INSURANCE AND PENSIONS COMMISSION

2021 ANNUAL REPORT

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CONTENTS

About the INSURANCE AND PENSIONS COMMISSION

WHO WE ARE

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

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 VALUES

Professionalism
We are professional in the way we conduct ourselves, carry out our business

Accountability
We are answerable, and responsible for all our actions and decisions.

Fairness
We develop and apply rules, regulations and procedures equitably among all clients and stakeholders.

Integrity
We are ethical and honest in our dealings with all our stakeholders.

Excellence
We are exemplary in the way we do our business. We strive to exceed expectations by upholding the utmost quality standards in carrying out our work.

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 2022

Hon. 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 2021

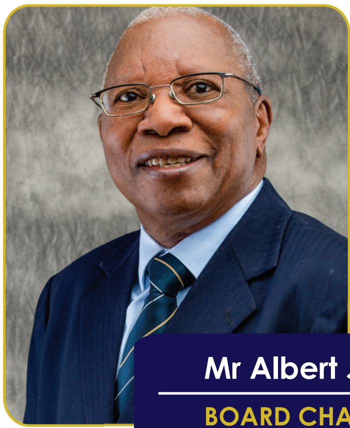
In accordance with Section 49 (1)(d) of the Public Finance Management Act, [Chapter 22;19], I have the pleasure of presenting to you, the IPEC Annual Report and financial statements for the year-ended 31 December 2021.

Yours Sincerely,

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

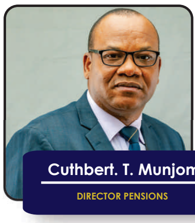
Mr Clemence Muzondo
COMMITTEE MEMBER

Mrs Duduzile Shinya
COMMITTEE MEMBER

Dr Grace Muradzikwa
EX-OFFICIO MEMBER

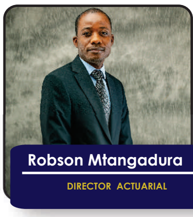
MANAGEMENT

Dr Grace Muradzikwa
COMMISSIONER



Cuthbert. T. Munjoma
DIRECTOR PENSIONS

Sibongile Siwela
DIRECTOR INSURANCE & MICROINSURANCE



Robson Mtangadura
DIRECTOR ACTUARIAL

Samantha Nhende
DIRECTOR CORPORATE SERVICES

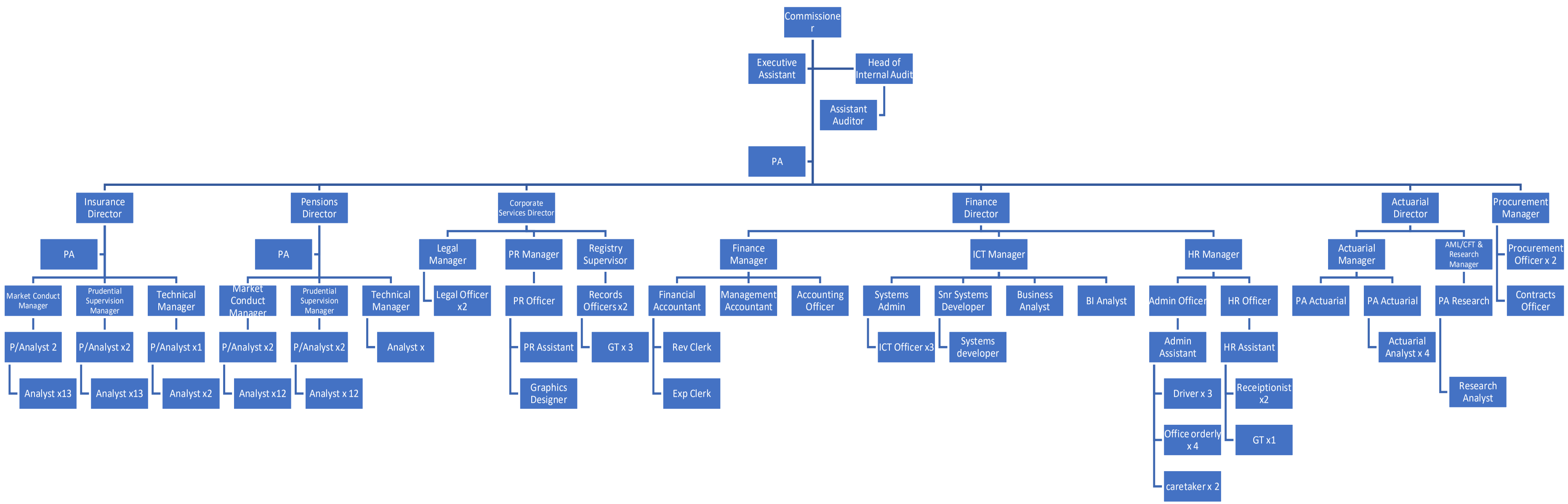
Blessmore Kazengura
DIRECTOR FINANCE & ADMINISTRATION

Pendo Mayeka
HEAD INTERNAL AUDITOR

Georgina Shadaya
EXECUTIVE ASSISTANT TO THE COMMISSIONER

Takesure Chabaya
PROCUREMENT MANAGER

MANAGEMENT ORGANOGRAM



CHAIRPERSON'S STATEMENT

I am delighted to present to you the 2021 Annual Report for the Insurance and Pensions Commission for the financial year-ended 31 December 2021.

Emerging Regulatory Trends

- **Supervision of Climate-Related Risks** – There has been growing concern that climate change and climate-related risks, are now a major source of financial risk, which have an impact on the resilience of individual entities and insurers. There is a call to include climate risks in the supervision of insurance to effectively protect policyholders. Regulators are being urged to identify, monitor and assess climate risks and contribute to their mitigation. In addition, climate change presents opportunities for the insurance industry to introduce products that mitigate its effects.
- **Environmental Social and Governance Framework -** Is a framework for assessing the impact of the sustainability and ethical practices of an organisation. These are the three broad categories, or areas, of interest for what is termed "socially responsible investors." The Commission is set to come up with an ESG Guideline for the insurance and pensions industry. This will be rooted in prescribed assets whose goal is to balance return on capital and developmental role.

Overview of the Operating Environment

The economy is estimated to have recovered by 7.8% in 2021 with robust growth experienced in the first half coupled with improved business confidence and disinflation as annual inflation declined from 343% in January 2021 to 60.7% in December 2021.

The economic recovery lost momentum during the second half of 2021 mainly attributed to negative sentiments emanating from exchange rate volatility; as the divergence between the alternative exchange rate and the official auction exchange rate widened. In addition, the resurgence of Covid-19, which led to sustained lockdown measures, compounded the situation. Insurance being a tertiary product, we are happy the industry has remained resilient amidst several shocks with indications that the financial and insurance activities is estimated to have recorded a growth of 3.1%.

Implementation of the Recommendations of the Commission of Inquiry (COI)

The Commission has made significant strides in implementing the Commission of Inquiry recommendations as outlined in the identified thematic areas below: -

1) **Regulatory Reforms** - IPEC's supervisory capacity has significantly improved since the Inquiry was conducted. The head count has increased from 26 staff members in 2016 to 104 as at 31 December 2021. The recruited personnel are of varied skills and qualifications that include Insurance and Risk Management, Legal, Accounting, Actuarial, Investment Analysts, Economists, and IT specialities. The Commission has since developed supervisory manuals to guide its operations. They are being enhanced through technical assistance secured from the World Bank Group, to align the regulatory framework to international best practice. The Commission is on course to delivering regulatory excellence.

2) **Legal Reforms -** Amendments to the Insurance and Pensions Commission Act, the Insurance Act and the Pension and Provident Funds Act has been protracted, with delays in bringing them before Parliament having taken almost 10 years. However, I am happy to advise that there has been traction in causing amendments to the three Acts. The Pension and Provident Funds Bill was passed in the National Assembly in 2021 with Senate consideration and Presidential assent expected in 2022. The IPEC and Insurance Bills were also gazetted and introduced in Parliament during the year under review. We expect the Bills to be passed in 2022.

   The envisaged amendments will address the identified regulatory and governance deficiencies as well as enhancing supervisory powers of the Commission.

   Meanwhile, given the delay experienced in having the new Bills passed into law, the Commission had to find ways to address the ills in the insurance and pensions industry, which required urgent attention, through causing issuance of Statutory Instruments and issuing Guidelines, Circulars and Frameworks to protect the interests of policyholders and pension scheme members.

3) **Measures to Restore Consumer Confidence –** The Commission issued Guidelines, Circulars and Frameworks to protect the interests of policyholders and pension scheme members during the year under review. Some of these,

include the Treating Customers Fairly Framework, which requires insurance and pension service providers to ensure they deliver fair outcomes to policyholders and pension scheme members.

The Commission also conducted various consumer awareness initiatives to sensitise the public about the Commission's mandate and their rights and responsibilities.

4) **Compensation for Prejudice –** This has been the focal problem that necessitated the COI. However, complex and winding the matter has been, I am delighted to inform stakeholders that the Commission is at the tail end of developing the compensation framework to facilitate compensation in 2022 in line with the Justice Smith COI recommendations.

Governance

The Corporate Governance Unit issued a Compliance Assessment Survey Report 2020, for State Enterprises and Parastatals in September 2021. I am pleased to inform you that the Commission achieved the highest compliance rate of 82% together with two other public entities. This is a demonstration of the Commission's commitment to high standards of integrity; we endeavour to reach 100% in 2022.

In the 2022 National Budget, Treasury introduced measures to improve compliance and accountability. The Commissioner is in charge of the overall responsibility for the institution's overall governance of risk. This function has been strengthened in the Commission to improve focus on risk.

Annual General Meeting

The Commission held its second Annual General Meeting (AGM) on 30 June 2021. The meeting was well-attended by stakeholders and clients; including the Ministry of Finance and Economic Development, Office of the President and Cabinet, Office of the Auditor General, the State Enterprises and Restructuring Agency, External Auditors and other regulatory bodies. During the AGM, the 2020 Audited Financial Statements and Annual Report were adopted.

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 2021, amounted to ZW$ 1,055 billion, which was a 105% increase from 2020 revenue of ZW$ 514 billion. Total expenditure for the period under review was ZW$ 656.9 million compared to ZW$ 259 million in 2020. The Commission recorded a surplus of ZW$ 731 million compared to ZW$327.8 million in 2020.The table below summarises the Commission's financial performance in 2021:

Restated Figures (ZWL)			
Description	**2021**	**2020**	**Percentage Growth**
Revenue	1,055,121,709	514,481,885	105%
Other Unrealised Gains	332,388,568	72,364,830	359%
Total Expenditure	656,980,842	259,033,886	154%
Surplus	**730,529,435**	**327,812,828**	123%
Non-Current Assets	1,175,408,208	428,931,575	174%
Current Assets	267,603,348	348,399,741	-23%
Total Assets	**1,443,011,556**	**777,331,316**	**86%**
Equity	1,290,874,133	560,344,698	130%
Liabilities	152,137,423	216,986,618	-30%
Total Equity and Liabilities	**1,443,011,556**	**777,331,316**	**88%**
Historical Figures (ZWL)			
Description	**2021**	**2020**	**Percentage Growth**
Revenue	1,160,448,812	254,205,378	357%
Other Unrealised Gains	262,003,867	36,599,679	616%
Total Expenditure	354,566,140	01,721,671	249%
Surplus	**1,067,886,539**	**189,083,386**	465%
Non-Current Assets	1,173,803,327	140,686,561	734%
Current Assets	267,523,673	215,608,519	24%
Total Assets	**1,441,326,910**	**356,295,080**	**305%**
Equity	1,289,189,487	221,302,948	483%
Liabilities	152,137,423	134,992,132	13%
Total Equity and Liabilities	**1,441,326,910**	**356,295,080**	**305%**

Outlook and 2022 Priorities

The economy is projected to grow by 5.5% in 2022 with growth largely driven by agriculture (5.1%), mining (8%), construction (17%) and manufacturing (5.5%). However, there are downside risks to the growth emanating from the prolonged dry spell affecting the agricultural season.

In addition, the geopolitical tensions in Eastern Europe have resulted in global commodity crises, causing severe economic damage. Global commodity prices for oil, gas and wheat to, mention a few, have risen to unprecedented levels and will most likely lead to imported inflation for the country, thereby affecting business and household incomes.

The financial and insurance activities are projected to register a growth of 5.4% in

2022, on account of improved confidence due to underwriting business in foreign currency and improved soundness in the sector. The Board is optimistic of a good year, with strong growth and resilience built by the industry to absorb exogenous shocks.

The Commission's 2022 priorities will focus on pushing for the enactment of the Insurance act, Pension and Provident Funds and the IPEC Bills so as to: -

- Improve fair outcomes for pensioners and policyholders;
- Improve the industry's image/confidence;
- Reduce High Compliance Risk;
- Finalise pre-2009 Compensation;
- Ensure adequacy of pension benefits;
- Improve Corporate Governance in the industry; and
- Improve accountability and promote self-regulation.

Appreciation

On behalf of the Board, I would like to thank our parent ministry, the Ministry of Finance and Economic Development; IPEC Board Members; the Commissioner; Management and Staff, for their support during the year 2021.

I would also like to extend my heartfelt thanks to fellow financial sector regulators and regulated entities in the insurance and pensions industry, for strong cooperation and collaboration throughout the year.

My appreciation also goes to the pensioners and policyholders and other stakeholders without whom, we would not exist. The Commission's efforts and commitment are to ensure that their investments are protected and that they will receive pension benefits that meet their reasonable expectations.

Mr Albert Joel Nduna

CHAIRPERSON, INSURANCE AND PENSIONS COMMISSION

COMMISSIONER'S FOREWORD

I am delighted to present a high-level summary of the Commission's strategic performance in 2021.

The Commission's Strategic Plan covering 2021-2025, main thrust is to restore confidence in the insurance and pensions industry. In addition, the activities of the Commission fully supported the National Development Strategy 1 (2021–2025), particularly the Economic Growth and Stability and Infrastructure and Utilities priority areas.

I am also pleased to report that the industry remained resilient in the face of the Covid - 19 pandemic and the Commission also responded with an array of regulatory interventions in line with its consumer protection mandate.

Regulatory Responses to Covid -19

The Commission interventions sought to:

- encourage continuity of business operations while protecting staff and stakeholders from infections;
- encourage adoption of information technology;
- manage solvency and liquidity risks;
- provide policyholder/ members/ beneficiaries support where they were adversely affected by the pandemic,- e.g. by allowing commutations of pension benefits; not suspending pensioner benefits on account of failure to submit certificate of existence; some insurance companies reinstated policies without demanding arears nor penalising the policyholders;

- funeral assurers were prioritised by Government in accessing personal protective equipment as well as getting vaccinations;
- provide regulatory/operational relief measures through reducing regulatory constraints;
- extend statutory deadlines for submission of audited financial statements; and
- allow deferment of pension contributions.

Overall Strategy Performance

The Commission had six strategic goals: improving compliance with legal and regulatory requirements; improving financial soundness of the industry; improving financial inclusion; enhancing institutional capacity; and improving the visibility of the Commission.

I am delighted to advise that the Commission managed to meet all set targets and surpassed some, representing a high strategy implementation success rate. Below ia a high level performance of some of the main strategic goals :

Goal 1: Improving Compliance with Legal and Regulatory Requirements

The Commission issued 44 Circulars to improve supervisory efficiency and soundness in the industry. Some of the circulars include; Circular 41 of 2021– Expenses Framework. The Framework was issued after the Commission observed high and unsustainable expense ratios within the pensions industry, which had an adverse impact on the growth of pension fund assets.

