



Circular 34 of 2021

11 November 2021

TO: Zimbabwe Association of Pension Funds (ZAPF)

Life Offices Association of Zimbabwe (LOA)

Insurance Brokers Association of Zimbabwe (IBAZ)

Pension Fund Administrators

Self-Administered Pension Funds

Issuance of the Guideline for Smoothed Pooled Investment Vehicles and Directive for Dissolution of Inactive funds.

In pursuit of its mandate to regulate and supervise activities within the Pensions Industry for the protection of the interests of fund members and their beneficiaries, the Commission hereby issues a Guideline for Smoothed Pooled Investment Vehicles and a Directive for Dissolution of Inactive Funds.

The two frameworks are attached to this Circular for your attention and implementation. Please note the major expectations from the Commission as highlighted below: -

A. Guideline for Smoothed Pooled Investments

Please pay particular attention to the requirement for every insurer that establishes, **operates or administers** a smoothed pooled investment product/vehicle to be **authorised by the Commission**. To that end, we request all Insurers that are currently operating or administering smoothed pooled investment vehicles to submit the following documents no later than 30 November 2021:

- a) The solvency position of the Insurer.
- b) The motivation letter.
- c) Three copies of the governing rules i.e., the Principles and Practices of Financial Management.
- d) Service Level Agreements between the Insurer and its service providers.

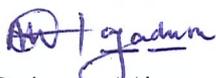
B. Directive for Dissolution of Inactive funds

Kindly take note of the expected milestones in the implementation of the Directive: -

- a) Confirmation of the Inactive funds eligible for dissolution- every fund administrator that administers a dormant fund listed in the annexure and/or falls within the definition contained in the Directive, shall no later than 30 November 2021, submit a complete schedule of the inactive funds that will be dissolved.
- b) Membership and asset reconciliation- every fund administrator shall forthwith prepare information on fund assets and membership, as well as putting in place adequate processes to ensure data reconciliation in preparation for the processes by the appointed and approved liquidator.

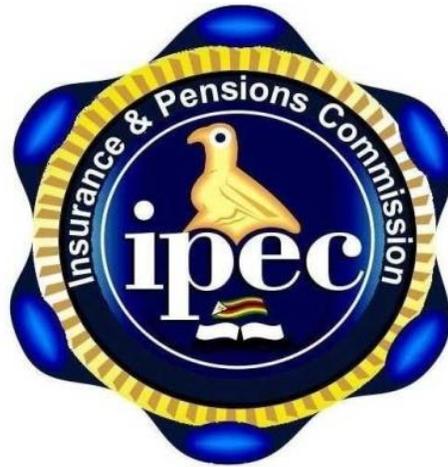
All enquiries and requests for clarification should be directed to pensions@ipecc.co.zw.

Please be guided accordingly.



Robson Mtangadura

Acting Commissioner of Insurance Pension and Provident Funds



Insurance and Pensions Commission (IPEC)

Directive for Dissolution of Inactive Funds

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Authorisation

This Directive is issued in terms of section 19 of the Pension and Provident Funds Act [*Chapter 24:09*] which empowers the Commission to direct the dissolution of a fund, if the Commission considers that the fund is in an unsound financial condition.

1. Background

- 1.1. The Commission has identified prolonged dormant/inactive status of some funds for periods dating back to 2009 as presenting a threat to the preservation of member values as well as the fair treatment of the respective fund members. The Commission has also noted that there are funds whose dissolution has not been finalised since 2015 when the Commission issued a directive for the dissolution of unviable funds.
- 1.2. For the purposes of this Directive a dormant/inactive fund is a fund that has not received contributions for a continuous period exceeding 24 months, due to incapacitation of the sponsoring employer, and there are no reasonable prospects for resuming contributions.
- 1.3. According to the records of the Commission, which are based on returns submitted by the industry, 36% of the total registered funds are dormant funds. The share of inactive funds' assets to industry total assets stood at 1% as at 31 March 2021.
- 1.4. Most of these dormant funds do not have functional boards of trustees giving rise to conflicts of interests given that the administrators, asset managers, auditors, actuaries and other service providers of such funds have continued to provide services without the oversight that obtains when boards of trustees are present.
- 1.5. This points to the need for the Commission to put in place robust measures to deter the continued erosion in value through administrative and other service fees as well as to ensure tracing and payment of benefits to members of these dormant funds.

