 2021	**93,600,000**	**358,800,000**	**2,984,086**	**14,031,176**	**117,022,408**	**1,434,420**	**22,234,646**	**7,284,615**	**617,391,352**
Cost/ valuation	93,600,000	358,800,000	2,984,086	14,031,176	117,022,408	1,434,420	22,234,646	7,284,615	**617,391,352**
Accumulated depreciation	-	-	-	-	-	-	-	-	**-**
Additions	-	35,880,555	-	31,104,823	323,597,834	19,434,146	93,481,786	-	**503,499,143**
Revaluation	338,400,000	1,037,900,613	-	53,966,127	528,032,228	2,006,958	32,014,178	18,821,598	**2,011,141,701**
Disposals	-	-	-	(1,428,687)	(847,198)	-	-	(1,652,040)	**(3,927,925)**
Write off	-	-	-	-	-	-	-	(4,071,250)	**(4,071,250)**
Depreciation	-	(14,901,168)	(942,343)	(5,757,679)	(36,755,272)	(1,716,484)	(15,467,010)	(642,673)	**(76,182,629)**
Carrying amount - 31 December 2022	**432,000,000**	**1,417,680,000**	**2,041,743**	**91,915,760**	**931,050,000**	**21,159,040**	**132,263,600**	**19,740,250**	**3,047,850,393**
Cost/ valuation	432,000,000	1,417,680,000	2,041,743	91,915,760	931,050,000	21,159,040	132,263,600	19,740,250	**3,047,850,393**
Accumulated depreciation	-	-	-	-	-	-	-	-	**-**

The Commission's land and buildings are situated at the following addresses 160 Rhodesville Avenue, Greendale, Harare and 90 Speke Avenue CBD, Harare.

Measurement of fair value
Fair value hierarchy
The fair value of the Commission's property and equipment as at 31 December 2022 has been arrived at on the basis of valuations carried out by independent professional valuers, Phoenix Real Estate (Private) Limited. The valuation which conforms to International Valuation Standards, was in terms of the policy as set out in the accounting policies section and was derived with reference to market information close to the date of the valuation.

Level 3
The fair value for property and equipment of ZW$ 3 047 850 393 (2021: ZW$ 2 122 343 024) has been categorised under level 3 in the fair value hierarchy based on the inputs used for the valuation.

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		2022	2021	2022	2021
	Note(s)	ZW$	ZW$	ZW$	ZW$

6.1 Leases (commission as a lessee)

The Commission leases two office buildings one located at Shop 18 The Bulawayo Centre and the other one at Shop number 5 Kingstones House along Leopard Takawira street in Harare . The lease term is for 5 years for both Shop 18 Bulawayo Centre and Shop number 5 Kingstones House.

Details pertaining to leasing arrangements, where the commission is lessee are presented below:

Net carrying amounts of right-of-use assets

	2022 ZW$ (Inflation adjusted)	2021 ZW$ (Inflation adjusted)	2022 ZW$ (Historical cost)	2021 ZW$ (Historical cost)
Carrying amount at the start of the period	15,196,624	7,389,842	2,815,739	1,335,224
Adjustments for lease reassessments	(1,456,909)	12,033,856	4,193,234	2,263,737
Amortisation	(8,261,489)	(4,227,074)	(1,530,748)	(783,222)
Total	**5,478,226**	**15,196,624**	**5,478,226**	**2,815,739**

6 Lease liabilities

	2022 ZW$ (Inflation adjusted)	2021 ZW$ (Inflation adjusted)	2022 ZW$ (Historical cost)	2021 ZW$ (Historical cost)
Opening balance	11,677,999	8,413,079	3,397,140	1,520,107
New leases entered		-	-	-
Adjustments for reassessments	(1,456,909)	9,882,907	4,193,234	2,263,737
Repayments of capital	**(165,316)**	**(1,695,064)**	**(111,220)**	**(386,704)**
Interest accrued	13,079,597	6,353,946	8,799,528	1,456,968
Payments made	(13,244,913)	(8,049,010)	(8,910,748)	(1,843,672)
Effects of IAS 29	(2,576,619)	(4,922,923)		
	7,479,154	**11,677,999**	**7,479,154**	**3,397,140**
Current liabilities	1,487,584	1,336,428	1,487,584	388,768
Non-current liabilities	5,991,571	10,341,571	5,991,571	3,008,372
	7,479,154	**11,677,999**	**7,479,154**	**3,397,140**

