INSURANCE AND PENSIONS COMMISSION

Annual Report

2023

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About **the Insurance and Pensions Commission**

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 to protect the interests of policyholders and pension scheme members.

The Commission reports to the Ministry of Finance, Economic Development, and Investment Promotion.

OUR VISION

To be 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 CORE VALUES

Values are critical in guiding behaviours, and these are defined to ensure a common understanding. The following are the IPEC values and their supporting definitions:

1

Professional

We are reliable in setting our own high standards.

2

Accountability

We are answerable in terms of ethics and governance.

3

Fairnes

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

4

Integrity

We apply agreed policies equally to all, maintain the highest of personal, professional and ethical conduct.

5

Excellence

We strive to exceed expectations by upholding the utmost quality standards and provide assurance on decision-making.

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
Names of External Auditors:	Integra Chartered Accountants
Lawyers:	Messrs Muvingi & Mugadza Messrs Kantor & Immerman Messrs Dube Manikai & Hwacha Messrs Gill Godlonton and Gerrans
Banks:	FBC Bank and CBZ Bank

31 March 2024

Honourable Prof. M. Ncube
Minister of Finance, Economic Development and Investment Promotion
Mgandane Dlodlo Building, 6th Floor, B. Block,
Cnr. Samora Machel Avenue/Simon Muzenda Street,
Harare

Dear Honourable Minister

INSURANCE AND PENSIONS COMMISSION ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

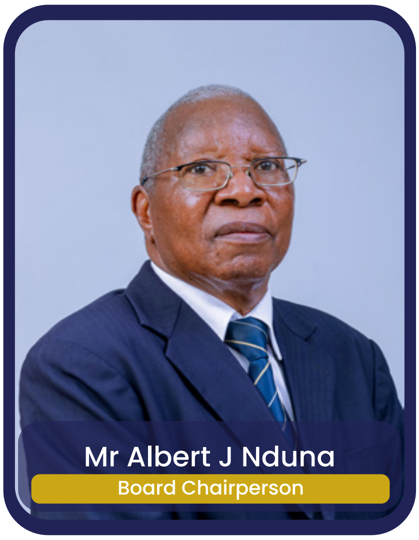
In accordance with Section 49 (1)(d) of the Public Finance Management Act, [Chapter 22;19], I have the pleasure of presenting to you the IPEC Annual Report and financial statements for the year ended 31 December 2023.

Yours faithfully,

A. J. Nduna
Board Chairperson, INSURANCE AND PENSIONS COMMISSION

Protecting the Interests of Insurance and Pension Consumers
www.ipec.co.zw
About IPEC
The Insurance and Pension Commission (IPEC) is a statutory body established in the terms of the Insurance and Pension Commission Act [Chapter 24:21] to regulate the insurance and pensions industry with the objective of developing the industry for the protection of insurance policy holders and pension fund members' interests.
IPEC regulates short and long term insurance, Private Occupational Schemes, and the Individual Pensions Policy.
More About Us
Contact Us
Online Services
The Ultimate Online Services
Staff Login
We're dedicated to establishing an environment at work where everyone feels
Get In Touch

THE BOARD OF DIRECTORS



Mr Albert J Nduna
Board Chairperson

Mrs A Mashingaidze
Board Vice Chairperson
01 Jan 2023 - 23 Jun 2023

Mr G Nyengedza
Board Member

Mrs J Rusike
Board Member - 01 Jan - 31 Aug 2023
Board Vice Chairperson - 01 Sept - to - date

Mr D Mureriwa
Board Member

Mr C Muzondo
Committee Member - 01 Jan - 23 Jun 2023
Board Member - 24 Jun 2023 - to - date

Mrs D Shinya
Committee Member

Dr Grace Muradzikwa
Commissioner and Ex-Officio
Board Member

MANAGEMENT


Dr Grace Muradzikwa
COMMISSIONER


Mr Blessmore Kazengura
Director Finance & Administration

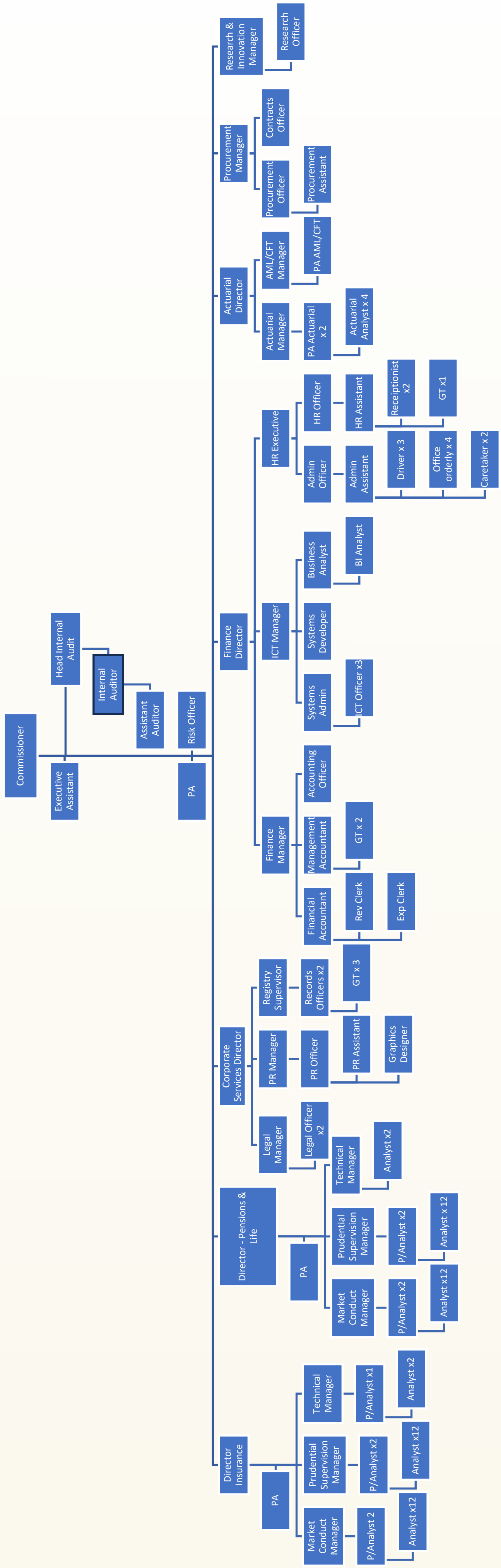

Mr Cuthbert. T. Munjoma
Director Pensions and Life


Mrs Sibongile Siwela
Director Insurance


Mr Robson Mtangadura
Director Actuarial & AML/CFT


Samantha Nhende
Director Corporate Services

IPEC ORGANOGRAM



CHAIRPERSON'S STATEMENT

I am delighted to present to you the Insurance and Pensions Commission (IPEC)'s Annual Report and audited financial statements for the financial year- ended 31 December 2023.

Overview of the Operating Environment

The year 2023 was marked by a myriad of socio-economic challenges ranging from weakening commodity prices, geopolitical tensions, climate change as well as high inflationary pressures.

In response to rising inflation, the year under review saw the unprecedented tightening of global monetary conditions, which slowed down global economic growth, estimated at about 3% in 2023 and lower than previously projected. Sub-Saharan Africa's growth is estimated to have fallen to 3.3% from 4% in 2022.

On the domestic front, the economy is estimated to have grown by 5.5% in 2023 due to an expansion in agriculture, mining, and remittance-induced services growth. In terms of industry contribution to Gross Domestic Product, financial and insurance activities accounted for about 9%, trailing wholesale & retail trade, which contributed about 18%, mining and quarrying 14%, agriculture just below 11% and manufacturing just above 9%. The economic growth was weighed down by heightened inflation and local currency depreciation. The macroeconomic volatility in 2023 posed a serious risk to the insurance and pensions industry and further dented confidence in the sector. Inflation and exchange rate depreciation continued to erode the values of pension benefits, notwithstanding efforts by the Commission to ensure that pension benefits paid were matched in line with asset performance.

As the regulator, we remain committed to providing guidance, oversight, and support to the insurance and pensions industry in navigating the complex operating environment. We will continue to work closely with the industry to ensure compliance with regulatory requirements, promote market stability, and safeguard the interests of policyholders, pension scheme members, and the rest of the stakeholders.

Strategy Implementation

The financial year 2023 was a good one for the Commission as it continued to execute its mandate, guided by the need to protect the interests of policyholders and pension scheme members.

The Commission's 2023 Business Plan was informed by Strategic Plan (2021- 2025), which is aligned with the National Development Strategy 1: 2021-2025 (NDS1). The insurance and pensions industry directly contributes to the Economic Growth and Stability Pillar and is a contributing partner in the infrastructure and utilities cluster of NDS1. The Commission met most of its targets as outlined in the departmental performance reports section in this annual report. Major achievements during the year under review included the gazetting of the pre-2009 compensation regulations and the launch of Zimbabwe-Specific Mortality Tables. It utilised various tools to enforce regulatory compliance such as the issuance of corrective orders and directives.

Resource Mobilisation

In line with its mandate of mobilising resources for projects of national importance, the Commission appraised 18 projects, which were accorded prescribed asset status by the Minister of Finance, Economic Development and Investment Promotion valued at US$587 million and ZW$8.5 billion.

Most of the projects were skewed towards agriculture and infrastructure development. The Commission continued to engage with the industry to increase investments in projects that are conferred prescribed asset status. These projects present an opportunity for the industry to diversify its portfolio and complying with the regulatory requirements. Some of the notable projects invested in 2023 are: the Marondera Shopping Mall funded by the Zimbabwe Electricity Industry Pension Fund –and student accommodation at Chinhoyi University of Technology sponsored by the Mining Industry Pension Fund.

Commission of Inquiry Recommendations (COI)

One of the key recommendations of the Justice Smith-led Commission of Inquiry into the conversion of insurance policies and pension schemes from the Zimbabwe dollar to the United States is the need for compensation to policyholders and pension scheme members. The delay in finalising the matter has been a pain point not only for pension scheme members and policyholders but for the Commission too.

The good news is that the Pension and Provident Funds (2009 Compensation) Regulations Statutory Instrument, was finally gazetted in September 2023, paving way for the compensation process to start. The Board is elated with this development as it will go a long way in restoring confidence in insurance and pensions.

Having evaluated the industry's capital structure, the Board believes that **"the industry has reasonable capacity to make good and compensate policyholders and pension fund members for loss of value"** as per the Commission of Inquiry's recommendation. Once legacy issues are resolved, efforts towards market development and innovation will be ramped up to promote sustainability and vibrancy in the sector. Regrettably, the gazetting of the pre-2009 insurance compensation regulations was still outstanding as at 31 December and the Commission is hopeful that the Statutory Instrument will be gazetted in 2024.

Legal reforms

Delays in the passage of the Insurance and Pensions Commission and the Insurance Bills into law militated against efforts by the Commission to strengthen the regulatory and legislative framework as recommended by the Commission of Inquiry. The other legislations - the Pension and Provident Funds Regulations, the Zimbabwe Integrated Capital and Risk Programme (ZICARP) Regulations, and the US$-indexed minimum capital requirements were at various stages in the legislative process as at 31 December 2023.

Institutional reforms

To enhance good corporate governance within regulated institutions, the Commission issued frameworks and guidelines as well as monitoring and enforcement of expenses thresholds. The asset separation exercise was concluded in 2022 for all life companies except for First Mutual Life, which was issued with a corrective order after the conclusion of the forensic investigation on the entity.

The Commission also improved its regulatory framework following the completion of the FML forensic investigation and has noted key learnings from the forensic audit that it is using to further strengthen the regulation and supervision of such a sophisticated industry for the protection of pension scheme members and policyholders.

Emerging Regulatory Trends

The regulatory landscape is evolving to support the growth and stability of the insurance and pensions industry while protecting consumers and aligning with international best practices. During the period under review, the Commission leveraged its membership with international standard-setting bodies such as the International Organisation of Pension Supervisors (IOPS) and the International Association of Insurance Supervisors (IAIS) to learn more about emerging regulatory issues such as Artificial intelligence and Environmental, Social, and Governance (ESG) factors into oversight of the insurance and pensions industry. The Commission continued to spearhead financial inclusion to expand access to insurance and pensions for low-income populations and non-standard workers. To this end, the Commission developed and issued the Micropensions Framework in 2023, to provide requirements for the registration and operation of micropensions or provident funds.

In line with the contemporary regulatory standards where countries are moving towards risk-based capital models that require insurers to hold capital based on the risks they underwrite, the ZICARP became effective on 01 January 2023. The Commission will be enforcing compliance with the reporting requirements.

Regarding IFRS 17 implementation, Zimbabwe was one of the few African countries to adopt the International Accounting Standard Board (IASB) effective 01 January 2023. This was communicated by the Public Accountants and Auditors Board (PAAB), which is the board that oversees accounting standards implementation in Zimbabwe. The Commission will be enforcing compliance with this accounting standard.

Governance

The Commission's Board, which comprised five (5) Board members and two (2) Committee members in 2023, has operational independence. The Board reviewed the Board Charter and the Code of Ethics to ensure that they were alive to the emerging regulatory risks. The Commission is generally compliant with statutory requirements. It held its bi-annual statutory meetings with the line minister for guidance to ensure that the oversight remains aligned with the mandate.

Financial Performance of the Commission

The Commission adopted the International Standards on Public Sector Reporting (IPSAS). IPEC's total restated revenue for the year ended 31 December 2023, amounted to ZW$ 62.35 billion, which was a 193% increase from 2022 revenue of ZW$ 21.3 billion.

Total expenditure for the period under review was ZW$ 48.3 billion compared to ZW$ 15.7 billion in 2022. The Commission recorded a surplus of ZW$ 13.25 billion compared to ZW$ 461 million surplus in 2022.

The table below summarises the Commission's financial performance in 2023:

	INFLATION ADJUSTED FIGURES (ZW$)		
Description	**2023**	**2022**	**Growth (%)**
Revenue	62 353 278 314	21 302 699 362	**193**
Other Unrealised Gains	8 973 457 136	5 416 006 876	**66**
Total Expenditure	(48 357 701 008)	(15 756 673 753)	**-207**
Net Monetary Loss	(9 712 276 257)	(13 317 478 421)	**27**
Revaluation	-	2 816 487 456	
Surplus	**13 256 758 185**	**461 041 520**	**2775**
Non-current assets	25 015 202 776	18 593 767 837	**35**
Current assets	7 281 561 533	5 475 570 473	**33**
Total Assets	**32 296 764 309**	**24 069 338 310**	**34**
Equity	28 549 605 589	21 956 061 117	**-30**
Liabilities	3 747 158 721	2 113 277 193	**-77**
Total Equity and Liabilities	**32 296 764 310**	**24 069 338 310**	**-34**
	HISTORICAL FIGURES (ZW$)		
Description	**2023**	**2022**	**Growth (%)**
Revenue	41 237 971 440	2 292 794 050	**1699**
Other Unrealised Gains	2 210 830 684	771 954 193	**186**
Total Expenditure	(29 789 816 313)	(2 415 388 200)	**-1,133**
Revaluation	-	2 011 141 701	**-**
Surplus	**13 658 985 812**	**2 660 501 744**	**413**
Non-current assets	12 475 399 730	3 703 003 278	**237**
Current assets	7 281 561 533	1 130 090 618	**544**
Total Assets	**19 756 961 263**	**4 833 093 896**	**309**
Equity	15 940 888 072	4 393 320 205	**-263**
Liabilities	3 816 073 191	439 773 691	**-768**
Total Equity and Liabilities	**19 756 961 263**	**4 833 093 896**	**-309**

Annual General Meeting

The Commission held its fifth Annual General Meeting (AGM) on 30 June 2023. The meeting was well attended by stakeholders among them, the line ministry -Ministry of Finance, Economic Development and Investment Promotion, the Parliamentary Portfolio Committee on Budget, Finance, and Investment Promotion, Office of the President and Cabinet, the Auditor-General's Office, the State Enterprises and Restructuring Agency, External Auditors and other regulatory bodies. During the AGM, the 2022 Audited Financial Statements and Annual Report were adopted.

Looking Ahead

The economy is projected to grow by 3.5% in 2024, weaker than the 5.5% registered in 2023, mainly attributable to the impact of the El Nino-induced drought on the economy, depressed commodity prices and geopolitical tensions in East Europe. On the bright side, the elevation of climatic risk also presents an opportunity for the industry to carve a niche market in agricultural insurance. Notwithstanding these challenges, the Commission will continue implementing its strategy and protecting policyholders and pension scheme members' interests.

Appreciation

On behalf of the Board, I would like to thank our line ministry - the Ministry of Finance, Economic Development and Investment Promotion, the Office of the President and Cabinet, the Parliamentary Portfolio Committee on Budget, Finance and Investment Promotion, the Attorney General's Office, and the Auditor General's Office for their unwavering support and guidance to the Commission.

I would also like to thank my fellow IPEC Board members, the Commissioner, Management and Staff, and industry executives for their support during the year 2023.

Mr Albert J Nduna

BOARD CHAIRPERSON

COMMISSIONER'S FOREWORD

I have the honour to present the Annual Report on the performance of the Insurance and Pensions Commission (IPEC) for the financial year 2023.

The year under review was associated with growth and continuous progress as the Commission worked hard to achieve its strategic objectives in line with its mandate.

The Business Plan theme for 2023 was '**Back to Basics Reloaded'**, as the Commission proactively focused on the critical enablers that make a difference in the lives of key stakeholders such as pension scheme members and policyholders. To achieve this, the Commission deployed its resources to achieve four strategic outcomes outlined below: -

- Improved Organisational Performance and Image;
- Improved Pension and Insurance Benefits;
- Increased Industry Compliance and Soundness; and
- Increased Industry Growth.

Some high-level highlights of the Commission's performance on each of the four outcomes, are outlined below:

Improved Organisational Performance and Image

The year review under review was characterised by increased staff and critical skills retention as a result of strategic initiatives implemented by the Commission. The Commission will continue to be proactive and agile in implementing strategies that attract and retain the critical skills necessary to effectively supervise and regulate a complex industry.

As part of continuous professional development, the Commission staff acquired relevant qualifications and participated in various capacity-building trainings, which are expected to enhance organisational performance.

Following the purchase of new offices in the Central Business District in Harare in 2022, the year under review saw the first phase of the renovations being completed. As a result, about 70% of the staff are now based at the new offices. The second phase of renovations is expected to be completed in the 2024 financial year, paving way for the whole team to be housed under one roof for easier coordination.

The Commission continued to leverage its presence in regional committees, international standard-setting bodies, and other supervisory authorities. The flagship highlight was the Commission successfully hosting the International Organisation of Pension Supervisors' Annual Meetings in Victoria Falls in October. The meeting was attended by representatives from 43 countries drawn from Africa, Asia, Europe, North and Latin America, and Australia. The Commission also hosted the African Insurance Regulators Retreat in Harare in September, which enhanced the Commission's visibility.

IPEC representatives are also serving on regional and international standard setting bodies. During the period under review, the Commissioner was elected Vice Chairperson of the SADC Governance Council of the Committee of Insurance, Securities, and Non-Banking Financial Authorities (CISNA) and also served as member of the Budget Committee for the International Association of Insurance Supervisors (IAIS). The Director Pensions and Life was elected vice chairperson of the Insurance, Retirement Funds, Medical Aid Schemes and Intermediaries sub-committee of CISNA.

The Commission also enhanced its visibility through media publicity, exhibitions, corporate social responsibility, and outdoor advertising.

Improved Insurance and Pension Benefits

One of the key outcomes for the Commission during the period under review was to ensure that policyholders and pension scheme members are paid benefits that are due to them in line with asset performance. To achieve this outcome, the Commission implemented a gamut of initiatives including the issuance of directives, circulars and enforcing compliance with the rules and regulations. The objectives are to ensure that policyholders and pension scheme members are fairly treated and paid benefits that meet their reasonable expectations.

The major milestone under this outcome was the gazetting of S.I. 162 of 2023 Pensions and Provident Funds (Compensation for Loss Pre-2009 Value of Pension Benefits). This paved the way for the compensation of pension scheme members whose benefits lost value during the conversion of pension schemes from the Zimbabwe dollar to the United States dollar in 2009. It was a collaborative effort with various stakeholders in drafting the regulations and the Commission is indebted to all those who participated in this exercise.

The Commission will continue to work with relevant stakeholders under the auspices of the Multidisciplinary Financial Stability Committee to ensure that there is macroeconomic stability, which is key for value preservation.

Increased Industry Compliance and Soundness

In line with its statutory mandate of monitoring and enforcing compliance with rules and regulations, the Commission leveraged various compliance touchpoints during the year under review to enforce compliance including the issuance of corrective orders and imposing penalties against non-compliant entities.

The average compliance level with the minimum capital requirements (MCR) for the insurance sector was 93% as at 31 December 2023 in ZW$ terms. However, given the exchange rate losses experienced during the year under review, the Commission recommended the adoption of USD-linked MCR whose gazetting was pending by 31 December 2023. The MCR requirements would also form part of the absolute minimum capital requirements (AMCR) under the Zimbabwe Integrated Capital and& Risk Programme (ZICARP).

