

Funeral Assurance

Sector Report

For The Nine Months Ended 30 September 2023

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- iv. Please Note: All Monetary Figures are in ZW\$ except where stated.
- v. Income statement figures were adjusted using year-on-year inflation of 18.36% reported for September 2023. Source: <https://www.rbz.co.zw/index.php/research/markets/inflation>
- vi. Balance sheet figures were not adjusted due to the unavailability of quarterly inflation figures. Therefore, balance sheet figures are compared on a nominal basis.



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Abbreviations

GPW	Gross Premium Written
IPEC	Insurance and Pensions Commission
MCR	Minimum Capital Requirement
NPW	Net Premium Written
PA	Prescribed Assets/Securities as defined by the Insurance Act [Chapter 24:07]
S.I.	Statutory Instrument
TCF	Treating Customers Fairly
ZICARP	Zimbabwe Integrating Capital and Risk Programme

Definition of Terms

Absolute ZW\$ GPW/Business	Business written solely in local currency.
Consolidated ZW\$ GPW/Business	Total business written combining the absolute local currency business and foreign currency denominated business.



SECTION A:

EXECUTIVE SUMMARY

1 Executive Summary

- 1.1 For the nine months ended 30 September 2023, there were seven (7) registered, operating, and dedicated funeral assurance companies.
- 1.2 The number of the registered funeral assurers decreased to seven (7) from eight (8) after the merger of Passion Funeral Assurance and Doves Life Assurance.
- 1.3 The nominal consolidated Gross Premium Written (GPW) by the Funeral Assurance sector for the nine months under review amounted to ZW\$21.10 billion, an increase of 540.30% from ZW\$3.29 billion recorded for the nine months ended 30 September 2022.
- 1.4 Inflation-adjusted Gross Premium Written (GPW) increased by 440.97% from ZW\$3.29 billion for the comparative period ended September 2022 to ZW\$17.8 billion.
- 1.5 On foreign currency business, the sector recorded total gross premium amounting to US\$2.41 million and ZAR 0.75 million. Only one company recorded business in South African Rand. United States denominated business increased by 989.84% from US\$0.22 million for the period ended September 2022 to US\$2.41 million for the current period under review, while the South African Rand denominated GPW increased by 359.87% from ZAR 0.16 million recorded during the comparable period in 2022 to ZAR 0.75 million for the nine months ended 30 September 2023.
- 1.6 As at 30 September 2023, six (6) out of the seven (7) Funeral Assurers were compliant with the Minimum Capital Requirement (MCR) of ZW\$62.50 million, as prescribed in Statutory Instrument 59 of 2020.
- 1.7 Total assets for the Funeral Assurance sector increased by 23.13% from ZW\$25.02 billion at end of June 2023 to ZW\$30.81 billion as at 30 September 2023. The increase in the asset base was partly due to inflation-driven revaluation gains.
- 1.8 All Funeral Assurers were non-compliant with the minimum Prescribed Asset requirements as at 30 September 2023, resulting in an average Prescribed Asset ratio of 0.18% against the minimum 10%, as required in terms of Statutory Instrument 206 of 2019. The Commission is concerned by the continued non-compliance levels with

prescribed asset requirements.

- 1.9 Only two (2) funeral insurers provided compliance roadmaps, which are being reviewed, while the remaining five (5) players are yet to submit roadmaps in accordance with SI 206 of 2019. The Commission notes that the sector has become persistently non-compliant with prescribed assets.
- 1.10 The total amount invested in Prescribed Assets was only ZW\$55.54 million, against the required minimum amount of ZW\$3.08 billion, to comply with the minimum Prescribed Asset threshold of 10%.
- 1.11 Total liabilities as at the end of Q3 2023 were ZW\$17.24 billion, with future policyholders' benefits being the major component constituting 99.48%.
- 1.12 Profit before tax increased by 436.91% in nominal terms from ZW\$712.19 million for the nine months ended 30 September 2022 to ZW\$3.82 billion during the period under review. After adjusting for inflation, the profit before tax increased by 353.62% to ZW\$3.23 billion over the same period. The notable increase is attributable to premium reviews in line with the dynamic macroeconomic environment.
- 1.13 Two (2) players dominated the Funeral Assurance sector in terms of GPW, with a total market share of 86.72%. The remaining five (5) entities accounted for the difference of 13.28%.
- 1.14 All the seven (7) Funeral Assurers had no reinsurance arrangements in place during the period under review.

A close-up photograph of a person's hand holding a silver pen, poised to write on a document. The person is wearing a white shirt and a blue tie. The document has some text on it, but it is out of focus. The background is a blurred office setting.