The maturity analysis of lease liabilities is as follows:

	2022 ZW$ (Inflation adjusted)	2021 ZW$ (Inflation adjusted)	2022 ZW$ (Historical cost)	2021 ZW$ (Historical cost)
Within one year	10,609,992	6,337,803	10,609,992	1,843,672
Two years	10,703,062	19,013,410	10,703,062	5,531,017
	21,313,054	**25,351,213**	**21,313,054**	**7,374,689**
Less finance charges component	(13,833,899)	(13,673,214)	(13,833,899)	(3,977,549)
	7,479,154	**11,677,999**	**7,479,154**	**3,397,140**

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7 Intangible assets

Computer Software (SAP)	Inflation adjusted 2022 ZW$	Inflation adjusted 2021 ZW$	Historical cost 2022 ZW$	Historical cost 2021 ZW$
Carrying amount	234,616,036	59,821,183	68,250,000	3,330,990
Cost	234,616,036	59,821,183	68,250,000	3,330,990
Accumulated amortisation	-	-	-	-
Additions	-	-	-	-
Revaluation	-	174,794,853	-	64,919,010
Amortisation	-	-	-	-
Carrying amount	234,616,036	234,616,036	68,250,000	68,250,000
Cost	234,616,036	234,616,036	68,250,000	68,250,000
Accumulated amortisation	-	-	-	-

8 Inventories

Stationery	-	-	-	-
Fuel coupons	13,355,254	1,288,290	13,355,254	295,090
	13,355,254	**1,288,290**	**13,355,254**	**295,090**

9 Loans to executive directors, managers and employees

Schedule of loans to executive directors, managers and employees				
Staff loans	155,063,712	215,913,238	155,063,712	62,809,341
At beginning of the year	215,913,238	9,349,812	62,809,341	2,719,868
Advances	213,092,001	245,279,854	143,361,382	71,352,114
Repayments	(75,965,334)	(38,716,429)	(51,107,011)	(11,262,641)
Effects of IAS 29	(197,976,193)	-	-	-
	155,063,712	**215,913,238**	**155,063,712**	**62,809,341**

10 Accounts receivables

Financial instruments:				
Trade receivables	106,480,786	25,369,828	106,480,786	7,380,104
Allowance for credit losses	(14,614,423)	(8,627,148)	(14,614,423)	(2,509,645)
Total accounts receivables at amortised cost	**91,866,363**	**16,742,680**	**91,866,363**	**4,870,459**

11 Prepayments

Non-financial instruments:				
Prepayments	270,581,083	22,435,329	261,203,651	6,526,456
	270,581,083	**22,435,329**	**261,203,651**	**6,526,456**