While the risk-based solvency regime under ZICARP became effective from 01 January 2023, the Commission used both the risk-based solvency regime and principles-based solvency regime as a transitional mechanism. During the year under review, the Commission conducted dry runs to test the industry's preparedness for the new solvency regime, and the outcome is encouraging.

Compliance with Prescribed Assets status by regulated entities remained below statutory targets although there was improvement during the year. The Commission will continue to engage and enforce compliance with the statutory requirement.

One other significant achievement under this outcome was the gazetting of Statutory Instrument (S.1.) 81 of 2023, 'No Premium No Cover' which plays a crucial role in safeguarding insurers' financial solvency and their ability to meet obligations to policyholders. The policy was introduced in response to the prevalent issue of high premium debtors within the short-term sector.

The launch of Zimbabwe-specific mortality tables was also a key milestone during the year under review. The roadmap to the launch of the tables was a collaborative effort amongst key stakeholders including the regulator, regulated entities, and other key partners to whom the Commission is truly indebted. In this regard, the Commission directed the industry to carry out an impact assessment of the new tables on insurance and pension products pricing and reserving in 2023. The results will inform the adoption roadmap for the new tables in 2024.

The Commission is pleased that the Insurance Council of Zimbabwe launched the Zimbabwe Insurance Crimes Bureau in line with Justice Smith-led Commission's recommendations. This is also aligned with the Insurance Core Principles for regulators ICP 21, which requires the setting up of measures to deter, prevent, detect, report and remedy fraud in insurance.
Increased Industry Growth

One of our key mandates as the regulator is to foster industry growth by creating an environment conducive to innovation, stability, and consumer confidence. Under this outcome, the Commission implemented various market development initiatives anchored on financial inclusion and these included participation in the Innovation Lab supported by Access to Insurance Initiative, BimaLab (Insurtech Lab) sponsored by FSD Africa, agricultural index insurance spearheaded by the International Finance Corporation. The three projects' main objective was to come up with insurance solutions to climate-related risks.

The Commission also issued the micropensions framework, licensed new entities, and approved new insurance and pension products, which are all key to the development of the insurance and pensions industry.

Outlook

The year 2024 is about leveraging and consolidating the gains recorded during the first three years of the strategy. The Commission believes that efforts by the government, the multidisciplinary financial stability committee, and other key stakeholders to stablise the economy will bear fruits, leading to the restoration of confidence in insurance and pensions. The Commission also expects the industry to ramp up innovation in the development of appropriate products, which meet the needs of the previously excluded. Environmental, Social, and Governance (ESG) factors are poised to become increasingly important in regulatory considerations in the near future. Consequently, the Commission anticipates that the industry will begin incorporating ESG factors into their strategies.

Appreciation

As we reflect on the remarkable achievements of the past year, the Commission expresses gratitude to the Ministry of Finance, Economic Development, and Investment Promotion, the Corporate Governance Unit, the Attorney General's Office, the Parliament of Zimbabwe, regulated entities, pension fund members, and policyholders, as well as fellow financial sector regulators and development partners for their unwavering support during the review period.

I also extend my appreciation to the Board for its stewardship, wisdom, guidance, and support. Additionally, I would like to thank the IPEC Management and Staff for their hard work and commitment to duty, which has resulted in significant progress in achieving the Commission's mandate.

Grace Muradzikwa

COMMISSIONER OF INSURANCE, PENSION AND PROVIDENT FUNDS


@ipeczw
Back to Basics Reloaded
Scan Me

GOVERNANCE REPORT

Governance Statement

The Insurance and Pensions Commission (IPEC) has a statutory mandate of registering, regulating, monitoring, and supervising insurance companies, pension and provident funds in Zimbabwe. The Board is committed to upholding the tenets of good corporate governance in its governance processes, which include accountability, integrity, and transparency. The Board retained this culture as part of its strategic focus and oversight duties. The performance speaks to the commitment of the Commission to adhere to good and sound corporate governance ethics as stipulated in the Public Entities Corporate Governance (PECOG) Act [Chapter 10: 31].

Role and Responsibility of the Board

The Insurance and Pensions Commission was established in terms of section 5 of the Insurance and Pensions Commission (IPEC) Act [Chapter 24:21] and provides strategic direction of and control over the Commission's affairs. The Board is responsible for formulating the Commission's policies in terms of the IPEC Act, Insurance Act [Chapter 24:07], and the Pensions and Provident Funds Act [Chapter 24:32].

The Board considers the interests of stakeholders such as pension fund members, policyholders, regulated entities, and the Government of Zimbabwe. It does this by formulating a Commission strategy that is underpinned by adequate resource allocation, risk management, and a commitment to generating social value for its stakeholders.

During the year under review, the composition of the Board was as follows:

Mr Albert Nduna – Board Chairperson

Mr Nduna has vast experience in both the public and private sector having worked for Delta Corporation, the Ministry of Finance as Under Secretary and later promoted to the position of Deputy Secretary responsible for Domestic and International Finance. His portfolio in the Ministry of Finance included regulation of insurance companies and pension funds, banks, building societies, and the Zimbabwe Stock Exchange.

Mr Nduna was involved in the establishment of financial institutions such as the Zimbabwe Development Bank, the National Social Security Authority, and the Zimbabwe Reinsurance Corporation (ZimRe). He has served as president of the African Insurance Organization (AIO), president of the Federation of Afro-Asian Insurers and Reinsurers (FAIR), and deputy president of the Association of Insurance and Reinsurance companies in developing countries, covering Africa, Asia and Latin America.

Mr Nduna holds a Master's Degree in Business Administration from the University of Bradford, United Kingdom and a BSc Degree in Accounting and Finance from the University of Lancaster.

Mrs Anah Mashingaidze – Board Vice Chairperson (1 January 2023 to 23 June 2023)

Mrs Mashingaidze is a Chartered Management Accountant with diverse experience spanning over thirty years in treasury, working capital management, strategic financial management, tax planning, management accounting, budgeting, information technology, and company secretarial.

She is also a board member of Exactitude Consultancy (Pvt) Ltd and Deposit Protection Corporation.

Mrs Mashingaidze holds a Bachelor of Accountancy (Honours) Degree from the University of Zimbabwe, a Bachelor of Laws (LLBS), from UNISA, and a Master of Business Leadership Degree from the University of South Africa (UNISA).

Mrs Judith Rusike – Board Member (1 January 2023 to 31 August 2023) and elected Board Vice Chairperson (1 September 2023 to date)

Mrs Rusike has over 20 years' experience in Government and is the Director of Financial Sector Policy in the Ministry of Finance, Economic Development and Investment Promotion. She previously worked in the Revenue & Tax Policy and Domestic & International Finance departments of the same ministry.

She also worked in the National Economic Planning Commission and the Ministry of Education as a secondary school teacher. She is a board member of the Deposit Protection Corporation and was an Alternate Director on the last IPEC board.

Mrs Rusike holds a Master's Degree in Business Administration and a BSc (Hons) Degree in Economics - both from the University of Zimbabwe.

Mr David Mureriwa – Board Member

Mr Mureriwa has over 27 years' experience as an actuarial consultant to life and short-term insurance companies, pension funds, and medical aid funds in various countries. He was once a Chief Actuary for the African Actuarial Consultancy, Head of Actuarial and Investments Consultant for South Africa's Quantum Financial Services, and Actuarial Consultant for Sanlam, Namibia.

He is a former president of the Actuarial Society of Zimbabwe, Institute and Faculty of Actuaries' Education Advisor for Zimbabwe, and Head of International Mentoring Program for the Association of South African Black Actuaries.

Mr Mureriwa is also a director for Mureriwa Actuarial Outsourcing Services and works as a part-time lecturer at the National University of Science and Technology.

He holds a BSc Mathematics Degree from the University of Zimbabwe and is a Fellow of the Faculty of Actuaries (Scotland) and the Actuarial Society of South Africa.

Mr Godwin Nyengedza – Board Member

Mr Nyengedza is a registered Legal Practitioner, Notary Public and Conveyancer in Zimbabwe, a Barrister (England & Wales), a member of Lincoln's Inn, and an associate member of the Chartered Institute of Arbitrators (UK). He has over 25 years' experience gained from Customs & Excise (now ZIMRA), shipping, cross-border transport and logistics, insurance, and banking.

Mr Nyengedza has also consulted for the UK Border Agency. He has previously interned with a UK-based Magic Circle law firm and was a beneficiary of a Lex Africa fellowship that saw him placed for three months with a Washington DC-based international law firm in 2018. He previously taught the law of banking and negotiable instruments at the University of Zimbabwe and also served on the board of an insurance entity where he chaired the Governance committee and was a member of the Investments committee.

Mr Nyengedza sits on the Ecsponent Limited board and was appointed Board Chairperson of the National Handling Services (Pvt) Ltd effective 1 August 2023.

He holds a Master of Laws and a Bachelor of Laws Degrees - both attained from London.

Mr Clemence Muzondo – Committee Member (1 January 2023 to 23 June 2024) Board Member (24 June 2023 to date)

Mr Muzondo is a Chartered Accountant with over 34 years of experience in leadership, accounting, and auditing. He has served on various boards including FSG Zimbabwe (Pvt) Limited and Red Star Holdings Limited. He is a Partner Auditing and Advisory Services at PFK Chartered Accountants since 2011 where his main role is the provision of advisory services involving business restructuring and fundraising.

He sits on various boards, which include West End Medicare (Pvt) Ltd, Leadchance(Pvt) Ltd, Wlact Investments (Pvt) Ltd, FSG Zimbabwe(Pvt) Ltd, Chishawasha Land Project, and Marondera University of Agricultural Sciences and Technology.

Mr Muzondo holds a Master's degree in Business Leadership (MBL) obtained from UNISA and a Bachelor of Accountancy Honours degree from the University of Zimbabwe

Dr Grace Muradzikwa – Commissioner and Ex-Officio Board Member

Dr Muradzikwa is a distinguished and decorated insurance executive with about 40 years of practicing experience in the insurance sector. She was a member of the co-founding team that established the Zimbabwe Reinsurance Corporation in 1984. She was at the helm of Diamond Insurance Company, before its merger with the National Insurance Company of Zimbabwe in 2002.

She is Vice Chairperson of the SADC Committee of Insurance, Securities, and Non-Banking Financial Authorities. She also sits on other boards, which include the Zimbabwe Revenue Authority (ZIMRA), Financial Intelligence Unit (FIU), ARC Ltd, Southern Africa Methodist University Consultus Publishing Services, and Monte Cassino Girls High School. She has also served on the boards of the Federation for Afro Asian Insurers and Reinsurers, and the Association for Insurers and Reinsurers in Developing Countries.

Dr Muradzikwa holds a Master's degree in Business Administration and Bachelor's degree in Administration - both from the University of Zimbabwe. She also holds an Honorary PhD in Leadership from Women's University in Africa.

Mrs Duduzile Shinya – Committee Member

Mrs Shinya is a Chartered Accountant with a wealth of leadership experience earned over 20 years in various sectors including FMCG, Financial Advisory and Financial Holdings in Africa Limited, PricewaterhouseCoopers, Imara Capital, Amalgamated Brands and Medical Investments Limited.

She was admitted as a member of the Institute of Chartered Accountants in 2007 and has served on various boards including Schweppes Zimbabwe Limited, Old Mutual Limited, CBZ Bank, ZINWA and ZITF Board.

Mrs Shinya served as the Chief Finance and Corporate Affairs Officer at Zimbabwe Investment and Development Agency.

She holds a Master's degree in Business Leadership (MBL) and a Bachelor of Accounting Science Honours degree obtained from UNISA.

Board Tenure

Mrs. A. Mashingaidze's tenure expired on 23 June 2023 after serving a total of seven years as a Board Member.

Mrs. J. Rusike was elected as the Board Vice Chairperson effective from 24 June 2023.
In line with the succession planning, Mr C. Muzondo who was a Committee Member, was appointed as a Non-Executive Director effective 24 June 2023.

To augment the board skills, an application for the appointment of three additional Committee Members was submitted for consideration and approval by the Ministry of Finance, Economic Development and Investment Promotion and the Corporate Governance Unit.

The approval was pending at as at 31 December 2023 but this has since been approved.

Governance Structure

The Board is composed of non-executive members, committee members, and the Commissioner (ex-officio member). This is in line with section 5 of the IPEC Act [Chapter 24:21] and section 11 of the Public Entities Corporate Governance Act [Chapter 10:31]. The board members were appointed for their knowledge, skills, and experience that bring independent judgment to the deliberations and decisions in insurance and pension matters. The Board Charter spells out the Board's terms of reference (TORs) and the relationship between the Board members and Management. The Committee Terms of Reference further elaborate the roles, responsibilities, and extent of delegated authority of the Board's Committees. The annual strategy outlines the Commission's purpose, vision, mission and it`s 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. The Vice Chairperson can also assume the responsibilities of the Chairperson when the need arises. Along with the Chairperson, are Non-Executive Directors who are responsible for ensuring that the Board fulfils its responsibilities under the relevant Acts, the Board Charter, and Board Committee TORs. This is achieved through relevant Board Committees that deliberate on and give guidance to Management on the implementation of the Commission's mandate through its approved annual strategy.

Gender Representation

Sections 17 and 11(7) of the Constitution of Zimbabwe and the Public Entities Corporate Governance Act, respectively, place a responsibility on the State to ensure that as far as practicable, there are equal numbers of men and women on the Board of every public entity. The gender representation on the IPEC board for the first half of the year was proportionate with 50% females and 50% males. The gender balance on the board for the second half of the year was 43% females and 57% males respectively following the retirement of Mrs Mashingaidze.

Geographical Representation, Board Seats, and Qualifications of the Board

The Board was fairly represented geographically in line with sections 18 of the Constitution and 11(7) (b) of the Public Entities Corporate Governance 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 possessed a diversity of skills, experience, and qualifications for governing the entity as required by section 11(7) (c) of the Public Entities Corporate Governance Act. Additionally, none of the Board Members is a member of more than two other boards of public entities in compliance with section 11(4) of the Public Entities Corporate Governance 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, as necessary. For the first half of the year, the Board operated with five Committees with the Ad Hoc ICT Committee being standalone. In the second half of the year, the ICT function was coopted into the Finance Committee and the Risk function became a standalone committee. The Board resolved that the Integrity Committee would commence operations in 2024. The figure below demonstrates the Board Committees as of 31 December 2023.

Finance and ICT Committee

The Finance and ICT Committee provides oversight of financial management, financial reporting, ICT strategy, projects, and management.

The Committee reviews the application of accounting standards, to maintain integrity in the Commission's financial reporting. The Committee recommends to the Board, the Commission's financing objectives, principles, plans, allocation of capital and capital structure; and investment objectives, principles, and guidelines.

The Committee's ICT duties are as follows:

- ICT Plan and Strategy – The Committee reviews and recommends the ICT strategy to the Board after ensuring that it is aligned with the Commission's strategy and business process. The Committee reviews the resilience and flexibility of ICT systems to adapt to the Commission's strategic needs and ensures that it has in place, adequate disaster recovery software.
- ICT Governance - The Committee reviews and monitors the Commission's information management and data governance framework and systems including any current or future legislative requirements. The promotion of an ethical ICT governance and management culture and awareness of common ICT language for the Commission and its regulated entities is also one of the Committee's mandates.
- Security on ICT and Information Management – Regular review of information security – and provides oversight on the implementation of a suitable information security management programme. The Committee, in conjunction with the Finance and Risk Management Committee, ensures that information and technology risks are identified, assessed, and managed in line with relevant frameworks.
- ICT Projects – The Commission is embarking on implementing a robust supervisory management system and other ICT projects. The Committee has oversight over ICT project management and guides Management on the formulation and implementation of new ICT business development projects.

Audit Committee

The Audit Committee reviews the adequacy and effectiveness of the Commission's:

- System of financial reporting;
- System of performance reporting;
- System of risk oversight and management; and
- System of internal control.

The Committee monitors and reports to the Board on the integrity of the financial statements of the Commission including its annual and half-yearly reports, reviewing the accounting policies adopted, decisions taken regarding major areas of judgment, significant adjustments resulting from audit, the going concern assumption, compliance with accounting standards, legal, regulatory and other reporting requirements. The Committee oversees the work of the internal audit function and monitors the effectiveness of internal controls.

The external auditors are invited to all Committee meetings. The external auditors review all materials on accounting matters before each meeting and their reports, comments, and findings on key issues and areas of concern, are included in the Committee pack.

Human Resources, Remuneration, and Procurement Committee

The Human Resources, Remuneration and Procurement Committee assists the Board in the effective discharge of its responsibilities and reports to the Board on issues relating to the following:

- Human resources strategy, budget and policy;
- Remuneration framework, to include executive and non-executive;
- Review of senior management performance;
- Recruitment and retention of staff;
- Board and Staff training and development;
- Succession planning;
- Nomination of Committee members;
- Governance; and
- Procurement planning and, strategy and processes.

The Commission strives to improve staff welfare by providing competitive remuneration through fair and non-discriminatory pay practices and processes. The remuneration of all employees was done within the thresholds of regulatory and budgetary approvals.

Operations Committee

The Operations Committee provides assurance to the Board with regards to the soundness and effectiveness of the framework of the Commission in ensuring delivery of strategic outcomes in particular, in Prudential and Market Conduct Supervision, Corporate Services, Actuarial, Research and Innovation, and Anti-Money-Laundering/Combating the Financing of Terrorism issues affecting regulated entities. Some of the Committee's responsibilities include:

- Reviewing recommendations for registration/deregistration of insurance entities and dissolution of pension funds;
- Reviewing and approving draft operational manuals such as the licensing, and new product development manuals;
- To receive and analyse reports on special investigations;
- Continuously consider, monitor and review the effectiveness/relevance of governing laws, regulations, and internal policies and frameworks of the insurance and pensions industry;
- To ensure that customer focused information is adequate;
- To monitor compliance with anti-money laundering/combating the financing of terrorism policies; and
- To receive reports on consumer education activities

Risk Management Committee

The Board recognises that effective management of risks ensures that the Commission achieves its strategic objectives, mitigate threats, and create opportunities. The Risk Management Committee provides oversight for risk management and mitigation of the principal risks that could materially impact the Commission's operations and exceed its risk tolerance.

On behalf of the Board, the Committee oversees and monitors the Commission's risk management process; it identifies, evaluates, and manages material risks that have the potential to impact the Commission's business objectives. It is the Committee's responsibility to ensure that the Board does not lose focus on this key strategic area; it closely monitors and assesses the key risks, both existing and emerging, on the Commission's long-term projects and bring these to the attention of the Board and where appropriate, put forward recommendations on how to counter the impact of the risks.

The reputational risk concerning low pension benefits and loss of value for long-term policies was one of the key focus areas during the year under review as the Commission sought to protect pension fund members and policyholders. The legal and regulatory risk as a result of the delay in the promulgation of the Insurance and Pensions Commission Amendment Bill and Insurance Bill, had the effect of delaying regulatory transformation.

Whereas the Board is responsible for risk management, the Committee recognises that all employees have a responsibility to identify and manage risks. To this end, maintaining a strong risk-awareness culture within the Commission remains an ongoing goal for the Committee.

Board Committee Membership

The Board Committee membership is as provided below:

First Half of the Year 2023

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

**Committee Chairperson   **Ex Officio Member*

Second Half of the Year 2023

HR & PROCURE-MENT	AUDIT	OPERATIONS	FINANCE & ICT	RISK MANAGEMENT
G. Nyengedza*	J. Rusike*	D. Mureriwa*	C. Muzondo*	D. Mureriwa*
A. Nduna	D. Mureriwa	G. Nyengedza	D. Shinya	G. Nyengedza
J. Rusike	D. Shinya	D. Shinya	G. Muradzikwa **	G. Muradzikwa**
G. Muradzikwa**		C. Muzondo		
		G. Muradzikwa**		

**Committee Chairperson   **Ex Officio Member*

Analysis of Board and Committees Attendance Register

Attendance by members in Board and Committee meetings was generally satisfactory. The cumulative year 2023 Board attendance is as outlined in the table below:

Director	HR & Procurement	Ops	Finance & Risk	Finance & ICT	Audit	Risk	Ad Hoc ICT (2)	Board Meeting	Statutory Board Meeting	Performance Appraisal/ Bi-annual BiBi Meeting (3)	Total	%
A. Nduna	4-Apr	N/A	N/A	N/A	N/A	N/A	N/A	5/5	2/2	3/3	14/14	**100%**
A. Mashingaidze	N/A	4-Apr	3/3	N/A	N/A	N/A	2/2	3/3	1-Jan	1/1	14/14	**100%**
J. Rusike	4-Apr	N/A	N/A	N/A	4-Apr	N/A	N/A	4/5	2/2	3/3	17/18	**94%**
G. Nyengedza	4-Apr	4-Apr	3/3	N/A	N/A	2/2	N/A	5/5	1-Feb	3/3	18/19	**95%**
D. Mureriwa	N/A	8-Aug	N/A	N/A	4-Apr	2/2	N/A	5/5	2-Feb	3/3	24/24	**100%**
G. Muradzikwa	4-Apr	8-Aug	3-Mar	3-Mar	4-Apr	2/2	2-Feb	5/5	2-Feb	3/3	36/36	**100%**
C. Muzondo	N/A	8-Aug	N/A	3-Mar	2-Feb	N/A	2-Feb	5/5	2-Feb	3/3	25/25	**100%**
D. Shinya	N/A	5-Aug	2-Mar	3-Mar	1-Feb	N/A	1/2	4/5	2-Feb	2-Mar	20/28	**72%**
Overall Attendance	**100%**	**90%**	**92%**	**100%**	**90%**	**100%**	**88%**	**95%**	**94%**	96%		**95%**

The overall board attendance for the year 2023 was 95% up from 90 % recorded in the year 2022. In instances where there was non-attendance to scheduled meetings, apologies were received.