2. Directive

- 2.1. Section 19 of the Pension and Provident Funds Act [*Chapter 24:09*] empowers the Commission to direct the dissolution of a fund, if the Commission considers that the fund is in an unsound financial condition.
- 2.2. Having noted that the funds listed in Annexure A have been inactive for prolonged periods, which qualifies them to be considered as financially unsound given the risk of asset value erosion through expenses, the Commission, in terms of section 19 of the Act hereby directs the dissolution of these funds.
- 2.3. Where the employer, board or members of a fund listed in Annexure A is of the view that there are reasonable prospects for restoring the financial soundness of the fund, the employer, board or members shall submit a report to the Commission. The report shall state the reasons for the belief that the fund can be restored to a sound financial status and the specified timelines for restoring the fund. Thereafter, the fund and the Commission shall proceed in line with the provisions set out in section 19 of the Pension and Provident Funds Act.
- 2.4. The Commission recognises that ensuring data integrity within the industry continues to be work in progress, thus funds which fall within the category of dormant funds as defined in this Directive may have been omitted from the Annexure. In such a case, every fund administrator that administers a dormant fund which falls within the definition shall notify the Commission of the details of such funds. Thereafter, the Administrator shall consider that fund as part of the Annexure A and shall proceed in like manner as directed herein concerning the funds listed in the Annexure A.
- 2.5. In proceeding with the dissolution, the administrator/funds shall be guided by Section 10 of the Act which provides the procedure that should be followed

by the funds in the process of the dissolution. The section shall be read together with Circular 10 of 2019 on dissolutions and the additional processes stated in this directive.

2.6. Further and in consideration of legacy issues affecting the pensions industry, the administrator/funds shall consider the issues listed below and put in place measures aimed at addressing these issues as part of the dissolution process:

- a) The 2009 loss of value and pending compensation.
- b) The 2019 conversion, particularly the requirements of the Guideline for Conversion of Insurance and Pension Values from USD to ZWL (Guidance Paper).
- c) Asset separation exercise, particularly asset reconciliation at individual fund line following the Asset Separation exercise conducted by life offices for the period 2009 to 2020.
- d) Membership reconciliation of the funds and tracing of members.

2.7. In addition, every administrator who administers funds which had already commenced the process of dissolution, shall submit a consolidated status report which shall include the following minimum information: -

- a. The name of the fund
- b. Name of liquidator and evidence of approval by IPEC
- c. Date of approval of IPEC's approval of the dissolution
- d. The stage in the dissolution process
- e. Financial statements showing a clear breakdown of the assets and their values, including contribution arrears, if any?
- f. Membership schedules showing details on benefits i.e., level of benefits, proportions of funded and unfunded portions and whether benefit was paid or not.

- g. A detailed plan on the actions that the administrator intends to take to ensure finalisation of the process taking into account the regulatory requirements and timelines stated in this directive.

3. Expectations

- 3.1. The Commission expects that those funds already under dissolution should complete the process within 12 months from the date of issuance of this Directive, and schemes commencing winding up following publication of this directive should complete the process within 18 months.
- 3.2. To avoid unreasonable delays, trustees/administrators are encouraged to ensure the dissolution of the fund is conducted in line with the provisions of the legislative requirements, Circular 10 of 2019, and this directive.

4. Key Activities:

- 4.1. The following activities are key in ensuring the smooth and timely progression of the dissolution process:
 - a. identifying the members/beneficiaries
 - b. Identifying the assets of the fund including any arrears and actuarial deficits
 - c. Drawing accumulation schedules showing individual member values broken down to show the funded and unfunded portion.
 - d. Engaging the employer for recovery of arrears/payment of deficit.