Circular 28 of 2021 - Income Drawdown Framework. It provides guidance on how income drawdowns can be effectively introduced in the insurance and pensions industry with a view to expand retirement options as well as protecting pension fund members and beneficiaries.

To diversify investment options and sovereign risk, the Commission issued Revised Investment Guidelines that authorise offshore investments at a cap of 15% of the fund's assets, to widen the investment options.

Inspections

The Commission conducted 41 inspections in 2021 following its adoption of a risk-based approach to supervision. However, the inspections that generated a lot of interest were on governance, focussing on shareholding structures across the industry. According to Statutory Instrument 59 of 2005, insurance companies should have at least three shareholders. The Commission of Inquiry (COI), flagged shareholding structures in the insurance sector as an area that required regulatory focus.

The Commission encountered the following challenges in its quest to foster a culture of strict compliance with laws and regulations, which will be addressed during the second year of the plan.: -

- Non-compliance with regulatory requirements;
- Increasing contribution arrears and inactive funds;

- High premium debtors on account of offering insurance on credit;
- Unlicensed entities operating illegally; and
- Poor corporate governance issues amongst regulated entities.

Goal 3: Fostering Financial Inclusion

Zimbabwe, through the Commission, is participating in the 3rd Inclusive Insurance Innovation Lab being sponsored by Access to Insurance Initiative (A2ii). The country team composed of key stakeholders from the insurance and agriculture sector is developing and will implement innovative insurance solutions to increase resilience of the most vulnerable segments in our society against the impacts of climate change.

Zimbabwe is participating in the programme alongside three other countries: Zambia, Granada and Costa Rica. This is a game-changer for the economy as the Commission aims to improve financial inclusion by closing the insurance protection gap and achieve better insurance outcomes for small-holder farmers. This will go a long way in improving agriculture insurance, which accounts for about 3% of the industry book.

To complement the Innovation Lab, the Commission also successfully negotiated for Agricultural Index Insurance assistance from the World Bank under the IPEC/World Bank Agricultural Insurance Support Project to develop agricultural index Insurance in the country. The objective of the project is to advise on the commercial viability and sustainability of the agricultural index-based insurance providing possible risk management tools to farmers, assist IPEC to develop an agricultural index insurance regulatory guideline/framework and to proffer capacity-building to both IPEC and industry players in weather index insurance.

In 2021, the Commission licensed three (3) micro-insurers to improve access to insurance to low-income earners through development of appropriate and affordable insurance products. The Commission is seized with development of a micropensions framework that is expected to facilitate pension savings for people with low and irregular income, such as the informal sector.

To ensure that insurance and pension consumers make informed decisions when transacting insurance and pension business, the Commission continued with its consumer awareness initiatives.

Goal 4: Enhanced Institutional Capacity

The Commission has been capacitated with the requisite competent skills. However, management continues to be concerned with the high staff turnover, which stood at 11% in 2021 (10% in 2020).

To enhance institutional capacity, the Commission embarked on a restructuring exercise meant to align the organisational structure of its core departments with the key supervisory focus areas of prudential regulation and market conduct supervision.

This was necessitated by the need to pay attention to fair treatment of consumers.

In line with the restructuring of the Commission, the Insurance and Microinsurance; and Pensions Departments were restructured. Each department has been split into three distinct units. These are the Prudential Supervision section which will focus on assessing the financial soundness of pension funds and administrators; Market Conduct Supervision section that will focus on business conduct and fair treatment of policyholders and pension scheme members; and the Technical Supervision which will focus on financial analysis.

New Head Office

In pursuit of institutional capacity development, the Commission purchased a four-storey commercial building in the Central Business District in Harare as its new Head Office, during the year under review. The Commission extends its gratitude to the parent ministry, the Ministry of Finance and Economic Development for extending a grant to IPEC towards the purchase of the property.

The new property will enhance clients and stakeholders' accessibility to the Commission, particularly policyholders and pensioners who found the Greendale offices inaccessible because of its location. All the Commission staff will be moving to the new Head Office in 2022, after completion of the renovations

National Priority Area: Improved Financial Stability

A stable financial system ensures efficient allocation of resources in the financial system. To foster financial stability, the Commission conferred prescribed assets status to 23 projects in 2021. Projects denominated in foreign currency had a 100% uptake whilst projects denominated in ZW$ without inflation hedge were under subscribed. Cumulative investments in prescribed assets as of 31 December 2021 amounted to ZW$13 billion and ZW$5 billion, for the pensions and insurance sectors respectively. However, compliance with prescribed assets stood at 5% for pensions and 4% for insurance.

Meanwhile, the Commission continued to participate in the Financial Stability Committee alongside other financial regulators to promote the efficiency and integrity of the financial markets.

Investment Performance

Investments in the industry were mainly comprised of equities (55%), real estate (33%) and money market (1%). The nominal returns from the 180- and 365-day Government Treasury Bills were 17% and 21% respectively.

The equities market has consistently performed above inflation with the All Share and Top Ten index having a nominal return of 311% and 308% in 2021, yielding real returns of 155.8% and 153.9% respectively. The real estate investments were inflation-proofed as most investments were either in US$ or indexed to the US$. However, valuation inconsistencies persisted thereby exposing policyholders and pension fund members to incorrect valuations during commutations.

Way Forward

The strategic focus over the next four years has not yet changed although the Commission reviewed its 2022 strategic plan anchored on the theme, ***"Back to Basics"***. The rationale for choosing this theme was after realising that the best way to achieve regulatory excellence is to go to the basics of regulation and protection.

The strategy is anchored on three programmes, which are: -

1. Regulation and supervision of the insurance and pensions industry
2. Growth and capacitation of the industry
3. Corporate Governance and institutional capacity development

Appreciation

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

My appreciation also goes to the Ministry of Finance and Economic Development, Corporate Governance Unit, regulated entities, pension fund members, pensioners and policyholders, fellow financial sector regulators and development partners for their support during the year under review.

Grace Muradzikwa

COMMISSIONER OF INSURANCE, PENSION AND PROVIDENT FUNDS

GOVERNANCE

Governance Statement

The Insurance and Pensions Commission has a statutory mandate of registering, regulating, monitoring and supervising insurance entities and pension funds in Zimbabwe. In discharging this mandate, complying with the dictates of the Corporate Governance Framework, is a key focus area for the Board, Management and Staff of the Insurance and Pensions Commission. This is evidenced by, the Commission emerging as one of the front runners in the 2020 Corporate Governance Assessment Survey that was conducted by the Corporate Governance Unit (CGU) and circulated in 2021. This performance speaks to the Commission's commitment to adhere to good and sound corporate governance ethics, as stipulated in the Public Entities Corporate Governance Act (PECOG) [*Chapter 10: 31*].

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 pension and insurance matters.

The Board sets the Commissions' strategic aims and provides policy guidance and leadership. A Board Charter is in place, clearly spelling out the Commission`s purpose, vision, mission and values. The Board is superintended by a non-executive Chairperson. The responsibility of the Chairperson is to manage the Board effectively, to provide strategic guidance and leadership to the Board and to facilitate the Board's interface with Management. A Vice Chairperson is also ready to assume the responsibilities of the Chairperson when the need arises.

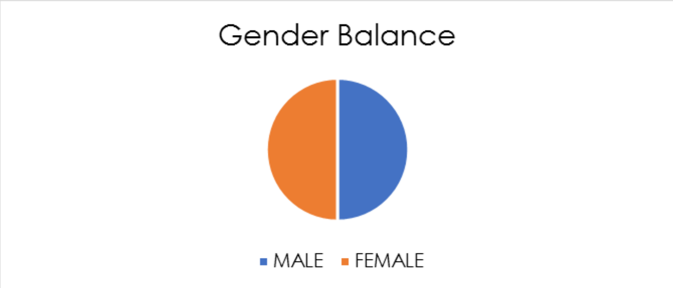
Along with the Chairperson and the Vice Chairperson, are non-executive Directors who are responsible for ensuring that the Board fulfils its responsibilities under the relevant Acts and the Board Charter. This is achieved through relevant Board Committees, which deliberate on and give guidance to Management in the implementation of the Commission's mandate through its approved annual strategy. The need to adhere to gender balance, skills mix and expertise are all in compliance with the provisions of the Insurance and Pensions Commission Act [Chapter 24:21] and the Public Entities Corporate Governance Act [Chapter 10:31].

Table 1 and Figure 1 below, depict the IPEC Board composition and gender representation respectively:

Table 1: IPEC Board Composition

No.	NAME	DESIGNATION
1.	Albert Nduna	Board Chairperson
2.	Annah Mashingaidze	Vice Chairperson
3.	David Mureriwa	Board Member
4.	Godwin Nyengedza	Board Member
5.	Judith Rusike	Board Member
6.	Grace Muradzikwa	Ex-officio Member
7.	Duduzile Shinya	Committee Member
8.	Clemence Muzondo	Committee Member

Figure 1: Gender Representation



The gender-representation on the IPEC Board is proportionate, with 50% females and 50% males. This has been extended to Committee members that do not sit on the Board. This is in line with section 17 of the Constitution of Zimbabwe and section 11(7) (a) of the Public Entities Corporate Governance Act (PECOG), which places a responsibility on the State and line Ministers respectively to ensure that as 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 PECOG 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 diverse skills, experience and qualifications, for managing the entity as required by section 11(7) (c) of PECOG. Additionally, none of the Board Members is a member to more than two other boards of a public entity, which is in compliance with section 11(4) of the PECG 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 from time-to-time, when necessary.

The Board operated with four Committees as provided in the Table below:

Table 2: Board Committees

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

*Committee Chairperson **Ex Officio Member

The HR Committee remained unchanged whilst the other three Committees received additional Committee members (Duduzile Shinya and Clemence Muzondo), who joined IPEC in September 2020. These additional members brought much needed independence as the number of Board members to the required Committees was too low.

Analysis of Board and Committees Attendance Register

Attendance by members in Board and Committee meetings was generally satisfactory despite 2021 being a difficult year due to Covid - 19-induced lockdown.

All the meetings were held virtually in line with WHO guidelines to reduce the spread of the Coronavirus.

Attendance for the year 2021 was as follows:

Table 3: Board Meetings attendance

Director	HR (7)	Operations (6)	F&R (6)	Audit (4)	Board (9)	AGM	Strategy	Board Evaluation	Workshop With Industry	Total (36)	% Attendance
A. Nduna	7				9	1	1	1	1	20/20	**100%**
A. Mashingaidze		6	6		9	1	1	1	1	25/25	**100%**
G. Nyengedza	7	6			9	1	1	1	1	27/27	**100%**
D. Mureriwa		6		4	9	1	1	1	1	24/24	**100%**
J. Rusike	6			3	9	1	1	1	1	22/23	**96%**
G. Muradzikwa	7	6	6	4	9	1	1	1	1	36/36	**100%**
D. Shinya		5	1		1		1	1		9/15	**60%**
C. Muzondo		6		4	1		1	1		13/13	**100%**
Overall Attendance	**96%**	**97%**	**72%**	**94%**	**100%**	**100%**	**100%**	**100%**	**100%**		

The overall Board's attendance was 94% compared to 80% achieved in 2020. This is commendable given the Covid - 19 induced disruptions.

Key Governance Activities

The Commission embraced the new normal way of doing business by embarking on virtual webinars and seminars that were conducted both locally and internationally to capacitate its Board Members and Senior Management. The Board is informed of the personal training that the individual members embarked on to enhance their skills.

Some of the key activities of note are as follows:

i. Corporate Governance Training held in June 2021.

ii. Members attended a joint webinar with ICAZ on Accounting and Reporting Matters for the Zimbabwe Pension Industry in June 2021.

iii. The Board had both Statutory meetings with the Minister of Finance and Economic Development in April and October 2021;

iv. A Board Evaluation exercise was conducted in the fourth quarter of the year and the report was submitted to the Ministry of Finance and Economic Development.

Board Remuneration

The remuneration of the Board is in terms of sections 12 and 14 of the PECOG Act. The Commission paid Board fees and retainer in line with the remuneration framework approved with effect from 1 April 2020.

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 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 to December 2021, were submitted to the Ministry of Finance and Economic Development and to the Office of the President and Cabinet's Corporate Governance Unit in line with the requirements of the PECOG Act [Chapter 10:31].

In compliance with the PECOG Act, the Commission made available the following documents on the IPEC website:

- Financial Statements and Annual Report
- Approved IPEC Strategy
- Board Charter
- Code of Ethics

Regulatory Environment

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

i. Constitution of Zimbabwe

ii. Insurance and Pensions Commission Act (Chapter 24:21)

iii. Pension and Provident Funds Act (Chapter 24;09);

iv. Insurance Act (Chapter 24:07);

v. Money Laundering and Proceeds of Crime Act (Chapter 9;24);

vi. Public Entities Corporate Governance Act (Chapter 10:31),

vii. Public Finance Management Act (Chapter 22:19);

viii. Companies and Other Business Entities Act (Chapter 24:03),

ix. Public Procurement and Disposal of Public Assets Act (Chapter 22: 23),

x. Labour Act (Chapter 28:01).

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.

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 2021, 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.

The department took an agile approach in response to the dynamic risk environment emerging from Covid-19. 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 however, room for improvement in areas where weaknesses were noted.

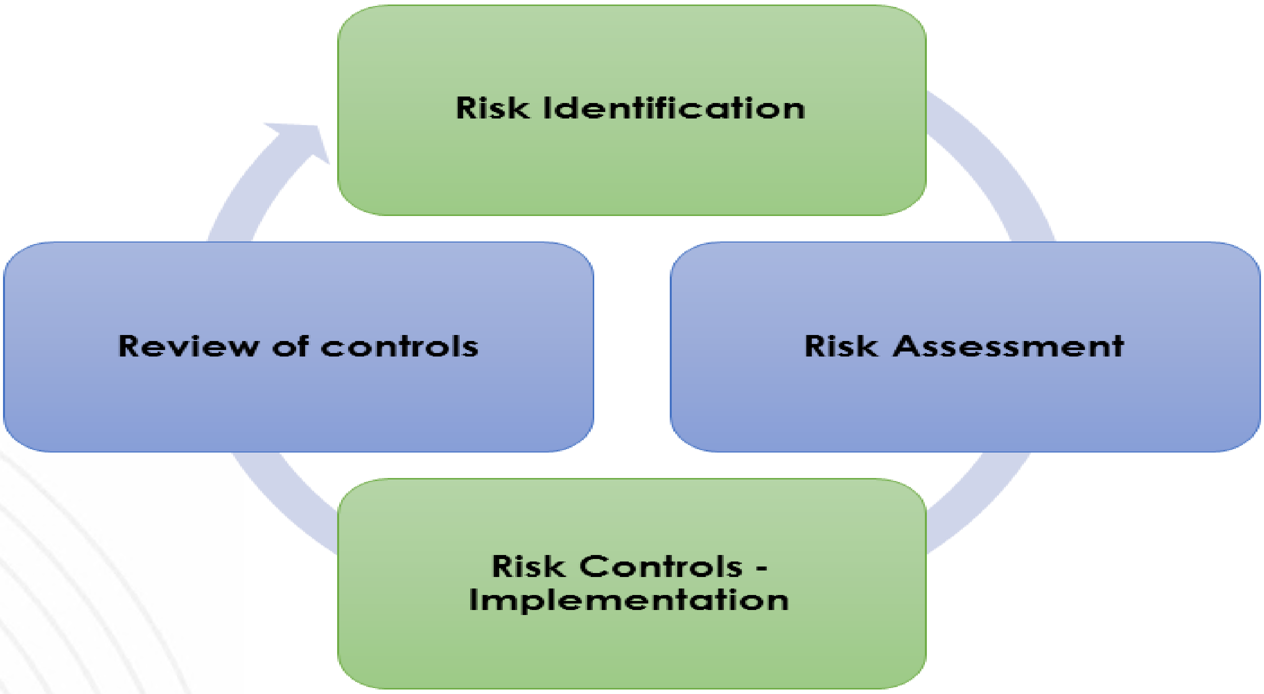
Notwithstanding the foregoing, it must be noted that the process of risk assessment and establishment of adequate and effective risk measures is a continuous process, where new risks arise commensurate with activities that are undertaken by the Commission.