SECTION B

ABOUT THE COMMISSION

2 Introduction

- 2.1 The Insurance and Pensions Commission (IPEC) is a Statutory Body, mandated to regulate, supervise, and develop the Insurance and Pensions Industry for the protection of policyholders and pension scheme members in Zimbabwe.
- 2.2 This report outlines the Funeral Assurance sector developments and IPEC's various activities in the sector consistent with its statutory mandate during the nine months ended 30 September 2023.

3 Terms of Reference

The activities of the Commission are guided by the following Acts and their Regulations:

- 3.1 Insurance and Pensions Commission Act [Chapter 24:21];
- 3.2 Pension and Provident Funds Act [Chapter 24:32];
- 3.3 Insurance Act [Chapter 24:07];
- 3.4 Money Laundering and Proceeds of Crime Act [Chapter 09:24];
- 3.5 Finance Act [Chapter 23:04];
- 3.6 Public Entities and Corporate Governance Act [Chapter 10:31];
- 3.7 Public Finance Management Act [Chapter 22:19]; and
- 3.8 Public Procurement and Disposal of Public Assets Act [Chapter 22:23].



The background of the image is a blurred scene of a person's hands typing on a laptop keyboard. Overlaid on this are several semi-transparent data visualization elements: a bar chart with vertical bars in shades of blue, green, and orange; and three circular gauges or progress indicators. The gauges contain the percentages 75%, 50%, and 95% in a yellowish-gold color. The overall lighting is warm and focused on the hands and keyboard.

SECTION C:

ECONOMIC DEVELOPMENTS

2.1. Domestic Macro-Prudential Analysis

The International Monetary Fund projected the economy to grow by 2.5% in 2023. Treasury has revised projected economic growth from 5.3% to 5.5% on account of bumper output particularly, tobacco, wheat and cotton. Concomitantly, the financial sector is expected to grow by 6.1% in 2023.

Treasury, however, forecast economic growth to slow down to 3.5% in 2024, on the back of the negative impact of the anticipated ElNino phenomenon during the 2023/24 summer cropping season on agricultural output coupled with depressed mineral commodity prices due to the global economic slowdown.

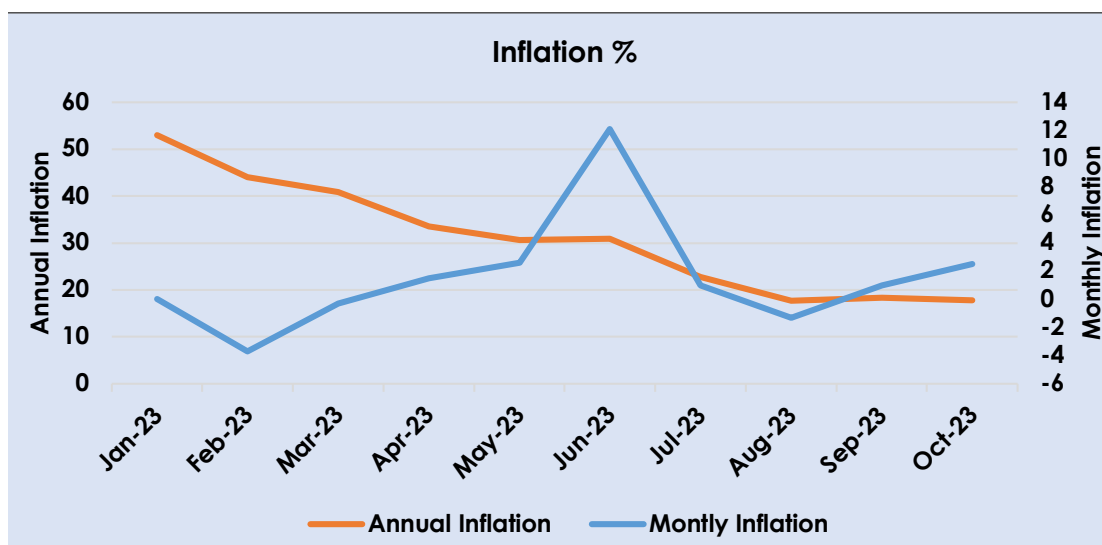
During the period under review, the economy recovered from various macro-economic challenges witnessed during the second quarter culminating in improved industry performance. Government introduced bold policy interventions to address transitory price and exchange rate volatilities culminating in relative stability. Despite the relative stability, the economy experienced inertia due to tight liquidity conditions. Foreign currency receipts declined due to declining export commodity prices.