5. Member Tracing

- 5.1. To ensure up to date records and that members receive the correct level of benefits, member tracing should be performed during the process of dissolution. In addition, most funds provide members with options on how they can withdraw their benefits as one of the final stages of winding up. Thus, it is imperative that members are traced so that they exercise such rights including the right to inspect the distribution schedule.
- 5.2. To ensure the appropriate approach is taken, the fund/administrator shall evaluate the appropriate mode to apply in tracing members taking into account: -
- a. the costs of each option and the geographical spread of the members.
 - b. any prior action and the quality of the scheme data.
- 5.3. The mode applied should be appropriate to ensure a reasonable degree of confidence that it reached a wide spectrum.

6. Communication

- 6.1. Timely, prompt and relevant communication during the dissolution process is also key to ensure it can be completed speedily.
- 6.2. It is important, as well as good practice, that parties – including the Board of trustees – meet regularly to ensure a common understanding of issues, enable effective decision making and achieve progress, thereby supporting an efficient and well-managed wind-up. Without regular meetings timetables can slip, because of delays in decision making.
- 6.3. Administrators/Trustees must also comply with their disclosure requirements in relation to regular communication with members about the fund dissolution.

7. Schemes Without Board of Trustees

7.1. Where there is no board of trustees in place, and it is impracticable to constitute one, then the fund members who are available, willing and possess relevant qualifications, expertise or experience to oversee the dissolution process shall constitute a committee of members. The fund shall submit to the Commission the names of the proposed members together with an outline of their experience, qualification or expertise. The Committee of members shall be constituted of no more than nine persons.

7.2. If the fund is unable to constitute this committee, the insurer/fund administrator shall notify the Commission as soon as possible although no later than sixty days after the publication of this directive. The fund administrator/insurer shall suggest alternatives which shall be aimed at ensuring that conflicts of interest are managed.

7.3. In addition, the fund administrator shall submit the following information:

- a. Scheme name and details.
- b. Member names and details.
- c. Employer name, status of employer and details.
- d. Fund value.
- e. Type of scheme (DC/DB) (Insured/self-administered).

7.4. Where a fund administrator/insurer is responsible for several funds that are significantly or fully invested in the insurer's guaranteed fund/deposit administration fund, none of which has a board of trustees and cannot appoint committee of members, the funds shall be considered as one. In such a case, and to manage conflict of interests as well as to keep costs low, the insurer shall:

- a. Notify the Commission of the circumstance
- b. Publish a notice in a paper of wide circulation calling on persons with relevant qualifications, to be appointed as liquidator of the funds on a bulk portfolio basis, to express their interest and submit detailed documents that show their qualifications and cost for liquidation of the funds.
- c. Identify a suitable person to act as the liquidator of the fund and apply to the Commission for approval of the appointment of such person attaching the following:
 - i. Application documents of the identified person
 - ii. Documents showing the assessment process done by the administrator and the comparative schedule for scoring of prospective liquidators
 - iii. Reasons why the person is considered the most appropriate.

8. Role of the Trustees/Committee of Members/Administrator

8.1. The fund should ensure that it operates within the provisions spelt out in this directive and comply with applicable legal requirements.

8.2. It is important to guard against excessive costs particularly given that this directive applies to dormant funds, thus it is important to prioritise the security of members' benefits and should aim to preserve member values from being eroded by costs.

8.3.To ensure timely conclusion of the process, it is important to guard against avoidable delays and communicate any hurdles that are hindering the process to the Commission in a timely manner.

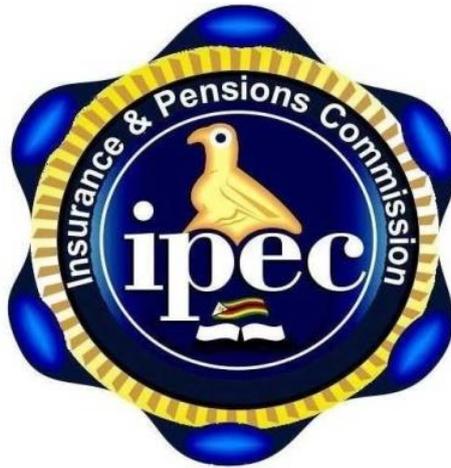
9. Reporting Requirements

9.1.The appointed liquidator shall be required to report to the Commission on progress and obtain the directed approvals. The liquidator shall also hold progress meetings with the Commission once every two months and as deemed necessary even before the lapse of the two months. The fund administrator, board of trustees or committee; shall attend the meeting.