Risk Management

The Commission's Risk Management Framework defines the IPEC's risk management process, methodology, appetite, training and reporting, and also establishes the responsibilities for implementation.

Risk Management is part of the Commission's day-to-day operations and is undertaken at departmental levels as well as more broadly at the Commission's level.

The Commission employs numerous strategies to minimise the risk impact. Risk influences every aspect of the operations at IPEC. Understanding the risks facing the Commission and managing them appropriately, enhances management's ability to make better decisions to safeguard assets as well as to achieve the Commission's mandate.



The Commission's risks were categorised and managed under the following broad headings, namely;

- Reputational Risk
- Economic Risk
- Liquidity Risk
- Operational Risk
- Compliance Risk

Risk	Mitigation Measures	Risk Rating
Reputational Risk • Delays in finalising the Pre-2009 Compensation as recommended by the Commission of Inquiry • Failure to remit benefits to non-resident pensioners	• Holistic approach to compensation considering interests of all affected stakeholders. • Commission engaging relevant stakeholders to ensure priority of pensioners on forex auction.	High
Economic Risks • Macroeconomic environment • Long-term savings affected by the prevailing macroeconomic environment	• Continue to provide policy advice to Government on effective ways to create an enabling environment for the pensions and insurance industry to thrive. • Implement various frameworks and guidelines to preserve value for the protection of member benefits.	Medium
Operational Risk • Disruptive operating environment exposing gaps in systems, policies and procedures. • Heightened cyber security risk though the use of technology	• Enhance internal controls, systems and policies. • Cyber Security Framework and Guidelines developed to guide industry • Commission evaluating on technology-enabled surveillance	Medium
Liquidity Risks • Growth of premium debtors (from ZW$147 million to ZW$3.4 billion during the review period) • Growth in contribution arrears – grew by 147% from ZW$1.7 billion to ZW$4.2 billion. • Continued suspension of Old Mutual and PPC shares	• Pursuing legislating against issuing insurance on credit-No Premium No Cover. • The Commission has been training trustees and enlightening them of their rights and responsibilities • Engaging sponsoring employers, Government; Pensions Bill Empowers Commission to garnish sponsoring employer's accounts. • Recommended listing of Old Mutual and PPC on the VFSE	Medium
Compliance Risks • Minimum Capital Requirements • Prescribed asset requirements • Foreign currency business disclosure	• Enhanced guidelines to ensure strict compliance with rules and regulations • Strict implementation of approved Compliance Roadmaps.	Low

Below is the risk scoring key used in risk rating:

Colour Code	Risk Impact Category
	Low Risk
	Medium Risk
	High Risk

BUSINESS OPERATIONS

Overview of the Pension Sector

Architecture of the Pensions Industry

The pensions industry reported 985 registered pension funds as at 31 December 2021, up from 967 funds as at 31 December 2020. During the year under the review, the Commission received 23 applications for registration. Of these, 11 were for full registrations, seven (7) provisional registrations, two (2) being administrator license applications, one (1) name change and two other applications remained pending as at 31 December 2021.

The total number of funds and the membership under the three (3) models of pension fund administration is shown in Table 4 below:-

Table 4: Pension Fund and Membership Statistics

	Pension Funds as at 31 December...		Total Membership as at 31 December...	
Type of Funds	2020	2021	2020	2021
Insured	786	799	355,079	353,345
Self-Administered	166	171	118,860	148,246
Stand- Alone	15	15	407,397	415,400
Total	967	985	881,336	916,991

Note: The membership in the table above does not include beneficiaries.

As shown in the table above, there was an increase of 4.05% in total membership in the pensions industry from 881,336 members as at 31 December 2020 to 916,991 as at 31 December 2021. However, there was a decline in membership for insured funds, from 355,079 members as at 31 December 2020 to 353,345 members as at 31 December 2021 on account of member exits, which were largely informed by full commutation of pension benefits by some members during the reporting period.

On the other hand, the stand-alone and self-administered sub-sectors recorded increases in membership compared to the previous period on account of new entrants and reinstatement of members for the allocation of revaluation gains.

The breakdown of membership as at 31 December 2020 and 31 December 2021 is shown in Table 5 below: -

Table 5: Breakdown in Membership

Membership Class	Membership as at 31 December...	
	2020	2021
New Entrants	9,379	6,587
Active members (excluding new entrants)	316,576	342,556
Pensioners (excluding beneficiaries)	33,208	35,569
Deferred pensioners	350,537	368,933
Suspended pensioners (excluding beneficiaries)	12,773	12,093
Number of unclaimed benefits	158,863	151,253
Total members excluding beneficiaries	**881,336**	**916,991**
Total number of beneficiaries	23,374	27,170
Total members including beneficiaries	**904,701**	**944,161**

Active members constituted 36.8% of total membership as at 31 December 2021. Deferred pensioners-members who have left the employment of the sponsoring employers and have not yet claimed their benefits, constituted 40.23% of total membership as at 31 December 2021.

Members with unclaimed benefits declined from 158,863 as at 31 December 2020 to 151,253 as at 31 December 2021. The decline could be attributed to the awareness efforts by the Commission and the industry through various platforms calling members to claim their benefits, which are due.

Pensioners receiving benefits, excluding beneficiaries, increased from 33,208 as at 31 December 2020 to 35,569 as at 31 December 2021. Suspended pensioners - pensioners who failed to submit life certificates and claims of their pension benefits, slightly decreased from 12,773 as at 31 December 2020 to 12,093 as at 31 December 2021.

The key performance indicators of the industry are shown in the table below: -

Table 6: Key Industry Performance Highlights

Indicator	Insured Funds	Self-Administered Funds	Stand-Alone Self-Administered Funds	Total
Number of Funds	799	171	15	**985**
Members	353,345	148,246	415,400	**916,991**
Share of total membership	39%	16%	45%	**100.00%**
Total Income (Billion ZW$)	58.57	68.91	47.09	**174.57**
Total Contributions (Billion ZW$)	3.72	5.55	7.14	**16.41**
Rental Income (Billion ZW$)	0.01	0.36	2.09	**2.46**
Investment Income	55.41	51.04	34.81	**141.26**
Investment Income/Total Assets	55.43%	46.59%	31.80%	**44.29%**
Total Expenditure (Billion ZW$)	4.49	5.42	7.86	**17.77**
Total Benefits Incurred (Billion ZW$)	3.42	3.88	2.68	**9.98**
Pension benefits per pensioner (Thousand ZW$)	77.93	83.80	48.59	**58.65**
Expenses/Contributions	28.39%	25.01%	68.03%	**44.48%**
Expenses/Total Income	1.80%	2.02%	10.31%	**4.18%**
Income/ Surplus (Deficit) Billion ZW$	54.08	63.49	39.23	**156.80**
Total Assets (Billion ZW$)	99.96	109.53	109.47	**318.96**
Total Assets per member	282,105	717,433	250,907	**337,825**
Share of Total Assets	31.34%	34.34%	34.32%	**100.00%**
Prescribed Assets (Billion ZW$)	3.66	8.18	1.16	**13.00**
Prescribed Assets Ratio	3.66%	7.47%	1.06%	**4.08%**
Contribution Arrears (Billion ZW$)	0.39	0.72	3.16	**4.27**
Arrears Pension Benefits	-	117,908,680	489,412,685	**607,321,365**

Average Monthly Pensions

Average monthly pensions for the industry by sector for the year 2021 are shown in the table below: -

Table 7: Average Monthly Pension Benefits by Sector

Sector	Average Monthly Pension (ZWL$)
Insured Funds	4,572.37
Self-Administered Funds	7,027.12
Stand Alone Funds	4,105.94
Industry Average	**5,235.14**

The industry monthly pension average of ZW$5,235.14 was above the minimum pension of ZW$3,000, which is applied in the determination of commutation of preserved amounts as per Circular 25 of 2021. Whilst the monthly average is above the minimum pension, the values are still relatively low when considering inflation, hence the minimum pension needs to be revised.

The low monthly pension average is a reflection of low or infrequent pension increases being awarded to cushion pensioners from inflationary pressures.

The Commission seeks to protect member interests by ensuring that pension values remain meaningful by upward reviews of minimum pensions and approval of pension increases, where feasible, especially in the face of inflationary pressures. A number of initiatives are underway to improve benefit payments and among the 2022 strategic outcomes of the Commission, is the need to enhance benefits.

Assets

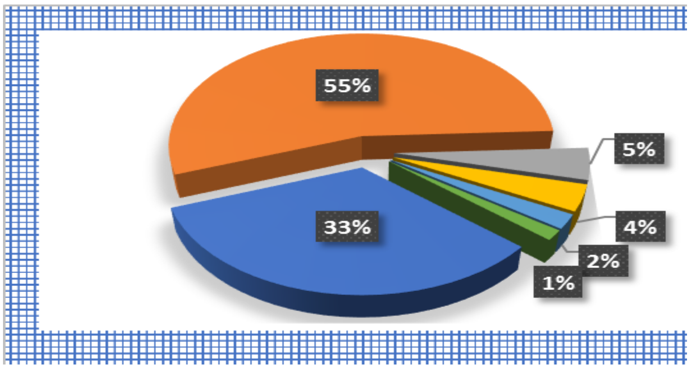
The industry had an asset base of ZW$318.96 billion as at 31 December 2021, which was equivalent to US$2.94 billion converted at the then prevailing official foreign exchange auction rate.

This is compared to US$1.35 billion reported for the same period the previous year. Whilst the statistics indicate a remarkable nominal growth of 117.78%, the Commission attributes most of the increase to revaluation gains, which constituted 44.23% of total income for the year to 31 December 2021.

The total industry asset base, translates to a penetration rate of 13% of the Gross Domestic Product. The increase from 10.3% reported in the previous year shows that the pension sector continues to play an important role in the country's economic development.

The total assets of the industry were invested as depicted in figure 2 below:

Figure 2: Distribution of Industry Assets



As can be seen above, the industry's assets are concentrated within two classes: investment property and quoted equities.This is mainly because the two asset classes have proven to be preserving value in the current hyperinflationary environment. To encourage diversification of risk, the Commission issued Investment Guidelines, which include emerging asset classes such as Real Estate Investments Trusts (REITs), alternative investments and offshore investments, among others.

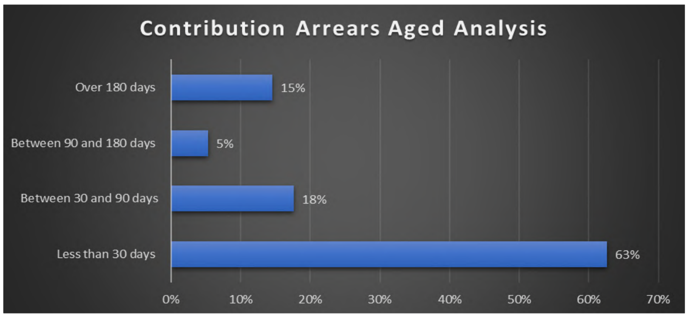
Quoted equity investments totalling ZW$159.27 billion accounted for 55% of the industry's total assets, up from 34% in the previous year.

Property investments declined from 47% to 33% to sit at ZW$96.74 billion. Traditionally, property investment had been the preferred investment destination compared to quoted equities. The shift between the two asset classes is an expression of confidence by the market in quoted shares following the good performance reported on the Zimbabwe Stock Exchange and the Victoria Falls Stock Exchange.

Contribution arrears as at 31 December 2021 were ZW$4.27 billion. These declined slightly to 1.48% of the industry total asset base from 1.52% in the prior year.

Arrears relating to Stand-Alone Pension Funds constituted the highest proportion of the industry arrears, at 74.03% of total arrears. The Commission, therefore, calls upon these funds to ensure their respective sponsering employees settle their obligations.

Figure 3: Contribution Arrears Aged Analysis

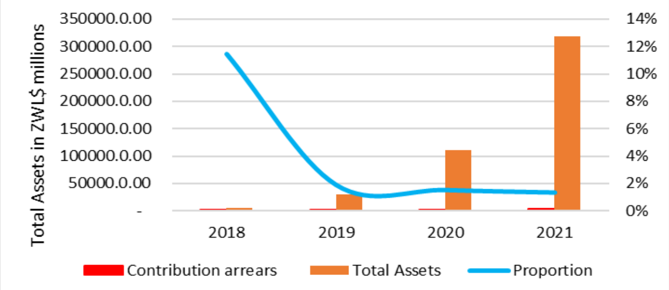


As shown on the above graph, 63% of the contribution arrears were less than 30 days, which is largely attributed to timing differences between the reporting dates and due dates for receipt of contributions. However, 37% was over 30 days signifying delays by sponsoring employers.

Furthermore, contribution arrears gradually lost value in the prevailing macroeconomic climate. As investment assets continued to appreciate in value to match inflation, contribution arrears did not track inflation accordingly. Though interest is charged on contribution arrears, these do not adequately make up for the loss suffered.

The proportion of contribution arrears to total assets is shown in figure 4 below:

Figure 4: Proportion of Contribution Arrears to Total Assets



For the period under review, the industry had ZW$13 billion invested in prescribed assets, constituting 4.08% of the industry total assets.

The ratio of 4.08% was below the regulatory minimum threshold of 20%. To this end, the Commission is seized with the issue to ensure compliance. Below are some of the approved prescribed assets during 2021 and the industry uptake levels.

Table 8: Industry Uptake on Approved Prescribed Assets for the Year 2021

Instrument	Issue Size	Sector	Industry % Uptake
First Mutual Microfinance	ZWL200,000,000.00	Financial	35.55%
Silo Food Industry	ZWL350,000,000.00	FMCG	0.28%
Sahwira Agriculture	USD20,000,000.00	Agricultural	6.66%
Mangwana Opportunities Private Limited	ZWL500,000,000.00	Financial	28.49%
CICADA	ZWL300,000,000.00	Agricultural	63.51%
Tynwald	USD11,500,000.00	Infrastructure Development	100%
CBZ AMA Bills	ZWL20,000,000,000.00	Agricultural	0.16%
Great Zimbabwe Hydro	USD5,009,950.00	Energy and Power	100%
Agrowth	ZWL 650,000,000.00	Agricultural	53.13%

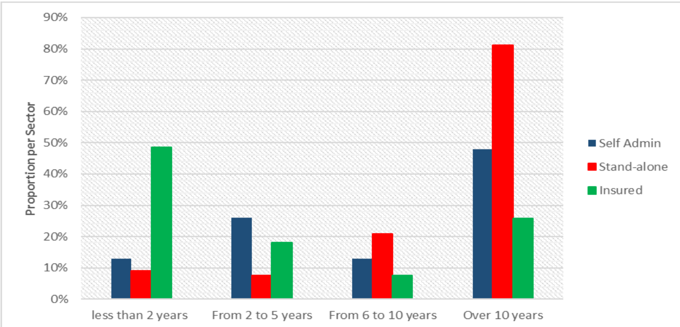
Liabilities

Liabilities amounted to ZW$216.22 billion as at 31 December 2021, with reserves accounting for ZW$172.51 billion. This constituted 95.74% of the total liabilities while benefit provisions for active members and pensioners accounted for ZW$2 billion, thus constituting 2.47% of total liabilities.

