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Insurance & Pensions Commission

23 June 2026

Circular 20 of 2026

To : Principal Officers - All registered Life Assurers

: Principal Officers - All registered Non-Life Insurers

: Principal Officers - All registered Reinsurers

: Principal Officers - All registered Funeral Assurers

Cc : Chairperson- Life Offices Association (LOA)

: Chairperson- Zimbabwe Association of Pension Funds (ZAPF)

: Chairperson- Zimbabwe Association of Funeral Assurers (ZAFA)

: The President - Actuarial Society of Zimbabwe

: Public Accountants and Auditors Board

GUIDANCE ON DISCOUNT RATES AND COST-OF-CAPITAL RATE IN TERMS OF STATUTORY INSTRUMENT (SI) 44 OF 2026, INSURANCE (AMENDMENT) REGULATIONS

1. The subject matter above refers.
2. This circular is issued pursuant to Statutory Instrument (SI) 69 of 2020 and paragraphs 8 and 9 of the Sixth Schedule of SI 44 of 2026. These provisions empower the Commission to prescribe a valuation proxy in the absence of an active bond market and the cost of capital rate.
3. Following extensive technical consultation and rigorous analysis of impact of cost of capital rate on ZIACARP dry run submissions, Life insurers are hereby directed to use a **6% cost-of-capital (CoC)** rate for both ZWG and USD ZICARP

4. The updated ZICARP template for Life insurers is accessible through the IPEC website.
5. All non-life insurers must continue to derive the risk margin component of their technical provisions by applying the existent prescribed percentages to the underlying Best Estimate Liabilities.
6. The Commission is developing a standard ZICARP yield curve to ensure industry consistency which will be issued in due course. In the interim, insurers must continue to apply and disclose a discount rate term structure reflecting local market conditions.
7. All adopted discount rates and key assumptions must be supported by experience investigations, which should accompany all annual ZICARP statutory submissions.
8. Please be reminded that all statutory submissions in respect of the year ending 31st of December 2025 are due on or before 30 June 2026.
9. Do not hesitate to contact the Commission at: actuarial@ipec.co.zw should you have any queries.
10. Please be guided accordingly.

Yours sincerely,

Muradzikwa

Grace Muradzikwa

COMMISSIONER OF INSURANCE, PENSION AND PROVIDENT FUNDS