9.2.In addition, the liquidator shall report on progress and issues arising to trustees and, where appropriate, other relevant parties, including members.

.....
Grace Muradzikwa
COMMISSIONER OF INSURANCE, PENSION AND PROVIDENT FUNDS

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Insurance and Pensions Commission (IPEC)

Guideline For Smoothed pooled investment products

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Authorisation

This Guideline is issued in terms of section 3(1) of Statutory Instrument 69 of 2020, which empowers the Commission, whenever it considers it necessary, convenient and in the best interest of policy owners and pension and provident fund members, to issue general guidelines and standards.

1. Definition of Terms

1.1. "Smoothed pooled investment vehicle means the Guaranteed Fund, Deposit Administration Fund/Contract or such other vehicle, whatever name it may be called, that is established by life insurance companies, through which different funds, individuals and other wholesale investors contribute to a common investment pool. Participation in the pool is governed by means of a policy/Contract and returns are passed to investors using the smoothing mechanism, and the pooled investment vehicle will offer a guarantee as defined in its product documentation. The contributions within the pool are invested in various asset classes with each investor's share of the pool expressed in proportion to the contributions made to the pool and accumulated investment return less any fees/expenses. Reference to product within the guideline shall be synonymous with reference to "smoothed pooled investment vehicle"

2. Background

2.1. Life insurance companies in Zimbabwe have been operating smoothed pooled investment products known as Guaranteed Funds/Deposit Administration Contracts/policies for a long period of time. The objective of the products is to leverage on economies of scale through establishing a structured common pool of resources, thus, enabling small institutions and retail investors to invest in asset classes that are beyond their individual capacities.

2.2. The smoothed pooled investment products are characterised by the following common features: -¹

- a) Established as a smoothed pooled investment product, participation is voluntary, and assets are owned collectively by the investors though registered in the name of the insurer or

¹ It must be noted these are features that frequently characterise the guaranteed fund and the list is not exhaustive.

- investment vehicle. Participation is governed by terms set out in the policy contracts entered between the investor and the Insurer.
- b) Insurer exercises discretion, particularly in the way policyholder funds are invested and in the declaration of bonuses.
 - c) Offers some form of nominal guarantees normally on the capital invested and vested bonuses.
 - d) Consists of three accounts/portions namely the vested account, non-vested account and the smoothing account/reserve.
 - e) Smoothing of the allocations (bonuses) to policyholders so that investors are cushioned from the fluctuations that arise from the volatility of investment markets.
- 2.3. The Commission has noted with great concern the unfettered discretion that life insurers have over the operations of guaranteed funds and other similar pooled investment vehicles This is largely due to the absence of independent oversight on the activities of the Insurers, particularly, the parameters within which the Insurer exercises discretion regarding investment, governance and bonus declaration.
- 2.4. The extent to which consumers understand these products is hindered by the opaqueness of these parameters.

3. Purpose

- 3.1. This Guideline: -
- f) defines the parameters for administration and management of smoothed pooled investment products/ vehicles as well as requirements relating to financial and other disclosures.
 - g) sets out the principles under which life insurance companies may issue a contract and other agreements that in whole or in part establish the insurer's obligation.
- 3.2. The Guideline is not intended to cover every aspect of the operation of smoothed pooled investment products but to provide general

principles to entities which establish and administer such products. All life insurers are still required to ensure that they put in place adequate measures to, not only achieve the objectives spelt out in this Guideline, but the objectives set out in the individual policy documents governing the operations of such products.

3.3. Should there be any conflict between this Guideline and the governing rules for the individual investment products, this Guideline shall prevail.