There was an increase in unclaimed benefits, from ZW$0.62 billion in 2020 to ZW$2.97 billion in 2021. The increase was largely influenced by the revaluation of the supporting assets despite the decrease in membership from 158,863 to 151,253.

The proportion of the industry's aged unclaimed benefits across the three (3) sectors is shown in figures 5 below: -

Figure 5: Proportion of Unclaimed Benefits by Sector



The above Figure shows that the Stand-Alone sector had 81.21% of its unclaimed benefits in the over 10 year's category and was the greatest across the industry.

The high record of unclaimed benefits over 10 years indicates that some administrators are failing to meet the Know Your Customer (KYC) requirements. In line with pensions regulations, when unclaimed benefits have been held for at least five (5) years, they should be remitted to the Guardian Fund.

The insured sector reflected a gradual decrease of unclaimed benefits as the years progressed, which indicates that members and/or beneficiaries are being identified and paid their benefits.

The industry had arrear pension benefits of ZWL$607.32 million as at 31 December 2021, of which 80.59% were attributable to Stand -Alone pension funds. However, liquid assets as at the reporting date indicated that the industry was capable of meeting the arrear pension obligations.

Earnings

Total income for the period under review amounted to ZW$174.57 billion, resulting in a nominal increase of 120.36% from a total of ZW$79.21 billion reported in the previous year. Income was mainly driven by fair value gains and interest on investment, which amounted to ZW$77.22 billion and ZW$53.75 billion, constituting 44.22% and 30.79% of total income, respectively.

The proportion of contributions to total income increased from 7% in 2020 to 9% as at 31 December 2021.

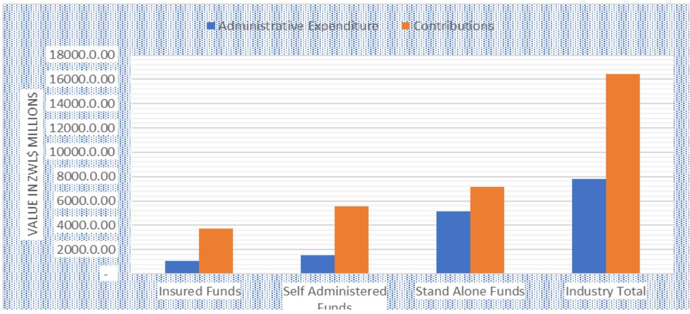
It is worth noting that self-administered and stand-alone funds contributed 94% of the fair value gains while the insured sector contributed 93% towards interest on investments due to the differences in the pension administration models.

The net balance on transfer of business between funds, amounting to ZW$339.89 million as at 31 December 2021, is indicative of a mismatch between receipt and delivery in the transfer process.

Total expenditure amounted to ZW$17.77 billion from ZW$5 billion reported in 2020 and was mainly driven by benefit payments and administrative expenses, which accounted for ZW$9.98 billion and ZW$7.79 billion, respectively.

Administrative expenditure of the Stand-Alone sector was the largest within the industry at 72.52% of the contributions in comparison to the insured and self-administered sectors, which reported 28.85% and 27.69%, respectively against an industry average of 47.44%. High expense ratios are a cause for concern as this leaves pension funds with insignificant residual income for investment from new inflows. The high expense ratios prompted the Commission to issue an Expenses Guideline, which put caps on some expenditure items and changed the basis of charging some costs as measures to contain costs in the industry.

Figure 6: Administration Expenses to Contributions



The pensions industry reported a total surplus of ZW$156.80 billion for the period under review, an increase of 111.29% from ZW$74.21 billion reported in 2020.

Challenges in the Pensions Industry

- Low compliance levels with prescribed assets requirements as the level of compliance was 4.08% against a minimum threshold of 20% of total assets, down from 6.41% reported in the prior period as a result of low uptake.

- Varied techniques employed in the valuation of private equity investments and properties in the determination of fair value. The Commission is engaging fellow financial sector regulators to come up with a standardised approach to valuation methodologies to enhance comparability.
- Data integrity continues to be a major cause for concern, with adjustments frequently occurring, particularly membership statistics for funds under administration.
- Delayed finalisation of the 2009 compensation arising from the 2009 currency reforms. Potential beneficiaries are concerned as the 2019 loss of value suffered has gained plausible traction and offered an acceptable solution. The Commission is working with other stakeholders to finalise the issue as a matter of urgency.
- Volatile environment, which erodes the value and meaning of pension.

Regulatory Developments

Re-registration of Funds

The Commission is pleased to advise that the re-registration of all funds was successfully completed during the period under review, hence there is now a credible register, which has since been uploaded on the Commission's website.

The following regulatory Frameworks and/or Circulars were issued in 2021 to enhance financial soundness of the industry: -

Table 9: Frameworks and/or Circulars Issued

Document	Release date	Content
Circular 20 of 2021	04 June 2021	Preparation and presentation of financial statements in line with International Financial Reporting Standards (IFRS)
Circular 28 of 2021 Income Drawdown Framework	01 October 2021	Guidelines and principles in the development and marketing of income drawdown products
Circular 34 of 2021	1 1 November 2021	1. Directive for Dissolution of Inactive Funds; and 2. Guideline for Smoothed Pooled Investments.
Circular 41 of 2021 Framework on Expenses	1 0 December 2021	Guideline on prescribed thresholds and basis of charging expenses

Improved Soundness of Pension Funds

The Commission continues to monitor the financial soundness of the industry and has issued a number of guidelines, which if complied with, will result in improved financial soundness.

The Commission issued a Directive for Dissolution of Inactive Funds, which directed the administrators of inactive funds to dissolve them as members' values were being eroded by huge administrative costs.

The Guideline for Smoothed Pooled Investment products was also issued by the Commission. The guideline seeks to regularise the activities of these funds by defining parameters for their administration and management, and it also sets principles under which a life insurance company may issue a contract.

Overview of the Insurance Sector

Registered entities

For the year-ended 31 December 2021, the insurance sector was made up of 2, 522 players, which reflects an increase of 17% from the 2,156 reported as at 31 December 2020.

The increase is attributed to new registrations in 2021, i.e. one (1) short term insurer, three (3) micro insurers, one (1) reinsurer, one (1) reinsurance broker and three hundred and sixty-four (364) agents. Four (4) insurance brokers were de-registered during the period under review.

Table 10 below shows the architecture of the insurance sector as at 31 December 2021.

Table 10: Architecture of the Insurance sector as at 31 December 2021

Class of Business	Number of Registered Players as at 31 December 2020	Number of Registered Players as at 31 December 2021
Life Assurers*	12	12
Funeral Assurers	8	8
Short-Term Insurers	16	17
Composite Insurers**	2	2
Micro Insurers	2	5
Short-Term Reinsurers	4	5
Composite Reinsurers***	4	4
Insurance Brokers	32	28
Reinsurance Brokers	7	8
Agents	2, 069	2, 433
Total	**2, 156**	**2, 522**

**Only 11 out of 12 Life Assurers submitted returns. Heritage Life failed to submit its 2021 4th Quarter return.*

***These are short term insurers (FBC and Alliance Insurance) also doing life insurance business so the total for short term insurance companies is 19.*

****These are reinsurers doing both short term and life business.*

Gross Premium Written as at 31 December 2021

The Insurance sector wrote gross premium amounting to ZW$49.19 billion (in nominal terms) during the year-ended 31 December 2021, indicating an increase of 165% from ZW$18.56 billion for the year-ended 31 December 2020.

The breakdown of the gross premium written by the industry is highlighted in Table 11 below.

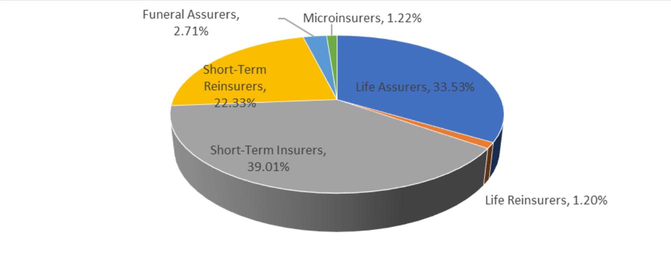
Table 11: Gross Premium Written as at 31 December...

Class of Business	Dec 2020 (ZW$ Million)	Dec 2021 (ZW$ Million)	Nominal Growth %
Life Assurers*	3,651.58	16,496.75	352%
Life Reinsurers	153.08	589.15	285%
Short-Term Insurers	9,107.00	19,191.43	111%
Short-Term Reinsurers	5,299.00	10,982.95	107%
Funeral Assurers	274.14	1,334.73	387%
Micro Insurers	79.26	598.23	655%
Total	**18,564.06**	**49,193.23**	**165%**

**This excludes Heritage Life, which failed to submit its 2021 4th Quarter return.*

Short term insurers wrote the highest gross premium (39.01%) while life reassurers wrote the lowest premium (1.20%), as shown in Figure 7 below.

Figure 7: Distribution of the Gross Premium Written by Business Class as at Dec 2021



Compliance with Minimum Capital Requirements (MCR)

The sector's average compliance level with the minimum capital requirements was 96% as at 31 December 2021. The sectors, which had 100% compliance with the MCR were reinsurance brokers, life assurers, short-term insurers, reinsurance companies and micro-insurers. Funeral assurance companies had the lowest compliance level at 75% whilst insurance brokers were at 96% compliance. Table 12 below shows compliance levels with the MCR.

Table 12: Compliance with Minimum Capital Requirements (MCR)

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	6	75%
Short-Term Insurers	37.5	19	19	100%
Composite Reinsurers	112.5	4	4	100%
Non-composite Reinsurers	75	5	5	100%
Micro Insurers	4.5	5	5	100%
Insurance Brokers	1.5	28	27	96%
Reinsurance Brokers	1.5	8	8	100%
Average Compliance Level				**96%**

**Heritage Life failed to submit 2021 4th Quarter returns.*

The non-compliant entities were Orchid Funeral, Passion Funeral and Rainbow Insurance Brokers.

Insurance sector assets

Total assets for the insurance sector grew by 159% (in nominal terms) from ZW$ 50.17 billion as at 31 December 2020 to ZW$ 129.90 billion as at 31 December 2021.

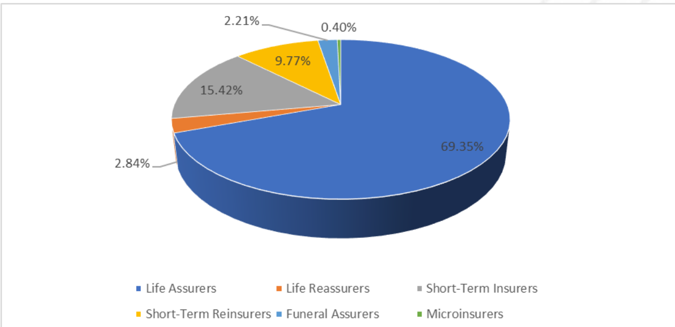
Table 13 below shows the breakdown of the total assets by class of business.

Table 13: Assets for the Insurance Industry as at 31 December…

Class of Business	Dec 2020 (ZW$ Million)	Dec 2021 (ZW$ Million)	Nominal Growth%
Life Assurers*	32,600	90,089	176%
Life Reassurers	1,297	3,688	184%
Short-Term Insurers	8,869	20,031	126%
Short-Term Reinsurers	6,403	12,696	98%
Funeral Assurers	868	2,875	231%
Micro Insurers	131	517	295%
Total	**50,169**	**129,895**	**159%**

**This excludes Heritage Life, which failed to submit its 2021 4th Quarter return.*

Figure 8: Distribution of the Assets by Business Class as at 31 Dec 2021



Life Assurers dominated the insurance sector in terms of assets as they held, 69.35% of the sector's total assets as shown in Figure 8 above. Micro insurers held the least assets (0.40% of sector's total assets).

Reinsurance

Short-term insurance companies had an average retention ratio of 53.67%, which was within an acceptable range given that it matched best practice. Short-term reinsurers had a retention ratio of 64.75%, whilst life and funeral assurance companies had 97.65% and 100% respectively. Companies are encouraged to make use of reinsurance facilities to spread risk.

Earnings

The industry managed to record profits after taking into consideration their technical results and management expenses. The combined profit after tax amounted to ZW$40.37 billion (in nominal terms), translating to ZW$25.12 billion in real terms.

Life assurers recorded the highest profit after tax, amounting to ZW$31.70 billion whilst reinsurance brokers had the least profit after tax amounting to ZW$ 0.09 billion as shown in Table 14 below:

Table 14: Insurance Industry Earnings as at 31 December 2021

Class of Business	Profit After Tax (ZW$ Billion)
Life Assurers*	31.70
Short-Term Insurers	4.54
Funeral Assurers	0.15
Reinsurers	3.38
Microinsurers	0.12
Insurance Brokers	0.40
Reinsurance Brokers	0.09
Total	**40.37**

**This excludes Heritage Life, which failed to submit its 2021 4th Quarter return.*

Legal and regulatory developments in 2021

The following Statutory Instruments were gazetted in 2021:

- Statutory Instrument 25 of 2021 - The new Standard Scale of Fines for the insurance sector players.
- Statutory Instrument 85 of 2021 - New registration or licensing fees and annual fees.
- Statutory Instrument 86 of 2021 – New quarterly levies for the insurance and pensions industry.

The following table summarises the 37 circulars that were issued in 2021 to improve the supervisory efficiency.

Table 15: The Summary of Circulars issued in 2021

Class	Number of Circulars
Administrative and Operational Issues	8
Currency and Monetary Issues	4
Zimbabwe Integrated Risk and Capital Programme (ZICARP)	7
Guidance Paper	3
IFRS 17	3
Insurance Innovation	3
AML and Externalisation	3
Insurance Bill	2
Product and Regulation Development	4
Total	**37**

Actuarial, Research & AML/ CFT

In line with international best practice, the Commission continued to implement the Risk-Based Supervision (RBS) in assessing actuarial reports from pension funds and insurers. Risk-Based Supervision-informed analysis, helps the Commission to prioritise entities that contribute the greatest risk to the industry and allocate resources appropriately.

Evolving Projects

During the year under review, the Commission continued with multiple key projects, all aimed at restoring confidence in the insurance and pensions industry, through the protection of the interests and welfare of policyholders and pension fund members.

Asset Separation

In the year 2021, the Commission made significant strides to bring closure to the asset separation exercise as recommended in the Justice Smith Commission of Inquiry Report. Asset separation is provided for in the Insurance Act [Chapter 24:07] and the Pension and Provident Funds Act [Chapter 24:09]. As at 31 December 2021, the Commission had finalised about 90% of the industry in terms of asset separation assessments. Failure to achieve 100% closure of this project, was on account of some of the institutions providing insufficient information to allow objective assessments to be made regarding separation of assets between policyholders and shareholders. The Commission has instituted appropriate regulatory interventions to ensure that all regulated entities comply with legislation as this is aimed at restoring confidence in the sector.