2.2. Inflation Developments

Annual headline inflation declined from 53% in January 2023 to 18.4% in September 2023. Whilst the economy experienced some price volatilities, Month-on-month inflation declined from 12.1% in June 2023, to 1.03% in September 2023.

The figure below shows the monthly and annual inflation rate trend during the period under review.

Figure 1: Month on Month weighted inflation



Source: RBZ

2.3. Exchange Rate Developments

The interbank exchange rate appreciated by 5%, from ZW\$5,739.80 to the US dollar in the second quarter to ZW\$5,466.75 by the end of the third quarter. In line with the relative stability in the foreign exchange market, the alternative market exchange rate appreciated by 18.8% from ZW\$8,500 to the US dollar to ZW\$6,900 over the same period.

Accordingly, the premium for the alternative foreign exchange rate was below 30% for the greater part of Q3 down from over 130% during Q1.

2.4. Stock Market Development

The ZSE recorded total market turnover of ZW\$171 billion in Q3 2023, a 27% increase from the previous quarter. In comparison to the same period last year (Q3 2022), the market turnover increased by 418% from ZW\$33 billion. Foreign investor participation accounted for 11% of Q3 2023 trades.

During the third quarter of 2023, the Zimbabwe Stock Exchange (ZSE) was bearish as investors sought alternative investment options. In this regard, major indices were on a downward trajectory, with the All Share and Top 10 indices declining by 26.12% and 39.21% to close at 126 642.42 points and 56 560.21 points, respectively. Consequently, the local bourse lost 29.41% worth of capitalization from ZW\$13.99 trillion in Q2 to ZW\$9.87 trillion in Q3. Foreign investor participation accounted for 11% of Q3 2023 trades. The figure below shows the evolution of market capitalization (Jan–Sept 2023).

Figure 2: ZSE Market Capitalisation



Source: ZSE

2.5. Victoria Falls Stock Exchange Market

During the period under review, the Victoria Falls Stock Exchange (VFEX) was also bearish with the All Share index declining by 2.18% to close the third quarter of 2023 at 74.50 points, from 76.17 points recorded in June 2023. Market capitalization experienced a 0.89% decrease from US\$1.29 billion in June 2023 to US\$1.27 billion in September 2023.



SECTION D

PERFORMANCE OF FUNERAL ASSURANCE COMPANIES

5 Performance in terms of Business Written

- 5.1 The Funeral Assurance sector recorded nominal Gross Premium Written of ZW\$21.10 billion for the nine months ended 30 September 2023, a nominal increase of 540.30% from ZW\$3.29 billion reported for the period ended 30 September 2022.
- 5.2 Inflation adjusted GPW for the sector increased by 440.97% from ZW\$3.29 billion to ZW\$17.82 billion during the period under review.
- 5.3 For the foreign currency business, the sector recorded a total gross premium amounting to US\$2.41 million and ZAR 0.75 million. Only one entity wrote business in South African Rand. United States dollar and South African Rand denominated business increased by 989.84% and 359.87% respectively from US\$0.22 million and ZAR 0.16 million recorded during the comparable period in 2022.
- 5.4 New business contributed 5.38% of total GPW and the remaining 94.62% was from recurring business. The contribution of new business to the sector's GPW increased by 2.79 percentage points from 2.59% in the nine months period ended 30 September 2022 to 5.38% in the nine months period ended 30 September 2023.
- 5.5 New business GPW increased by 1,230.86% from ZW\$85.35 million for the nine months ended 30 September 2022 to ZW\$1.14 billion for current review period. In addition, recurring business premium increased by 521.93% from ZW\$3.21 billion for the period ended 30 September 2022 to ZW\$19.96 billion for the comparative period ended 30 September 2023.
- 5.6 The increase in the GPW was primarily on account of premium reviews in line with inflation developments.
- 5.7 GPW breakdown per funeral assurer in terms of recurring and new business is shown in Appendix A4.

Table 1: Gross Premium Written Per Company

Name of Company	September-22	September-23	September-23 Inflation Adjusted	Change - Inflation Adjusted	Nominal Change
First Funeral	672,044	6,054,630	5,115,363	661.17%	800.93%
Foundation	109,570	630,561	532,741	386.21%	475.49%
Moonlight	2,099,998	12,239,009	10,340,347	392.40%	482.81%
Orchid	4,080	4,506	3,807	-6.68%	10.45%
Passion	128,872	-	-	-100.00%	-100.00%
Ruvimbo	66,862	232,054	196,055	193.22%	247.06%
Sunset	16,229	342,889	289,696	1685.05%	2012.82%
Vineyard	196,968	1,591,726	1,344,798	582.75%	708.11%
TOTAL	3,294,623	21,095,376	17,822,807	440.97%	540.30%

6 Capitalisation

- 6.1 As at 30 September 2023, six (6) out of the seven (7) funeral assurers were compliant with the regulatory Minimum Capital Requirement (MCR) of ZW\$62.5 million as required by Statutory Instrument 59 of 2020.
- 6.2 The capital positions for individual funeral assurers ranged from ZW\$10.59 million to ZW\$5.89 billion as shown in Table 2 below. The movements in capital positions per entity are mainly attributed to inflation-driven revaluation gains on the sector's assets.

