



30 September 2019

Circular 13 of 2019

TO: Insurance Council of Zimbabwe (ICZ)
Life Offices Association of Zimbabwe (LOA)
Zimbabwe Association of Reinsurance Offices (ZARO)
Zimbabwe Association of Funeral Assurers (ZAFA)
Insurance Brokers Association of Zimbabwe (IBAZ)

AUTHORITY TO OFFER SELECTED INSURANCE POLICIES IN FOREIGN CURRENCY

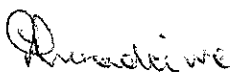
Reference is made to our letter dated 28 June 2019, which directed the Insurance and Pensions Industry to stop writing foreign currency-denominated business, following the gazetting of Statutory Instrument (S.I) 142 of 2019.

After consultations with the Reserve Bank of Zimbabwe and the Ministry of Finance and Economic Development, the Commission hereby gives the following guidance:

1. All new insurance policies for local assets whose risk is assumed locally, should be done in local currency in line with the provisions of the Reserve Bank of Zimbabwe (Legal Tender) Regulations, Statutory Instrument 142 of 2019.
2. Existing foreign currency-denominated policies shall run to their natural expiry. Policies that had lapsed as a result of S.I 142 and our letter of 28 June 2019 must be reinstated without prejudice to the policyholders upon payment of arrears. Insurers should, however, provide options for the policyholders to pay premiums for running policies using free funds or in local currency so that the policies do not lapse. No premiums shall be funded from the interbank market.

3. The Insurance industry can provide insurance policies in foreign currency for International travel insurance, motor insurance for vehicles in transit, customs bond insurance, bank cash in transit and safari operators' insurance.
4. Transfer of foreign currency-denominated insurance premiums that were in the insurance value chain's pipeline should be done through normal banking channels.
5. Outstanding foreign currency-denominated claims should be processed in the respective currency as per contract through the banking system.
6. Insurance and reinsurance companies can receive premiums and retrocessions in foreign currency from external clients into their Special Nostro (Transitory) FCAs.
7. Applications for externalisation of risks shall be guided by Section 72 of the Insurance Act [Chapter 24:07], and Circular 15 of 2017 issued by IPEC.
8. Further to IPEC's approval for externalisation of foreign currency-denominated risks, the Exchange Control approval will be done on a case by case basis upon submission of applications for the operation of Special Nostro (Transitory) FCA through the applicant's respective Authorised Dealers.

Please be guided accordingly.



G. Muradzikwa

COMMISSIONER OF INSURANCE, PENSION AND PROVIDENT FUNDS