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Figures in Zimbabwean Dollars	Inflation adjusted		Historical cost	
	2022 ZW$	2021 ZW$	2022 ZW$	2021 ZW$
12 Other financial assets				
Mandatorily at fair value through profit or loss:				
Qouted equity investments				
At 1 January	1,668,424,742	120,258,161	485,346,146	34,983,199
Additions	214,048,015	666,192,629	144,004,558	193,795,990
Disposals	(695,390,528)	(269,744,577)	(467,836,179)	(78,468,922)
Realised Fair value gains/ (losses)	781,339,662	495,495,463	300,088,582	113,617,772
Unrealised Fair value gains/ (losses)	(132,488,600)	965,620,654	(89,134,030)	221,418,107
Effects of Inflation	(1,463,464,214)	(309,397,588)	-	-
As at 31 December	372,469,077	1,668,424,742	372,469,077	485,346,146
The Commission holds investments in listed shares at the Zimbabwe Stock Exchange				
Unqouted equity investments				
At 1 January	-	-	-	-
Additions	229,170,011	-	183,243,847	-
Fair value gains/ (losses)	27,879,408	-	25,711,735	-
Effects of Inflation	(48,093,837)	-	-	-
As at 31 December	208,955,582	-	208,955,582	-
The Commission holds 0.12% unqouted investment in ZEPRE international which is incorporated in Kenya.				
Total Financial Assets	**581,424,660**	**1,668,424,742**	**581,424,660**	**485,346,146**
Split between non-current and current portions				
Non-current assets	**581,424,660**	**1,668,424,742**	**581,424,660**	**485,346,146**
13 Cash and cash equivalents				
Cash and cash equivalents consist of:				
Bank balances	247,164,426	317,717,805	247,164,426	92,424,374
Cash on hand	7,185,506	4,253,253	7,185,506	1,237,275
Short-term deposits	288,874,674	341,562,028	288,874,674	99,360,678
	543,224,606	**663,533,086**	**543,224,606**	**193,022,327**
14 Accounts payables				
Financial instruments:				
Trade payables	59,965,214	37,559,211	59,965,214	10,926,006
Other payables	60,007	47,990	60,007	13,960
Statutory obligations	142,176,024	60,125,697	142,176,024	17,490,615
Pensioner's compensation liability MOFD	16,295,297	117,478,309	16,295,297	34,174,538
Accrued salaries	9,301,728	23,195,187	9,301,728	6,747,499
Non-financial instruments:				
Unallocated deposits	36,104,089	36,275,126	36,104,089	10,552,464
	263,902,359	**274,681,519**	**263,902,359**	**79,905,082**
Financial instrument and non-financial instrument components of trade and other payables				
At amortised cost	227,798,270	238,406,393	227,798,270	69,352,618
Non-financial instruments	36,104,089	36,275,126	36,104,089	10,552,464
	263,902,359	**274,681,519**	**263,902,359**	**79,905,082**

Insurance and Pensions Commission
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Figures in Zimbabwean Dollars	Inflation adjusted		Historical cost	
	2022 ZW$	2021 ZW$	2022 ZW$	2021 ZW$
15 Provisions				
Provision for leave pay	41,417,164	40,721,301	41,417,164	11,845,860
Provision for actuarial consultancy	72,265,248	-	72,265,248	-
	113,682,412	**40,721,301**	**113,682,412**	**11,845,860**

16 Deferred income

Deferred income represents the partial value of the 90 Speke Avenue Building at initial recognition. This building was acquired by the commission through partial assistance by the Zimbabwe Government and is included in property and equipment as disclosed in note 5. The amount is amortised to income over the useful life of the building currently estimated at 25 years. The movement on the deferred income account during the year is as follows:

Opening balance	196,043,330	423,808,000	56,989,340	123,200,000
Refund	-	(227,764,670)	-	(66,210,660)
Amortisation	(7,841,733)	-	(2,279,574)	-
Effects of inflation	(133,491,830)	-	-	-
Closing balance	**54,709,766**	**196,043,330**	**54,709,766**	**56,989,340**

17 Revenue				
Revenue from contracts with customers				
Levies	3,244,015,713	2,455,220,495	2,101,678,549	562,985,342
Registration fees	11,636,161	7,740,906	7,110,340	1,775,000
Application fees	37,642	292,192	35,000	67,000
Annual fees	91,733,456	52,786,179	30,855,000	12,103,941
Agent fees	2,905,589	13,125,546	1,295,000	3,009,705
Externalisation fees	212,736,825	177,739,098	151,820,161	40,755,813
	3,563,065,387	**2,706,904,416**	**2,292,794,050**	**620,696,801**

Disaggregation of revenue from contracts with customers

The commission disaggregates revenue from customers as follows:
Timing of revenue recognition
At a point in time