Key Governance Activities

Some of the key activities of note are as follows:

Board Training

- Training of the Board is not only a legal requirement but is also of strategic importance to the Commission. Board members were trained on corporate governance dynamics in the public sector, cyber security, mergers and acquisitions, role of regulators in women insurance, changes in law and how to effectively discharge their board duties. The training provided enhanced the board members' competency and expertise .

Performance Management

- The Commission adopted the IRBM performance management system. Quarterly reviews of the Commissioner and senior management performance were conducted by the Board and external consultant. The Board's performance was reviewed every six months through the appraisal of the Board Chairperson's performance.

Board Evaluation

- An externally facilitated evaluation of the Board and its Committees was conducted in the fourth quarter of 2023. The Board members evaluated themselves, their peers, the committees, the Commissioner, the Chairperson and overall Board performance.

Statutory Meetings

- The Board managed to have both of its statutory meetings with the Minister of Finance, Economic Development, and Investment Promotion in March and November 2023, respectively.

Board Remuneration

Board remuneration was conducted in line with the approved remuneration structure where IPEC was placed under category 8. The payment of the board fees was per the 40/60 ratio where 40% was paid in US$ and 60% ZW$ as per the guidance received from CGU dated 29 August 2023.

Internal Checks, Control, and Auditing

The Commission has an established internal audit function headed by the Head Internal Audit who reports functionally to the Audit Committee and administratively to the Commissioner. The objectives of the department are to enhance the internal control environment and governance structures, improve compliance with policies and procedures and improve risk management processes, among others.

To achieve this, the department conducts routine and non-routine audits and reports on control and governance gaps identified. Follow-up audits are then conducted to assess progress in addressing issues identified in routine and non-routine audits and to ensure they are addressed in a holistic and robust manner.

In conducting its audits, the department uses a risk-based approach, incorporating interviews, document reviews, and testing of key controls. This methodology allows the department to identify both strengths and areas requiring attention. The Board is 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 2023 to December 2023 were submitted to the Ministry of Finance, Economic Development, and Investment Promotion and the Office of the President and Cabinet's Corporate Governance Unit in line with the requirements of the Public Entities Corporate Governance Act.

In line with the Public Entities Corporate Governance Act and Freedom of Information Act [Chapter10:33], the Commission has made available the following documents on the IPEC website:

- Financial Statements and Annual Report
- Approved IPEC Strategy
- Board Charter
- Board Committee Terms of Reference
- Code of Ethics
- A description of the Commission's roles and responsibilities, its departments, office locations and operating times.

Regulatory Environment

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

- Constitution of Zimbabwe;
- Insurance and Pensions Commission Act [Chapter 24:21];
- Pensions and Provident Funds Act [Chapter 24:32];
- Insurance Act [Chapter 24:07];
- Money Laundering and Proceeds of Crime Act [Chapter 9:24];
- Public Entities Corporate Governance Act [Chapter 10:31],
- Public Finance Management Act [Chapter 22:19];
- Companies and Other Business Entities Act [Chapter 24:03],
- Public Procurement and Disposal of Public Assets Act [Chapter 22: 23],
- Labour Act [Chapter 28:01];
- Freedom of Information Act [Chapter 10:33].

Statement of Compliance

Based on the information set out in the Legal and Governance report, the Commission made headway in complying with the legislative and corporate governance requirements throughout the accounting period.

Risk Management

The Commission's Risk Management Framework and Policy incorporates risk management processes at policy, strategic, and operational levels.

During the reporting period, the Board committed to a process of risk management that is aligned to the PECOG Act, and CGU Corporate and Risk Management Guidelines.

Accordingly, the Board separated the Finance and Risk Management Committee to ensure a heightened risk management oversight at the Board Level. The Risk Management Policy guides the enterprise risk management at the Commission to ensure that risk monitoring is effective in the attainment of the Commission's mandate and in reducing the consequence of error.
The approach to risk management is to identify, consider, and report on the risks that could adversely affect the Commission's ability to protect policyholders and pension fund members. This process continues to demonstrate agility and resilience in proactively managing identified high-priority risks resulting in creating and protecting value for shareholders.

The table below lists various key risks that have been identified and the mitigating measures implemented by the Commission during the reporting period.

Risk Category	Risk Description	Mitigations	Residual
Pre-2009 Compensation Project Risk	Expectation risk - amounts falling short of pensioner's expectations. Project risk - failure to meet timelines as stipulated in the regulations. Funding risk – asset and liability mismatch	Robust communication strategy with various stakeholders Effective monitoring for compliance with the requirements of the compensation regulations and invoke necessary penalties. Engage Actuaries so that they compute the compensation correctly and understand the regulations.	**High**
Reputational Risk	Declining pension and life industry Low pension benefits, not meeting reasonable expectations	Continue enforcement of the Guidance Paper Pre-2009 compensation exercise to restore confidence in the industry. Track pension benefits using the bread index and make the necessary policy changes.	**High**
Macroeconomic Risk	Exchange rate volatility - currency changes in Zimbabwe have resulted in multiple losses of value. Central Bank- mooted currency changes in 2024	Commissions' investments were in assets that provide an inflation hedge such as real estate and blue-chip stocks on both VFSE and ZSE. Diversified into private equity investments in ZEP-RE. Engage MOFED&IP and RBZ on the need to ensure macroeconomic stability, which	**High**

		is key for pension value preservation.	
Legal & Regulatory Risk	Delays in regulatory transformation due to non-promulgation of IPEC and Insurance Bills and delays in other regulations like ZICARP, MCR and pension regulations. Commission facing litigation from regulated entities.	The IPEC and Insurance Bills, which lapsed in 2023 awaiting re-gazetting in Parliament. The Commission engaging relevant stakeholders to expedite the process. Continued use of Directives, Circulars to close regulatory gaps, Commission engaging external legal partners managing litigation risk	**High**
Strategic Risk	Long-term sustainability impact due to heavy reliance on levies. 2024 Budget Government proposed changes to Third Party Motor Insurance administration. Third-party motor insurance constitutes more than 30% of IPEC revenues.	Engage the Government to ensure that they align with industry in terms of the administration of the Third-Party Motor Insurance. Innovate and identify other revenue streams. Commission to ensure that the IPEC levy is incorporated in the Primary Act and protected.	**Moderate**
Operational Risk	IPEC faces the risk of losing critical skills to competition due to the harsh economic environment, which may result in the	Employee Value Proposition and implementation of staff retention strategies. Mentorship and Succession plans for all management positions.	**Moderate**

	value proposition to employees being compromised.	Have MOUs with the industry and regional and international partners for employee secondment opportunities.	
Cyber Security	Risk of financial and data loss due to breaches and cyber-attacks.	Implemented recommendations from 2022 Vulnerability Assessment and Penetration Testing (VAPT) exercise. Malware protection controls Network Parameter Firewall Device Endpoint security (Antivirus) Encryption and Backup data with the Disaster Recovery System.	**Moderate**
Project Risk	Failure to meet timelines as stipulated by the Gantt Chart. Procurement scope creep Risk of failure to procure and overruns and implementation delays. inancial risk when actual project execution costs are higher than what was planned due to currency depreciation.	Development of a robust project risk management plan. Training and development in project management Dedicated contract specialist responsible for ensuring contracts with service providers safeguards the interests of the Commission. Prior approval of scope creep. Try to maintain contracts in US$	**Moderate**
Fraud & Corruption Risk	The risk relates fraud and corruption that affect the Commission	Improve internal process efficiency by updating standard operating procedures.	

	in discharging its mandate. Leaking confidential information and violating the Commission's laws and code of ethics	Enhance procedures and requirements to detect, assess, and mitigate corruption risk. Create a firewall when working on material non-public information. Development of an anti-corruption policy Gifts Policy – whose objective is to disclose all gifts received from external stakeholders. Disclosure of interests during tender adjudication and interview processes.	**Sustainable**

BUSINESS OPERATIONS

Departmental Performance Information

The Insurance and Pensions Commission consists of the following departments:

- Insurance
- Pensions and Life
- Actuarial and AML/CFT
- Corporate Services
- Finance and Administration
- Internal Audit
- Research and Innovation
- Procurement Management Unit

Each department's performance during the reporting period contributed to the overall IPEC Strategic Business Plan for 2023 as shown below:

Programme	**Outcome**
Policy and Governance	Improved Organisational Performance and Image
Industry Regulation and Supervision and Protection	Improved Pension and Insurance Bene-fits
	Improved Compliance and Industry Soundness
Industry Development	Increased industry growth

INSURANCE DEPARTMENT

Responsibilities

The department is responsible for registering insurers, mutual insurance societies, insurance intermediaries, and loss assessors as well as regulating, supervising, and monitoring their business. This section covers short-term insurance and funeral assurance business only while life business will be covered under the pensions and life sector report.

Below are key highlights of the department's performance during the reporting period based on the Commission's strategic outcomes.

Outcome 1: Improved Organisational Performance and Image

Capacity Building

Departmental staff attended about 20 training courses, workshops, and seminars during the period under review. The trainings included both virtual and in-person. The trainings helped enhance staff's regulatory knowledge, develop new skills and gain insights into global trends, benchmark regulatory frameworks against international standards, and foster collaboration with regulatory bodies from other jurisdictions.

Production of Statutory Reports

The department produced eight (8) quarterly reports covering short-term insurance and funeral assurance business during the reporting period. It also produced the 2022 Insurance Annual Report.

Secondments

To ensure continuous performance improvement, the Commission introduced a secondment of staff to regulated entities to have an appreciation of their operations. To this end, the insurance department targeted reinsurance business and had two analysts seconded to ZEP-RE and FBC-RE in October 2023 as part of capacity-building on reinsurance. The secondments were timed to coincide with the treaty renewal period and ended in December 2023.

Hosting of the Insurance Regulators Retreat

The department spearheaded the hosting of the 2nd Insurance Regulators Retreat for Africa in September 2023, which enhanced the visibility of the Commission. The Retreat was attended by 169 participants.

Outcome 2: Improved Insurance Benefits

New products applications

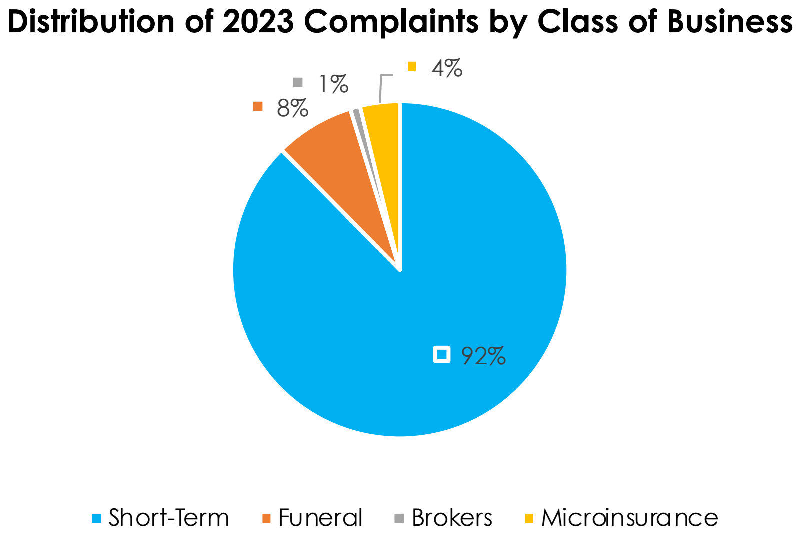
During the year under review, the Commission received 22 product applications, out of which 18 were finalised. Of these, 14 were approved while four (4) were rejected on account of non-compliance with the regulatory requirements. One product was brought forward from 2022. Four product applications were carried forward to 2024. The products were mainly funeral cash plans, hospital cash plans, and agricultural insurance.

Complaints Handling

In line with international best practice, the Commission uses received complaints filed against its regulated entities to monitor compliance as part of its market conduct supervision.
During the period under review, the Commission received 105 insurance-related complaints, out of which, 100 were resolved. Of these complaints, 58 (55%) were on delayed claims settlement, followed by 21(20%) unsatisfactory service, 13 (12%) repudiations and 13 (12%) tobacco claims.

Short-term insurance entities had the highest number of complaints at 92 followed by funeral assurance companies at eight (8). The distribution of the 2023 complaints is shown in the figure below:

Distribution of Complaints by Class of Business



Outcome 2 – Improved Industry Compliance

One of the Commission's mandates is to monitor and enforce industry compliance with rules and regulations. Below are key highlights of compliance-related updates for the period under review.

Inspections

In 2023, the department conducted 18 onsite inspections against 12 that were planned. Of the 12 planned inspections, nine (9) were conducted, of which, four (4) were pre-opening inspections, one (1) capital verification and four (4) full scope inspections. Nine (9) offsite inspections were also conducted against the planned 16.

Both onsite and offsite inspections culminated in the issuance of 12 Corrective Orders whose implementation is being monitored.

In addition to the above, the department tracks compliance with governance and prescribed assets requirements. Engagements are on-going with non-compliant entities.

Compliance with IFRS 17 reporting

In line with the guidance from the Public Accountants and Auditors Board (PAAB), who are the custodians of reporting standards in Zimbabwe, all insurance companies started reporting on IFRS 17 beginning 1 January 2023.

Given that IFRS 17 is a new standard, there were challenges in the submission of IFRS 17-compliant returns as some entities submitted their returns late while others failed to submit online. Going forward, the Commission will continue engaging the industry to offer training on compiling and submitting IFRS 17 compliant returns online.

Compliance with Minimum Capital Requirements (MCR)

The sector's average compliance level with the minimum capital requirements was 93% as at 31 December 2023. The sub-sectors that had 100% compliance with the MCR were reinsurance brokers, insurance brokers, non-composite reinsurance companies and microinsurance entities. Composite reinsurers had the lowest compliance level at 75% whilst short-term insurers were at 90% compliance.

Compliance with Prescribed Asset Requirements

The insurance sector is required to invest part of its assets in project of national importance, which are conferred with prescribed asset status. To this end, insurance entities are required to comply with the minimum thresholds set in Statutory Instrument 206 of 2019. The table below shows the compliance level for each sub-sector.

Compliance Status with Prescribed Assets as at 31 December 2023

Insurance Sector	Compliance level with Prescribed Assets (%)	Minimum Prescribed Assets Threshold (%)
Short-term insurers	5.18	10
Short-term Reinsurers	10	10
Funeral Assurers	0.03	10

Compliance with Shareholding Requirements

Statutory Instrument 49 of 1989 as amended by Statutory Instrument 59 of 2005 stipulates that every insurer or insurance broker must have at least three shareholders as a way of promoting good corporate governance. The table below shows the levels of compliance with the shareholding requirements.

December 2023 Shareholding Compliance Status:

Class of Business	No. of Entities	Compliant Entities	% Compliance
Short Term	20	9	45
Reinsurers	10	2	20
Funeral Assurers	8	6	75
Direct Insurance Brokers	27	23	81
Reinsurance Brokers	8	6	75
Microinsurance	11	11	100

The Commission is engaging the entities that have not yet submitted their compliance roadmaps to regularise their positions. Regulatory sanctions will be applied to entities, which would have failed to comply with the shareholding requirements.

Legal and Regulatory Developments in 2023

The following Statutory Instruments were gazetted in 2023:

- Statutory Instrument S.I. 81 of 2023 – No premium No Cover.
- Statutory Instrument S.I. 103 of 2023 – Insurance and Pension Commission (Levy) Regulation.
- Statutory Instrument 104 of 2023 - Insurance (Amendment) Regulations, 2023 (No. 26) – New US$-Indexed Fees.

During the reporting period, the Commission issued 12 circulars and the following table summarises some of the key circulars, which were issued to improve supervisory efficiency.

Summary of Circulars Issued in 2023

Statutory Instrument/Circular	Date Gazetted / Issued	Purpose
Circular 1 of 2023	10/1/2023	Assessment Of Annual Reporting Requirements
Circular 7 of 2023	16/4/2023	Amendments to the Directive on System of Governance and Risk Management for Insurance Companies
Circular 8 of 2023	16/3/2023	Annual Publication of Financial Statements
Circular 10 of 2023	8/3/2023	Issuance of the Directive for the Insurance and Pensions Industry- on equities and Properties Valuations
Circular 11 of 2023	16/3/2023	Guideline for regulation of Offshore Investments
Circular 17 of 2023	29/6/2023	Review of Circular 6 of 2016 on the Product Approval Framework and Premium Review Process
Circular 18 of 2023	14/6/2023	Notification of Publication of the Insurance and Pensions (Levy) Regulations, 2023 and Insurance (Amendment) Regulations, 2022
Circular 23 of 2023	18/7/2023	Guidance Note Pursuant to Circular 18 of 2023
Circular 26 of 2023	1/9/2023	Cyber Security and Data Protection Framework
Circular 32 of 2023	16/11/2023	Zimbabwe Integrated Risk and Capital Program (ZICARP) Final Framework

Outcome 6 – Growth of the Insurance Industry

One of the key mandates of the Commission is to develop the insurance and pensions industry. Below are some of the initiatives that the Commission implemented in order to enhance industry growth.

Licensed Entities

For the year-ended 31 December 2023, the insurance sector had 1,258 players, reflecting a 11% increase from the 1,133 players reported as at 31 December 2022. The increase is mainly attributed to the registration of agents.

During the reporting period, the Commission registered one (1) microinsurance entity, six (6) loss assessors, and 119 agents.

The Table below shows the architecture of the insurance sector as at 31 December 2023:
Architecture of the Insurance Industry as at 31 December 2023

Class of Business	**Number of Registered Entities/ Persons as at**	
	31- December - 2023	**31- December – 2022**
Insurance Companies	20	20
Micro Insurance Companies	11	10
Reinsurance Companies*	10	10
Insurance Brokers**	27	28
Reinsurance Brokers	8	8
Underwriting Management Agencies	4	4
Loss Assessors	62	56
Corporate Agents	206	184
Sole Agents	910	813
Total	**1,258**	**1,133**

**Five reinsurers namely Emeritus Reinsurance Company, FBC Reinsurance Company, First Mutual Reinsurance Company, Waica Reinsurance Company and Zep Re are composite reinsurers who also write life business. However, the figures in this report pertain to their short term business only.*

*** One insurance broker, Paul Mkondo Insurance Brokers was deregistered in 2022.*

Insurance Revenue

During the year 2023, short-term insurers and funeral assurance direct underwriters wrote total insurance revenue amounting to ZW$798 billion under IFRS 17 reporting. There are no comparative figures from 2022 given the changeover from Gross Premium Written under IFRS 4. The breakdown of the insurance revenue by each sub-sector is highlighted in the Table below.

Breakdown of Insurance Revenue written by Direct Underwriters for the Year Ending 31 December 2023

Class of Business	Dec-23 (ZW$ billion)
Short Term Insurers	768
Micro Insurers	9
Funeral*	21
Total	**798**

**2 Entities only submitted for the Funeral class of business hence there was no analysis done.*

Insurance Industry Assets

Total assets for the short-term insurance and funeral assurance industry as at 31 December 2023 were at ZW$ 1.4 trillion. The table below shows the breakdown of total assets by class of business.

Assets for the Insurance Industry as at 31 December 2023

Class of Business	Dec-23 (ZW$ million)
Short Term Insurers	0.6
Short Term Reinsurers	0.8
Micro Insurers	0.04
Funeral	0.03
Total	**1.4**

Short Term reinsurers dominated the insurance sector in terms of assets as they held 54% of the industry's total assets as shown in the figure above. Funeral insurers held the least assets (2% of industry's total assets).

Earnings

After accounting for insurance service result and indirect expenses, the industry recorded a positive underwriting result. In nominal terms, the total profit after tax was ZW$514.334 million. According to the table below, short term insurers had the most profit after tax totalling ZW$317 million, while Micro Insurers had the lowest profit after tax, totalling ZW$1 million.

Insurance Industry Earnings as at 31 December 2023

Class Of Business	Profit After Tax (ZW$ million)
Short Term Insurers	317
Short Term Reinsurers	161
Micro Insurers	1
Insurance Brokers	27
Reinsurance Brokers	8
Total	**514**

Projects

The Insurance Department was running with two projects, which were at different levels of implementation as at 31 December 2023. Both projects are aimed at developing agriculture insurance.

Innovation Lab

The Commission authorised introduction of the 'Farmers' Basket'. This insurance product was developed during the Innovation Lab project, which brought together various stakeholders to come up with solutions to mitigate climate risk-related exposures; and provide coverage to smallholder farmers against dry spells and multiple production risks, which can lead to significant reduction in maize yield.

The Insurance Council of Zimbabwe -an association of short-term insurers and reinsurers, put in place insurance and reinsurance arrangements for the product through the agricultural pool created by a consortium of insurers.. The pilot phase of the Farmers' Basket project commenced in the Goromonzi district during the 2023/ 2024 agricultural season, which saw about 4,000 farmers being onboarded.