Table 2: Capitalisation Trend Levels

Name of Company	September-22 (ZW\$000)	September-23 (ZW\$000)
First Funeral	528,801	1,634,864
Foundation	193,277	944,279
Moonlight	813,553	5,887,942
Orchid	5,130	10,588
Passion*	82,113	
Ruvimbo	181,571	520,785
Sunset	99,069	2,421,601
Vineyard	158,084	2,145,386
Total	2,061,598	13,565,445

* Passion merged with Doves Life Assurance

Key

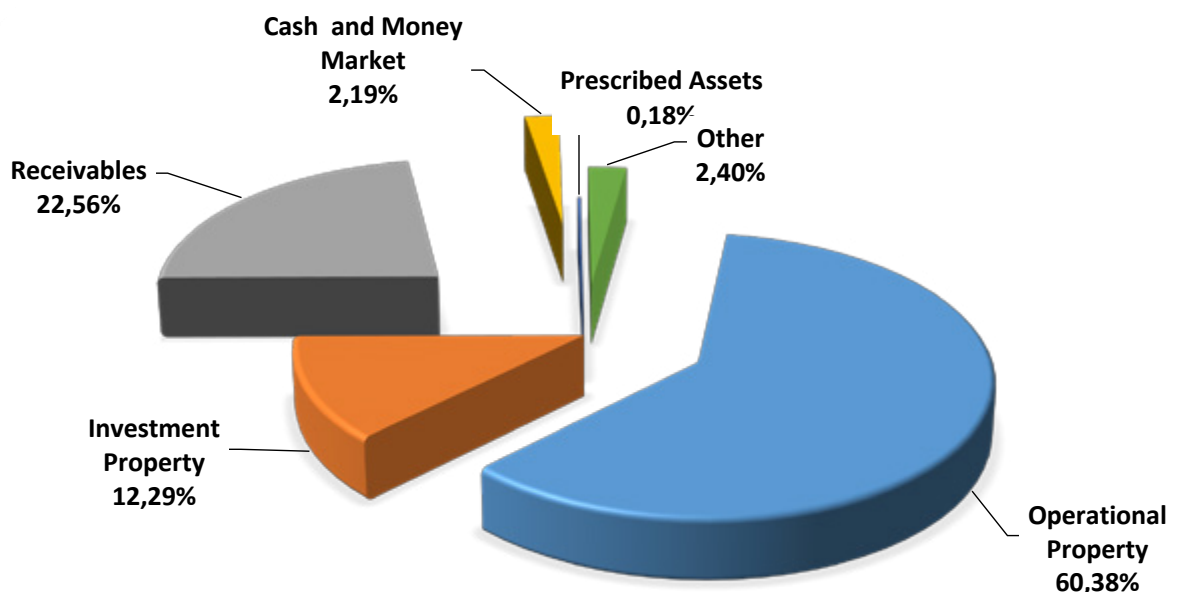
	Undercapitalised
	Capitalised

- 6.3 The average compliance level of the funeral assurance sector with minimum capital requirement was 85.71%. This is a slight decrease from 87.5% recorded as at the end of Q3 2022.
- 6.4 The draft regulations for the new risk-based capital regime, the Zimbabwe Integrating Capital & Risk Programme (ZICARP) are at an advanced stage of promulgation and sector payers should adequately prepare for the new capital regime.
- 6.5 The promulgation of the United States Dollar indexed MCR is also at an advanced stage.

