

# IPEC 3<sup>RD</sup> ANNUAL GENERAL MEETING



Presented by  
**Dr. Grace Muradzikwa**  
Commissioner

**Date:** 30 JUNE 2021  
**Time:** 10:00 AM

# Presentation Outline



**IPEC Strategic Map**

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**Impact of Covid on the Industry**

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**Increase Compliance with Regulatory Requirements**

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**Improve Confidence in the Industry**

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**Improve Financial Soundness**

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**Improve AML/CFT Measures**

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**Improve insurance and pensions coverage**

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**Improve institutional capacity**

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**2021 Priority Goals**

# IPEC Strategic Map



## ZIMBABWE VISION 2030

Towards A Prosperous and Empowered Upper Middle Income Society

### NATIONAL DEVELOPMENT STRATEGY (NDS1) 2021 - 2025

ECONOMIC  
GROWTH &  
STABILITY

SOCIAL  
PROTECTION

INFRASTRUCTURE &  
UTILITIES

GOOD GOVERNANCE

## Vision

A Safe, Vibrant, and Sustainable  
Insurance and Pensions Industry  
by 2025

## Mission

To regulate, supervise develop the Insurance  
and Pension Industry for the Protection of  
Policyholders and Pension Scheme Members  
through Regulatory Excellence

Core Values : Professionalism | Accountability | Fairness | Integrity | Excellence

# Impact of Covid -19 On Industry



## Insurance deemed an essential service

- Commission grateful for Government Support
- Business continuity
- Timely payment of benefits
- Funeral assurers rose to the challenge and settled all claims

## Accelerated the digitalisation of insurance business value chain

- Crisis drove innovation and change, digital signatures
- Need to mitigate cyber security and policyholder protection risks

# Impact of Covid -19 On Industry



## Supply-chain and labour market disruptions

- Waiver of contributions by employers in affected sectors, paid up status
- Illiquidity due to declining contributions
- Rental income arrears increased
- Reductions in covers



## Digitalisation – resulted in restructuring of key business functions

- Use of technology resulted in operational efficiency
- Retrenchments of some personnel
- Some insurers offering premium holidays to clients in dire straits

# Market Highlights



## Insurance

- **Gross Premium Written (GPW) increased by 384% from ZW\$2.69 billion in 2019 to ZW\$13.0 billion in 2020**
- **Total assets for the insurance industry grew by 191% from ZW\$17.19 billion in 2019 to ZW\$50.04 billion in 2020**
- **Minimum Capital Requirements at 87% in 2020**
- **Prescribed assets compliance at 8.2% in 2020**

## Pensions

- **967 registered funds compared to 1067 in 2019**
- **Total principal membership of 881, 330 up from 809 176**
- **33,208 pensioners and 23,374 beneficiaries**
- **Annual pension contributions of ZW\$5.25 billion, up from ZW\$0.89 in 2019**
- **Total assets of ZW\$110.2 billion, up from ZW\$29.55 billion in 2019**
- **PA compliance at 6.7% in 2020 down from 7,4% in 2019**

# Market Highlights Update



## Insurance

- **Gross Premium Written (GPW) was ZW\$7.6 billion in Q1 2021**
- **MCR average compliance was 81% in Q1 with only funeral assurers being non-compliance**
- **Prescribed asset ratios for Q1 were at 3%**

## Pensions

- **Total Industry contributions amounted to ZW\$2.9 billion in Q1**
- **Investments in Prescribed assets were at ZW\$5 billion in 2021**
- **Prescribed asset ratios for Q1 was at 3.91%**

# Increase Compliance with legal and Regulatory Requirements



## 2020 Milestones

### Issued 27 Regulatory Circulars

- S.I. 59 of 2020 - Review of MCRs
- S.I. 280 of 2020 - Allows insurance companies and pension funds to carry out business in foreign currency
- Circular 11 of 2021 - Risk Management and Corporate Governance Guidelines
- Review of fund rules

## 2021 H1 Update

- Pensions and Provident Bill went through Second Reading Stage
- Insurance Bill and IPEC Bill awaiting gazetting in Parliament