3.4. Where a pooled investment vehicle does not contain any feature for which specific guidance is provided for in this guideline, the person who establishes that investment vehicle shall not be obliged to include that feature solely because this guideline mentions that feature.

3.5. Objective **of the Guideline**

The objective of the Guideline is to promote the following: -

- a) Financial viability of the proposed product/vehicle, hence the ability of the Insurer to create value for the holders of units in the pooled investment.
- b) Suitability, sustainability and affordability of the product to policyholders.
- c) Marketing and promotion of product is not misleading and inadequate.
- d) Financial soundness and safety of the Insurers' existing business related to pooled investment vehicles.
- e) Fair treatment of policyholders and potential policyholders in line with the Treating Customers Fairly (TCF) Framework.

4. Scope and Effective Date

- 4.1. This Guideline shall be applicable to all life Insurers that have or intend to establish, operate or administer smoothed pooled investment products/ vehicles. It shall be read with all other legislation pertaining to insurance and pension fund activities carried out in Zimbabwe, including Circulars and other directives issued by the Commission.
- 4.2. This Guideline becomes operational with immediate effect.
- 4.3. The Commission reserves the right to amend this Guideline from time to time after necessary consultations with key stakeholders.

5. Authorisation to Establish and Administer Pooled Investment Vehicles

- 5.1. No insurer shall establish, operate or administer a smoothed pooled investment product/vehicle unless authorised by the Commission.
- 5.2. The application for authorisation shall be made to the Commission and include the following documents: -
 - a) The solvency position of the Insurer.
 - b) The motivation letter.
 - c) Three copies of the governing rules i.e., the Principles and Practices of Financial Management.
 - d) The actuarial report and the actuarial certificate on the general financial soundness of the proposed method of funding and administering the product.
 - e) Service Level Agreements between the Insurer and its service providers.
 - f) A statement that the smoothed pooled investment product satisfies the requirement of the governing regulations, in this case being the Insurance Act [Chapter 24:07] and the Pensions and Provident Funds Act [Chapter 24:09], regarding contract terminations, and the procedures to be followed when a contract termination event occurs.

- 5.3. The Commission reserves the right to refuse to authorise an Insurer, register a Principles and Practices of Financial Management (PPFM) or any amendment to the PPFM if it considers that the Insurer, PPFM or amendment does not comply with the requirements: -
- a) relating to conduct of insurance and pension business as spelt out in Insurance Act [Chapter 24:07] and the Pensions and Provident Funds Act [Chapter 24:09] or any other applicable law.
 - b) stated in this Guideline.

6. Governance of the Smoothed pooled investment products

- 6.1. The Board of the Insurer is responsible for the governance of the pool. The Commission acknowledges that the success of pooled products lies in allowing the Board flexibility to exercise discretion regarding investment, bonus declaration and exit mechanisms. Thus, accountability and transparency regarding the discretion are essential for development as well as establishing credibility and confidence in these products.
- 6.2. The parameters within which the Board conducts their functions shall be clearly set out in the PPFM. The Board shall ensure that there is a registered document that governs the operations of the pool, which shall be loosely referred to as the Principles and Practices of Financial Management (PPFM).
- 6.3. Where an Insurer establishes an investment vehicle other than the Guaranteed Fund, references to the PPFM shall be construed as reference to the primary document that sets out the principles and practices adopted by the Insurer in managing investor funds and exercising discretion.
- 6.4. The Board has the ultimate responsibility to ensure that the PPFM document is submitted to the Commission for approval and registration.

- 6.5. The Board shall ensure that its proceedings are adequately documented to enable the Commission and every investor to understand the parameters within which any discretion was exercised. This includes documentation relating to the following: -
- a) Assumptions or parameters used, including the relevance of such, in determining and reaching the result.
 - b) Factors that have been considered to ensure the security and protection of policyholder interests.
 - c) Any management actions taken to reduce the risk on the policy.