Agriculture Index Insurance

Following the signing of the partnership agreement between the Commission and the International Finance Corporation (IFC) in 2022 whose objective was to develop agricultural index-based insurance to protect smallholder farmers from climate-related crop losses in Zimbabwe the Commission developed and submitted to the Ministry of Finance, Economic Development and Investment Promotion, a policy paper on agricultural index insurance but its approval was pending as at 31 December 2023. The policy paper lays the groundwork for the development of agricultural index insurance regulations.

The project also carried out agriculture index insurance market assessment studies from both a demand and supply side perspective with the results expected to be presented to stakeholders in 2024.

Insurance Regulators Retreat for Africa in Harare 04 – 09 September 2023

PENSIONS AND LIFE DEPARTMENT

Responsibilities

The department is responsible for registering fund administrators, pension, and provident funds, life assurers, and regulating, supervising, and monitoring their management and administration.

Below are key highlights of the department's performance during the reporting period based on the Commission's strategic outcomes.

Outcome 1: Improved Organisational Performance and Image

Capacity development

The departmental staff attended several capacity-building workshops and trainings during the year under review. The table below reflects some of the capacity-building workshops and trainings attended:

WORKSHOP/TRAINING	PERIOD
1. MEFMI In-Country Workshop on Stress Testing of Insurance and Pension Sectors at The National Bank of Rwanda	3 – 6 April
2. Supervisory Development Programme	22-26 May
3. ZICARP Training Preparatory Meeting with Actuarial Society of Zimbabwe and African Actuarial Consultants and IPEC Actuarial Department.	06 June
4. Zimbabwe-MEFMI In-Country Workshop on Stress Testing of Insurance and Pension Sectors	24 to 28 July
5. Secondment to Access to Insurance Initiative (A2ii)	1 March – 30 August
6. Women's World Banking Leadership Programme	08-22 June
7. Insurance and Social Protection Regulators Retreat for Africa	6 to 9 September
8. International Supervisory College of the Old Mutual Limited Insurance Group	16 - 20 October
9. International Supervisory College – Sanlam Limited Insurance	23-27 November
10. Familiarisation Tour of the Financial Sector Conduct Authority (FSCA)	21-23 November
11. World Bank Training on Risk Based Supervision training	5-7 December
12. Programme Based Budgeting	17-20 December

Hosting and participation at international conferences

During the year under review, the department spearheaded the hosting of the International Organisation of Pension Supervisors (IOPS) Technical Meetings, Annual General Meeting, and Global Forum from 17-19 October in Victoria Falls. The hosting of such a conference, which drew participation from 43 countries, put the Commission and the country on the map given that IPEC is fairly a new member of IOPS. The Global Forum also exposed the local pensions industry to contemporary pension issues and international best practices.

At the regional level, the department actively participated in the SADC Committee of Insurance, Securities, and Non-Banking Financial Authorities (CISNA), which was established in terms of the SADC Finance and Investment Protocol to promote regional integration of the SADC non-banking financial sector. The Director Pensions and Life was appointed vice chairperson of the Insurance, Retirement Funds, Medical Aid Schemes and Intermediaries sub-committee.

Production of Statutory Reports

The Commission produced eight (8) quarterly reports relating to the business conducted by the life insurance and pension funds in 2023 and these reports were published for stakeholder information. The 2022 Pensions Annual Report and Life Insurance statutory reports were also produced during the year, albeit reporting entities having missed statutory reporting deadlines to facilitate timely production of the statutory report.

Outcome 2: Improved Pension and Insurance Benefits

One of the department's strategic focus outcomes during the reporting period was to ensure that pensioners and policyholders are paid benefits that are due to them. To that end, the department continued to track pension benefits paid to pensioners and policyholders as part of outcome-based supervision and market conduct regulation.

The following key measures were implemented during the year under review to enhance member's benefit outcomes:-

a) Enforced the Expenses Framework to reduce administration expenses and free resources for benefit augmentation.
b) Called for life and pension product review, including re-registration of all post-retirement products, reforms of deposit administration schemes, particularly introduction of exposure caps to Guaranteed Funds over a 3-year period.
c) Urged smaller funds to consolidate for economies of scale after the conclusion of the pre-2009 compensation process. Thus, focus going into 2024 will be to engage labour, employers and on possible options for the consolidation.
d) Engaged with employers and labour unions to ensure the remittance of contributions and reasonability of pensionable salaries.
e) Lobbied the Government for holistic pension reforms at the national level to ensure an inclusive, sustainable, and integrated national pension industry. This is expected to go a long way in consolidating the post-inquiry reforms implemented by IPEC to date since 2018.
f) Enhanced supervision and monitoring of the industry through the adoption of risk-based supervision.
g) Challenged pension funds and asset managers to consider repurposing their real estate (buildings) to unlock value for members and unleash the potential of commercial real estate, which commanded an industry average of 50% of the total assets. Accordingly, pension funds and insurers are now exposed to two Real Estate Investment Trusts (REITs) listed on the Zimbabwe Stock Exchange. The Commission also raised awareness on the advantages of unitisation of investment properties through REITs.
h) Enforced disclosure on USD income from investment assets and challenged pension funds and administrators to pay part of the benefits in foreign currency where there were forex generating assets within the portfolio.
i) Approved requests for offshore investments to diversify sovereign risks.
j) Collaborated with Public Relations Unit to raise awareness on unclaimed benefits, addressing data integrity challenges as part of addressing root causes of unclaimed benefits and enforced compliance with the requirement to remit unclaimed benefits due to the Guardian Fund, established in terms of the Administration of Estates Act [Chapter 06:01].

Notwithstanding the above, the following challenges continued to militate against benefit improvement:-

a) About 73% of the total income received by pension funds in 2023 was unrealised income (fair value gains), which does not directly translate to benefit improvement.

b) Rental voids on some investment properties, which adversely impacted on liquidity in some pension funds with huge exposure to investment property. The most affected is office space in the central business districts where there is a low occupancy rate.

c) Some investment properties were land banks, which were not generating earnings apart from capital gains. Thus, the department challenged asset managers to unlock value in these land banks.

d) Depreciation and volatility of the local currency against major currencies, thus eroding the purchasing power of pension benefits.

The above challenges require collaboration among all key stakeholders in the insurance and pensions industry with a sharp focus on holistic pension reforms, anchored at national level.

Outcome 3: Improved Industry Compliance and Soundness

Compliance

One of the Commission's mandates is to enforce industry compliance with regulations. To this end, the department used various compliance touchpoints during the year under review to enforce compliance including imposing penalties against non-compliant entities. The department also used several tools to assess and monitor risks facing policyholders and pension scheme members as well as the overall soundness and stability of the sector. These included offsite and onsite inspections, market intelligence, analysis of complaints that were lodged against regulated entities, and a forensic audit on a life insurance company. The department also facilitated the publication in the media, of the top 50, by value, defaulting sponsoring employers as a way of raising awareness among the affected members of the failure, by their sponsoring employers to remit contributions. The risk associated with the employer not remitting pension contributions is the opportunity cost of delayed investment. Resultantly, this may lead to low or no benefits when members retire.

Some of the major focus areas for compliance by life insurance companies, which the department enforced include:-

a) Legal requirement to separate assets between shareholders of life insurance companies, policyholders, and pension fund business.
b) Compliance with IFRS 17 and the Zimbabwe Integrated Capital and Risk Programme, a risk-based solvency framework.
c) Compliance with investment guidelines including prescribed assets.
d) Compliance with the Funeral Directive aimed at protecting funeral assurance policyholders.
e) Compliance with the Guidance Paper on Currency reforms.
f) Statutory requirement to file quarterly and annual returns to the Commission.
g) Disclosure Requirements of life companies and treating customers fairly.

On the other hand, the following aspects were the major compliance issues in pensions:-

a) Expense Framework.
b) Risk and Corporate Governance Requirements.
c) Filing of statutory returns and the related disclosures.
d) Payment of benefits in line with asset performance.
e) Investment Guidelines and Prescribed Assets
f) Treating Customers Fairly.
g) Compliance with the new Pensions and Provident Funds Act [Chapter 24:32].

Soundness for the life assurance sector

Capital Adequacy

All the life assurers and reassurers were compliant with the Minimum Capital Requirements (MCR) of ZW$75 million and ZW$112.5 million, respectively.

However, given the exchange rate losses experienced during the year under review, the Commission recommended the adoption of USD-linked MCR whose gazetting was pending by 31 December 2023.

A sensitivity analysis of the status of compliance with the USD-linked MCR revealed that only one direct life assurer would not meet the USD-indexed MCR of US$2 million when it becomes effective. Thus, the entity was urged to proactively recapitalise in anticipation of the new MCR.

Going forward, all insurers are expected to comply with the risk-based solvency regime as anchored by the Zimbabwe Integrated Risk and Capital Programme (ZICARP), whose draft Regulations were yet to be gazetted as at 31 December 2023. Meanwhile, all insurers are required to conduct self-assessments against ZICARP requirements and submit the assessments to IPEC for analysis and feedback.

Sector Assets

As at 31 December 2023, the life assurance sector reported total assets amounting to ZW$3.55 trillion, representing a nominal increase of 1,192% from ZW$274.8 billion reported as at 31 December 2022. In US$ terms, the sector's assets as at 31 December 2023 amounted to about US$582 million, an increase of about 45% from US$402 million reported as at 31 December 2022.

The sector's assets were concentrated in fixed property and equity, constituting a combined 77% of total assets.

Life reassurers reported assets amounting to ZW$47.93 billion as at 31 December 2023, a nominal increase of 355% from ZW$10.53 billion reported as at 31 December 2022. In US$ terms, the sector's assets as at 31 December 2023 amounted to US$7.85 million, a decrease from US$15.39 million reported as at 31 December 2022. The decrease in assets values can be attributed to the delays in adjusting property values as informed by end-of-year property valuations. The statistics used in this report are based on management accounts. Of the total assets held by reassurers, investment property was the major asset class constituting 49% of the sector assets.

The average prescribed assets compliance ratio for life assurers and reassurers declined to 8.35% and 2.88% as at 31 December 2023, from 11.25% and 10.98%, respectively, reported in the prior year, against the required ratio of 15%.

Sector Revenue

The Commission directed the insurance industry to comply with IFRS 17 reporting standards with effect from 01 January 2023. Based on IFRS 17 reporting, direct life assurers reported insurance revenue amounting to ZW$571.2 billion for the year-ended 31 December 2023. In US$ terms, the total revenue for the sector amounted to about US$155 million. Pure foreign currency revenue amounted to about US$52 million, constituting 33% of total revenue with the remaining 67% being ZW$ denominated business.

Revenue for the direct life assurance sector was concentrated in two products, namely; funeral and group life assurance with a combined 89% share of total revenue. Revenue for the reassurance sector was also concentrated in two players, commanding 62% of total revenue.

Reinsurance

Of the ZW$571.17 billion (approximately US$155.19 million) insurance revenue reported by direct life assurers during the period under review, only ZW$14.11 billion (an equivalent of US$3.83 million) was ceded to reassurers, translating to a reassurance ratio of 2%.

The low reinsurance ratio can be attributable to the nature of life business being written by the industry, which was predominantly annually renewable funeral assurance and group life assurance business, which is short-term in nature. However, the sector was urged to embrace reassurance as a risk management tool including for businesses of a short-term nature, as reinsurance provides additional capital buffer to cushion direct insurers in times of extreme and unfavourable market conditions.

Profitability

The life assurance sector reported a combined nominal profit before tax amounting to ZW$1.5 trillion for the period under review, mainly driven by investment income. In US$ terms, the profit for the sector was US$408 million, using the average exchange rate for 2023.
The life reassurance sector reported a combined nominal profit before tax amounting to ZW$40.59 billion for the period under review, which was also driven by investment income. The profit in US$ terms amounted to about US$11 million.
Soundness of the pensions sector

Asset Quality

The pensions sector's total assets stood at ZW$12.18 trillion as at 31 December 2023, which was a nominal increase of 1,000% from a value of ZW$1.11 trillion as at 31 December 2022. In US$ terms, assets increased from US$1.6 billion to US$2 billion during the period under review. Investment properties amounted to about ZW$6 trillion, translating to about 50% of total assets as at 31 December 2023 compared to about ZW$486 billion during the comparative period last year, which was 44% of total assets. Quoted equities amounted to about ZW$2 trillion as at 31 December 2023 being 23% of total assets compared to ZW$316 billion as at

31 December 2022, which was 28% of total assets, a nominal increase of 600%.

Unquoted equities nominally increased by 454%, from ZW$73 billion as at 31 December 2022 to ZW$404 billion as at 31 December 2023. Prescribed assets nominally increased by 1,325% from about ZW$74 billion, being 7% of total assets as at 31 December 2022, to ZW$1.1 trillion, which was about 9% of total assets as at the reporting date.

Earnings

The total income for the year-ended 31 December 2023 was ZW$7.6 trillion (equivalence of US$2.06 billion), as compared to ZW$705 billion for the year- ended 31 December 2022. This translated to a nominal increase of 975%.

Unclaimed benefits for the year-ended 31 December 2023 amounted to ZW$42 billion (US$7m) compared to ZW$7 billion (US$11m) reported as at 31 December 2022, representing a nominal increase of 500% and 36% decline in real value.

Expenditure

Total expenditure was ZW$563 billion, with 50% of the total amount going towards administrative expenditure and 50% towards benefits payments. Total expenditure growth reflected a nominal increase of 1, 238% from ZW$89.5 billion for the same period during the prior year.

Complaints

The Commission received 173 pensions-related complaints during the year- ended 31 December 2023, and of these, 103 were resolved while 70 complaints remained outstanding.

Outcome 4: Increased Industry Growth

Pensions penetration and life assurance penetration

For the year-ended 31 December 2023, the pensions penetration rate was 9%, while the life assurance penetration rate was 0.48%.

Penetration rate for life assurance remains very low on the backdrop of low confidence in the sector, which was induced by legacy issues relating to loss of value. The proposed compensation of the 2009 loss of value will go a long way in boosting confidence in the sector.

Financial Inclusion Initiatives

The Commission is part of the National Taskforce on Financial Inclusion and part of SADC Financial Inclusion Working Groups aimed at advancing financial inclusion through insurance and pensions.

During the year under review, the department issued the Micropensions Framework, which facilitate access to savings for non-standard workers with low and irregular income including the informal sector. The Commission is seized with awareness raising on the feasibility of informal and non-standard workers saving through Micropensions.

Holistic pension reforms

The obtaining macroeconomic environment has resulted in a loss of value to pension funds, affecting the pension payout for pensioners and the accumulation credit for active members.

This calls for holistic multi-pronged pension reforms, which focus on review of the pension models to enhance value preservation on pension assets and rebuilding of public confidence.

Pensions and life assurance architecture

The pensions sector comprised 965 registered occupational pension funds as at 31 December 2023 compared to 981 funds in December 2022. Of the 965 registered funds, 482 were active, constituting 50% of the industry's funds while the remaining 483 were inactive, 379 of which, were earmarked for dissolution. The sector's total pension membership including beneficiaries was 983,832 compared to 953,886 as at 31 December 2022.

The life assurance sector was made up of 12 direct life assurance companies, four (4) life reassurance companies, and 1,367 life agents as at 31 December 2023. There were no new registration and cancellations of licences of assurers and reassurers during the year.

International Organisation of Pension Supervisors (IOPS) Annual Meetings,Victoria Falls

16-19 October 2023

ACTUARIAL & AML/CFT DEPARTMENT

The department consists of two units as follows:

Unit	Responsibilities
Actuarial	The Unit is responsible for providing actuarial assurance to the Commission.
Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT)	The AML/CFT Unit is responsible for supervising, monitoring, and enforcing industry compliance with AML/CTF obligations.

Actuarial Unit

Outcome 2: Improved Pension and Insurance Benefits

2019 Currency Changes Pensioners' Compensation

Following the Kuvimba Mining House's dividend declaration of US$400, 000 to the Commission in 2021, on behalf of pensioners affected by the currency changes of 2019, the department continued to facilitate payment of US$100 compensation to identified pensioners using a means test approach in 2023. As at 31 December 2023, a total of US$383,300 had been disbursed to 3,833 pensioners with each recipient receiving US$100. The remaining funds were earmarked to be distributed during the first half of 2024. The Commission did not receive any additional dividends from Kuvimba Mining during the reporting period.

Implementation of Justice Smith Compensation Framework - 2009 Compensation

The Pensions and Provident Funds (Compensation for Loss of Pre-2009 Value of Pension Benefits) Regulations were gazetted with the effective date being the 1st October 2023. Pension funds were expected to submit compensation schemes to the Commission by 31 December 2023 with the Actuarial department expected to assess the submissions in 2024.

Outcome 3: Improved Industry Compliance and Soundness

Asset separation

The Actuarial department spearheaded the monitoring of compliance with the requirements of asset separation for non-life and life companies whose asset separation reports were approved by the Commission. For non-compliant entities, the Commission instituted regulatory sanctions against them including issuance of a corrective order against one regulated entity after completion of a forensic investigation on the entity.

The Commission will in 2024, also institute regulatory sanctions against non-compliant funeral assurers. Only 50% of the funeral assurers complied with the asset separation requirement.

Risk-Based Capital Regime (ZICARP)

The Zimbabwe Integrated Risk and Capital Programme (ZICARP) Framework and reporting templates were finalised during the period under review. The Framework became effective during the reporting period with the industry expected to report ZICARP numbers starting December 2023. The Commission expects the ZICARP regulations to be gazetted in 2024. The department will also spearhead ZICARP trainings in 2024 targeting board members, management and technical personnel consisting of actuarial, finance, risk and auditing teams.

Launch of the Zimbabwe-specific mortality tables

The insurance and pensions industry in Zimbabwe used to rely on mortality tables from other countries with some adjustments to suit local experiences. Without country-specific mortality tables, some inference would need to be made on the degree to which Zimbabwe's own mortality experience follows that of another country's mortality tables. The risk with that is that the inference may be inaccurate, leading to some incorrect strategic decisions such as charges for insurance contracts and pension products.

During the period under review, the Unit spearheaded the launch of the Zimbabwe-specific mortality tables, which is critical given that they reflect the underlying mortality experiences of the country. Decisions will, therefore, be based on more relevant and appropriate experiences that reflect the demographic and economic experiences of the country.

The Quantitative Impact Studies (QIS) to assess the financial impact of the new tables on insurance companies and pension funds were scheduled for Q1, 2024.

AML/CFT UNIT

Outcome 1: Improved Organisational Performance and Image

Capacity-Building

IPEC strengthened its supervisory capacity by reviewing its supervisory manual and upskilling staff members during the reporting period. The Commission updated its risk-based supervision manual.

Two AML/CFT supervisory staff members undertook Certified Anti-Money Laundering Specialist (CAMS) certification training and are now certified specialists, bring to three (3) CAMS specialists within the Commission.

Outcome 3: Improved Industry Compliance and Soundness

Compliance with AML/CFT Obligations

During the reporting period, the Unit spearheaded the updating of the Commission's sectoral risk assessment and risk rating matrix to maintain an understanding of money laundering risks prevalent within the insurance and pensions industry and to guide the supervision process. Money laundering vulnerabilities in the sector were found to exist through savings/ investments products offered, heavy reliance on intermediaries, increasing usage of cash, and existence of high-risk clients though to a limited extent. Entity-specific controls were then considered, and risk profiles were updated. Institutions with higher risk ratings were targeted for onsite inspections during the period under review.

Three dedicated AML/CFT onsite inspections were conducted, one of which was a follow up inspection.

Key findings from the onsite inspections included:

- Presence of AML/CFT policies and procedure manuals. However, these needed updating to align with developments in AML/CFT legislation. Non-adherence by staff, to the set AML/CFT procedures including the policies was also observed.
- Institutional risk assessments that were limited in scope, and generalised – not considering client risk profile and specific product risk assessments.
- Improper filing of suspicious transaction reports, by not following the prescribed GoAML reporting templates.
- Limited scope of internal audit coverage of AML /CFT compliance issues.
- Verification of customer identification being left to agents and no copies of identity documents being maintained.
- Lack of proper transaction monitoring systems.

The Unit reviewed AML/CFT quarterly return submissions, as part of ongoing monitoring of industry compliance with AML/CFT obligations. Supervisory letters were issued, and engagement meetings conducted to assist the entities in addressing their shortcomings.

The Unit continued to spearhead industry awareness on AML/CFT obligations. During the period under review, the Commission issued a sector-specific guideline on 'AM/CFT/ CPF Guideline for life assurance and pension sector. An industry wide training was also conducted on reporting of suspicious transactions and transaction red flags associated with the sector. The training was carried out jointly with the Financial Intelligence Unit. Entity-specific Board and Senior Management trainings were also conducted during the year.

The country launched its 3rd Money Laundering National Risk Assessment (NRA) in November 2023 to update the understanding of money laundering vulnerabilities and threats. The 3rd NRA report is to be finalised by October 2024.