Guidance Paper

In May 2021, the Commission issued the updated Guidance Paper on Adjusting Pension and Insurance Values in Response to the 2019 Currency Reforms. The updated Guideline sought to address the implementation challenges that were observed in the 2019 submissions as well as to incorporate necessary feedback from key stakeholders within the insurance and pensions industry. A summary of the major changes includes the following:

- Separation of assets and liabilities into 2 sub-accounts in the audited financial statements;
- Provision to allow actuaries to update assumptions that they use to calculate liabilities for an insurance company or pension fund with justification;
- Physical separation of sub account 1 & 2 i.e, effective 31 December 2021, all entities will be required to physically separate the assets that support the liabilities in sub-account 1 from those supporting the liabilities in sub-account 2;
- Requirement to create a third

sub-account for foreign currency-denominated contributions;

- Treatment of funds that are no longer receiving contributions (i.e. paid-up status): The updated Guideline has now made it explicitly clear that such funds are not required to set up sub-accounts provided they acquired the Paid-Up Status prior to December 2018;
- Penalties on Outstanding Contributions: Going forward, the unsecured overdraft lending rate shall be applied by the affected pension fund's bank as the applicable penalty rate effective 1st of January 2020; and
- Exemptions on peer review requirement under clearly defined conditions.

The Guidance Paper has continued to help minimise intergenerational transfer of wealth between policyholders and members through ring-fencing of assets, thereby ensuring the equitable distribution of revaluation gains following the 2019 currency reforms.

During the period under review, the Commission approved most pension funds to proceed to FY2020 valuations, while also engaging with the outstanding ones to comply or submit compliance roadmaps.

Key observations from the analysis of pensions funds revealed that most funds were compliant with the notional sub-account splits, hence minimising inter-generational transfer of wealth. Bonuses were also declared per sub-account, consistent with the principles of the Guidance Paper.

For life assurance companies, conditional approvals were granted to entities, as compliance with the Guidance Paper was deemed partial due to the uniqueness of products from entity to entity. All life insurers were directed to ensure that they comply with the Guideline on Adjusting Insurance and Pension Values in word and spirit, to minimise a repeat of the 2009 conversion crisis. There were no significant issues relating to funeral and non-life entities with regards to compliance with the guidance paper.

2019 Currency Change Pensioners Compensation

The USD400,000 dividend from the Commission's 5% shareholding in Kuvimba Mining House was availed to IPEC during the year under review. This followed Government's allocation of US$75 million to IPEC as shareholding in Kuvimba Mining House, for compensation to pensioners for the losses incurred due to the 2019 currency reforms. The money was to be disbursed to the most vulnerable pensioners, as identified by the Commission' means testing methodology. Each eligible pensioner of the 3,855 pensioners identified, were due to receive USD100 as pension enhancements. These efforts will go a long way in restoring confidence in the pensions industry. Future dividend declarations will target other cohorts of pensioners.

Implementation of Justice Smith Compensation Framework

FY2021 saw the Commission make significant strides in finalising compensation for the 2009 loss of value as recommended by the Justice Smith-led Commission of Inquiry.

The Commission set up a Working Group, consisting of key stakeholders, whose main mandate was to review the relevant sections of the Commission of Inquiry Report on the recommended compensation frameworks and suggest and recommend any improvements. The proposed adjustments to the COI recommendations were shared with the Commission in December 2021 and these will be included in the final compensation framework that will be shared with industry during the first half of 2022. It is expected that the matter will be concluded in FY2022.

ZICARP

The Commission launched the Zimbabwe Integrated Capital and Risk Programme (ZICARP) in June 2021, whose objective is to align the risk and solvency assessment regime in line with international standards. At its core, this programme seeks to;

- align the local insurance practice with international best practices;
- introduce proportionate, risk-based approach to supervision with appropriate treatment for large and small insurers;
- ensure better allocation of capital resources in insurance firms, thus improving consumer protection and assurance to policyholders.

ZICARP is a key milestone for IPEC and the insurance industry, as it promotes principles-based supervision instead of the traditional rule-based approach that was the norm before. The programme considers individual insurers' risk profile and the corresponding capital requirements. In particular, a high risk insurer will be required to hold more capital, compared to a low risk insurer. This will address the concerns of a one size fits all type of regulation, synonymous with the traditional rule-based supervisory system, which often disregards entity-specific issues; such as nature, size and complexity.

Mortality Tables

The tender process for the Mortality Tables project was successfully concluded in FY2021. The development of Mortality Tables is a welcome development for the Commission, as this will improve pricing and reserving within the insurance and pensions industry. This ensures that adequate reserves are set up by both insurers and pension funds.

International Financial Reporting Standard (IFRS) 17

In its efforts to align with international best practice, the Commission established the IFRS17 Working Group comprising leading industry stakeholders such as the Institute of Chartered Accountants of Zimbabwe (ICAZ), Actuarial Society of Zimbabwe (ASZ) and the insurance sector thought-leaders, to spearhead the IFRS 17 readiness project for the 1 January 2023 launch date.

The Commission is cognisant of the tight compliance deadlines, and as such, there are increased awareness and training campaigns/efforts scheduled for 2022, to ensure industry dry runs for the standard are submitted in the second quarter of 2022.

Income Drawdown

The Commission issued a framework on the income drawdown products in Zimbabwe, effective 1 October 2021. This Framework provides guidance on how income drawdowns can be effectively introduced in the insurance and pensions industry with a view to expand retirement options as well as protecting members of pension funds and their beneficiaries. The guideline was necessitated by the need to mitigate the weaknesses of level-guaranteed annuities in an inflationary environment, which results in level annuities not fully serving the intended purposes. The Commission shall make the necessary adjustments to the existing quarterly reporting templates to ensure that the income drawdown arrangements are adequately reported for regulatory purposes.

Research and Innovation

Research and innovation is in place to conduct efficient, effective and timely research to inform regulatory and supervisory activities and policy issues.

As part of Ministry of Finance and Economic Development submissions, the research unit developed policy briefs that covered the following areas:

- ***Contribution of the Insurance and Pension Industry to Economic Recovery post Covid-19***. The paper outlined the Covid-19-induced challenges on the industry and innovative measures implemented to counter, as well its role in economic development.
- ***Policyholder Protection Fund Framework***, which provided the proposed framework as in the IPEC Bill as well as a comparative analysis of PPF frameworks in other jurisdictions.
- ***Regulation of Medical Aid Societies***, which highlighted the importance of regulation, as well as experiences on regulation of medical aid societies in other jurisdictions.

Research work conducted for the Commission to inform regulatory and supervision activities include the following:

- Development of ***Guideline on Offshore Investments,*** which sets out principles the industry should adhere to when considering offshore investments.
- The ***Regulatory Models*** paper, which analysed the pros and cons of various regulatory approaches, experiences in other jurisdictions and proffered recommendations for IPEC.
- Development of a ***Risk-Based Cybersecurity and Data Protection Framework*** for the Insurance and Pensions industry, whose objectives are to ensure that regulated entities (i) develop and implement cybersecurity procedures for enhancing cyber-resilience, (ii) have board approved cybersecurity strategies, frameworks, and policies in place and (iii) are adequately prepared to prevent,

mitigate, and address cybersecurity-related risks.

- ***Survey on Insurtech Innovations and Inhibitors*** that covered the insurance sector players under IPEC's regulation. Survey findings will help inform the Commission's regulatory and supervisory efforts to promote the use of Insurtech innovations in the insurance industry.
- Paper on ***Financial Sector Regulatory Sandboxes: Opportunities, Challenges, and Lessons from International Experiences***, which unpacks the regulatory sandbox approach to promoting innovation through providing a safe product-testing environment before licensing them.

Anti-Money Laundering /Combating the Financing of Terrorism (AML/CFT)

The Commission commenced implementation of Risk-Based Approach (RBA) to AML/CFT Supervision in 2021. The process resulted in the following activities and deliverables:

(i) Development of a Money Laundering and Terrorist Financing (ML/TF) risk rating tool for the Commission;

(ii) Conducting institutional risk assessments by regulated entities;

(iii) Conducting a sectoral risk assessment. The ML/TF risks in the insurance and pensions industry sector were found to be low, and the result was aligned with the National Risk Assessment 2019 report rating of medium-low as well as the 2020 institutional risk assessments rating of low.

(iv) Conducting two dedicated AML/CFT inspections, and corrective orders on AML/CFT deficiencies identified were issued to inspected entities, which are in the process of addressing them.

(v) Conducting a thematic offsite assessment focusing on the '*Adequacy and Effectiveness of the AML/CFT Compliance Function*' on life assurance companies. The report was finalised and entity specific recommendations were communicated through supervisory letters.

(vi) Development of an AML/CFT/PF quarterly reporting template to assist with collation of information to facilitate offsite assessment of AML/CFT/PF compliance and informing sectoral risk assessment.

AML/CFT Training and Awareness: Low AML/CFT awareness was identified as a major weakness among the non-bank financial sector institutions by the Eastern and Southern Africa Anti-Money Laundering Group (ESSAMLG) 2nd Round Mutual Evaluation Report for Zimbabwe in 2016. IPEC has been making concerted efforts to raise industry awareness on the AML/CFT obligations. To this end, the Commission delivered an industry wide virtual training workshop on the implementation of Risk-Based Approach to AML/CFT obligations during the year under review.

Board sensitisation trainings were also conducted for inspected entities, as they are ultimately responsible for setting the tone for AML/CFT compliance, risk appetite of the company and approving AML/CFT policies.

As a show of commitment to the AML/CFT agenda, the Commission set up a dedicated AML/CFT unit in November 2021, to ensure that all AML/CFT supervisory actions are being implemented.

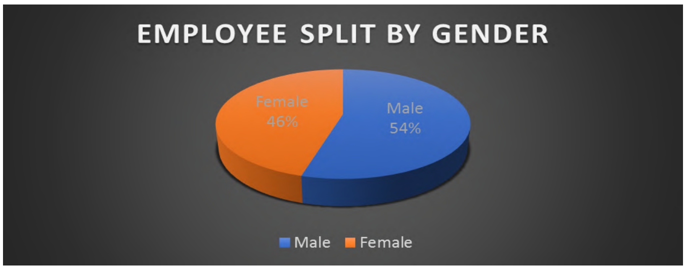
Human Resources Management

Staff Complement

As at 31 December 2021, the total number of staff in post was 94 against an approved establishment of 123, which translates to 76.42%.

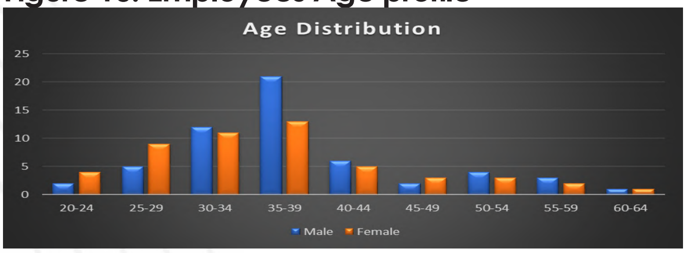
The gender mix was 51 male and 43 female employees, which translates to a ratio of 54:46 as shown in Figure 9 below.

Figure 9: Employee gender representation



In addition to the staff in post, were 10 interns, four (4) male and six (6) female.

Figure 10: Employees Age profile



Number of staff recruited during the year

The Commission recruited 25 employees with diverse skills set during the year under review. The recruitment was for both replacements and to cover for the Commission's restructuring requirements.

Staff resignations during the year

There were 12 resignations in 2021, reflecting an 11% staff turnover for the year.

Resignations were attributable to the unfavourable economic environment, which resulted in a number of employees opting for greener pastures. The Commission is working on a retention strategy to 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 2021:

Table 16: Conferences/Workshops attended

CONFERENCE/WORKSHOP	PERIOD
Actuarial Society of Zimbabwe Conference	13 Aug – 3 Sept 2021
Building the pipeline of Women Leaders in Regulatory Bodies in Sub - Saharan Africa"	10 Aug – 9 Sept 2021
47th AIO Conference	4 – 8 Sept 2021
Toronto Centre/World Bank: Coping with Common Challenges in Developing Insurance Markets	9 – 13 March 2021
Women's World Banking 5-week online leadership course	Aug – 9 Sept 2021
MAZ Annual CPD Master Class	9 – 11 Sept 2021
Old Mutual supervisory College	11 – 15 Sept 2021
AT21.25V-Financial Sector Surveillance (FSS)	27 sept – 8 Oct 2021
Inclusive Insurance: A2ii and Toronto Centre	4 – 12 Oct 2021
Programme-Based Budgeting – Effective Skills Development	4 – 5 Oct 2021
PRAZ Inaugural conference	21 – 22 Oct 2021
ICA(Z) and PAAB Public Sector Convention	21 – 22 Oct 2021
Marketers Association of Zimbabwe Annual Convention	27-30 October 2021
MEFMI – Pension Supervision Course	20 Aug – 5 Nov 2021
Selection, Annuities, and the Drawdown of DC Balances (IPRA)	13 Oct 2021

Performance Management

The Commission implemented performance-based salary increase for the year 2021.

This has enhanced the Commission's culture of performance with a marked improvement in individual and corporate performance during the year under review. Performance-based salaries shall continue.

Employee Relations

The Commission continued to engage with employees on the improvement of conditions of service and employee wellness. The Works Council platform provided an effective communication channel between management and staff. Townhall meetings addressed by the Commissioner were also conducted during the year.

Safety and Health

The IPEC Marathon team participated in various races throughout the year, which included the Exide, First Mutual and Mukuru challenge marathons.

The Commission also had its own monthly 100 km marathon challenge to help staff become active during the Covid-19 induced lockdown. Every last weekend of the month, IPEC had the Commissioner's Challenge marathon – a 5km run/walk.

Covid-19 update

During the year, the Commission continued to ensure a safe working environment for all employees and stakeholders by complying with the World Health Organisation (WHO) and Ministry of Health and Child Care Covid-19 protocols. The following precautionary measures to protect staff, clients, and stakeholders as well as to ensure continuation of IPEC operations were implemented:

- **Compulsory Testing**

All staff reporting for duty were tested on a regular basis. Of all the Covid-19 positive cases recorded at the Commission, the recovery rate was 100%.

- **Work Attendance and Processes**

Wearing of masks by staff was made compulsory, including regular sanitisation and maintenance of physical distance in offices.

The receipt and processing of hard copy communication was suspended with the introduction of electronic processes.

Work attendance was on a two-weekly rotational basis with management predominantly working from home.

- **Pool vehicles**

All pool vehicles were sanitised and fumigated regularly, and physical distance was observed in the vehicles.

- **Medication**

The Commission stocked and dispensed medication to staff as a way of helping fight Covid-19 within the workplace.

Accommodation

The Commission purchased an office building in the Central Business District in Harare. The building shall undergo renovation works to suit the Commission's requirements before full occupation. Some staff members had since moved to the new offices as at 31 December 2021.


Protecting the Interests of Insurance and Pension Consumers
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ipec

Consumer Education and Visibility

CONSUMER EDUCATION

In line with its statutory mandate 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 uses a multifaceted approach in educating the public about insurance and pension matters.