# Increased Pensions and Insurance Coverage

## Initiatives to increase pension coverage ratio



150 positive articles produced from the journalist mentorship programme



Progress on modalities of Micro Pensions framework development



The pensions coverage ratio (membership to total labour force) improved to 24% from 21% in 2019

## Initiatives to increase insurance penetration ratio



2 Registration of Microinsurance companies



Improving on product relevance



Insurance penetration around 3% in 2020

# Improve Financial Soundness



## INSURANCE



**Profitability –  
Industry profit of  
ZW\$16.1 billion**



**Capital  
Adequacy  
39 out of 46  
entities  
capitalised**



**Liquidity  
Current ratio  
ranged from  
110.26% to  
326.12%**



**Asset  
quality  
Total  
assets  
ZW\$50.04  
billion**

# Improve Financial Soundness



## PENSIONS

**Liquidity**  
47% of assets are in property  
High risk of failure to pay claims

**Asset quality**  
81% of Total Assets in real assets  
Contribution arrears of ZW\$1.68 billion in 2020

**Earnings**  
Total Income ZW79.21 billion

**Benefits Paid**  
ZW\$3.3 Billion up from ZW0.5b in 2019



# Improve Financial Soundness



# Increase AML/CFT Measures



## Money Laundering and Terrorism Financing Risk Assessment

- Disseminated National Risk Assessment Report
- Guide industry on how to conduct ML/TF institutional risk assessments
- The handbook circulated to the industry to inform the institutional risk assessments

## 2021 Update

- Conducted an AML/CFT sectoral risk assessment
- Assessment was aimed at identifying the level of inherent risks and controls
- Implementing a risk-based approach to AML/CFT supervision, guided by the risk rating matrix
- Dedicated AML/CFT Inspections

# Increasing Institutional Capacity



Real revenue grew by 32% in 2020

Healthy  
Financial  
Position



Net Profit Margin of  
**27%**



A surplus of **ZW\$83** million against a ZW\$457 million deficit realised in 2019

# Increasing Institutional Capacity Update



**Cumulative Nominal growth in revenue of 408% in May 2021 translating to real growth of 94%**



**A surplus of ZW\$153 million against a ZW\$34 million realised in 2020**



	Actual May 2021	Actual May 2020	Growth on 2021 Actual %
Revenue	265,165,259	52,177,253	408
Staff Costs	55,848,377	7,338,403	661
Operating Costs	56,006,810	10,641,108	426
Total Expenditure	111,855,187	17,979,511	522
Surplus Before Unrealised Gains	153,310,072	34,197,742	348
Unrealised Gains	105,827,714	2,706,570	3810
Surplus After Unrealised Gains	259,137,786	36,904,312	602

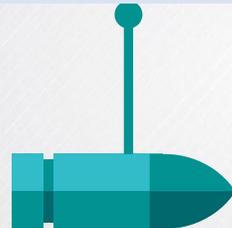
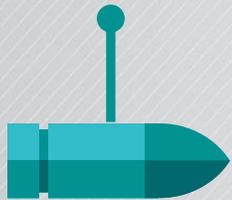


# Increasing Institutional Capacity

Strengthened legal framework

Improved skills mix  
Fully fledged Actuarial Department

Active participation in IAIS and IOPS



Improved Geographical location - Opened Bulawayo Office

Good progress with support of parent Ministry in acquiring suitable offices

Active participation CISNA Committees

# 2021 Priority Goals



To increase compliance with regulatory requirements from 60 to 75 by 2021

To provide sound advice to government.

To improve visibility of the Commission from 16% to 25% by 2021

To improve the financial soundness of the insurance and pensions industry from an overall rating of 3 to 2 by 31 December

To improve insurance and pensions penetration/c overage by 2% to 31 December 2021.

To increase institutional capacity from 75% to 80% by 31 December 2021

# Appreciation



**Management appreciates the continued support and continued guidance from:-**

- **The Board**
- **The parent Ministry**
- **The Corporate Governance Unit**
- **Office of the Auditor General**
- **Fellow Regulators**
- **Industry players and all stakeholders**
- **Technical assistance service providers**



Thank  
You