Levies	3,244,015,713	2,455,220,495	2,101,678,549	562,985,342
Registration fees	11,636,161	7,740,906	7,110,340	1,775,000
Application fees	37,642	292,192	35,000	67,000
Annual fees	91,733,456	52,786,179	30,855,000	12,103,941
Externalisation fees	212,736,825	177,739,098	151,820,161	40,755,813
	3,560,159,798	**2,693,778,869**	**2,291,499,050**	**617,687,096**

18 Other operating income				
Fines and penalties	16,851,598	8,347,531	10,800,000	1,914,100
Bank interest	-	376,602	-	86,355
Interest on staff loans	15,665,282	5,153,025	11,129,919	1,181,595
Insurance recovery	3,250,463	-	2,070,000	-
Miscellaneous income	11,631,033	7,744,083	10,920,614	1,775,729
	47,398,375	**21,621,241**	**34,920,533**	**4,957,779**

Insurance and Pensions Commission
Financial Statements for the year ended 31 December 2022

Notes to the financial Statements

Figures in Zimbabwe Dollar	note	Inflation adjusted		Historical cost	
		2022 ZW$	2021 ZW$	2022 ZW$	2021 ZW$
19 Other operating gains (losses)					
Losses on disposals of assets					
Property and equipment		(8,660,242)	(5,970,387)	914,458	(1,369,018)
Fair value gains					
Fair value gains qouted investments	12	(132,488,600)	965,620,654	(89,134,030)	221,418,107
Fair value gains on unqouted investments	12	27,879,408	-	25,711,735	-
Total Fair value gains		**(104,609,192)**	**965,620,654**	**(63,422,295)**	**221,418,107**
Foreign exchange gains					
Net foreign exchange gains		1,240,342,279	182,967,875	834,462,030	41,954,778
Total other operating gains		**1,127,072,845**	**1,142,618,142**	**771,954,193**	**262,003,867**
20 Investment income					
Interest income					
Investments in financial assets:					
Money market instruments		57,907,530	97,048,163	47,551,437	22,253,274
Total interest income		**57,907,530**	**97,048,163**	**47,551,437**	**22,253,274**
Dividends received		3,425,592	20,794,905	2,211,345	4,768,299
Profit on disposal of shares (note 12)		781,339,662	495,495,463	300,088,582	113,617,772
Total investment income		**842,672,784**	**613,338,531**	**349,851,364**	**140,639,345**
21 Employee costs					
Employee costs					
Basic		1,230,915,246	754,250,119	869,103,572	166,869,466
Medical aid		122,542,123	42,124,569	108,860,774	9,659,220
NSSA		22,966,377	7,447,171	18,639,743	1,707,646
Zimdef		14,796,480	8,447,215	11,738,668	1,936,958
Pension		49,939,336	40,654,747	32,885,634	9,322,188
Recruitment costs		1,154,966	5,763,386	1,075,540	1,321,552
Management fuel allowances		63,112,100	48,073,920	59,369,953	11,023,414
		1,505,426,630	**906,761,127**	**1,101,673,884**	**201,840,444**
22 Depreciation and amortisation					
Depreciation					
Property and equipment		208,745,198	84,175,710	76,182,629	14,934,163
Right-of-use assets		8,261,489	4,227,074	1,530,748	783,222
		217,006,686	**88,402,784**	**77,713,376**	**15,717,386**
23 Finance costs					
Interest expense on leasing arrangements		13,079,597	6,353,946	8,799,528	1,456,968

Insurance and Pensions Commission
Financial Statements for the year ended 31 December 2022
Notes to the financial Statements