Given the information asymmetry that exists between insurance and pension service providers on one hand and the consumers of insurance and pension products on the other, the Commission endeavours to ensure consumers are sensitised so that they can make informed decisions regarding insurance and pensions.

The Commission's consumer financial education initiatives are normally face-to-face through roadshows, exhibitions, workshops and in person meetings.

However, owing to the Covid-19 pandemic and the measures introduced to curb the spread of the coronavirus, the Commission could not carry out some of its planned activities, particularly face-to-face activities.

To that end, other non- physical initiatives were implemented, particularly through digital and social media platforms and radio programmes.

Below are the consumer education initiatives that the Commission implemented throughout the year 2021.

Radio and Television Programmes/Adverts

The Commission ran 28 radio programmes and adverts on 10 radio stations comprising national and community radio stations in English, Shona and Ndebele. The radio stations are; Radio Zimbabwe, Star FM, Capitalk FM, Nyami Nyami FM, Diamond FM, Hevoi FM, Midlands 98.4 FM, Power FM, National FM and Skyz FM. The programmes and adverts focused on raising public awareness about insurance and pensions, their rights and responsibilities as well as the IPEC mandate.

The programmes and adverts were run during prime time, which commands huge listenership.

The Commission also ran 18 television adverts on the national television, Ztv during news hour. The adverts focused on sensitising viewers about the IPEC mandate, particularly its role in protecting the interests of policyholders and pension scheme members.

Consumer Education Newsletter

To enhance consumer awareness on insurance and pensions, the Commission published the bi-annual eNewsletter, whose thrust is consumer education. The newsletter was uploaded on the IPEC website and posted on various social media platforms. The articles in the newsletter also attracted mainstream media coverage.

Press Statements

The Commission published five press statements in the mainstream media sensitising the public about their rights and responsibilities.

Most of the press statements warned the public against buying insurance policies from unlicensed entities.

Capacity-Building for Journalists

Owing to the perceived complexity about insurance and pensions, journalists generally shy away from providing coverage of the industry, let alone demystifying insurance and pensions.

To generate interest and objective media coverage of the insurance and pensions industry, the Commission continued to train journalists on insurance and pensions reporting. During the year under review 35 journalists from across the country and drawn from electronic, digital and print media from both the public and private media, completed a four (4)-month insurance and pensions journalists mentorship programme. They published a combined 145 articles during the training period while others continued to write about insurance and pensions even after completion of the programme.

The programme was conducted virtually and in partnership with the National Social Security Authority (NSSA).

Digital and Social Media

Since physical meetings such as roadshows and exhibitions, could not be conducted owing to the Covid-19 measures, for the better part of the year, the Commission leveraged digital and social media to engage with the public and educate them about insurance and pensions. During the period under review, the Commission posted 170 consumer education articles and messages on the website and social media platforms reaching about 850 000 social media users.

IPEC Commissioner, Dr Grace Muradzikwa handing over a laptop to Tadiwa Mhete who won the Tertiary GMW Competition

Financial education for children and the youths

Educating children and young people about money is considered one of the building blocks for long-term financial wellbeing and resilience.

To this end, the Commission conducts

financial education initiatives targeting children and young people every year, during the Global Money Week (GMW) commemorations.

The GMW is an annual global awareness-raising campaign on the importance of ensuring that young people, from an early age, are financially aware, and are gradually acquiring the knowledge, skills, attitudes and behaviours necessary to make sound financial decisions and ultimately achieve financial well-being and financial resilience.

As part of the 2021 GMW commemorations, the Commission ran a video competition for High school and tertiary students, to generate interest in insurance and pension matters among children and the youth.

Entries were received from eight (8) provinces except for Manicaland and Mashonaland West provinces.

Webinar on Agricultural insurance

Zimbabwe is vulnerable to climate change-related risks, including extreme weather events such as drought, floods, heavy rainfall and heat waves.

Agricultural insurance plays an important in protecting the livelihoods of farmers, particularly smallholder farmers who are generally uninsured.

In line with its developmental role, the Commission conducted a consumer awareness webinar on the importance of agricultural insurance.

The webinar, which also streamed live on the IPEC and HSTV as well as the NewsDay and Zimbabwe Independent Facebook pages, drew participation and viewership from farmers, insurance entities and other financial sector regulators from the continent.

Visibility

The Commission's primary mandate is to protect the interests of policyholders and pension scheme members.

To achieve this, there is need for insurance and pension consumers to know about the Commission's existence and its mandate, so that they can file complaints with the Commission when unfairly treated.

To that end, the Commission embarked on various initiatives to enhance its visibility and below are some of the initiatives:

Installation of Billboards

During the year under review, the Commission installed billboards in all the 10 provincial capitals with messages focusing on the Commission's mandate and the rights and responsibilities of insurance and pension consumers.

Exhibitions

While the Commission could not conduct some of the exhibitions during the year under review, it exhibited at the Zimbabwe International Trade Fair, Zimbabwe Agricultural Show, Manicaland and Midlands Provincial Agricultural Shows as well as the University of Zimbabwe Actuarial Career Guidance Day, following the relaxation of the Covid-19 induced restrictions during the third and the fourth quarter.

CORPORATE SOCIAL RESPONSIBILITY

The Insurance and Pensions Commission (IPEC) recognises that its position as a regulator for the insurance and pensions industry comes with the responsibility to lead by example in leveraging the corporate resources at its disposal to assist the needy in society.

The Commission's Corporate Social Responsibility (CSR) Policy provides for CSR funding to policyholders and pension scheme members and it targets projects that are sustainable.

In line with this policy, the Commission donated towards sinking of a solar-powered borehole at Chengetanai Old People's Home in Chinhoyi during the year under review.

The intervention sought to alleviate the water challenges, which the Home faced.

In recognition of its sustainable corporate social responsibility activities, the Commission won the 2021 Top Zimbabwe Responsible Public Sector Organisation Award at the Zimbabwe National Responsible Business Awards. This was in recognition of the Commission's sponsorship of the installation of a solar-powered system to power the borehole at Jairos Jiri Old People's Home in Silobela, Midlands province in 2020.

IPEC Director of Pensions supervision, Mr Curthbet Munjoma testing the solar borehole systems at Jairos Jiri People's Home.

Information Communication Technology

IPEC business process automation and integration

The Commission continued with its drive to automate manual business processes and integrate IPEC's system to 3rd party applications by 2025. Given the continued disruptions owing to the Covid-19 pandemic, ICT played an important role in the Commission's Business Continuity Plan during the year 2021. Major activities included continuous improvement to the system, largely the core SAP system, focusing on, online platforms for Name search, license renewal, application for new product approval, and application for externalisation of risk. At the end of 2021, most data collection of pre-defined data by the Commission was possible through an online platform, except for ad-hoc call for data. The Commission is still targeting to automate all forms of data collection to reduce human intervention.

The Commission also kicked-off a project on setting up a Disaster Recovery at an offsite location, to enable real time or near real time system replication. However, following the disturbances in the computer supply chain caused by the global shortage in semiconductors, this has seen the project implementation spill over into 2022.

The Commission also managed to embark on a company-wide Vulnerability Assessment and Penetration Testing (VAPT) meant to put to the test the resilience of the Commission's Cyber-Security.

Going into the year 202, the Commission will leverage the vast data that is being deposited onto the Commission's system by regulated entities. IPEC intends to implement data mining, data analytics and business intelligent tools to assist in smarter and more effective industry regulation.

Continuing the digital journey…

With Working From Home (WFH) being heralded as the new normal, the biggest challenge that IPEC faced in 2021 was remote work monitoring. IPEC opted to leverage on Microsoft Planner, which is a web-based tool for work & team management on the already existing Microsoft 365 platform. An organisation-wide training and education was conducted on how to use MS Planner with much emphasis on the benefits. This has seen enhanced work planning, organising and team collaboration.

With Information Communication Technology ever evolving, the Commission will continue to prioritise and capacitate the ICT function in order to improve efficiency and effectiveness of the Commission.

ANNUAL FINANCIAL STATEMENTS

GENERAL INFORMATION

Insurance and Pensions Commission
Financial Statements for the year ended 31 December 2021

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

CONTENTS

Director's responsibilities 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 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 Insurance and Pensions Commission Act [Chapter 24:21] and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates except for the non-compliance with International Accounting Standard ("IAS") 21 The Effects of Changes in Exchange Rates and the consequential non-compliance with IAS 29, Financial Reporting in Hyperinflationary Economies,

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 2022 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 4 to 7.

The financial statements set out on pages 8 to 30, which have been prepared on the going concern basis, were approved by the board of Directors on 30 / 03 / 2022 and were signed on their behalf by:

Approval of financial statements

Muradzikwa

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

Dr Grace Muradzikwa -Commissioner

Mr Albert Nduna - Chairperson

Independent auditor's report

To the Minister of Finance and Economic Development and the Board of directors of the Insurance & Pensions Commission,

Qualified Opinion

We have audited the accompanying financial statements of **Insurance & Pensions Commission,** which comprise the statement of financial position as at 31 December 2021, 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 8 to 31.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements presented fairly, in all material respects, the financial position of **Insurance & Pensions Commission,** as at 31 December 2021, 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 Qualified Opinion

Non-compliance with IAS 21- The Effects of Changes in Foreign Exchange Rates and IAS 8 - Accounting Polices, Changes in Accounting Estimates and Errors.

As a result of the pronouncement by the Public Accountants and Auditors Board (PAAB), entities reporting in Zimbabwe were required to apply the requirements of IAS 29 with effect from 1 July 2019.

The Directors applied the requirements of IAS 29 from the date of change in functional currency adopted of 22 February 2019. However, in accordance with International Accounting Standard 21 - The Effects of Changes in Foreign Exchange Rates (IAS 21) the date of change in functional currency was determined to be 1 October 2018. The Commission did not comply with IAS 21, as the Directors elected to comply with Statutory Instrument 33 of 2019 ("SI 33/19"). The Commission did not perform an independent assessment of the appropriate exchange rate in terms of IAS 21 at the time of change of the functional currency. Consequently, the opening balances in the financial statements are impacted by this non-compliance with IAS 21. In addition, the Commission did not correct the prior period errors arising from non-compliance with IAS 21 as would have been expected by IAS 8 - Accounting Polices, Changes in Accounting Estimates and Errors. The Commission only tried to correct this error by restating the opening reserves in the current year statement of changes in reserves. Had the Commission correctly applied IAS 8 and perform a full restatement, the financial statement would have been materially affected. In this regard, the Commission did not comply with the requirements of IAS 8.

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 qualified 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 A revaluation of the Commission's property and equipment was performed in December 2021. The revaluation surplus is quite significant. The estimation of the fair value is a significant judgement area and requires evaluation of the work of an expert. In that regard it is therefore considered as a 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 as a whole 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 on the basis of 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.

Limitation on completeness of revenue

As common with similar organisation, the Commission derives a substantial portion of its income from levies, which may not be fully controlled until they are recorded in the accounting records and also, they may be some unregistered insurers who are not contributing the levies to the Commission Accordingly, our examination did not extend beyond those receipts and unregistered operators.

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

31 /03/ 2022

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

Date, Harare

Statement of Financial Position

Figures in Zimbabwe Dollar	Notes	Inflation adjusted 2021 ZWL	Inflation adjusted 2020 ZWL	Historical cost 2021 ZWL	Historical cost 2020 ZWL
Assets					
Non-Current Assets					
Property and equipment	5	617,391,352	353,148,804	617,391,352	101,037,148
Right-of-use assets	6	4,420,710	2,149,711	2,815,739	1,335,224
Intangible assets	7	68,250,000	17,402,032	68,250,000	3,330,990
Investment at fair value	12	485,346,146	56,231,028	485,346,146	34,983,199
		1,175,408,208	**428,931,575**	**1,173,803,237**	**140,686,561**
Current Assets					
Inventories	8	374,765	3,214,769	295,090	857,427
Loans to executive directors, managers and employees	9	62,809,341	4,371,841	62,809,341	2,719,868
Prepayments	11	6,526,456	22,130,636	6,526,456	13,768,208
Accounts receivable	10	4,870,459	10,908,297	4,870,459	6,786,416
Cash and cash equivalents	13	193,022,327	307,774,198	193,022,327	191,476,601
		267,603,348	**348,399,741**	**267,523,673**	**215,608,519**
Total Assets		**1,443,011,556**	**777,331,316**	**1,441,326,910**	**356,295,080**
Reserves and Liabilities					
Reserves					
Reserves		90,799,791	7,829,155	472,244,564	78,089,678
Accumulated fund		1,200,074,343	552,515,543	816,944,924	143,213,270
		1,290,874,134	**560,344,698**	**1,289,189,488**	**221,302,948**
Liabilities					
Non-Current Liabilities					
Lease liabilities	6.1	3,008,372	1,500,672	3,008,372	932,095
Deferred income	16	56,989,340	198,028,276	56,989,340	123,200,000
		59,997,712	**199,528,948**	**59,997,712**	**124,132,095**
Current Liabilities					
Accounts payables	14	79,905,082	8,973,007	79,905,082	5,582,407
Provisions	15	11,845,860	7,537,963	11,845,860	4,689,618
Lease liabilities	6.2	388,768	946,699	388,768	588,012
		92,139,710	**17,457,669**	**92,139,710**	**10,860,037**
Total Liabilities		**152,137,422**	**216,986,618**	**152,137,422**	**134,992,132**
Total Reserves and Liabilities		**1,443,011,556**	**777,331,316**	**1,441,326,910**	**356,295,080**

The financial statements and the notes on pages 8 to 31, were approved by the board of Directors on 30 / 03 / 2022 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

Statement of Comprehensive Income

Figures in Zimbabwe Dollar	Notes	Inflation adjusted		Historical cost	
		2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Revenue	17	787,440,747	495,090,861	620,696,801	177,613,503
Other operating income	18	6,289,637	6,821,037	4,957,779	3,539,163
Other operating gains	19	332,388,568	72,364,830	262,003,867	36,599,679
Operating expenses	25	(459,275,094)	(227,096,152)	(353,109,171)	(101,099,662)
Operating surplus		**666,843,858**	**347,180,575**	**534,549,276**	**116,652,683**
Investment income	22	178,420,689	12,569,987	140,639,345	5,968,115
Finance costs	23	(1,848,368)	(1,001,434)	(1,456,968)	(622,009)
Net monetary loss		(195,857,380)	(30,936,300)	-	-
Surplus for the year		**647,558,799**	**327,812,828**	**673,731,653**	**121,998,788**
Other comprehensive income		**82,970,636**	**-**	**394,154,886**	**67,084,597**
Total comprehensive income for the year		**730,529,435**	**327,812,828**	**1,067,886,539**	**189,083,385**

Statement of Changes in Reserves

Inflation Adjusted

	Revaluation Reserve ZWL	Other NDR ZWL	Total reserves ZWL	Accumulated Fund ZWL	Total ZWL
Balances as at 1 January 2020	**-**	**7,829,155**	**7,829,155**	**224,702,716**	**232,531,871**
Profit for the year	-	-	-	327,812,828	327,812,828
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year		**-**	**-**	**327,812,828**	**327,812,828**
Balances as at 31 December 2020	**-**	**7,829,155**	**7,829,155**	**552,515,543**	**560,344,699**
Surplus for the year		-	-	647,558,799	647,558,799
Other comprehensive income for the year	82,970,636	-	82,970,636	-	82,970,636
Total comprehensive income for the year		**-**	**-**	**647,558,799**	**647,558,799**
Balances as at 31 December 2021	**82,970,636**	**7,829,155**	**90,799,791**	**1,200,074,343**	**1,290,874,134**