7. Requirement for the PPFM document

- 7.1. The PPFM shall contain the following information: -
- 7.1.1. Set out the nature of the discretion retained by the Board, how this discretion is exercised and factors that are considered by the Board in exercising this discretion.
 - 7.1.2. Set out the principles and practices adopted for managing conflict of interests between policyholders and shareholders, and how the Insurer achieves a balance between the interests of various clients and generations.
 - 7.1.3. The Insurers interpretation of fairness in light of the aforementioned classes of stakeholders shall be clearly spelt out.
 - 7.1.4. Provide for the disclosure of related party transactions and the management of inherent conflict of interest resultant from conducting business with related parties.
 - 7.1.5. Definition of the Principles to be observed and description of the practices to be adopted by the Insurer.
 - 7.1.6. On-boarding of new investors, clearly stating limits, if any, on quantity and type of investor.
 - 7.1.7. Closure of participation to new investors.

Surplus and Bonus

- 7.1.8. The concept of surplus, methodology used to calculate surplus, elements included in surplus calculation, sources of surplus and how the surplus is distributed to policyholders and shareholders respectively shall be clearly defined.
- 7.1.9. The Insurer's approach to setting bonus rates, including the weight given to recent economic experience, the method applied to calculate and determine bonus declarations, both vested and non-vested shall be stated.
- 7.1.10. Approach to setting any interim bonus rates before the next declaration of annual bonus rates shall be spelt out.
- 7.1.11. The policy regarding vesting and non-vesting bonus. The PPFM shall clearly state the factors that: -
- i) trigger the possible removal of non-vested bonuses and the method of removal. The Insurer shall notify the Commission, anytime that the Insurer intends to remove part or all the non-vested bonus. The notification shall be accompanied by a statement of the Insurer's reasons and justification for the proposed removal;
 - ii) dictate the injection of shareholder capital to maintain the financial soundness of the policy; and
- 7.1.12. Level of Bonus Smoothing Reserve to be set aside from time to time together with terms that will govern the distribution of such reserve. The level, expressed against the total market value of assets, shall range between -15% to +20% in a stable environment and may go to +35% in a volatile environment.

Investment and Costs

- 7.1.13. The investment policy, clearly stating determination of asset allocation, investment in related parties, investment in prescribed assets and the extent to which the insurer has control over the investments. The policy shall also state the frequency and procedure for changing the

investment policy, including the role of investors (i.e., trustees) in investment decisions.

- 7.1.14. Costs associated with the product, apportionment of costs and there shall be separate disclosure of the cost of guarantee, administration costs, investment charges as well as capital charges, if any and other costs relating to the policy. The cost of any guarantee provided in terms of the policy shall be commensurate with the risk assumed by the Insurer in relation to the policy. No costs of guarantee shall be levied on non-vested bonuses.

Changes to the PPFM

- 7.1.15. Any changes to the PPFM shall be approved by the Board and thereafter the Insurer shall seek the Commissioner's approval of the changes. In submitting the changes for registration by the Commission, the Insurer shall include a statement from the Board, which is signed by the Board Chair, highlighting the reasons for the proposed changes, its impact on policyholder rights and interests; and factors that have been taken into account to protect any policyholder rights or interests that may be affected by the changes.

Requirements for the Contract/ Policy Document

- 7.1.16. The contract/policy shall spell out the eligibility requirements: -
- 7.1.17. Clearly state the obligations and duties of the parties to the contract including the parameters and discretions that apply in the exercise of such duties.
- 7.1.18. Investment options available to the investor including disinvestment of policyholders. This shall include the following:
- i) maximum period within which assets will be paid out of the vehicle, which period shall not exceed thirty-six months,
 - ii) Provision for the assets to continue to earn a return earned by the fund/vehicle while it continues to be invested within the vehicle.