7 Asset Quality

- 7.1 Total assets for the Funeral Assurance sector amounted to ZW\$30.81 billion as at 30 September 2023, an increase of 23.13% from ZW\$25.02 billion reported as at 30 June 2023.
- 7.2 The asset base for the sector remained highly concentrated in operational properties, which constituted 60.38% of the total assets as at 30 September 2023. The concentration in operational properties mainly arose from the need by the sector to invest in assets used for funeral service provision.
- 7.3 The Commission calls for prudent investment practices by funeral assurers, considering the need to continuously hold assets that match their liability profiles.
- 7.4 The sector continues to hold investments in equities, cash, and money market instruments in very small proportions relative to the overall asset portfolio, a trend that has persisted for more than four consecutive quarters.
- 7.5 The Commission also reminds all funeral underwriters of the need to uphold the choice of the policyholder at the claim stage, to receive a cash benefit or funeral services as enshrined under section 58(3)(a) of the Insurance Act [Chapter 24:07] and Circular 12 of 2023 on the Funeral Directive.
- 7.6 Furthermore, Funeral Assurance players are required to always adhere to the requirement of Section 29 of the Insurance Act [Chapter 24:07] by maintaining separate Policyholders' and Shareholders' accounts.
- 7.7 The distribution of assets for the Funeral Assurance sector is shown in Figure 3 below.

Figure 3: Breakdown of Assets as at 30 September 2023



- 7.8 As at 30 September 2023, all Funeral Assurers were non-compliant with the minimum Prescribed Asset ratio of 10%, as stipulated by Statutory Instrument 206 of 2019. Prescribed asset investments were very low as they accounted for an average of only 0.18% of the total sector asset portfolio.
- 7.9 The Commission is concerned by the continued non-compliance with prescribed asset requirements. Only two (2) entities submitted compliance roadmaps, which are under consideration while the remaining five (5) players are yet to submit roadmaps in line with S.I 206 of 2019.
- 7.10 The total investments in prescribed assets were ZW\$55.54 million against an expected minimum amount of ZW\$3.08 billion for the sector to be compliant with the 10% minimum prescribed asset threshold.
- 7.11 With Gold Coins having been introduced in 2022 and accorded Prescribed Asset status, the Commission expects compliance ratios to improve.
- 7.12 Whilst the Commission has perennially called for the development of sector-specific projects for possible conferment of Prescribed Asset status to no avail, the Commission will resort to implementing the intervention ladder to cause compliance.
- 7.13 Table 3 below shows the compliance levels with Prescribed Assets for each Funeral Assurance player.

Table 3: Prescribed Assets (PA) Levels as at 30 September 2023

Company Name	PA Investments (ZW\$ 000)	Total Assets (ZW\$ 000)	PA Ratio	Amount Required to be Compliant (ZW\$ 000)	Variance in Compliance
Orchid	-	15,801	0.00%	1,580	10.00%
First Funeral Foundation	-	2,350,836	0.00%	235,084	10.00%
Moonlight	55,007	19,950,246	0.28%	1,995,025	9.72%
Ruvimbo	278	573,536	0.05%	57,354	9.95%
Sunset	-	2,455,753	0.00%	245,575	10.00%
Vineyard	250	3,649,716	0.01%	364,972	9.99%
Total	55,535	30,807,125	0.18%	3,080,713	9.82%

Table 4 below shows the key performance indicators for the Funeral Assurance sector.

Table 4: Key Performance Indicators

Key Performance Indicator	September-22	September-23	Change	September-23 Inflation Adjusted	Change - Inflation Adjusted
Total GPW (ZW\$000)	3,294,623	21,095,376	540.30%	17,822,807	440.97%
Total Gross Claims (ZW\$000)	602,072	4,228,616	602.34%	3,572,622	493.39%
Operating and Administration Expenses (ZW\$000)	1,123,275	8,767,389	680.52%	7,407,286	559.44%
Commissions (ZW\$000)	213,480	1,536,167	619.58%	1,297,859	507.95%
Total Costs (ZW\$000)	1,938,827	14,532,172	649.53%	12,277,767	533.26%
Profit Before Tax (ZW\$000)	712,191	3,823,847	436.91%	3,230,646	353.62%
Ratio Analysis	September-22	September-23	Change		
Commission Ratio	6.48%	7.28%	12.35%		
Expense Ratio	34.09%	41.56%	21.90%		
Claims Ratio	19.95%	20.49%	2.73%		
Combined Ratio	60.52%	69.33%	14.56%		
	June-23	September-23	Change		
Total Assets (ZW\$000)	25,020,363	30,807,125	23.13%		
Total Liabilities (ZW\$000)	14,746,652	17,241,681	16.92%		
Current Assets (ZW\$000)	7,279,055	8,358,952	14.84%		
Current Liabilities (ZW\$000)	5,350,204	7,235,742	35.24%		
Capital (Net Assets-ZW\$000)	10,273,710	13,565,445	32.04%		
Capital to Liability Ratio	69.67%	78.68%	12.93%		
Prescribed Assets (ZW\$000)	17,228	55,535	222.36%		
Prescribed Asset Ratio	0.07%	0.18%	161.80%		

8 Reassurance

- 8.1 All Funeral Assurers had no reinsurance arrangements in place during the nine months ended 30 September 2023.
- 8.2 The Commission is concerned by the continued lack of reinsurance arrangements in the sector despite several commitments by the Funeral Assurance players.
- 8.3 The sector is urged to consider reinsurance as a prudent risk management practice in the event of catastrophes.

