

16 October 2006

Circular No 11 of 2006

Insurance Council of Zimbabwe (ICZ)
Zimbabwe Association of Reinsurance Organization (ZARO)
Zimbabwe Insurance Brokers Association (ZIBA)
Zimbabwe Loss Adjusters/Assessors Association (ZLAA)

Agreement on Credit Period and other Issues: Statutory Instrument 59 of 2005.

Further to the Non Life Advisory Committee and ZIBA meeting held at the Insurance Council Offices on 3rd October 2006, members of ZIBA and Council are required to adhere to the following as it applies to them:-

- a) All members of ZIBA are required to comply with the above agreement, in particular, the 30 day credit period. At the end of the 30 days, ZIBA members should remit the capital to the insurer(s) concerned without any further delay.
- b) In the event that some ZIBA Member defaults for whatever reason the ZIBA office bearers should take the necessary corrective action over and above reporting to the Commissioner's Office.
- c) Both underwriters and ZIBA members should desist from the temptation to negotiate separate agreements from the main one as this will serve to undermine efforts to resolve this problem. Any members whether ZIBA or Council found to be acting outside the provisions of the above agreement should be disciplined according to the appropriate disciplinary codes. Moreover, such member should be reported to the Office of the Commissioner.
- d) The Office of the Commissioner will meanwhile embark on an exercise to amend Statutory Instrument 59 of 2005, in particular Part 11 A which if implemented in its current form, could be very

detrimental to ZIBA members and may be disruptive to the smooth operations of the industry.

- e) I urge both ZIBA and council to commit themselves to discussing in detail the issues raised by ZIBA regarding such issues as rate undercutting, solvency margins, cash flows and general viability of the industry. It should always be borne in mind that both ZIBA and Council need each other for this market to thrive.

M. S. Mpofu (Mrs)

COMMISSIONER OF INSURANCE, PENSIONS AND PROVIDENT FUNDS