Figures in Zimbabwe Dollar	Note(s)	Inflation adjusted		Historical cost	
		2022 ZW$	2021 ZW$	2022 ZW$	2021 ZW$
24 Operating expenses					
Advertising and public communications		(23,921,212)	(11,349,454)	(15,106,906)	(2,602,445)
Loss on assets written off		(13,285,487)	-	(4,071,250)	-
Auditors remuneration - external auditors		(5,557,779)	(1,984,251)	(2,307,578)	(454,991)
Increase in allowances for credit losses		(5,987,275)	(4,044,845)	(12,104,778)	(1,680,343)
Bank charges		(10,123,400)	(9,546,366)	(6,872,417)	(2,188,994)
Board fees and expenses		(56,067,495)	(22,171,074)	(49,331,338)	(5,083,857)
Cleaning		(2,245,889)	(2,577,273)	(1,132,182)	(590,972)
Commission of Inquiry expenses		(27,840,879)	-	(8,898,262)	-
Conferences		(122,957,018)	(17,430,535)	(98,198,139)	(3,996,845)
Consultancy fees		(105,885,375)	(9,851,782)	(88,701,788)	(2,259,027)
Consumer awareness		(219,831,744)	(74,380,469)	(163,984,623)	(17,055,541)
Corporate social responsibility		(194,102)	(5,619,655)	(67,660)	(1,288,595)
Covid expenses		(76,420,055)	(44,249,085)	(58,005,099)	(10,146,374)
Depreciation and amortisation		(217,006,686)	(88,402,784)	(77,713,376)	(15,717,386)
Employee costs		(1,505,426,630)	(906,761,127)	(1,101,673,884)	(201,840,444)
Insurance		(17,450,228)	(16,548,988)	(10,913,463)	(3,794,705)
IT expenses		(56,256,986)	(51,499,316)	(37,210,997)	(11,808,862)
Intermediary tax		(86,246,382)	(35,685,317)	(63,606,948)	(8,182,691)
Lease rentals on operating lease		(20,101,328)	(9,105,127)	(6,044,040)	(2,087,818)
Legal fees		(7,631,073)	(5,247,537)	(5,593,781)	(1,203,267)
Licensing operating		(40,082,372)	(21,151,318)	(31,642,046)	(4,850,025)
Motor vehicle expenses		(30,321,722)	(18,817,731)	(22,572,896)	(4,314,931)
Operational fuel		(153,802,664)	(6,583,568)	(150,987,915)	(1,509,621)
Municipal expenses		(29,524,991)	(4,990,055)	(21,758,732)	(1,144,226)
Parking fees		(9,713,447)	(655,993)	(6,993,484)	(150,420)
Postage		(41,520)	(612,827)	(35,517)	(140,522)
Printing and stationery		(18,679,252)	(21,559,502)	(12,339,038)	(4,943,623)
Repairs and maintenance		(44,855,556)	(21,417,311)	(22,387,527)	(4,911,018)
Inspection costs		(4,988,868)	(2,402,414)	(3,579,391)	(550,877)
Security		(42,075,174)	(41,050,006)	(30,143,349)	(9,412,820)
Staff welfare		(259,777,074)	(68,213,960)	(217,868,738)	(15,641,552)
Professional membership and subscriptions		(17,517,545)	(17,363,814)	(9,629,497)	(3,981,546)
Telephone and fax		(6,701,269)	(7,441,862)	(5,033,983)	(1,706,429)
Contigency		(2,409,217)	-	(979,597)	-
Training		(85,221,802)	(34,314,690)	(67,897,981)	(7,868,404)
		(3,326,149,499)	**(1,583,030,032)**	**(2,415,388,200)**	**(353,109,171)**

Insurance and Pensions Commission
Financial Statements for the year ended 31 December 2022
Notes to the financial Statements

Figures in Zimbabwe Dollar	Inflation adjusted		Historical cost	
	2022	2021	2022	2021

25 Related parties

Related party	Relationship
Ministry of Finance and Economic Development	Parent ministry
Board of Directors	Key management

Non-executive Directors	Executive Management
Mr Albert Nduna	Dr Grace Muradzikwa
Mrs Annah Mashingaidze	Mr Robson Mtangadura
Mr David Mureriwa	Mr Blessmore Kazengura
Mr Godwin Nyengedza	Mr Cuthbert T Munjoma
Mrs Judith Rusike	Mrs Sibongile Siwela
	Ms Samantha Nhende