9 Technical Section

- 9.1 Total technical liabilities for the Funeral Assurance sector increased by 6.53% in nominal terms from ZW\$9.39 billion as at 30 June 2023 to ZW\$10 billion as at 30 September 2023. Future policyholders' benefits continue to be the major component, constituting 99.48% of the technical liabilities, while unearned premium, gross outstanding claims and Incurred But Not Reported claims reserves accounted for the remaining balance.
- 9.2 The increase shows that Funeral Assurance Companies are increasing their reserves in line with the increase in the values of promised benefits.
- 9.3 This notwithstanding, Funeral Assurers should approach reserving with prudence and the determination of their reserves should be actuarially driven to ensure that they are reflective of the various risks they are exposed to.
- 9.4 The Commission expects the new Zimbabwean Mortality Tables which were launched in July 2023 to improve reserving and product pricing by the sector.

10 Earnings

- 10.1 For the nine months under review, all the seven (7) Funeral Assurers reported positive profits before interest and tax.
- 10.2 The Funeral Assurance sector reported a nominal increase of 436.91% in profit before interest and tax from ZW\$712.19 million for the comparative nine months ended 30 September 2022 to ZW\$3.82 billion for the nine months ended 30 September 2023.
- 10.3 The increase in profit before interest and tax was on account of a notable increase in nominal GPW, as players reviewed premiums in line with the prevailing inflationary

macroeconomic environment.

- 10.4 The Funeral Assurance sector's average gross expense ratio increased from 40.57% for the nine months ended 30 September 2022 to 48.84% for the nine months ended 30 September 2023. This implies that for every dollar worth of premium received, 48.84 cents were spent on commissions, operational and administration expenses.
- 10.5 It is important for all sector players to continuously monitor their expenses so that they are sustainable.
- 10.6 The average claims and combined ratios increased from 19.95% and 60.52% respectively during the comparative period in 2022 to 20.49% and 69.33% recorded during the current period.
- 10.7 A summary of the claims incurred, operating expenses, commissions, and total costs for each funeral assurer for the nine months period ended 2023, is shown in Appendix A5.