Historical

	Revaluation Reserve ZWL	Other NDR ZWL	Total Reserves ZWL	Accumulated Fund ZWL	Total ZWL
Balances as at 1 January 2020	**10,890,645**	**114,436**	**11,005,081**	**21,214,482**	**32,219,563**
Profit for the year	-	-	-	121,998,788	121,998,788
Other comprehensive income for the year	67,084,597	-	67,084,597	-	67,084,597
Total comprehensive income for the year	**67,084,597**	**-**	**67,084,597**	**121,998,788**	**189,083,385**
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**

Statement of Cashflows

Figures in Zimbabwe Dollar	Note(s)	Inflation adjusted		Historical cost	
		2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Cash flows from operating activities					
Cash (used in)/generated from activities	24	213,561,260	(44,027,670)	293,573,767	84,034,941
Interest income	22	28,231,391	7,186,914	22,253,274	3,210,688
Net cash from operating activities		**241,792,651**	**(36,840,756)**	**315,827,041**	**87,245,629**
Cash flows from investing activities					
Net cash movement in Investment in listed shares		(150,970,910)	(23,497,387)	(150,970,910)	(23,497,387)
Sale of financial assets			108,205	-	85,201
Purchase of property and equipment	5	(258,511,664)	(44,179,720)	(203,552,491)	(21,094,159)
Proceeds from sale of property and equipment		205,642	-	130,982	-
Purchase of other intangible assets	7	-	(3,991,063)	-	(2,478,921)
Net Cash from Investing activities		**(409,276,932)**	**(71,559,965)**	**(354,392,419)**	**(46,985,265)**
Cash flows from financing activities					
Government grant		-	310,464,000	-	123,200,000
Payment of lease liabilities		(493,096)	(185,715)	(386,704)	(115,351)
Cash payments for the interest portion of lease liabilities		(1,848,368)	(1,001,434)	(1,456,968)	(622,009)
		(493,096)	**310,278,285**	**(1,843,672)**	**122,462,640**
Total cash movement for the year		**(167,977,378)**	**201,877,563**	**(40,409,052)**	**162,723,002**
Cash and cash equivalents at beginning of the year		307,774,198	59,124,588	191,476,601	8,200,359
Effect of foreign exchange differences on cash and cash equivalents		53,225,507	46,772,046	41,954,778	20,553,239
Total cash and cash equivalents at end of the year	13	**193,022,327**	**307,774,198**	**193,022,327**	**191,476,601**

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 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 IPEC Act [Chapter 24:21], except for the non compliance with International Accounting Standards (IAS) 21, The effect of Changes in Foreign Exchange Rates explained note 2.1. Subsequently the Commission has complied fully with IAS 29.

2.1 Functional and presentation currency

Items included in the financial statements of the Commission are measured using the currency of primary economic environment in which the entity operates(the functional currency). The financial statements are presented in Zimbabwe Dollars (ZWL), which is the Commission's functional and presentation currency.

The Commission operated in a multi-currency environment which included foreign currencies, mainly the United States Dollars (USD) and quasi-currency instruments in the form of electronic balances and bond notes which, during the reporting period, were officially pegged to the USD at an official exchange rate of 1:1. Multi-tier pricing in the market depending on the mode of payment (USD, bond note, mobile money or RTGS$) and persistent shortages of foreign currency resulting in delays in settling foreign obligations at the official exchange rate, particularly subsequent to monetary policy changes in October 2018, triggered deliberations on whether the USD remained the functional currency for companies operating in Zimbabwe.

Given the environment that the Commission is currently operating in, 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) On the 1st October 2018 the Reserve Bank of Zimbabwe (RBZ) through Exchange Control Directive RT120/2018, directed all banks to ring-fence Nostro foreign currency accounts (FCAs) by separating them into two categories, namely Real Time Gross Settlement (RTGS) FCAs for local RGTS transactions and Nostro FCAs for foreign currency transactions at a parity rate of 1:1.

(b) On the 22nd of February 2019 Statutory Instrument 33 of 2019 (SI 33) was issued as an amendment to the Reserve Bank of Zimbabwe Act and it introduced a new currency named the RTGS Dollar/ ZWL at a base rate of USD1:ZWL 2.5. Another Exchange Control Directive RU 28 of 2019 was issued at the time which introduced an interbank market for trading USD as well as other currencies in the multi-currency regime.

(c) On June 24 2019 the Government gazetted Statutory Instrument 142 of 2019 which outlawed the use of multi-currencies and compelled that all transactions be made in local currency (RTGS Dollar/ZWL).

(d) As a result of these currency changes announced by the monetary authorities, the directors assessed as required by IAS 21 and consistent with the guidance issued by the Public Accountants and Auditors Board (PAAB), whether use of the USD as functional currency remained appropriate. Based on the assessment, the directors concluded that the Commission's functional currency became ZWL with effect from 1 October 2018. However, this could not be effected at law, because there was no local currency in Zimbabwe until 22 February 2019. The inconsistency between the legal requirement and International Financial Reporting Standards (IFRS) from October 2018 to 22 February 2019 resulted in auditors expressing an adverse opinion on the 2020 financial statements.

3. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

3.1 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.

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.

Trade receivables, loans and other receivables

The Commission assesses its trade receivables, loans and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Commission makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, loans and other receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Commission is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

3.2 Property and equipment

The cost of an item of property and equipment is recognised as an asset when:

-it is probable that future economic benefits associated with the item will flow to the Commission; and

-the cost of the item can be measured reliably.

Property and equipment is initially measured at cost. Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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 necessistates 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.

3.2 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.

3.3 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.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

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.

3.3 Intangible Assets (Continued)

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

3.4.1 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).

Financial assets which are debt instruments:
- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or

- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Financial liabilities:
- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

3.4.2 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.

3.4.2 Financial Instruments (Continued)

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 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.

Measurement and recognition of credit losses

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all Accounts receivables in totality.

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.

3.4.3 Accounts payable

Classification

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

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.

3.4.4 Cash and cash equivalents

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

3.4.5 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.

3.4.6 Financial Instruments (Continued)

3.4.6 Financial liabilities
The Commission derecognises financial liabilities when, and only when, the Commission obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.4.7 Investment Policy
The commission invest its excess funds in various instruments which includes Prescribed Assets, Equities investments, Derivatives, Money market instruments etc, with objective of maximizing total investments return and capital growth. The commission's policy promotes value preservation, security of investment as well as balancing the need for commission liquidity requirements

3.5.1 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.

3.5.2 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.

3.5.3 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.

3.5.4 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.

3.6 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.

3.7 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.

3.8 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.

3.9 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.

3.9 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.

3.10 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.

The exchange rates which were being used by the Commission were based on the following:

(a) lnterbank forex trading market, which was introduced in February 2019. The biggest problem with the market was that it was not a free market but it was influenced by the RBZ. The government then suspended the market in March 2020 and declared the exchange rate between the USD and local currency to be 1:25.

(b) On the 23 June 2020, the Zimbabwe Government introduced a managed floating exchange rate system and set up a Currency Stabilization Task Force as part of measures to arrest exchange rate volatility and inflation. RBZ will monitor daily exchange and intervene as necessary and shall release forex into the interbank market based on a well-defined forex stabilization policy. However, not every organisation had access to the system.

In accordance with IFRS Interpretations Committee Meeting on Foreign Exchange Restrictions May 2018 Paragraph 21-55, it appears that the Zimbabwean Dollar is subject to a longer-term lack of exchangeability for a number of entities, and one in which it is becoming increasingly difficult to observe any exchange transactions that might provide an exchange rate for immediate delivery of Zimbabwean Dollar for another currency. This is shown by the following factors:

(a) The legal supply of foreign currency in Zimbabwe is made only through administrated mechanisms regulated and directed by the jurisdictional authorities;

(b) Many Zimbabwean foreign operations are unable to obtain foreign currency to make investment-related payments (such as dividend payments to foreign investors), and have been unable to obtain foreign currency for this purpose for several years;

(c) More generally, the exchangeability of Zimbabwean Dollar for any purpose is limited. Since the introduction of the FCAS and the interbank market before, Zimbabwean foreign operations have been able to access foreign currency via the administered mechanism in small amounts and for limited purposes, which are listed on the priority list. Due to the legalisation of transacting in foreign currency however, entities are also now able to obtain some foreign currency from their trading activities.

3.11 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 (IAS29) 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 IAS29 " 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 (ZWL). 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 2021.

Year	Indices	Average indices	Conversion factor
December 2019	551.63	240.28	7.21
December 2020	2474.51	1579.09	1.61
December 2021	3977.46	3135.22	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 2021 are restated by applying the change in the index from 31 December 2020 to 31 December 2021.

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 2021. 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 2021.

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.

4. New Standards and Interpretations

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

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 1 January 2022 or later periods:

Standard/ Interpretation:	**Effective date:** **Years beginning on or after**	
Amendments to IAS 1 and IAS 8 definitions of material	1-Jan-20	Applicable
Amendments to IFRS 3 definitions of a business	1-Jan-20	Applicable
Amendments to IFRS 9 and IFRSS	1-Jan-20	Applicable
Amendments to references to the conceptual framework in IFRS standards	1-Jan-20	Applicable
Covid-19-Related Rent Concessions (Amendment to IFRS 16)	1-Jun-20	N/A
IFRS 10 and IAS 28(amendments) sale or contribution of assets between and investor and its associate or joint venture	Effective date of amendments has yet to be set by IASB	N/A
Amendments to IFRS 3 reference to the conceptual framework	1-Jan-22	Applicable
Amendments to IAS16 property plant and equipment proceeds before intended use	1-Jan-22	Applicable
Amendments to IAS 37 onerous contracts costs of fulfilling a contract	1-Jan-22	N/A
Annual improvements to IFRS 9, Financial Instrument	1-Jan-22	Applicable
Annual improvements to IFRS 16 Leases	1-Jan-22	Applicable
Amendments to IAS 1 Classification of liabilities as current or non-current	1-Jan-23	Applicable

Notes to the Financial Statements

Insurance and Pensions Commission
Financial Statements for the year ended 31 December 2021
Notes to the Financial Statements
Figures in ZWL Dollars

5 Property and Equipment

	Land	Buildings	Leasehold improvements-	Furniture and fixtures	Motor vehicles	Office equipment	IT Equipment	Other Assets	Total
Inflation Adjusted	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Carrying amount - 31 December 2019	**93,600,000**	**158,208,644**	**3,435,593**	**10,592,674**	**40,194,073**	**765,509**	**6,961,650**	**7,368,718**	**313,758,142**
Cost/ valuation	93,600,000	158,208,644	3,435,593	10,592,674	40,194,073	765,509	6,961,650	7,368,718	**313,758,142**
Accumulated depreciation	-	-	-	-	-	-	-	-	**-**
Additions	-	464,927	5,334,203	2,942,060	27,692,962	557,151	6,872,520	315,897	**44,179,720**
Revaluation	-	-	-	-	-	-	-	-	**-**
Disposal	-	-	-	-	(696,642)	-	-	-	**(696,642)**
Depreciation	-	(1,408,076)	(891,690)	(1,490,736)	(4,852,193)	(218,118)	(1,936,361)	(663,961)	**(11,461,134)**
Carrying amount - 31 December 2020	**93,600,000**	**157,265,495**	**7,878,106**	**12,043,997**	**62,338,201**	**1,104,542**	**11,897,810**	**7,020,654**	**353,148,804**
Cost/ valuation	93,600,000	158,673,571	8,769,796	13,534,733	67,190,394	1,322,660	13,834,170	7,684,615	**364,609,939**
Accumulated depreciation	-	(1,408,076)	(891,690)	(1,490,736)	(4,852,193)	(218,118)	(1,936,361)	(663,961)	**(11,461,134)**
Additions	-	200,126,429	-	496,443	49,832,014	111,760	7,945,018	-	**258,511,664**
Revaluation	-	5,387,452	(1,967,027)	3,062,655	16,784,439	489,289	6,878,504	1,487,356	**32,122,667**
Cost of disposal	-	-	-	-	(1,905,000)	-	-	-	**(1,905,000)**
Depreciation	-	(3,979,376)	(2,926,993)	(1,571,919)	(10,027,246)	(271,171)	(4,486,684)	(1,223,395)	**(24,486,784)**
Carrying amount - 31 December 2021	**93,600,000**	**358,800,000**	**2,984,086**	**14,031,176**	**117,022,408**	**1,434,420**	**22,234,647**	**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	22,234,647	7,284,615	**617,391,352**
Accumulated depreciation	-	-	-	-	-	-	-	-	-

5 Property and Equipment

	Land	Buildings	Leasehold improvements	Furniture and fixtures	Motor vehicles	Office equipment	IT Equipment	Other Assets	Total
	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL	ZWL
Historical									
Carrying amount - 31 December 2019	**2,000,000**	**3,000,000**	**476,479**	**1,196,900**	**6,373,000**	**322,220**	**3,367,122**	**259,450**	**16,995,171**
Cost/ valuation	2,000,000	3,000,000	476,479	1,196,900	6,373,000	322,220	3,367,122	259,450	**16,995,171**
Accumulated depreciation	-	-	-	-	-	-	-	-	**-**
Additions	-	184,495	3,318,586	1,167,484	10,989,271	221,092	5,087,876	125,356	**21,094,159**
Revaluation	6,033,000	9,645,356	206,747	4,030,065	32,791,626	964,173	6,336,575	9,585,875	**69,593,417**
Disposal	-	-	-	-	(276,573)	-	-	-	**(276,573)**
Depreciation	-	(112,851)	(354,009)	(634,419)	(3,359,324)	(123,587)	(1,436,178)	(348,657)	**(6,369,025)**
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)	**329,235,876**
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	-	-	-	-	-	-	-	-	**-**

All the commission's Property, equipment and intangible assets where revalued at balance sheet date by an independent valuer. The commission realised a revaluation gain of ZWL394,154,886 (ZWL329,235,876.00 Property and equipment & ZWL64,919,010.00 Intangible assets *Note 7)*.