- iii) provision of an option to get units of the physical underlying assets where feasible,

8. Communication with Policyholders

- 8.1. The PPFM shall be availed to the prospective and current policyholders and or their advisers. New and prospective clients shall be provided with a summary and full version of the PPFM, of which the summary shall include information on the key features of the product to enable the consumer to appreciate the product.
- 8.2. The insurer shall make available a comprehensive and customer friendly version of the PPFM that shall be written in simple English which can be understood by the final consumers of the product to avoid technical misinterpretation by the prospective policyholders. Insurers shall publish the full copy and a summary of the PPFM on their website.
- 8.3. The Insurer shall provide policyholders with information on bonus declaration. The communication shall be made in the appropriate form at intervals which maybe annual, quarterly, monthly or ad hoc. The form in which the information is conveyed, and the intervals, must ensure that the communication is appropriate, comprehensible, and timely.
- 8.4. The Insurer shall communicate the change to the PPFM to the policyholders, within seven days after the change is approved and registered by the Commission.
- 8.5. The communication to policyholders shall include the reasons for the change and a statement on the impact of the change to the policyholder values.

9. Reporting Requirements

Compliance.

- 9.1. Every Insurer shall submit, a report on their state of compliance with this Guideline and the PPFM or governing documents within six (6)

months after the end of the financial year. The report shall be submitted as an annexure to the annual statutory actuarial valuation report include results of the self-assessment done by the Insurer to evaluate the appropriateness of bonus declarations, fair treatment of policyholders, among other pertinent issues.

9.2. In addition, the report shall: -

- a) Outline all significant relevant issues, including the way in which the Insurer has exercised, or failed to exercise, any discretion that it has in the conduct of its activities.
- b) Disclose any related party transactions, the scope and extent of services rendered by such parties.
- c) Disclose any competing or conflicting interests and how these were managed.
- d) Disclose any movements or changes in the composition of total assets over reporting periods including the reasons causing the movement or change.

9.3. The Insurer shall also establish mechanisms for an independent assessment on the status of compliance on an ongoing basis, though no fewer than once in any financial year. The report on the independent assessment shall be submitted as part of the Insurer's actuarial year end reporting.

9.4. The Commission reserves the right to direct an Insurer to conduct an independent assessment of its compliance with this guideline or PPFM/governing documents whenever the Commission considers such action necessary or in the best interests of policy holders.

Performance

9.5. Every Insurer shall report on its pooled investment vehicles as part of the quarterly and annual returns. The report shall include the following matters:

- a) State the value of the smoothed pooled investment product broken down by asset class. Detailed performance reports for each major asset class shall be submitted to the Commission e.g., property, equity and asset management reports to the insurer.
- b) List of entities invested in the smoothed pooled investment product/vehicle and the extent of their individual interest.
- c) Return earned from each class of investment (Include currency) and explanation on how the Insurer determined bonus declaration, including any allocations to the reserve.
- d) Breakdown of all expenses incurred by the pooled investment every quarter, including costs of guarantees and investment management fees, among others.

10. Withdrawal of the Product from the Market

10.1. The Insurer shall not unjustifiably terminate or close a pooled product/vehicle from the market without notifying and seeking the approval of the Commission ninety (90) days before withdrawing it.

10.2. However, when making an application for product withdrawal, the Insurer shall indicate: -

- a) The reasons for withdrawing the product from the market.
- b) Measures that the Insurer has put in place to ensure that the existing policyholders are not prejudiced and that their rights are not compromised.
- c) An indication as to whether the withdrawal is temporary or permanent.

10.3. The Insurer shall communicate with the existing policyholders and publish in the press the withdrawal of the product/vehicle from the market once the withdrawal application has been approved by the Commission.

10.4. Whilst the fund Insurer may initiate withdrawal/termination of the product/investment vehicle from the market, the Commission reserves the right to terminate certain guaranteed funds from the market should it have good reasons to do so in view of protecting policyholders' and prospective policyholders' interests.

11. Transitional Measures

The Board of every Insurer shall take whatever steps are necessary to bring the rules and management of the smoothed pooled investment products into conformity with this Guideline within six months after the date of Issuance.

The Board shall pay due regard to the vested rights of policyholders.

12. Enforcement and Compliance

The Commission shall invoke the provisions of section 5 of the Insurance and Pensions Commission (Issuance of General Guidelines and Standards) Regulations, 2020 published in Statutory Instrument 69 of 2020, where an Insurer fails to comply with the provisions of this Guideline.

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