Related party transactions

	Inflation adjusted 2022	Inflation adjusted 2021	Historical cost 2022	Historical cost 2021
Board fees and expenses	56,067,495	22,171,074	49,331,338	5,083,857

26 Risk management

Capital risk management

The Commission's objective when managing capital (which includes reserves, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the Commission's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

	Inflation adjusted 2022	Inflation adjusted 2021	Historical cost 2022	Historical cost 2021
Lease liabilities	7,479,154	11,677,999	7,479,154	3,397,140
Accounts payables	263,902,359	274,681,519	263,902,359	79,905,082
Total liabilities	271,381,513	286,359,517	271,381,513	83,302,222
Cash and cash equivalents	(543,224,606)	(663,533,086)	(543,224,606)	(193,022,327)
Net debt	(271,843,093)	(377,173,569)	(271,843,093)	(109,720,105)
Equity	4,503,686,641	4,437,505,811	4,327,943,173	1,289,189,488
Gearing ratio	(16.57)	(11.77)	(15.92)	(11.75)

Financial risk management
Overview

The Commission is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The Commission's risk management policies are established to identify and analyse the risks faced by the Commission, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Commission's activities.

The Commission finance and risk committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Commission.

The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Insurance and Pensions Commission
Financial Statements for the year ended 31 December 2022
Notes to the financial Statements
Figures in Zimbabwe Dollar

27 Financial instruments and risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Commission if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Commission is exposed to credit risk on loans receivable, debt instruments at fair value through other comprehensive income, trade and other receivables, contract receivables, lease receivables, cash and cash equivalents, loan commitments and financial guarantees.

Foreign currency risk

The Commission is exposed to foreign currency risk as a result of certain transactions which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising Interbank market rate. The foreign currencies in which the Commission deals primarily are USD.

28 Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:
Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Commission can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Financial assets/ liabilities	Fair value as at 31 December		Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2022 ZW$	2021 ZW$				
Quoted equity investments	372,469,077	1,668,424,742	Level 1	Quoted bid prices in an active market	N/A	N/A
Unquoted equity investments	208,955,582	-	Level 3	Net Asset value	N/A	N/A

29 Commitments and Contingent Liabilities

The Commission suspended electrical and builder's works at 90 Speke Avenue contracts pending a validation exercise. The suspension has resulted in delays and additional costs, which could have an adverse effect on the Commisison's financial performance. The legal advice obtained thus far suggests that there are potential liabilities associated with the suspension of works.

The Commission is committed to resolving this matter in a timely and effective manner, and is actively seeking further legal advice to assess the extent of any potential liabilities. However, at this stage, the potential liability cannot be reliably estimated, and therefore no provision has been made in the financial statements.

The Commission will continue to monitor developments closely and will disclose any material information in relation to this matter as and when it becomes available.

30 Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

NOTICE ANNUAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 5th Annual General Meeting of the Insurance and Pensions Commission (IPEC) will be held on Friday, 30 June 2023 at 1000 hours, in Miti Room at Cresta Lodge, Msasa in Harare, for the purpose of transacting the following business:

AGENDA

1. Chairperson's Welcome and Opening Remarks
2. Adoption of the Notice Convening the Meeting
3. Confirmation of the Minutes of the 2022 Annual General Meeting
4. To receive, consider and adopt the Chairperson's Report
5. To receive, consider and adopt the Commissioner's Report for the year-ended 31 December 2022 and update on operations
6. To receive, consider and adopt the Financial Statements of the Commission, for the year-ended 31 December 2022
7. To approve the Auditor's remuneration for the 2022 financial year
8. To approve the remuneration of Directors for the 2022 financial year
9. To appoint auditors of the Commission for the 2023 financial year.

By Order of the Board

Samantha Nhende
Company Secretary
1 June 2023

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2022 IPEC ANNUAL REPORT

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