CORPORATE SERVICES DEPARTMENT

The department consists of three Units as follows:

Unit	Responsibilities
Legal and Company Secretarial	The Unit is mainly responsible for providing secretarial services and legal advice to the Commission and reviewing existing legislation and drafting new laws.
Public Relations	The Public Relations Unit is responsible for spearheading consumer education, the Commission's visibility initiatives, stakeholder engagement, and corporate social responsibility programmes.
Registry	The Registry Unit is responsible for record-keeping.

Legal and Company Secretarial Unit performance information is covered under the Governance Report under Part A above.

PUBLIC RELATIONS UNIT

IPEC's statutory mandate to promote financial literacy is in terms of section 4 (1) (d) of the Insurance and Pensions Commission Act [Chapter 24:21], which directs the Commission to educate the public about insurance and pensions so that they can make informed financial decisions.

In line with this mandate, the Public Relations Unit spearheaded the implementation of various strategies to educate the public about insurance and retirement planning. These communication strategies included seminars, exhibitions, media coverage, gamification, and digital platforms.

Financial Literacy Initiatives

Global Money Week campaign

IPEC in collaboration with other financial sector regulators - the Reserve Bank of Zimbabwe, the Securities and Exchange Commission of Zimbabwe, and financial service providers conducted a month-long financial literacy campaign in March 2023 under the auspices of the Global Money Week campaign. The campaign targeted schools in Matabeleland North and South, Harare, and Mashonaland Central Provinces. Some of the districts covered include Binga, Hwange, Plumtree, Matobo, Rushinga, and Mt Darwin.

The campaign also targeted university students at Lupane State University, National University of Science and Technology, Harare Institute of Technology, and Bindura University of Science Education.

The campaign also leveraged mainstream and digital media to raise awareness of insurance and pensions among young people. The campaign mainly focused on educating school children and young people on the importance of managing risk through insurance and retirement planning to avoid old age poverty.

Overall, the campaign reached over 10, 000 learners and educators directly.

Consumer Education Seminars

During the reporting period, the Unit conducted three seminars, Mashonaland East District Extension Officers, My Money Talk Project, and Rotaract.
The seminar for the district extension officers focused on educating them about agricultural

insurance and its importance in mitigating the adverse effects of climate change and variability. Given that the majority of smallholder farmers rely on rain-fed agriculture, they are prone to the negative effects of climate change, which poses food security risks for the country and the livelihoods for the farmers themselves. The district extension officers were expected to educate ward-based extension officers in their respective districts so that they could further educate smallholder farmers in their respective wards on the importance of agricultural insurance. The Commission intends to conduct further trainings for the extension officers in 2024.

On the other hand, the My Money Talk Project and Rotaract focused on raising general awareness about insurance and retirement planning as well as the rights and responsibilities of insurance and pension consumers.

The Unit also facilitated presentations by the Insurance Council of Zimbabwe (ICZ) at Field Day events in Manicaland and Matabeleland South provinces, where the association educated farmers on the importance of agricultural and livestock insurance, respectively. It further facilitated another ICZ presentation on Risk Management for Small and Medium-sized Enterprises at a workshop organised by the Ministry of Women Affairs, Community and Small-and-Medium Enterprises Development in Bulawayo on the sidelines of the Zimbabwe International Trade Fair (ZITF).

Advocacy Initiatives

The Unit also championed engagements with the Ministry of Lands, Agriculture, Fisheries, Water and Rural Development for the inclusion of agricultural insurance in the training modules for extension officers. The Ministry approved the proposal and the module was under development as at 31 December 2023. Engagements with the Ministry of Agriculture was done in collaboration with the Insurance Council of Zimbabwe.

Furthermore, the Unit also spearheaded engagements with the Ministry of Women Affairs, Community, Small and Medium Enterprises Development for the inclusion of insurance and retirement planning in training manuals for Micro-Small to Medium-sized Enterprises (MSMEs). Development of the training manuals was also under development as at 31 December 2023.

The Unit also advocated for the inclusion of insurance and pensions in primary and secondary education school curriculum as part of the school curriculum review exercise that took place during the reporting period. The curriculum review was still ongoing as at 31 December 2023.

Leveraging Exhibitions

The Unit participated through exhibition at about 20 events, including the ZITF, the Zimbabwe Agricultural Show, and five (5) provincial agricultural shows. The other exhibitions included shopping mall activations and World Consumer Rights Day commemorations.

The Commission leveraged the exhibitions to educate the public about the Commission and its mandate, the importance of insurance and pensions as well as the rights and responsibilities of policyholders and pension scheme members.

The exhibitions enhanced the visibility of the Commission while at the same time helping educate the public about insurance and pensions.

Media Campaigns

The media play an important role in educating and informing the public about insurance and pensions. The Unit leveraged various communication touchpoints in promoting financial literacy. Some of the initiatives included enrolling about 35 journalists from across the country to undergo a Journalists Mentorship Programme over five months during the year under review. The training, which was conducted in collaboration with the National Social Security Authority, focused on building the capacity of journalists to cover insurance and pension matters objectively and to educate the public on the benefits and risks associated with insurance and pensions. The cohort published about 170 articles during the mentorship period. Altogether, about 400 mainstream media articles were published in 2023 compared to 361 in 2022.

Not only did the Journalists Mentorship Programme improve the quality of media articles, it also increased the coverage of insurance and pension matters.

The Commission also participated in the Insurance Awareness Day and Pensions Awareness Day special feature supplements published by The Zimbabwe Independent on 30 June and 15 September 2023, respectively. The articles focused on educating the public about insurance and pensions and the rights and responsibilities of policyholders and pension scheme members, respectively.

The Unit also handled about 30 media enquiries during the period under review and published three public notices relating to the Top 50 (by value) defaulting sponsoring employers, the pre-2009 compensation update, and the suspension of Sunset Funeral Assurance company from writing new business.

The Commission also leveraged digital media including the website and its social media platform for consumer education during the year under review. The website had about 65, 000 views and about 100, 000 generic reach across social media platforms.
Using gamification as a financial literacy tool

One way of simplifying perceived complex matters such as insurance and pension is through gamification. Studies have indicated that gamification can help effectively change consumer behaviour.

It is for that reason that IPEC developed a Snakes and Ladders Board Game with consumer education embedded in the game. Climbing up the ladder symbolises the benefits of good behaviour such as managing risk through insurance while being swallowed by the snake reflects the negative consequences of bad behaviour such as not planning for retirement.

Corporate Social Responsibility

As a good corporate citizen, IPEC implements corporate social responsibility initiatives to demonstrate its commitment to social causes. During the period under review, the Public Relations Unit in collaboration with various partners among them the National Social Security Authority, some insurance companies, and pension funds, spearheaded a medical outreach in Matabeleland South province covering Gwanda and Matobo districts. The campaign targeted the elderly in the two districts, which saw about 800 elderly people receiving medical attention and medication.

IPEC believes corporate social responsibility initiatives such as medical outreach campaigns can help address healthcare gaps and improve access to medical services for underserved populations such as the elderly. This not only has a positive impact on the health of individuals but also contributes to overall societal welfare.

Medical Outreach in Matabeleland South Province in March 2023

Insurance and Pensions Media Awards 2023

FINANCE AND ADMINISTRATION

The department consists of three Units as follows:

Unit	Responsibilities
Finance	The Unit is responsible for mobilising, allocating, and managing financial resources and financial reports.
Human Resources	Human Resources is responsible for attracting, training, and retaining competent and motivated staff to achieve the Commission's mandate.
ICT	Developing and administering ICT Systems.

The Finance Unit performance information is covered under the Annual Financial Statement in Part C below.

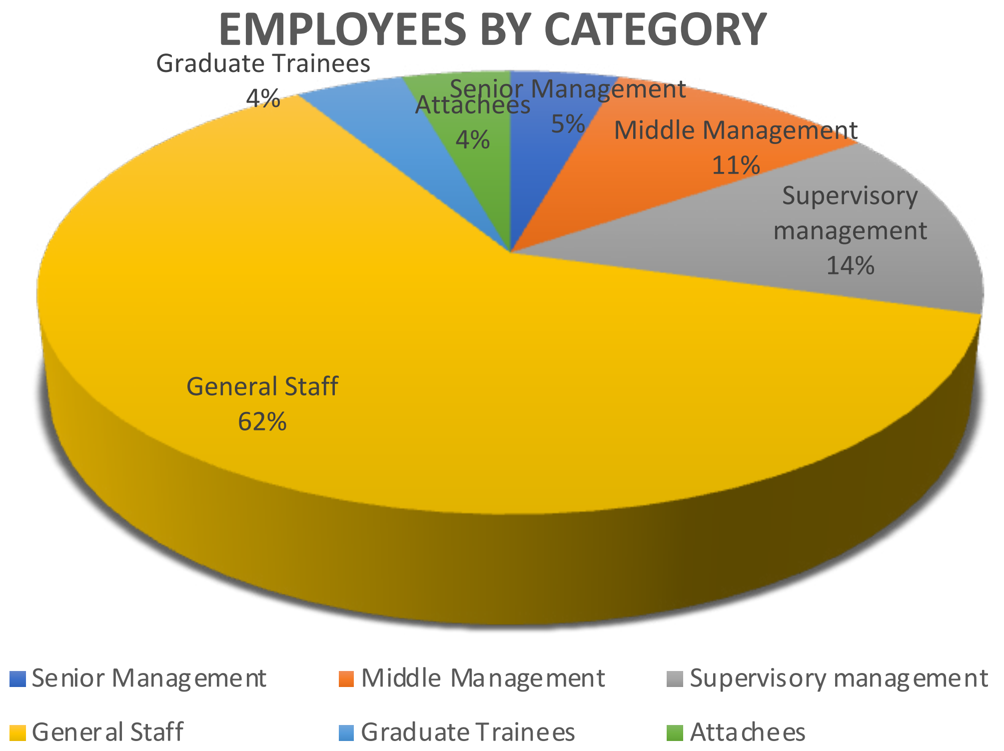
HUMAN RESOURCES MANAGEMENT

Outcome 1: Improved Organisational Performance and Image

The Unit's initiatives during the year under review focused on entrenching a culture of high-performance across different levels and skills retention.

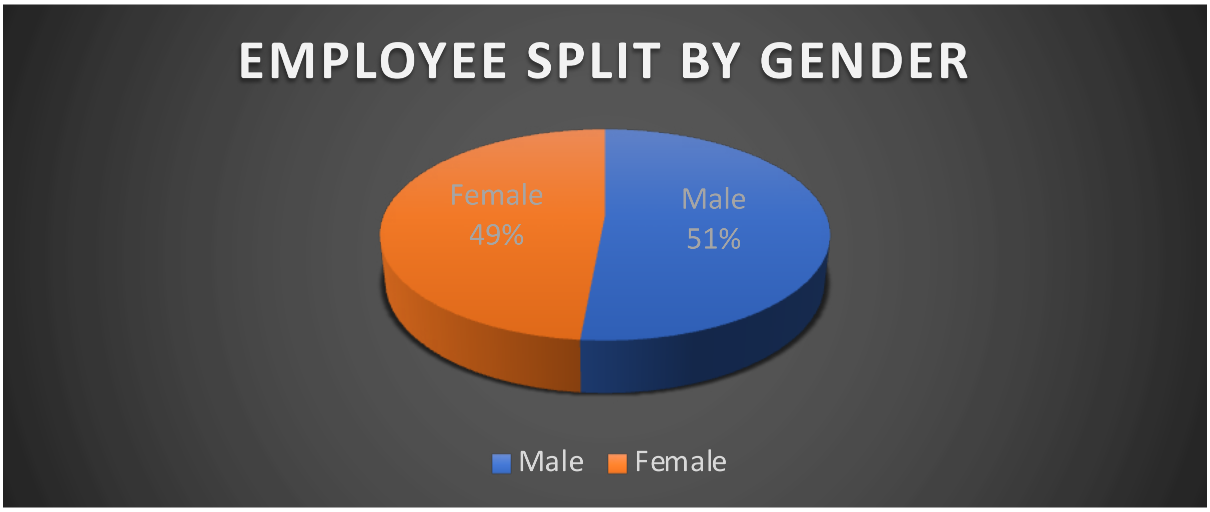
Staff Complement

As at 31 December 2023, the total number of staff in post was 136 against an approved establishment of 144, translating to 94%, during the comparative period in 2022. The employees were spread into the categories as shown on the chart below.



Gender representation

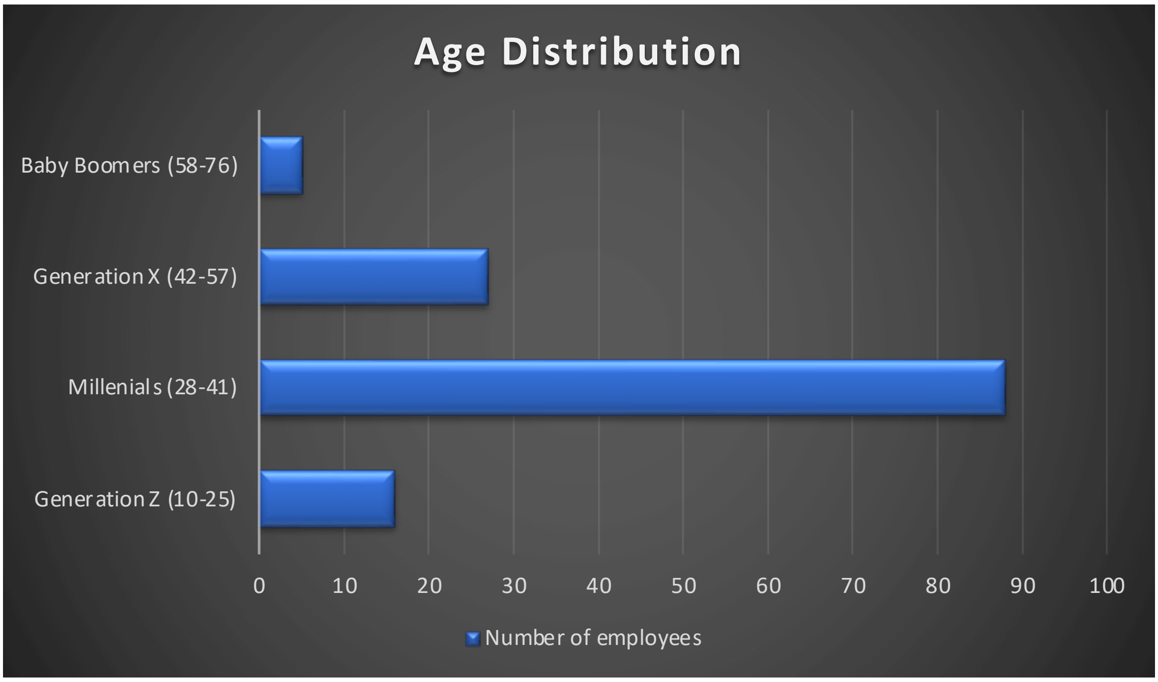
IPEC is an equal opportunity employer and the average gender representation for the year was 70 male and 66 female employees, translating to a ratio of 51:49, respectively against the IPEC policy ratio of 50:50. In 2022 the ratio was at 51:49.



Age profile of IPEC

IPEC's employee age distribution was mainly constituted by the millennials group, meaning that there will be continuity of operations into the future.

The figure below highlights the staff age profile.



Staff Recruitments and Promotions during the year:

During the year under review, the Commission recruited 10 employees who possessed diverse skills. There were three promotions to senior positions during the same period.

Staff resignations during the year:

The Commission recorded 10 voluntary resignations in 2023, reflecting a 7% staff turnover for the year. The turnover rate was a marked improvement compared to the previous year, which was at 12%. The Commission implemented various retention initiatives to ensure that it did not lose its human capital. IPEC continues to work on strategies to retain staff and ensure that the labour turnover rate is within the global standard of 5%.

Staff Training and Development

The Commission continued to upskill its staff through continuous development by attending forty training programmes, workshops, and conferences during the year. Every staff member of the Commission participated in relevant training.

Performance Management

Integrated Results Based Management System (IRBMS) remained core in the Commission's pursuit of improved organisational performance. The Commission continued to implement performance-based salary increases for the year 2023. This has enhanced the Commission's culture of performance with a marked improvement in individual and corporate performance.

Employee Relations

The Commission enjoyed a cordial employee relations throughout the year. There was one disciplinary case that led to a dismissal. There was continuous engagement on the improvement of conditions of service and employee wellness with several initiatives being implemented. The Works Council platform provided an effective communication channel between management and staff during the year. On a sad note, the Commission lost two members of staff to death during the year under review.

Employee Wellness

Sporting Activities

Members of staff participated in various employee wellness activities such as the marathon, soccer, darts, netball, and other sporting activities. The Commission managed to get 4 gold, 1 silver and 1 bronze medal respectively during the sporting weekend.

Office Accommodation

The Commission completed phase 1 of the renovations at its new offices in Harare CBD with 70% of staff now housed at the new offices. The rest are stationed at the Greendale and Complaints Handling Offices in Harare and Bulawayo.

INFORMATION COMMUNICATION TECHNOLOGY

The ICT Department is mandated to drive the digital transformation of the Commission. This entails providing a safe, secure, and robust computing environment, automate business processes and interface systems. The department is also leveraging on emerging technologies to improve communication and collaboration between staff members and provide much needed data to make informed decisions.

During the period under review the unit carried out activities listed below:

Disaster Recovery Solution

The Commission successfully implemented a Disaster Recovery Solution for the Commission's mission critical ERP system namely, SAP S/4 HANA. The solution makes backup, replication and restoration of data and workloads easier. This has led to a significant reduction in the risk of the Commission losing data in the event of a disaster affecting the primary server. The overall system uptime has also been improved.

Convene Board Management System

Successful implementation of Convene, an Electronic Board Management system. This powerful, paperless tool which is now being used by the Commission will result in efficient and effective management of board and committee meetings.

Website Upgrade

The Commission managed to upgrade and refresh the look and feel of the website into a more modernised, secure, and easy to navigate website. This goes in line with IPEC's goal of creating a positive brand physically and virtually. As part of the upgrade the Commission launched a live chat-bot for assisting with enquiries and complaints on the website. This ensures that stakeholders get assisted 24/7, while more complex queries are instantly responded to on the chat platform.

Human Resources self-service portal

The Commission also managed to deploy Belina Connect, which is an online portal that saw the organization doing away with manual processing of leave applications, loan applications and overtime applications. This has increased efficiency while reducing costs for the organization. Introduction of Belina connect platform has freed up time for the Human Resources staff to focus more on employee welfare whilst management are enabled to make more informed decisions using insights that the system affords them.

Business Intelligent with Microsoft Power BI

In its quest to automate the Commission's processes, management facilitated the procurement and setting up of Microsoft Power BI. Currently the data source is Excel spreadsheets which are imported into Microsoft Power BI, and analytics can be performed on the data. The long-term plan is to build a data warehouse to integrate with Microsoft Power BI for real-time analytics. This is a business intelligence tool which allows business to bridge the gap between data collection and decision making by transforming data into powerful informative insights.

Network Expansion

The year 2023 also saw the upgrading and expansion of the voice and data Local Area Network at 90 Speke Offices as part of the ongoing building renovations. To keep up with modern trends, the Commission installed IP phones handsets, a move away from the traditional analogue and digital handsets, The IP handsets are expected to drive down telephone maintenance costs as well as calling costs. They can also easily integrate to conference call facilities.

PROCUREMENT MANAGEMENT UNIT

Responsibilities

The department is responsible for the procurement of goods and services as per approved procurement plan.

Outcome 1: Improved Organisational Performance and Image

Key Procurements

Item No.	Procurement Description	Status
1.	Office Building Renovations - Completed Phase 1 (ground & 2nd floors)	Commissioned
2.	Motor Vehicles x 1	Delivered
3.	Digitisation of Physical Records Project	Commissioned
4.	ICT Systems and Hardware Equipment (Disaster Recovery System)	Commissioned
5.	Technical & Support Consultancy Services (Forensic Investigation, ZICARP, Asset Separation Projects)	Completed

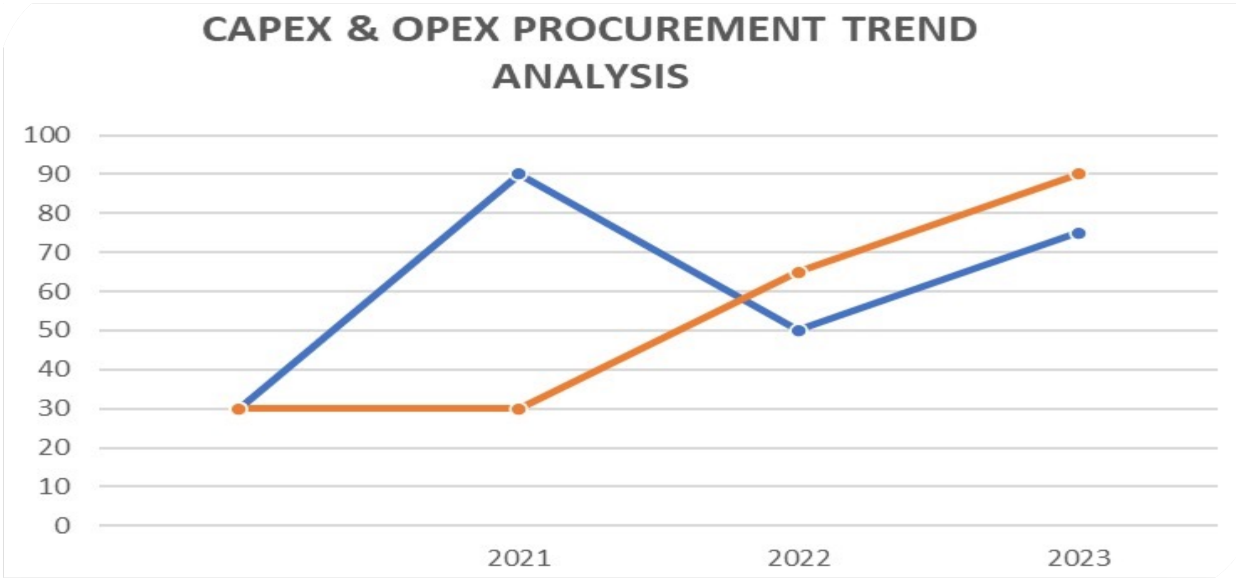
The new IPEC Offices

The Commission acquired an office building in the Central Business District to enhance easy accessibility by policyholders and pensioners. To date, almost 40% of the building has been modernised for office use, with the first and second floors (Phase 1) completed and already occupied by over 60% of the staff. The next phase is the installation of the façade followed by renovations to the third floors as the last stage (Phase 3).