Figures in Zimbabwe Dollar	Inflation adjusted		Historical	
	2021	2020	2021	2020
Note(s)	ZWL	ZWL	ZWL	ZWL

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 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

	Inflation adjusted 2021 ZWL	Inflation adjusted 2020 ZWL	Historical 2021 ZWL	Historical 2020 ZWL
Carrying amount at the start of the period	2,149,711	517,510	1,335,224	321,435
Additions	-	-	-	-
Adjustments for lease reassessments	3,500,659	2,115,576	2,263,737	1,314,022
Amortisation	(1,229,659)	(483,375)	(783,222)	(300,233)
Total	**4,420,710**	**2,149,711**	**2,815,739**	**1,335,224**

6.2 Lease liabilities

	Inflation adjusted 2021 ZWL	Inflation adjusted 2020 ZWL	Historical 2021 ZWL	Historical 2020 ZWL
Opening balance	2,447,372	809,505	1,520,107	321,232
New leases entered	-	-	-	-
Adjustments for reassessments	2,874,946	2,115,903	2,263,737	1,314,226
Repayments of capital	**(493,096)**	**(185,715)**	**(386,704)**	**(115,351)**
Interest accrued	1,848,368	1,001,434	1,456,968	622,009
Payments made	(2,341,464)	(1,187,150)	(1,843,672)	(737,360)
Effects of IAS 29	(1,432,082)	(292,321)		
	3,397,140	**2,447,372**	**3,397,140**	**1,520,107**
Current liabilities	388,768	946,699	388,768	588,012
Non-current liabilities	3,008,372	1,500,672	3,008,372	932,095
	3,397,140	**2,447,372**	**3,397,140**	**1,520,107**

The maturity analysis of lease liabilities is as follows:

	Inflation adjusted 2021 ZWL	Inflation adjusted 2020 ZWL	Historical 2021 ZWL	Historical 2020 ZWL
Within one year	1,843,672	1,187,150	1,843,672	737,360
Two to five years	5,531,017	3,561,449	5,531,017	2,212,080
	7,374,689	**4,748,599**	**7,374,689**	**2,949,440**
Less finance charges component	(3,977,549)	(2,301,227)	(3,977,549)	(1,429,334)
	3,397,140	**2,447,372**	**3,397,140**	**1,520,107**

Figures in Zimbabwean Dollars

7 Intangible assets

Computer Software (SAP)	Inflation Adjusted 2021 ZWL	Inflation Adjusted 2020 ZWL	Historical 2021 ZWL	Historical 2020 ZWL
Carrying amount	17,402,032	13,410,969	3,330,990	1,844,700
Cost	17,402,032	13,410,969	3,330,990	1,844,700
Accumulated amortisation	-	-	-	-
Additions	-	3,991,063	-	2,478,921
Revaluation	50,847,968	-	64,919,010	(992,631)
Amortisation	-	-	-	-
Carrying amount	68,250,000	17,402,032	68,250,000	3,330,990
Cost	68,250,000	17,402,032	68,250,000	3,330,990
Accumulated amortisation	-	-	-	-

8 Inventories

Stationery	-	2,491,253	-	423,012
Fuel coupons	374,765	723,516	295,090	434,414
	374,765	**3,214,769**	**295,090**	**857,427**

9 Loans to executive directors, managers and employees

Schedule of loans to executive directors, managers and employees

Staff loans	62,809,341	4,371,841	62,809,341	2,719,868
At beginning of the year	2,719,868	421,327	2,719,868	262,122
Advances	71,352,114	5,304,320	71,352,114	3,299,995
Repayments	(11,262,641)	(1,353,806)	(11,262,641)	(842,248)
	62,809,341	**4,371,841**	**62,809,341**	**2,719,868**

10 Accounts receivable

Financial instruments:

Trade receivables	7,380,104	12,241,293	7,380,104	7,615,717
Loss allowance	(2,509,645)	(1,332,996)	(2,509,645)	(829,301)
Total trade receivables at amortised cost	**4,870,459**	**10,908,297**	**4,870,459**	**6,786,416**

11 Prepayments

Non-financial instruments:

Prepayments	6,526,456	22,130,636	6,526,456	13,768,208
	6,526,456	**22,130,636**	**6,526,456**	**13,768,208**

Figures in Zimbabwean Dollars	Inflation adjusted		Historical cost	
	2020 ZWL	2020 ZWL	2020 ZWL	2020 ZWL
12 Investments at fair value				
Investments held by the commission which are measured at fair value, are as follows:				
Mandatorily at fair value through profit or loss:				
Listed shares	485,346,146	56,231,028	485,346,146	34,983,199
Split between non-current and current portions				
Non-current assets	485,346,146	56,231,028	485,346,146	34,983,199
The commission holds investments in listed shares at the Zimbabwe Stock exchange				
13 Cash and cash equivalents				
Cash and cash equivalents consist of:				
Bank balances	92,424,374	281,184,810	92,424,374	174,934,455
Cash on hand	1,237,275	-	1,237,275	-
Short-term deposits	99,360,678	26,589,388	99,360,678	16,542,146
	193,022,327	**307,774,198**	**193,022,327**	**191,476,601**
14 Accounts payables				
Financial instruments:				
Trade payables	10,926,006	2,325,784	10,926,006	1,446,948
Other payables	13,960	1,321,086	13,960	821,892
Statutory obligations	17,490,615	2,997,297	17,490,615	1,864,719
Pensioner's compensation liability MOFD	34,174,538	-	34,174,538	-
Accrued salaries	6,747,499	79,822	6,747,499	49,660
Accrued interest payable	-	19,363	-	12,046
Non-financial instruments:				
Unallocated deposits	10,552,464	2,229,656	10,552,464	1,387,143
	79,905,082	**8,973,007**	**79,905,082**	**5,582,407**
Financial instrument and non-financial instrument components of trade and other payables				
At amortised cost	69,352,618	6,743,351	69,352,618	4,195,264
Non-financial instruments	10,552,464	2,229,656	10,552,464	1,387,143
	79,905,082	**8,973,007**	**79,905,082**	**5,582,407**
15 Provisions				
Provision for leave pay	11,845,860	7,537,963	11,845,860	4,689,618
	11,845,860	**7,537,963**	**11,845,860**	**4,689,618**
16 Deffered income				
Opening Balance	123,200,000	-	123,200,000	-
Additions	-	198,028,276	-	123,200,000
Utilisation	(66,210,660)	-	(66,210,660)	-
Closing balance	**56,989,340**	**198,028,276**	**56,989,340**	**123,200,000**

Figures in Zimbabwean Dollars	Inflation adjusted		Historical cost	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
17 Revenue				
Revenue from contracts with customers				
Levies	714,225,685	419,144,995	562,985,342	147,487,965
Registration fees	2,251,836	1,487,296	1,775,000	711,830
Application fees	84,999	290,007	67,000	76,900
Annual fees	19,173,776	22,364,137	15,113,647	4,577,800
Externalisation fees	51,704,452	51,804,426	40,755,813	24,759,007
	787,440,747	**495,090,861**	**620,696,801**	**177,613,503**
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	714,225,685	419,144,995	562,985,342	147,487,965
Registration fees	2,251,836	1,487,296	1,775,000	711,830
Application fees	84,999	290,007	67,000	76,900
Annual fees	19,173,776	22,364,137	15,113,647	4,577,800
Externalisation fees	51,704,452	51,804,426	40,755,813	24,759,007
	787,440,747	**495,090,861**	**620,696,801**	**177,613,503**
18 Other operating income				
Fines and penalties	2,428,304	4,810,147	1,914,100	2,783,066
Tender bonds	-	2,572	-	1,600
Bank interest	109,554	76,756	86,355	27,774
Interest on staff loans	1,499,019	76,574	1,181,595	27,817
Miscellaneous income	2,252,760	1,854,988	1,775,729	698,907
	6,289,637	**6,821,037**	**4,957,779**	**3,539,163**
19 Other operating gains (losses)				
Losses on disposals of assets				
Property and equipment	(1,736,791)	(505,525)	(1,369,018)	(172,804)
Fair value gains				
Fair value gains	280,899,852	26,098,308	221,418,107	16,219,244
Foreign exchange gains				
Net foreign exchange gains	53,225,507	46,772,046	41,954,778	20,553,239
Total other operating gains	332,388,568	72,364,830	262,003,867	36,599,679
20 Employee costs				
Employee costs				
Basic	219,411,987	79,574,166	166,869,466	35,309,460
Medical aid	12,254,072	11,320,790	9,659,220	4,959,359
NSSA	2,166,388	816,444	1,707,646	343,789
Zimdef	2,457,302	1,089,254	1,936,958	440,577
Pension	11,826,500	5,390,162	9,322,188	1,972,480
Recruitment costs	1,676,574	973,451	1,321,552	367,310

Figures in Zimbabwe Dollar	Inflation adjusted		Historical cost	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
21 Depreciation and amortisation				
Depreciation				
Property and equipment	24,486,784	11,461,134	14,934,163	6,369,025
Right-of-use assets	1,229,659	483,375	783,222	300,233
	25,716,443	**11,944,510**	**15,717,386**	**6,669,258**
22 Investment income				
Interest income				
Investments in financial assets:				
Bank and money market instruments	28,231,391	7,186,914	22,253,274	3,210,688
Total interest income	**28,231,391**	**7,186,914**	**22,253,274**	**3,210,688**
Dividends received	6,049,255	217,229	4,768,299	135,119
Profit or loss on stock	144,140,042	5,165,843	113,617,772	2,622,308
Total investment income	**178,420,689**	**12,569,987**	**140,639,345**	**5,968,115**
23 Finance costs				
Interest expense on leasing arrangements	1,848,368	1,001,434	1,456,968	622,009
24 Cash (used in)/generated from operations				
Surplus before taxation Adjustments for:	**647,558,799**	**327,812,828**	**673,731,653**	**121,998,788**
Depreciation and amortisation	25,716,443	11,944,510	15,717,386	6,669,258
Losses on disposals of assets	1,736,791	505,525	1,369,018	172,804
Gains on foreign exchange	(53,225,507)	(46,772,046)	(41,954,778)	(20,553,239)
Interest income	(28,231,391)	(7,186,914)	(22,253,274)	(3,210,688)
Finance costs	1,848,368	1,001,434	1,456,968	622,009
Fair value gains	(280,899,852)	(26,098,308)	(221,418,107)	(16,219,244)
Profit or loss on stock	(178,379,902)	(2,622,308)	(113,617,772)	(2,622,308)
Deferred income movement	103,950,736	-	66,210,660	-
Other non-cash items	(28,263,651)	(295,982,324)	(78,462,061)	1,295,613
Changes in working capital:				
Inventory	2,840,004	(999,072)	562,336	(620,542)
Accounts receivable	(6,037,837)	(2,807,602)	(1,915,956)	(1,743,852)
Prepayments	(15,604,181)	(10,745,279)	(7,241,752)	(6,674,087)
Loans to directors, managers and employees	(58,437,499)	(3,956,972)	(60,089,472)	(2,457,746)
Accounts payable	74,682,041	4,328,574	74,322,675	2,688,555
Provisions	4,307,897	7,550,286	7,156,242	4,689,618
	213,561,260	**(44,027,670)**	**293,573,767**	**84,034,941**

Figures in Zimbabwe Dollar	Note(s)	Inflation adjusted		Historical cost	
		2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
25 Operating expenses					
Advertising and public communications		(3,301,566)	(2,436,445)	(2,602,445)	(972,442)
Anti - Money laundering		-	(108,247)	-	(22,080)
Auditors remuneration - external auditors		(577,220)	(421,929)	(454,991)	(262,496)
Increase in allowances for credit losses		(1,176,649)	(1,140,810)	(1,680,343)	(709,736)
Bank charges		(2,777,046)	(1,356,603)	(2,188,994)	(517,666)
Board fees and expenses		(6,449,584)	(3,416,390)	(5,083,857)	(1,708,374)
Cleaning		(749,731)	(642,830)	(590,972)	(223,282)
Commission of Inquiry on Conversion		-	(3,880,358)	-	(2,321,250)
Conferences		(5,070,557)	(2,325,686)	(3,996,845)	(798,125)
Consultancy fees		(2,865,892)	(7,823,914)	(2,259,027)	(4,129,926)
Consumer awareness		(21,637,340)	(8,420,632)	(17,055,541)	(3,999,503)
Corporate social responsibility		(1,634,762)	(1,731,723)	(1,288,595)	(649,746)
Covid expenses		(12,872,096)	(11,134,387)	(10,146,374)	(4,878,680)
Depreciation and amortisation		(24,486,784)	(11,944,510)	(15,717,386)	(6,669,258)
Employee costs		(263,777,566)	(105,158,219)	(201,840,444)	(45,873,879)
Insurance		(4,814,114)	(2,316,674)	(3,794,705)	(1,079,145)
IT expenses		(14,981,194)	(5,809,287)	(11,808,862)	(2,587,286)
Intermediary tax		(10,380,888)	(3,496,874)	(8,182,691)	(1,729,724)
Lease rentals on operating lease		(2,648,689)	(2,467,877)	(2,087,818)	(731,680)
Legal fees		(1,526,513)	(604,205)	(1,203,267)	(307,705)
Licensing operating		(6,152,936)	(823,789)	(4,850,025)	(336,587)
Motor vehicle expenses		(7,389,259)	(8,079,775)	(5,824,552)	(3,519,660)
Municipal expenses		(1,451,611)	(1,698,577)	(1,144,226)	(662,349)
Parking fees		(190,829)	(11,428)	(150,420)	(4,410)
Postage		(178,272)	(8,304)	(140,522)	(3,065)
Printing and stationery		(6,271,677)	(4,617,362)	(4,943,623)	(1,923,850)
Repairs and maintenance		(6,230,313)	(3,615,534)	(4,911,018)	(1,146,427)
Inspection costs		(698,864)	(414,601)	(550,877)	(75,020)
Security		(11,941,481)	(3,057,756)	(9,412,820)	(1,328,168)
Staff welfare		(19,843,498)	(14,776,770)	(15,641,552)	(6,636,097)
Subscriptions		(5,051,148)	(3,141,611)	(3,981,546)	(724,414)
Telephone and fax		(2,164,844)	(2,168,339)	(1,706,429)	(999,687)
Training		(9,982,172)	(8,044,706)	(7,868,404)	(3,567,946)
		(459,275,094)	**(227,096,152)**	**(353,109,171)**	**(101,099,662)**

Figures in Zimbabwe Dollar	Inflation adjusted		Historical cost	
	2021	2020	2021	2020

26 Related parties

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

Related party transactions

	2021	2020	2021	2020
Board fees and expenses	6,449,584	3,416,390	3,081,452	1,708,374

27 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.

	2021	2020	2021	2020
Lease liabilities	3,397,140	2,447,372	3,397,140	1,520,107
Accounts payables	79,905,082	8,973,007	79,905,082	5,582,407
Total liabilities	83,302,222	11,420,379	83,302,222	7,102,514
Cash and cash equivalents	(193,022,327)	(307,774,198)	(193,022,327)	(191,476,601)
Net debt	(109,720,105)	(296,353,819)	(109,720,105)	(184,374,087)
Equity	1,290,874,134	560,344,698	1,289,189,488	221,302,948
Gearing ratio	(11.77)	(1.89)	(11.75)	(1.20)

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.

Financial risk management

Credit risk is the risk of financial loss to the Commission if a customer or counterparty to a financial instrument fails to

28 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.

29 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

Level 1

Recurring fair value measurements

		Inflation adjusted		**Historical cost**	
Assets	Note(s)				
Financial assets mandatorily at fair value through profit or loss	12				
Listed shares		485,346,146	56,231,028	485,346,146	34,983,199
Total		485,346,146	56,231,028	485,346,146	34,983,199

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 4th Annual General Meeting of the Insurance and Pensions Commission (IPEC) will be held on **Wednesday, 6 July 2022** at 1000 hours, Rainbow Towers, Harare, for the purposes 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 2021 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 2021 and update on operations.
6. To receive, consider and adopt the Financial Statements of the Commission, for the year-ended 31 December 2021.
7. To approve the Auditor's remuneration for the 2021 financial year.
8. To approve the remuneration of Directors for the 2021 financial year.
9. To appoint auditors for the Commission until the next annual general meeting.

By Order of the Board

Samantha Nhende
Company Secretary

6 June 2022

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PROTECTING THE INTERESTS OF INSURANCE AND PENSION CONSUMERS

2021 IPEC ANNUAL REPORT

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