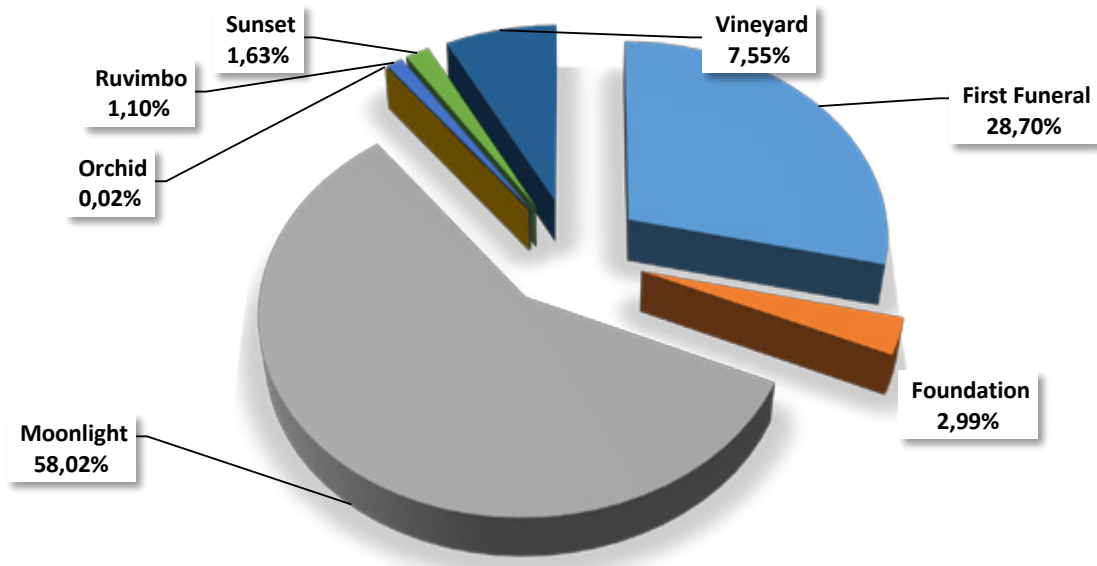
11 Liquidity

- 11.1 The Funeral Assurance sector reported an average current ratio of 115.52%, indicating sufficient current assets to cover short-term contractual obligations and other current liabilities. However, this figure represents a decline from 136.05% reported as at the end of Q2 2023.
- 11.2 The Commission continues to urge the Funeral Assurers to endeavor to match their asset – liability profiles in terms of maturity and timing.
- 11.3 Asset-liability mismatch may result in players encountering liquidity problems.
- 11.4 Funeral Assurers are encouraged to hold adequate and appropriate short-term assets that can easily be liquidated to meet statutory short-term debts, operational expenses, and claim obligations.

12 Market Share

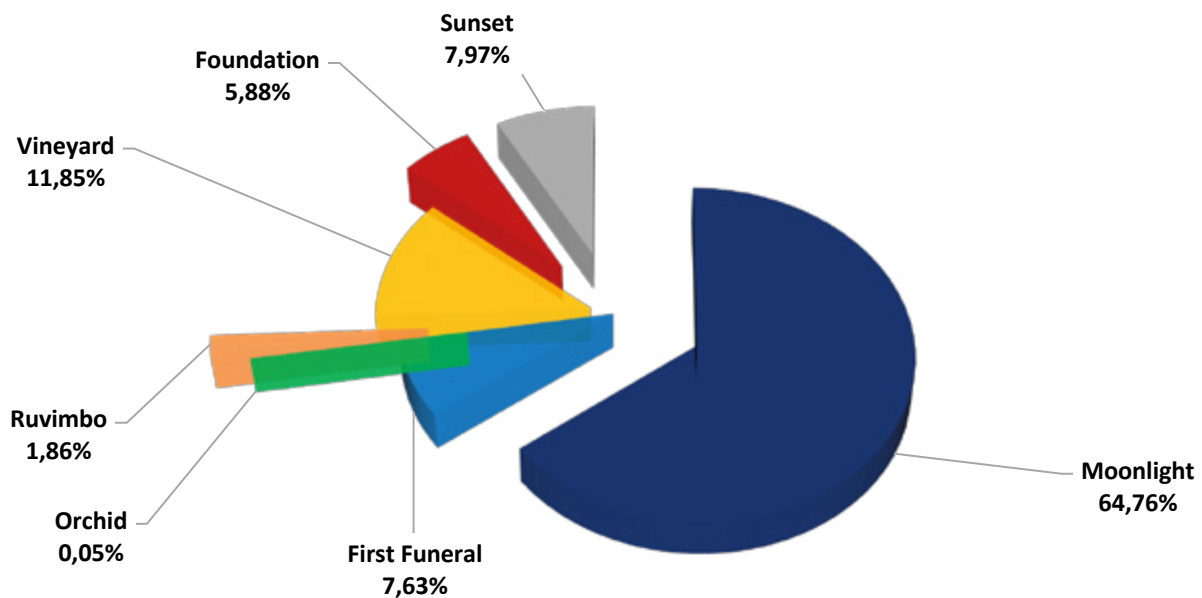
- 12.1 For the nine months ended 30 September 2023, two (2) players dominated the Funeral Assurance sector in terms of GPW, with a total market share of 86.72%. The remaining five (5) funeral assurers accounted for the 13.28% difference.
- 12.2 The distribution of the market share in terms of consolidated GPW for the seven (7) Funeral Assurers is shown in Figure 4 below.

Figure 4: Market Share in Terms of Consolidated GPW For the Nine Months Ended 30 September 2023



12.3 In terms of assets, two (2) players dominated the Funeral Assurance sector with a total market share of 76.61%, whilst the remaining five (5) players constituted the remaining 23.39% as at 30 September 2023. This is shown in Figure 5 below.

Figure 5: Market Share in Terms of Assets as at 30 September 2023





SECTION E

REGULATORY DEVELOPMENTS

13 Regulatory Developments for the Nine Months Ended 30 September 2023

13.1 Statutory Instruments and Circulars

For the nine months under review, the Commission issued the following regulatory instruments to the Insurance Industry as shown in Table 5 below.