Procurement Budget Utilisation Analysis

Below is the illustration showing CAPEX and OPEX trends from 2021 to 2023

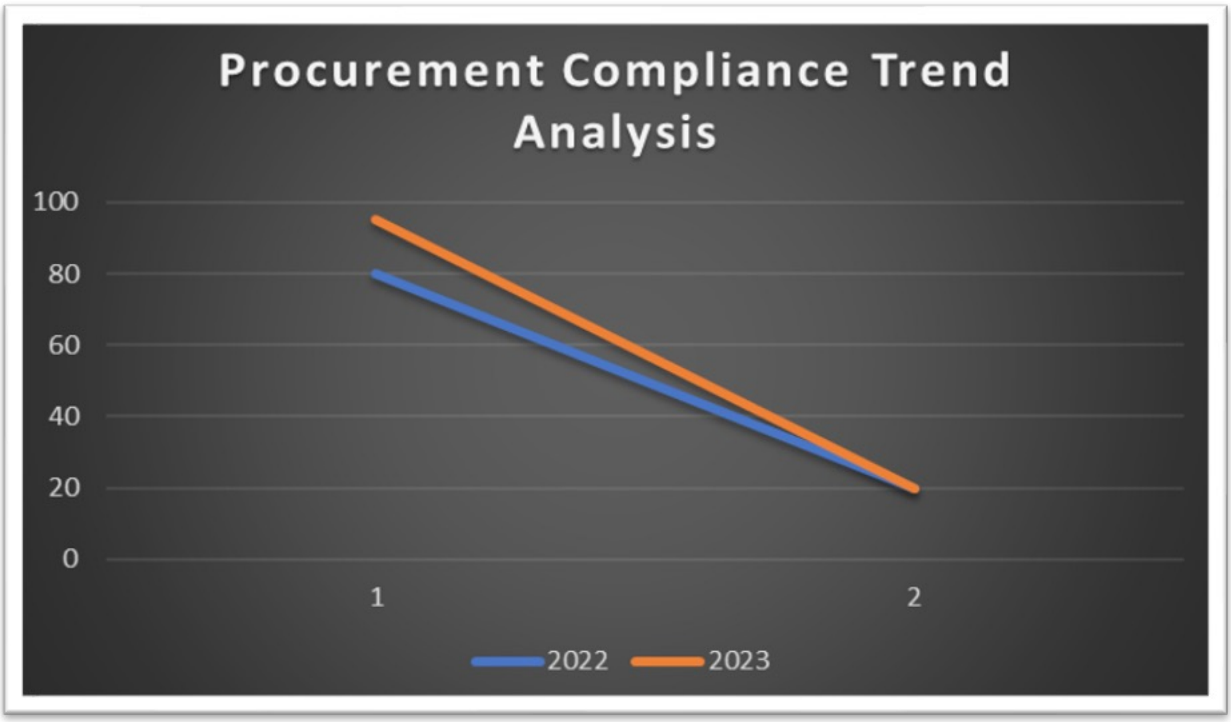
- High CAPEX in 2021 was a result of the purchase of 90 Speke Building.
- High OPEX in 2022 and 2023 was because of conference and workshop activities following the end of COVID-19.
- Rising CAPEX in 2023 is due to increased pace of renovations at 90 Speke Building.



(Source: Procurement Management Unit Report 2022 - 2023)

Public Procurement Compliance Trend Analysis

- The trend below shows that the Commission's level of compliance in line with public procurement regulations was slightly higher in 2023 than in 2022.
- This is due to improved tender administration and effective contract management practices.



(Source: PRAZ Annual Report 2022 - 2023)

Initiatives to increase compliance in public procurement

The Commission held its first Procurement Evaluation Committee Sensitisation Workshop, under the theme **Embracing Value for Money in Public Procurement.**

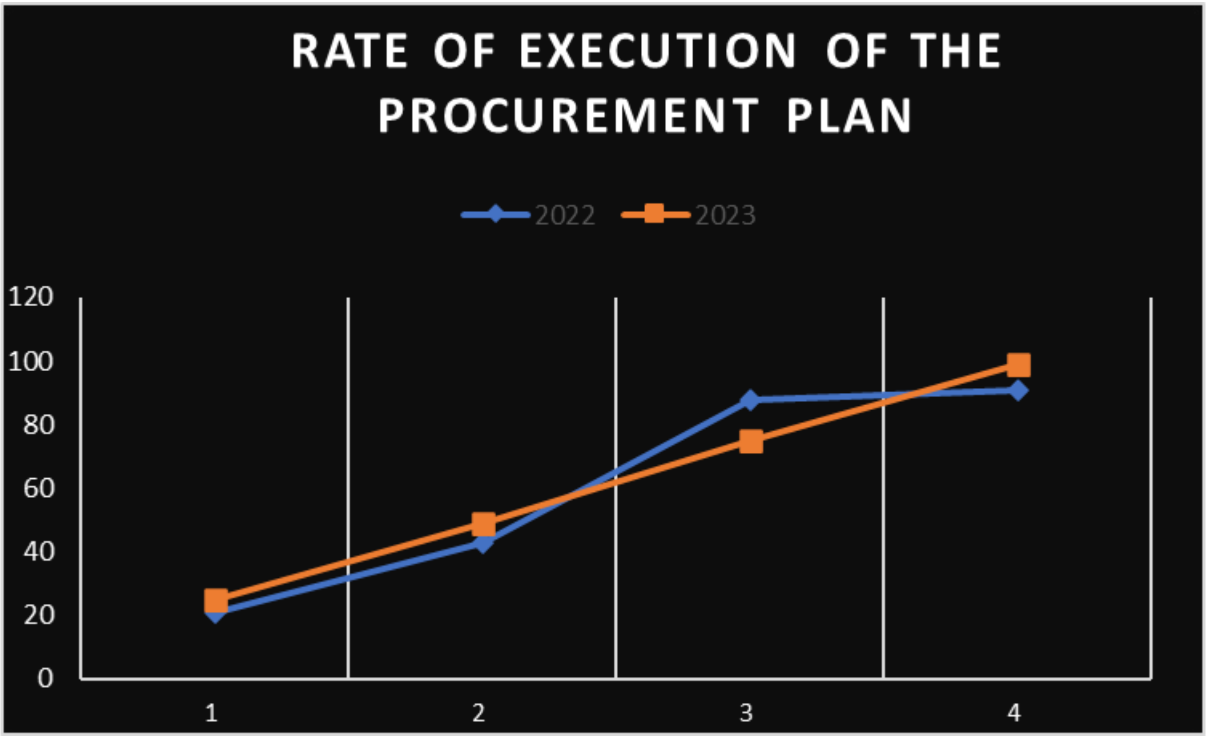
The workshop was facilitated by PRAZ and external Consultants and 25 staff members attended the workshop.

The workshop objective was to foster compliance through training and skills development targeted to members who participate in procurement evaluations.

Annual Procurement Plan (App) Coverage

For each financial year, the Commission prepares a Procurement Plan which in summary shows the list of goods, construction works and services for procurement during the year.

- As at December 2023, about 91% of the planned procurements were executed compared to 81% in 2023. These include ICT hardware, phase 1 renovations, consultancy services, conferencing and workshops.
- Below is a summary on rate of coverage of the Procurement Plan.



(Source: Procurement Management Unit Report 2022 – 2023)

ANNUAL FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

for the year ended 31 December 2023

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Audited by: integra Chartered Accountants

General Information

Country of incorporation	Zimbabwe

NATURE OF 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.

DIRECTORS

Mr Albert Nduna	Chairperson
Mrs Anna Mashingaidze	Vice - Chairperson to the 23rd of June 2023
Mrs Judith Rusike	Vice-Chairperson from the 1st September 2023
Dr Grace Muradzikwa	Commissioner
Mr David Mureriwa	Member
Mr Godwin Nyengedza	Member
Mr Clemence Muzondo	Member

REGISTERED OFFICE

160 Rhodesville Avenue
Greendale
Harare
Zimbabwe

BANKERS

CBZ Bank Limited
FBC Bank Limited

LAWYERS

Muvingi and Mugadza
7th Floor, Pegasus House
54 Samora Machel Avenue
Kopje
Harare

AUDITORS

Integra Chartered Accountants
3 Fal Road, Vainona
Borrowdale, Harare
Contacts : +263 (242) 8612284688
Email : info@integra-ca.co.zw
Website : www.integra-ca.co.zw

Directors' Report

The Directors are required in terms of the Insurance and Pensions Commission Act [Chapter 24:21] (IPEC Act) 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 Public Sector Accounting Standards(IPSAS) 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 Public Sector Accounting Standards (IPSAS) and the requirements of the IPEC Act [Chapter 24:21] and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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 2024 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 6 to 8.

The financial statements set out on pages 9 to 26, which have been prepared on the going concern basis, were approved by the Board of Directors on 27 March 2024 and were signed on their behalf as per below.

Approval of financial statements

Mr Blessmore Kazengura	Dr Grace Muradzikwa	Mr Albert Nduna
Finance Director	**Commissioner**	**Chairperson**

27 March 2024

integra
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF THE INSURANCE AND PENSIONS COMMISSION

Opinion
We have audited the inflation-adjusted financial statements of the Insurance and Pensions Commission (IPEC or "the Commission") set out on pages 9 to 12, which comprise:

- Inflation-adjusted statement of financial position as at 31 December 2023;
- Inflation-adjusted statement of income and expenditure and other comprehensive income;
- Inflation-adjusted statement of changes in accumulated funds;
- Inflation-adjusted statement of cash flows;
- A summary of significant accounting policies applied by the Commission during the year; and
- Notes to the inflation-adjusted financial statements.

In our opinion, the inflation-adjusted financial statements give a true and fair view of the financial position of IPEC as at 31 December 2023, and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).

Basis of Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Commission in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter
We draw attention to the fact that the inflation-adjusted financial statements for the year ended 31 December 2023 have been prepared in accordance with International Public Sector Accounting Standards (IPSAS), following a change in the accounting framework from International Financial Reporting Standards (IFRS). The transition to IPSAS represents a significant change in the basis of the preparation and presentation of the financial statements. Management has exercised judgment in selecting appropriate accounting policies and applying IPSAS principles to ensure the fair presentation of the financial position and performance of the Commission. Users of the financial statements should consider the implications of this transition on their understanding and interpretation of the financial information disclosed. Refer to Note 2.1 to the inflation-adjusted financial statements for further details on the transition from IFRS to IPSAS.

We draw attention to Note 20 to the financial statements, which describes the restatement of the comparative information for the year ended 31 December 2022. The comparatives have been restated to account for a receivable not previously recognised. Our opinion is not modified in respect of this matter.

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance to the audit of the inflation-adjusted 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.

AUDIT | TAX | ADVISORY

Independent Auditors' Report (continued)

Key audit matter	How the matter was addressed in the audit
Valuation of expected credit losses	
The allowance for credit losses reflected in the statement of financial position as at 31 December 2023 and determined in accordance with the International Public Sector Accounting Standard 41 (IPSAS 41) amounts to ZWL 113 million (2022: ZWL 15 million). This was considered a key audit matter as the determination of the expected credit losses (ECL) requires significant judgment. The key areas where we identified greater levels of Director's judgement and therefore increased levels of audit focus in the Commission's implementation of IPSAS 41 included: • The measurement of modelled provisions, which is dependent on key assumptions relating to the probability of default (the chance that the debtors will fail to meet their contractual obligations in the future); • Loss given default (an estimate of the loss from a transaction given that default has occurred); • The expected recoveries discounted to present value; • The identification of exposures with a significant deterioration in credit quality; and • Assumptions used in the expected credit loss model including forward-looking information.	We critically evaluated the computations and assumptions relating to the IPSAS 41 accounting standard. Our evaluation included the following procedures: • Obtained an understanding of the process followed in the impairment of accounts receivable and evaluated the design and implementation of the relevant controls within that process, as well as tested the operating effectiveness of those controls; • Performed substantive tests on a sample of the debtor's balances to determine the accuracy of their ageing; • Reviewed the Commission's ECL methodology to determine that this was in line with IPSAS 41; • Performed completeness and accuracy tests on the balances of financial assets being subjected to the model to compute ECL as well as those whose ECL was following the simplified approach; • Performed assessment of the methods used to determine the probability of default, exposure at default and loss given default rates; and • Inspected the ECL model to evaluate whether the ECL amount was being computed following the established methods and using the appropriate parameters as assessed above. We conclude that the significant judgements and estimates made by management in relation to the expected credit losses of accounts receivables were supported by evidence obtained and procedures performed.
Valuation of right of use assets	
As of 31 December 2023, right-of-use assets in the amount of ZWL 196 million (2022: ZWL 7 million) and lease liabilities in the amount of ZWL 281 million (2022: ZWL 9 million) were recognized in the inflation-adjusted annual financial statements. The calculation of the lease term and the incremental borrowing rates used as discount rates can be discretionary and based on estimates. In addition, extensive data from the leases must be recorded to calculate the effects of IPSAS 13 and the development of lease liabilities and right-of-use assets in accordance with the standard. This data is the basis for the measurement and recognition of the lease liabilities and right-of-use assets. There is a risk that the lease liabilities and right-of- use assets have not been measured correctly. Due to the significance of the estimates and judgements involved which could result in a material misstatement, this has been deemed a key audit matter. The disclosure associated with right-of-use assets and lease liabilities is set out in the annual financial statements on the following notes: • Note 2 – Right-of-use assets. • Note 8 – Lease liabilities.	We critically evaluated the computations and assumptions relating to the IPSAS 13 accounting standard. Our evaluation included the following procedures: • We analysed the accounting instructions underlying the completeness and conformity with IPSAS 13; • We performed detailed testing on a sample basis, which was chosen in part on a representative and in part on a risk-oriented basis, and reviewed the accuracy and completeness of the lease contracts and that the correct inputs have been applied; • To the extent that discretionary decisions were made regarding the lease term, we reviewed whether, in light of the market conditions and risks in the industry, the underlying assumptions are plausible and consistent with other assumptions made in the inflation-adjusted annual financial statements; • We reproduced the Commission's calculations of the carrying amounts of the lease liabilities and right-of-use assets. To this end, we evaluated the measurement and recognition of lease liabilities and right-of-use assets for selected leases, chosen in part on a representative and in part on a risk-oriented basis. The risk-based assessment included an evaluation of proper measurement in the case of changes to or reassessments of the underlying contract; and • We assessed the appropriateness of the disclosures of the impact of the IPSAS 13 accounting standard and the application in the notes to the inflation-adjusted financial statements. We conclude that the valuation, presentation and disclosure of right-of-use assets is appropriate.

Independent Auditors' Report (continued)

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 Public Sector Accounting Standards and the requirements of the Insurance and Pensions Commission Act [Chapter 24:21], and the Public Finance Management Act [Chapter 22:19]. This responsibility includes, but is not limited to the following:

- Designing, implementing and maintaining internal controls that ensure proper preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- Formulating and applying appropriate accounting policies; and
- Making accounting estimates that are reasonable in the Commission's circumstances.

In preparing the financial statements, the Directors are 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.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is 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 conducted in accordance with ISAs 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 based on these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 controls;
- Obtain an understanding of internal controls 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 controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commission;
- Conclude on the appropriateness of the Commission'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 auditors' report. However, future events or conditions may cause the Commission to cease to continue as a going concern; and
- 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 the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit. We also provided the Directors 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 the Directors, 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.

Independent Auditors' Report (continued)

Report on legal and regulatory requirements
In our opinion, the inflation-adjusted financial statements have been properly prepared in accordance with the disclosure requirements of the Commission's accounting policies set out on pages 13 to 20 of these inflation-adjusted financial statements and comply, in all material respects, with the requirements of the Public Finance Management Act [Chapter 22:19] and the Insurance and Pensions Commission Act [Chapter 24:21].

The engagement partner on the audit resulting in this independent auditor's report is Philemon Mawire.

Integra Chartered Accountants

Per: Philemon Mawire CA(Z)
(PAAB Practice Number:0750)
Integra Chartered Accountants
Harare

27 March 2024

Statement of Financial Position

for the year ended 31 December 2023

	Note	Inflation Adjusted		Historical Cost	
		2023 ZWL	**2022 ZWL Restated**	**2023 ZWL**	**2022 ZWL Restated**
ASSETS					
Non-current assets					
Property and equipment	1	7 631 669 070	3 856 046 726	6 981 038 758	3 047 850 393
Right-of-use assets	2	193 212 048	6 930 883	193 212 048	5 478 226
Intangible assets	3	588 849 662	296 829 004	360 270 658	68 250 000
Other financial assets	12	4 940 878 266	735 600 626	4 940 878 266	581 424 659
		13 354 609 046	**4 895 407 239**	**12 475 399 730**	**3 703 003 278**
Current assets					
Inventories	4	27 428 263	16 896 657	27 428 263	13 355 254
Loans to executive directors, managers and employees	5	196 567 165	196 181 847	196 567 165	155 063 712
Accounts receivable*	6	1 812 223 457	198 939 514	1 812 223 457	157 243 395
Prepayments	7	19 924 192	342 330 877	19 924 192	261 203 651
Cash and cash equivalents	13	5 225 418 456	687 271 091	5 225 418 456	543 224 606
		7 281 561 533	**1 441 619 986**	**7 281 561 532**	**1 130 090 618**
Total assets		**20 636 170 579**	**6 337 027 225**	**19 756 961 262**	**4 833 093 896**
RESERVES AND LIABILITIES					
Reserves					
Reserves		1 257 088 916	1 157 676 176	2 582 799 005	2 483 386 265
Accumulated fund		15 586 284 782	4 622 962 878	13 358 089 066	1 909 933 940
		16 843 373 698	**5 780 639 054**	**15 940 888 071**	**4 393 320 205**
LIABILITIES					
Non-current liabilities					
Lease liabilities	8	147 596 493	7 580 352	160 917 761	5 991 571
Deferred income	9	52 430 192	69 217 116	52 430 192	54 709 766
		200 026 685	**76 797 468**	**213 347 953**	**60 701 337**
Current liabilities					
Accounts payables	10	2 148 595 704	333 881 161	2 148 595 704	263 902 359
Lease liabilities	8	110 299 515	1 882 045	120 254 557	1 487 583
Provisions	11	1 333 874 977	143 827 497	1 333 874 976	113 682 412
		3 592 770 196	**479 590 703**	**3 602 725 238**	**379 072 354**
Total liabilities		**3 792 796 881**	**556 388 172**	**3 816 073 191**	**439 773 691**
Total reserves and liabilities		**20 636 170 579**	**6 337 027 225**	**19 756 961 262**	**4 833 093 896**

* Accounts Receivable balance was restated as at 31 December 2022 refer to Note 20.

Mr Blessmore Kazengura
Finance Director

Dr Grace Muradzikwa
Commissioner

Mr Albert Nduna
Chairperson

27 March 2024

Statement of Surplus or Deficit and Other Comprehensive Income

for the year ended 31 December 2023

	Note	Inflation Adjusted 2023 ZWL	Inflation Adjusted 2022 ZWL Restated	Historical Cost 2023 ZWL	Historical Cost 2022 ZWL Restated
REVENUE					
Income	14	36 618 423 497	4 507 880 915	29 113 353 540	2 292 794 050
Other operating income	15	1 381 505 017	59 966 969	1 034 419 055	34 920 533
Other operating gains	16	11 209 121 387	1 390 665 783	9 985 356 897	746 242 458
Government grant realised	9	2 279 574	9 921 121	2 279 574	2 279 574
		49 211 329 475	**5 968 434 788**	**40 135 409 066**	**3 076 236 615**
EXPENDITURE					
Administration expenses	17	(38 695 482 075)	(4 131 903 095)	(29 781 053 644)	(2 343 122 952)
Operating surplus		10 515 847 400	1 836 531 693	10 354 355 422	733 113 663
Investment income	20	1 394 928 057	1 066 123 731	1 102 562 373	349 851 364
Finance costs	21	(9 525 123)	(16 547 904)	(8 762 669)	(8 799 528)
Net monetary loss		(937 928 430)	(3 506 254 399)	-	-
Surplus / (deficit) for the year		10 963 321 904	(620 146 879)	11 448 155 126	1 074 165 499
Other comprehensive income		-	741 530 883	-	2 011 141 701
Total comprehensive surplus / (deficit) for the year		**10 963 321 904**	**121 384 004**	**11 448 155 126**	**3 085 307 200**

Statement of Changes in Reserves

for the year ended 31 December 2023

	Revaluation Reserve ZWL	Other Non-Distributable Reserves ZWL	Accumulated Fund ZWL	Total ZWL
HISTORICAL COST				
Balance as at 31 December 2022	**2 483 271 830**	**114 436**	**1 844 556 908**	**4 327 943 174**
Prior Period Error (Note 20)	-	-	65 377 032	65 377 032
Restated Opening Balance at 31 December 2022	**2 483 271 830**	**114 436**	**1 909 933 940**	**4 393 320 206**
Surplus for the year	-	-	11 448 155 126	11 448 155 126
Fair value of other financial assets	-	99 412 739	-	99 412 739
Balances as at 31 December 2023	**2 483 271 830**	**99 527 175**	**13 358 089 066**	**15 940 888 071**
INFLATION ADJUSTED				
Balance as at 31 December 2022	**888 123 090**	**26 913 485**	**3 588 650 066**	**4 503 686 641**
Prior Period Error (Note 20)	-	-	82 713 013	82 713 013
IAS 29 Adjustment	235 502 972	7 136 630	951 599 800	1 194 239 401
Restated Opening Balance	**1 123 626 062**	**34 050 115**	**4 622 962 879**	**5 780 639 056**
Surplus for the year	-	-	10 963 321 903	10 963 321 903
Fair value of other financial assets	-	99 412 739	-	99 412 739
Balances as at 31 December 2023	**1 123 626 062**	**133 462 854**	**15 586 284 782**	**16 843 373 698**

Statement of Cashflows

for the year ended 31 December 2023

	Note	Inflation Adjusted		Historical Cost	
		2023 ZWL	2022 ZWL Restated	2023 ZWL	2022 ZWL Restated
Surplus before Adjustments for:		**11 901 250 334**	**(679 044 955)**	**11 448 155 126**	**1 027 611 984**
Depreciation and amortisation		990 325 886	274 550 196	880 278 846	77 713 377
Lease reassessments		-	-	-	-
Losses (profit) on disposals of assets		-	10 956 672	-	(914 458)
Net monetary loss		(937 928 430)	-	-	-
Loss on stolen assets		-	16 808 390	-	4 071 250
Gains on foreign exchange		-	(1 569 242 964)	-	(834 462 030)
Interest income		(24 406 141)	(73 262 829)	(1 075 410 889)	(47 551 437)
Finance costs		9 525 126	16 547 904	8 762 671	8 799 528
Fair value gains		-	132 348 337	104 609 192	63 422 295
Profit on disposal of shares		99 412 739	(988 526 947)	99 412 739	(300 088 582)
Deferred income movement		(16 786 924)	(9 921 120)	(2 279 574)	(2 279 573)
Changes in working capital:					
Inventory	4	(10 531 606)	(15 266 753)	(14 073 009)	(13 060 164)
Loans to executive directors, managers and employees	5	(385 318)	(95 044 178)	(41 503 453)	(92 254 371)
Accounts receivable	6	(1 613 283 943)	(313 946 389)	(1 654 980 062)	(86 995 904)
Prepayments	7	322 406 685	76 984 952	241 279 459	(254 677 195)
Accounts payable	10	1 814 714 543	(13 637 462)	1 884 693 345	183 997 276
Provisions	11	1 190 047 479	92 308 156	1 220 192 565	101 836 551
Effects of inflation		(530 584)	-	-	-
Cash (used in)/generated from activities		**13 723 829 847**	**(3 137 388 989)**	**12 994 527 764**	**(164 831 452)**
Cash (used in)/generated from activities					
Interest income	18	24 406 141	73 262 829	1 075 410 889	47 551 437
Effects of inflation		-	1 757 836 386	-	-
Finance costs	18	-	(16 547 904)	-	-
Net cash from operating activities		**13 748 235 988**	**(1 322 827 679)**	**14 069 938 653**	**(117 280 015)**
Cash flows from investing activities					
Net cash movement in Investment in financial assets	12	(4 205 277 640)	319 040 906	(4 359 453 607)	140 587 774
Purchase of property and equipment	1	(4 598 097 157)	(707 036 161)	(4 645 616 137)	(503 499 143)
Purchase of Intangible		(292 020 658)	-	(292 020 658)	-
Proceeds from sale of property and equipment		-	6 126 434	-	4 842 383
Net Cash from Investing activities		**(9 095 395 455)**	**(381 868 821)**	**(9 297 090 402)**	**(358 068 986)**
Cash flows from financing activities					
Payment of lease liabilities		(114 693 165)	(209 153)	(90 654 402)	(111 220)
Cash payments for the interest portion of lease liabilities		-	(16 547 904)	-	(8 799 528)
		(114 693 165)	**(16 757 057)**	**(90 654 402)**	**(8 910 748)**
Total cash movement for the year		**4 538 147 369**	**(1 721 453 558)**	**4 682 193 849**	**(484 259 751)**
Cash and cash equivalents at beginning of the year		543 224 606	839 481 685	543 224 606	193 022 327
Effects on Inflation		144 046 482	1 569 242 964	-	834 462 030
Total cash and cash equivalents at end of the year	13	**5 225 418 456**	**687 271 091**	**5 225 418 456**	**543 224 606**

Statement of Accounting Policies

for the year ended 31 December 2023

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 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Public Sector Accounting Standards (IPSAS) and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Insurance and Pensions Commission Act [Chapter 24:21]. The financial results have been restated to take account of inflation in accordance with IPSAS 10, Financial Reporting in Hyperinflationary Economies (IPSAS 10).

The financial statements have been prepared on historical cost convention except for the revaluation of property and equipment and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied by the Commission except where there is inconsistence between prior IFRS based policies and IPSAS.

2.1 Transition from International Financial Reporting Standards (IFRS) to International Public Sector Accounting Standards (IPSAS)

Basis of Preparation

The financial statements for the year ended 31 December 2023 have been prepared in accordance with International Public Sector Accounting Standards (IPSAS), as adopted by IPEC. This follows the transition from the previous accounting framework, International Financial Reporting Standards (IFRS), which were previously applied by the entity.

Transition Process

The transition from IFRS to IPSAS has been implemented in accordance with the requirements outlined in IPSAS 1, "Presentation of Financial Statements," and other relevant IPSAS guidance. The transition process involved a comprehensive review of accounting policies, procedures, and financial reporting systems to ensure compliance with IPSAS principles.

Key Adjustments

The Financial Statements date of adoption for the International Public Sector Accounting Standards (IPSAS) based on the deemed cost as at 31 December 2022. The transition to IPSAS has not resulted in adjustments to the opening balances of assets, liabilities, equity, and comparative figures for the prior period.

Impact on Financial Statements

The transition to IPSAS has impacted the presentation and disclosure of financial information in the accompanying financial statements. Users of the financial statements should consider the implications of this transition on their understanding of the financial position, performance, and cash flows of the entity."

Future Reporting

Management is committed to maintaining compliance with IPSAS in future reporting periods and will continue to assess the impact of any new or revised IPSAS standards on the financial reporting process of the Commission.

2.2 Functional and presentation currency

The Commission operates in a dynamic environment which has been subjected to considerable changes to monetary and exchange control policies in the recent years. In the year under review, the economy has witnessed a substantial increase in volumes of foreign currency transactions, mainly the United States Dollars (USD). Given this multi-currency environment, the Directors have assessed in terms of International Public Sector Accounting Standards (IPSAS) 4, 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) The currency that mainly influences the sales prices for goods and services.
(b) The currency of the competitive forces and regulations that mainly determines the sales prices of goods and services.
(c) The currency that mainly influences labour, material and other costs of providing goods and services (normally the currency in which such costs are denoted and settled).
(d) The currency in which funds from financing activities are generated; and the currency in which receipts from operating activities are usually retained.

Statement of Accounting Policies (continued)

for the year ended 31 December 2023

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

2.2 Functional currency (continued)

In view of the aforementioned assessments outlined in IPSAS 4 guidelines, the directors concluded that the Commission's functional currency remains the Zimbabwe dollar (ZWL), consistent with the presentations made in the prior year financial statements.

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.

2.3 Translation of foreign currencies Foreign currency transactions

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) Interbank 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.

As a result of these two systems, many organizations were unable to obtain foreign currency for daily operations and to make investment-related payments. More generally, the exchangeability of Zimbabwean Dollar for any purpose was limited. Since the Zimbabwean Dollar is subject to a longer-term lack of exchangeability, the exchange rate may not be the same for all entities in Zimbabwe. From the IFRS Interpretations Committee Meeting on Foreign Exchange Restrictions May 2018 Paragraph 21-55, where there is longer-term lack of exchangeability, the exchange rates may be entity-specific i.e. they may vary from entity to entity depending on the method of estimation used and the starting rate used in estimating the exchange rate.

2.4 IPSAS 10 Hyperinflationary economies

The Public Accountants and Auditors Board through its pronouncement 01/2019 provided guidance to all entities that report based on the International Public Sector Accounting Standards (IPSAS) on the application of Financial Reporting in Hyperinflationary Economies Standard (IPSAS10) in Zimbabwe. The pronouncement requires that companies that prepare and present financial statements for financial period ended on or after 1 July 2019apply the requirements of IPSAS10 "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 IPSAS 10 compliant.

Sources of price index

Indices used were obtained from the Zimbabwe Statistical Office for the period from February 2009 to December 2023.

The indices and conversion factors used to restate these financial statements are as follows:

	Index	Conversion factors
CPI as at 31 December 2023	113.22	1.00
CPI as at 31 December 2022	89.49	1.265

Statement of Accounting Policies (continued)

for the year ended 31 December 2023

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

2.4 IPSAS 10 Hyperinflationary economies (continued)

Restatement methodology

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 2023 are restated by applying the change in the index from 31 December 2021 to 31 December 2023.

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 2023. An impairment loss is recognised in surplus or deficit 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. Surplus/deficits 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 2023.

vi. The effect of inflation on the net monetary position of the entity is included in the statement of financial performance as a 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.

2.5 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IPSAS 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.

Trade receivables, loans and other receivables

The company 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 company 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.

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.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including economic factors such as exchange rates, inflation and interest.

Statement of Accounting Policies (continued)

for the year ended 31 December 2023

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

2.5 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

The fair value of financial instruments and other assets and liabilities measured at fair value, is based on their market price at the reporting date. If a market price is not available, the fair value of an instrument is estimated using discounted cash flow techniques. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is market related at the reporting date for an instrument with similar terms and conditions.

The Commission revalued its property and equipment during the under review. The valuation was conducted by external valuers using appropriate valuation techniques and inputs for each valuation which involves significant judgement. Observable market data is used as inputs to the extent that it is available. If prices are not readily determinable, fair value is based either on internal valuation models or management estimates of amounts that could be realised under current market conditions. The translation of the foreign currency denominated assets and liabilities to local currency is based on the year-end exchange rate while transactions are translated at the average exchange rate for the reporting period.

2.6 Property and equipment

Property Plant and Equipment (PPE) refers to non current assets that are expected to be used in more than one accounting period. PPE is recognised when the Commission expects to derive future economic benefits or service potential from the assets and when the cost can be reliably measured. Property and equipment is initially measured at cost. Cost include costs incurred initially to acquire or construct an item of property and equipment and costs incurred subsequently to add to, replace part of, or service it.

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 necessitates 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.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The Commission reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are Commissioned at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each Commission assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including economic factors such as exchange rates, inflation and interest.

Depreciation and amortisation

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.

Statement of Accounting Policies (continued)

for the year ended 31 December 2023

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

2.6 Property and equipment (continued)

Depreciation and amortisation (continued)
The useful lives of items of property and equipment have been assessed as follows:

Item	Subsequent Measurement	Revaluation Frequency	Depreciation method	Average useful life
Land	Revaluation	5 years	N/A	Indefinite
Buildings	Revaluation	5 years	Straight line	60 years
Furniture and Fixtures	Cost	N/A	Straight line	10 years
Other Assets	Cost	N/A	Straight line	3 years
Transport Equipment	Cost	N/A	Straight line	3 years
Office Equipment	Cost	N/A	Straight line	5 years
ICT Equipment	Cost	N/A	Straight line	3 years
Leasehold Improvements	Straight line	N/A	Straight line	N/A

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Impairment tests are performed on property and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property and equipment is derecognised upon disposal or when no future economic benefits or service potential 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 surplus or deficit when the item is derecognised.

2.7 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
Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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.

Statement of Accounting Policies (continued)

for the year ended 31 December 2023

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

2.7 Intangible Assets (continued)

Intangible assets are initially recognised at cost (continued)
Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Armotisation Method	Average Useful life
Computer Software	Straight line	3 Years
SAP Software	N/A	Indefinite

2.8 Financial Instruments

Financial instruments held by the Commission are classified in accordance with the provisions of IPSAS 41 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Commission ,as applicable, are as follows:

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 surplus or deficit.

2.8.1 Accounts payable

Classification
Accounts payable, excluding Statutory payments and amounts received in advance, are classified as financial liabilities.

Recognition and measurement
They are subsequently measured at amortised cost using the effective interest method.

2.8.2 Cash and cash equivalents

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

2.8.3 Derecognition

Financial asset
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.

2.9 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.

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.

Statement of Accounting Policies (continued)

for the year ended 31 December 2023

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

2.9 Leases (continued)

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.

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.

2.10 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. NEW STANDARDS AND INTERPRETATIONS

Standards and interpretations effective and adopted in the current year

The Commission has chosen to early adopt the following standards and interpretations issued by International Public Sector Accounting Standards Board (IPSASB) in May 2023, which have been published and are mandatory for the Commission's accounting periods beginning on or after 01 January 2023 or later periods:

a. **Amendments to International Public Sector Accounting Standards (IPSAS) 19 – Collective and individual services**

The standard seeks to address transactions for collective and individual services. Collective and Individual Services (Amendments to IPSAS 19) forms part of the IPSASB's broader non-exchange expenses project. The purpose of the project on non-exchange expenses is to develop new or amended standards that provide recognition and measurement requirements applicable to providers of non-exchange transactions, except for social benefits. The amendments were deferred to annual period beginning on or after January 1, 2023. The Entity has applied these amendments from the effective date.

b. **Amendments to International Public Sector Accounting Standards (IPSAS) 36 - Long term interest in associates and joint ventures**

Amendments to IPSAS 36 was to converge with narrow –scope amendments to IAS 28. Amendments were made to the standard by additions and deletion of some paragraphs as prescribed in Amendment: Part I.

The amendments were deferred to annual period beginning on or after January 1, 2023. The Entity has applied these amendments from the effective date.

Statement of Accounting Policies (continued)

for the year ended 31 December 2023

3. NEW STANDARDS AND INTERPRETATIONS (continued)

3.1 Standards and interpretations effective and adopted in the current year (continued)

c. International Public Sector Accounting Standards (IPSAS) 42 - Social Benefits

The standard provides guidance on accounting for social benefits expenditure. The definition as per standard is cash transfers paid to specific individuals and/or households to mitigate the effect of social risk. Specific examples include state retirement benefits, disability benefits, income support and unemployment benefits. The new standard requires an entity to recognize an expense and a liability for the next social benefit payment.

The standard seeks to improve the relevance, faithful representativeness and comparability of the information, that the Entity provides in its financial statements about social benefits however it establishes principles and requirements for:

- Recognizing expenses and liabilities for social benefits.
- Measuring expenses and liabilities for social benefits.
- Presenting information about social benefits in the financial statements; and
- Determining what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the social benefits provided by the reporting entity. The standard was deferred by a year to annual period beginning on or after January 1, 2023 due to covid 19. The Entity has adopted and applied these amendments from the effective date.

d. International Public Sector Accounting Standards (IPSAS) 41 - Financial instruments

The standard establishes new requirements for classifying, recognizing and measuring financial instruments to replace those in IPSAS 29, (Financial Instruments: Recognition and Measurement). IPSAS 41 provides more useful information as compared to IPSAS 29 as it:

- Apply a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held.
- Apply a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing
- Apply an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. The standard was deferred by a year to annual period beginning on or after January 1, 2023 due to Covid 19. The Entity has adopted and applied the new standard from the effective date.

e. International Public Sector Accounting Standards (IPSAS) 43 – Leases

The standard is based on IFRS 16 - "Leases". The new standard introduces a right-of-use model that replaces the risks and rewards incidental to ownership model in IPSAS 13, Leases to lessees. For lessors, IPSAS 43 substantially carries forward the risks and rewards incidental to ownership model in IPSAS 13. The standard is effective for the period beginning on or after January 01, 2025.. The Entity has adopted and applied the new standard from the effective date.

g. International Public Sector Accounting Standards (IPSAS) 45 – Property, plant and equipment

The standard replaces IPSAS 17- Property, Plant, and Equipment. The new standard adds current operational value as a measurement basis in the updated current value model for assets within its scope. It further identifies the characteristics of heritage and infrastructure assets, and provides guidance on how these important types of public sector assets should be recognized and measured.

The standard is effective for the period beginning on or after January 01, 2025. The Entity has early adopted and applied the new standard from 1 January 2023 in line with requirements from the ZFRM."

h. International Public Sector Accounting Standards (IPSAS) 46 – Measurement

The standard provides new guidance in a single standard addressing how commonly used measurement bases should be applied in practice. It brings in generic guidance on fair value for the first time, and introduces current operational value, a public sector specific current value measurement basis addressing constituents' views that an alternative current value measurement basis to fair value is needed for certain public sector assets. The standard is effective for the period beginning on or after January 01, 2025. The Entity has early adopted and applied the new standard from 1 January 2023 in line with requirements from the ZFRM.

Notes to the Financial Statements

for the year ended 31 December 2023

1 PROPERTY AND EQUIPMENT

	HISTORICAL COST	Land	Buildings	Lease Improvements	Furniture and fixtures	Transport Equipment	Office Equipment	ICT Equipment	Other Assets	Total
1.1	**Cost/valuation**									
	Balance as at 31 December 2022	432 000 000	1 417 680 000	2 041 743	91 915 760	931 050 000	21 159 040	132 263 600	19 740 250	3 047 850 393
	Reclassification	-	-	-	-	-	(7 934 400)	7 934 400	-	-
	Additions	-	3 600 627 579	-	331 983 623	348 865 438	538 967	318 248 362	45 352 168	4 645 616 137
	Balance as at 31 December 2023	**432 000 000**	**5 018 307 579**	**2 041 743**	**423 899 383**	**1 279 915 438**	**13 763 607**	**458 446 362**	**65 092 418**	**7 693 466 530**
1.2	**Depreciation**									
	Balance as at 31 December 2022	-	-	-	-	-	-	-	-	-
	Charge for the year **(Note 17.1)**	-	(180 962 974)	(2 041 743)	(59 215 537)	(308 995 875)	(6 844 524)	(136 019 845)	(18 347 274)	(712 427 772)
	Balance as at 31 December 2023	**-**	**(180 962 974)**	**(2 041 743)**	**(59 215 537)**	**(308 995 875)**	**(6 844 524)**	**(136 019 845)**	**(18 347 274)**	**(712 427 772)**
1.3	**Net book amounts**									
	Balance as at 31 December 2023	432 000 000	4 837 344 605	-	364 683 846	970 919 563	6 919 083	322 426 517	46 745 144	6 981 038 758
	Balance as at 31 December 2022	**432 000 000**	**1 417 680 000**	**2 041 743**	**91 915 760**	**931 050 000**	**21 159 040**	**132 263 600**	**19 740 250**	**3 047 850 393**

	INFLATION ADJUSTED	Land	Buildings	Lease Improvements	Furniture and fixtures	Transport Equipment	Office Equipment	ICT Equipment	Other Assets	Total
1.4	**Cost/ valuation**									
	Balance as at 31 December 2022	546 553 134	1 793 605 203	2 583 151	116 288 997	1 177 935 870	26 769 768	167 335 845	24 974 758	3 856 046 726
	Additions	-	3 456 764 620	-	370 844 472	359 079 310	708 400	359 521 520	51 178 835	4 598 097 157
	Balance as at 31 December 2023	**546 553 134**	**5 250 369 823**	**2 583 151**	**487 133 469**	**1 537 015 180**	**27 478 168**	**526 857 365**	**76 153 593**	**8 454 143 883**
1.5	**Depreciation**									
	Balance as at 31 December 2022	-	-	-	-	-	-	-	-	-
	Charge for the year **(Note 17.1)**	-	(189 331 269)	(2 583 151)	(68 048 861)	(371 064 631)	(13 664 657)	(156 317 212)	(21 465 032)	(822 474 813)
	Balance as at 31 December 2023	**-**	**(189 331 269)**	**(2 583 151)**	**(68 048 861)**	**(371 064 631)**	**(13 664 657)**	**(156 317 212)**	**(21 465 032)**	**(822 474 813)**
1.6	**Net book amounts**									
	Balance as at 31 December 2023	546 553 134	5 061 038 554	-	419 084 608	1 165 950 549	13 813 511	370 540 153	54 688 561	7 631 669 070
	Balance as at 31 December 2022	**546 553 134**	**1 793 605 203**	**2 583 151**	**116 288 997**	**1 177 935 870**	**26 769 768**	**167 335 845**	**24 974 758**	**3 856 046 726**

Notes to the Financial Statements (continued)

for the year ended 31 December 2023

2 RIGHT OF USE ASSETS

The Commission leases two office buildings, one located at Shop 18, Bulawayo Centre in Bulawayo and the other one at Shop number 5 Kingstones House along Leopard Takawira Street in Harare. The lease term is for 5 years for both Shop 18 Bulawayo Centre and Shop number 5 Kingstones House. Refer to Note 8 for lease liabilities.

Details pertaining to leasing arrangements, where the commission is lessee are presented below:

Net carrying amounts of right-of-use assets

	Note	Inflation Adjusted		Historical Cost	
		2023 ZWL	2022 ZWL Restated	2023 ZWL	2022 ZWL Restated
Carrying amount at the start of the period		6 930 883	19 226 301	5 478 226355	2 815 739
Adjustments for lease reassessments		355 584 896	(1 843 236)	584 896(167	4 193 234
Amortisation		(167 851 073)	(10 452 182)	851 074)-	(1 530 748)
IAS 29 Adjustments		(1 452 658)	-		-
Total		**193 212 048**	**6 930 883**	**193 212 048**	**5 478 226**

3 INTANGIBLE ASSETS

	Note	Inflation Adjusted 2023 ZWL	2022 ZWL Restated	Historical Cost 2023 ZWL	2022 ZWL Restated
ERP System					
Opening Carrying amount		296 829 004	296 829 004	68 250 000	68 250 000
Additions		292 020 658	-	292 020 658	-
Closing Carrying amount		**588 849 662**	**296 829 004**	**360 270 658**	**68 250 000**

4 INVENTORIES

	Note	Inflation Adjusted 2023 ZWL	2022 ZWL Restated	Historical Cost 2023 ZWL	2022 ZWL Restated
Fuel coupons		27 428 263	16 896 657	27 428 263	13 355 254

5 LOANS TO EXECUTIVE DIRECTORS, MANAGERS AND EMPLOYEES

Schedule of loans to executive directors, managers and employees

	Note	Inflation Adjusted 2023 ZWL	2022 ZWL Restated	Historical Cost 2023 ZWL	2022 ZWL Restated
At beginning of the year		196 181 847	273 166 798	155 063 712	62 809 341
Advances		92 610 464	269 597 456	92 610 464	143 361 382
Repayments		(51 107 011)	(96 109 007)	(51 107 011)	(51 107 011)
Effects of IAS 29		(41 118 135)	(250 473 400)	-	-
		196 567 165	**196 181 847**	**196 567 165**	**155 063 712**

6 ACCOUNTS RECEIVABLE

	Note	Inflation Adjusted 2023 ZWL	2022 ZWL Restated	Historical Cost 2023 ZWL	2022 ZWL Restated
Financial instruments:					
Trade receivables		1 925 282 437	217 429 233	1 925 282 437	171 857 818
Allowance for credit losses		(113 058 980)	(18 489 719)	(113 058 980)	(14 614 423)
Total trade receivables at amortised cost		**1 812 223 457**	**198 939 514**	**1 812 223 457**	**157 243 395**

7 PREPAYMENTS

	Note	Inflation Adjusted 2023 ZWL	2022 ZWL Restated	Historical Cost 2023 ZWL	2022 ZWL Restated
Non-financial instruments					
Prepayments		19 924 192	342 330 877	19 924 192	261 203 651

Notes to the Financial Statements (continued)

for the year ended 31 December 2023

		Note	Inflation Adjusted 2023 ZWL	Inflation Adjusted 2022 ZWL Restated	Historical Cost 2023 ZWL	Historical Cost 2022 ZWL Restated
8	**LEASE LIABILITIES**					
	Opening balance		9 462 396	4 297 957	7 479 154	3 397 140
	Adjustments for reassessments		355 584 896	5 305 151	355 584 896	4 193 234
	Repayments of capital					
	Finance costs		9 525 123	11 132 893	8 762 669	8 799 528
	Payments made		(114 693 165)	(11 273 605)	(90 654 402)	(8 910 748)
			(105 168 042)	**(140 712)**	**(81 891 733)**	**(111 220)**
	Effects of IAS 29		(1 983 242)	-	-	-
			257 896 008	**9 462 396**	**281 172 318**	**7 479 154**
	Current liabilities		110 299 515	1 882 045	120 254 557	1 487 584
	Non-current liabilities		147 596 493	7 580 352	160 917 761	5 991 571
			257 896 008	**9 462 396**	**281 172 318**	**7 479 154**
9	**DEFERRED INCOME**					
	Opening balance		69 217 116	248 028 011	54 709 766	56 989 340
	Amortisation		(2 279 574)	(9 921 121)	(2 279 574)	(2 279 574)
	Effects of Inflation		(14 507 350)	(168 889 764)	-	-
	Closing balance		**52 430 192**	**69 217 117**	**52 430 192**	**54 709 766**
10	**ACCOUNTS PAYABLES**					
	Financial instruments:					
	Trade payables		1 609 894 704	75 866 147	1 609 894 704	59 965 214
	Other payables		-	75 919	-	60 007
	Statutory obligations		538 701 000	179 876 740	538 701 000	142 176 024
	Pensioner's compensation liability MOFD		-	20 616 309	-	16 295 297
	Accrued salaries		-	11 768 261	-	9 301 728
	Non-financial instruments:					
	Unallocated deposits		-	45 677 785	-	36 104 089
			2 148 595 704	**333 881 161**	**2 148 595 704**	**263 902 359**
	Financial instrument and non-financial instrument components of trade and other payables					
	At amortised cost		2 148 595 704	288 203 376	2 148 595 704	227 798 270
	Non-financial instruments		-	45 677 785	-	36 104 089
			2 148 595 704	**333 881 161**	**2 148 595 704**	**263 902 359**
11	**PROVISIONS**					
	Provision for leave pay		857 171 855	52 399 724	857 171 855	41 417 164
	Provision for Actuarial Consultancy		476 703 122	91 427 773	476 703 122	72 265 248
			1 333 874 977	**143 827 497**	**1 333 874 977**	**113 682 412**

The Provision for leave pay relates to uncertainty in timing when the expense would be incurred by the Commission.

The Provision for Actuarial Consultancy relates to actuarial work done but the actual amount due is yet to be finalised.

Notes to the Financial Statements (continued)

for the year ended 31 December 2023

		Inflation Adjusted		Historical Cost	
		2023 ZWL	2022 ZWL Restated	2023 ZWL	2022 ZWL Restated
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	2 764 359 609	471 236 439	2 764 359 609	372 469 077
	Split between non-current and current portions				
	Non-current assets	2 764 359 609	471 236 439	2 764 359 609	372 469 077
	The Commission holds investments in listed shares at the Zimbabwe Stock Exchange				
	Investments at fair value				
	Investments held by the Commission which are measured at fair value are as follows:	2 176 518 657	264 364 187	2 176 518 657	208 955 582
	Non-current assets	**4 940 878 266**	**735 600 626**	**4 940 878 266**	**581 424 659**
13	**CASH AND CASH EQUIVALENTS**				
	Cash and cash equivalents consist of:				
	Bank balances	1 637 134 298	312 704 842	1 637 134 298	247 164 426
	Cash on hand	39 210 678	9 090 881	39 210 678	7 185 506
	Short-term deposits	3 549 073 480	365 475 368	3 549 073 480	288 874 674
		5 225 418 456	**687 271 091**	**5 225 418 456**	**543 224 606**
14	**REVENUE**				
	Revenue from contracts with customers				
	Levies	29 632 835 617	4 104 229 064	23 591 888 611	2 101 678 549
	Registration fees	269 178 732	14 721 714	212 761 038	7 110 340
	Application fees	18 980 125	47 624	15 002 043	35 000
	Annual fees	816 498 308	116 058 352	645 366 839	30 855 000
	Agent fees	75 141 157	3 676 062	59 392 176	1 295 000
	Externalisation fees	5 805 789 558	269 148 099	4 588 942 833	151 820 161
		36 618 423 497	**4 507 880 915**	**29 113 353 540**	**2 292 794 050**
15	**OTHER OPERATION INCOME**				
	Fines and penalties	602 790 271	21 320 124	476 450 286	10 800 000
	Bank interest	24 406 141	-	19 290 811	-
	Interest on staff loans	-	19 819 234	-	11 129 919
	Insurance recovery	-	4 112 386	-	2 070 000
	Other Income	754 308 605	14 715 225	538 677 958	10 920 614
		1 381 505 017	**59 966 969**	**1 034 419 055**	**34 920 533**

Notes to the Financial Statements (continued)

for the year ended 31 December 2023

		Inflation Adjusted		Historical Cost	
		2023 ZWL	2022 ZWL Restated	2023 ZWL	2022 ZWL Restated
16	**OTHER OPERATING GAINS**				
	Losses on disposals of assets				
	Property and equipment	-	(10 956 672)	-	914 458
	Fair value gains				
	Fair value gains	6 288 390 040	(167 620 508)	2 210 830 684	(89 134 030)
	Foreign exchange gains				
	Net foreign exchange gains	4 920 731 347	1 569 242 963	7 774 526 213	834 462 030
	Total other operating gains	**11 209 121 387**	**1 390 665 783**	**9 985 356 897**	**746 242 458**
17	**ADMINISTRATION EXPENSES**				
	Advertising and communications	189 339 771	30 264 383	149 655 680	15 106 906
	Audit fees	30 375 444	7 031 531	24 008 996	2 307 578
	Bank charges	157 019 491	12 807 814	124 145 470	6 872 417
	Board fees and expenses	482 595 165	66 116 986	381 447 107	49 331 338
	Cleaning	42 999 514	2 841 430	33 987 162	1 132 182
	Commission of Inquiry	2 656 856	35 223 425	2 100 000	8 898 262
	Conferences	2 880 740 678	158 609 512	2 276 960 637	99 177 736
	Consultancy fees	2 182 273 963	42 535 152	1 724 886 919	16 436 540
	Consumer awareness	910 635 491	278 124 372	719 773 628	67 660
	Corporate social responsibility	6 766 581	245 572	5 348 360	163 984 623
	Data and airtime	629 195 325)	96 684 308	497 321 053	58 005 099
	Depreciation and amortisation **(Note 17.1)**	992 367 629	274 550 196	880 278 846	77 713 376
	Employee costs **(Note 17.1)**	20 390 116 256	2 084 701 195	16 116 512 134	1 240 203 774
	Inspection costs	162 933 322	6 311 763	128 783 811	3 579 391
	Insurance	121 229 083	22 077 493	95 820 444	10 913 463
	Intermediary tax	293 483 526	109 116 274	231 971 743	63 606 948
	IT expenses	1 229 152 982	71 174 611	971 532 418	37 210 997
	Lease rentals	-	25 431 583	-	6 044 040
	Legal fees	13 616 031	9 654 599	10 762 220	5 593 781
	Licensing operating	1 740 469 737	50 710 987	1 375 681 300	31 642 046
	Motor vehicle expenses	342 818 149	57 684 757	270 966 227	35 030 920
	Municipal expenses	323 556 863	37 354 112	255 741 951	21 758 732
	Operational fuel	1 165 512 863	-	921 230 755	-
	Parking fees	98 116 774	12 289 155	7 552 288	6 993 484
	Postage	685 121	52 530	541 525	35 517
	Printing and stationery	177 939 702	23 632 416	140 644 974	12 339 038
	Provision for bad debts	98 444 557	22 763 574	98 444 557	12 104 778
	Repairs and maintenance	1 396 412 710	56 749 873	182 996 104	22 387 527
	Security	200 916 167	53 232 219	158 805 757	30 143 349
	Staff welfare	1 376 240 450	328 661 976	1 087 791 538	217 868 738
	Stolen assets	-	16 808 390	-	4 071 250
	Subscriptions	98 436 745	22 162 660	77 805 196	9 629 497
	Telephone and fax	31 301 731	8 478 240	24 741 140	5 033 98
	Training	895 594 962	107 820 007	707 885 472	67 897 981
	Website	31 538 435	-	24 928 233	-
		38 695 482 075	**4 131 903 095**	**29 781 053 644**	**2 343 122 952**

Notes to the Financial Statements (continued)

for the year ended 31 December 2023

		Inflation Adjusted		Historical Cost	
		2023 ZWL	**2022 ZWL**	**2023 ZWL**	**2022 ZWL**
17.1	**Depreciation and amortisation**				
	Depreciation				
	Depreciation of property and equipment **(Note 1)**	822 474 813	264 098 014	712 427 772	76 182 629
	Right-of-use assets **(Note 2)**	167 851 073	10 452 182	167 851 073	1 530 748
		990 325 886	**274 550 196**	**880 278 845**	**77 713 377**
17.2	**Employee costs**				
	Basic	15 929 401 593	1 751 194 541	12 590 727 332	869 103 572
	Medical aid	1 995 259 303	27 450 187	1 577 069 025	108 860 774
	NSSA	341 674 916	9 016 063	270 062 606	18 639 743
	Zimdef	215 152 665	6 166 903	170 058 399	11 738 668
	Pension	602 745 733	34 301 018	476 415 083	32 885 634
	Recruitment costs	19 713 080	1 461 228	15 581 378	1 075 540
	Fuel allowances	1 286 168 966	255 111 255	1 016 598 311	59 369 953
		20 390 116 256	**2 084 701 195**	**16 116 512 134**	**1 101 673 884**
18	**INVESTMENT INCOME**				
	Interest income				
	Investments in financial assets:				
	Bank and money market instruments	1 360 576 833	73 262 829	1 075 410 889	47 551 437
	Total interest income	**1 360 576 833**	**73 262 829**	**1 075 410 889**	**47 551 437**
	Dividends received	34 351 224	4 333 954	27 151 484	2 211 345
	Profit or loss on stock	-	988 526 948	-	300 088 582
	Total investment income	**1 394 928 057**	**1 066 123 731**	**1 102 562 373**	**349 851 364**
19	**FINANCE COSTS**				
	Interest expense on leasing arrangements	**9 525 123**	**16 547 904**	**8 762 669**	**8 799 528**

20 PRIOR PERIOD ADJUSTMENT

The Commission was in a dispute with one of its service providers. The dispute arose from a payment that was made to the service provider who was acting as an agent for the Commission's ERP system. However, the service provider failed to remit funds for the Commission's licences due to foreign currency constraints at the central bank. To avoid termination of service the Commission made a payment directly for Licences and Support fees whilst pursuing refund from the service provider.

Legal processes ensued and the matter was settled in court during the year ended 31 December 2022 with the service provider being instructed to re-imburse the Commission. The receivable was erroneously not accrued for resulting in a misstatement in the annual financial statements for the year ended 31 December 2022.

Details	**Inflation Adjusted 2022 ZWL**	**Historical 2022 ZWL**
Increase Account Receivables	82 713 013	65 377 032
Increase in Accumulated Fund	82 713 013	65 377 032

Statement of Comprehensive Income

for the year ended 31 December 2023

	Notes	Budgeted Amounts		Historical cost		
		ZW$	ZW$	2023 ZW$	2023 ZW$	
		Original	Final	Actual Amounts on Comparable Basis	Difference between final budget and actual	Comment Ref
Revenue		**2 048 680 143**	**31 265 982 642**	**41 237,971 439**	**9 971 988 798**	
Levies		1 543 869 458	23 758 682 579	23 591 888 611	(166 793 968)	The growth in the Insurance and Pension Industry was less than what was anticipated in the budget.
Fees (application, registration, agent)		5 850 000	228 037 816	287 155 257	59 117 441	
Application fees		-	-		-	
Annual fees		32 470 000	1 105 155 788	645 366 839	(459 788 949)	
Agent fees		-	-	-	-	
Externalisation fees		61 302 226	3 044 823 597	4 588 942 833	1 544 119 236	
Other Income		405 188 459	3 129 282 862	12 124 617 899	8 995 335 037	
Operating expenses	**21**	**7 254 469 193**	**27 791 925 756**	**29 781 053 644**	**(1 989 127 888)**	
Employee costs		2 858 373 319	15 822 392 563	16 116 512 134	(294 119 570)	There were exchange rate movements that were above what was anticipated in the budget.
2009 Compensation		577 300 000	762 500 000	-	762 500 000	2009 Compensation processes were still be finalised at year end
Advertising and public communications		28 611 214	116 518 648	149 655 680	(33 137 032)	
Anti-money Laundering & FATF Activities		7 500,300	-	-	-	
Auditors remuneration - external auditors		16 530 074	67 021 996	24 008 996	43 013 000	
Bank charges		26 429,600	112 470 629	124 145 470	(11 674 842)	
Board fees and expenses		158 305 561	782 761 645	381 447 107	401 314 537	The Budget had anticipated a higher increase than what was eventually awarded.
Cleaning		27 090 340	48 037 636	33 987 162	14 050 473	
Commission of Inquiry on Conversion		56 690 000	2 100 000	2 100 000	-	
Conferences		582 595 696	2 263 454 852	2 276 960 637	(13 505 785)	
Consultancy fees		251 107 200	484 669 283	1 724 886 919	(1 240 217 635)	Exchange rate movements that were more than anticipated and the provision additional work done on Zicarp.
Consumer awareness		175 776 875	693 599 198	719 773 628	(26 174 430)	
Corporate social responsibility		53 700 000	5 348 360	5 348 360	-	
Data and Airtime costs		63 303 833	370 799 918	497 321 053	(126 521 135)	Increase in Tarriffs were more than what anticipated in the budget.
Depreciation and amortisation		80 500 000	556 525 686	880 278 846	(323 753 159)	Differences arising from changing from the previous depreciation rates to the ZFRM rates.
Insurance		113 380 000	182 853 471	95 820 444	87 033 028	
IT expenses		178 124 049	525 340 670	996 460 652	(471 119 981)	
Intermediary tax		162 794 053	283 503 942	231 971 743	51 532 199	
Lease rentals on operating lease		-	88 885 073	-	88 885 073	
Legal fees	-	24 012 776	10 762 220	13 250 556		
Operating Licences		139 577 736	267 141 181	1 375 681 300	(1 108 540 119)	There was a higher exchange rate as compared to the budget. Additional SAP licences fees after SAP audit.
Motor vehicle expenses		73 324 200	252 734 493	270 966 227	(18 231 734)	Exchange rates and additional repair costs that were not anticipated.

Statement of Comprehensive Income (continued)

for the year ended 31 December 2023

	Notes	Budgeted Amounts		Historical cost		
		ZW$	ZW$	2023 ZW$	2023 ZW$	
		Original	Final	Actual Amounts on Comparable Basis	Difference between final budget and actual	Comment Ref
Operational fuel		166 781 980	996 726 607	921 230 755	75 495 852	
Municipal expenses		130 826 520	179 382 063	255 741 951	(76 359 888)	
Parking fees		95 357 997	141 085 564	77 552 288	63 533 275	
Postage		1 321 480	1 725 030	541 525	1 183 505	
Printing and stationery		52 859 200	83 438 682	140 644 974	(57 206 292)	
Repairs and maintenance		99 111 000	155 525 332	182 996 104	(27 470 772)	
Inspection costs		163 274 056	189 002 732	128 783 811	60 218 922	
Security		79 288 800	165 762 411	158 805 757	6 956 654	
Staff welfare		316 002 383	1 052 242 256	1 087 791 538	(35 549 282)	
Subscriptions		41 594 391	61 538 846	77 805 196	(16 266 351)	
Telephone and fax		26 429 600	49 490 256	24 741 140	24 749 115	
Pension Old Mutual		-	-	-	-	
Contingency		169 077 771	123 406 613	-	123 406 613	
Training		193 295 070	708 617 201	707 885 472	731 728	
Research & Development		46 170 100	-	-	-	
Provision for bad debts		42 064 795	171 310 144	98 444 557	72 865 587	
Operating surplus		**(5 205 789 050)**	**3 474 056 886**	**11 456 917 795**	**-**	
Finance costs		-	-	(8 762 669)	8 762 669	
Surplus for the year		**(5 205 789 050)**	**3 474 056 886**	**11 448 155 126**	**8 762 669**	
Other comprehensive income		-	-	-	-	
Total comprehensive income for the year		**(5 205 789 050)**	**3 474 056 886**	**11 448 155 126**	**8 762 669**	

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 6th Annual General Meeting of the Insurance and Pensions Commission (IPEC) will be held on Friday, 28 June 2024 at 1000 hours at Rainbow Towers Hotel - Jacaranda 1, in Harare, for the purpose 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 2023 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 2023 and an update on operations.
6. To receive, consider and adopt the Financial Statements of the Commission, for the year-ended 31 December 2023.
7. To approve the Auditor's remuneration for the 2023 financial year.
8. To approve the remuneration of Directors for the 2023 financial year.
9. To appoint auditors of the Commission for the 2024 financial year.

By Order of the Board

Samantha Nhende
Company Secretary
31 May 2024

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PROTECTING THE INTERESTS OF INSURANCE AND PENSION CONSUMERS

Notes..

2023

INSURANCE AND PENSIONS COMMISSION

Annual Report