Table 5: Circulars Issued in 2023

Statutory Instrument (S.I)	Date Gazetted	Purpose
S.I. 103 of 2023	09/06/2023	Insurance and Pensions Commission (Levy) Regulations, 2023 – New US\$-Indexed Levies.
S.I. 104 of 2023	09/06/2023	Insurance (Amendment) Regulations, 2023 (No. 26) – New US\$-Indexed Fees.
Circular	Date of Issue	Purpose
Circular 3 of 2023	15/02/2023	Request for information on registered agents.
Circular 7 of 2023	16/04/2023	Amendments to the Directive on System of Governance and Risk Management for Insurance Companies.
Circular 9 of 2023	09/03/2023	Quarterly returns additional reporting requirements – submission of a US\$ return, absolute ZW\$ return and a combination of the two returns denominated in ZW\$.
Circular 11 of 2023	16/03/2023	Guideline for Regulation of Offshore Investments.
Circular 12 of 2023	20/04/2023	Issuance of Funeral Directive

Circular 13 of 2023	16/05/2023	IFRS 17 Quarterly Return Template.
Circular 17 of 2023	29/06/2023	Replacement of Circular 6 of 2016 on the Product Approval Framework and Premium Review Process.
Circular 18 of 2023	14/06/2023	Notification of Publication of the Insurance and Pensions (Levy) Regulations, 2023 and Insurance (Amendment) Regulations, 2023.
Circular 19 of 2023	23/06/2023	IFRS 17 Dry Run Financials as at 31 December 2022.
Circular 20 of 2023	27/06/2023	Separation of Pensions and Life Business.

13.2 IFRS 17

- 13.3 The funeral assurance players are expected to have started implementing the IFRS 17 Standard effective 1 January 2023.
- 13.4 Players should deploy the required resources to ensure that their financial statements are compliant with IFRS 17, starting from the first reporting date.



A close-up photograph of a person's hands. The left hand holds a pencil, and the right hand is positioned as if typing on a laptop keyboard. The background is a blurred office setting. A yellow rounded rectangle is overlaid on the center of the image, containing white text.

SECTION F

COMPLAINTS HANDLING AND CONCLUSION

14 Funeral Assurance Sector Complaints

- 14.1 For the nine months ended 30 September 2023, the Commission received six (6) funeral assurance-related complaints. Three of the complaints were resolved, and the remaining three were still work in progress.
- 14.2 Two of the complaints related to delays in settlement, one was repudiation, and the remaining three were unsatisfactory service.

15 Conclusion

- 15.1 The Funeral Assurance sector players should always strive to be compliant with all applicable laws and regulations, such as the Minimum Capital Requirements, shareholding of the entities in terms of SI 49 of 1989 as amended by SI 59 of 2005, and Prescribed Asset ratios.
- 15.2 The Commission also urges sector players to offer relevant products that address the needs of the insuring public.
- 15.3 Funeral Assurers should also have in place reinsurance arrangements as a Risk Management Tool to mitigate risk.
- 15.4 The Commission underscores the importance of the timeous settlement of all valid claims.
- 15.5 The funeral industry is still lagging in terms of compliance with the IFRS 17 standard and sector players are encouraged to expedite their preparations to ensure that they are compliant.

APPENDIX A1. KEY PERFORMANCE INDICATORS FOR FUNERAL ASSURANCE COMPANIES								
	Orchid	First Funeral	Foundation	Moonlight	Ruvimbo	Sunset	Vineyard	Total/ Average
Key Performance Indicator								
Capital Adequacy								
Capital Position i.e Net Assets (ZW\$000)	10,588	1,634,864	944,279	5,887,942	520,785	2,421,601	2,145,386	13,565,445
Capital Coverage Ratio (CCR)	16.94%	2615.78%	1510.85%	9420.71%	833.26%	3874.56%	3432.62%	3100.67%
Equity/Total Assets Ratio	67.01%	69.54%	52.13%	29.51%	90.80%	98.61%	58.78%	44.03%
Solvency Margin	203.08%	267.08%	130.85%	71.19%	N/A	202681.76%	542.72%	135.57%
Asset Quality								
Total Assets (ZW\$000)	15,801	2,350,836	1,811,238	19,950,246	573,536	2,455,753	3,649,716	30,807,125
Investments to Total Assets	18.98%	43.15%	7.08%	2.32%	3.76%	88.60%	1.05%	12.48%
Non-Interest Generating Assets/Total Assets	79.80%	48.46%	91.91%	95.66%	95.21%	10.83%	98.02%	85.34%
Fixed Assets/Total Assets	75.43%	26.84%	79.77%	65.99%	77.69%	9.46%	73.20%	60.38%
Prescribed Assets Ratio	0.00%	0.00%	0.00%	0.28%	0.05%	0.00%	0.01%	0.18%
Premium Debtors/Gross Premium	0.00%	6.13%	3.19%	47.69%	29.02%	9.17%	39.10%	32.94%
Premium Debtors/Total Assets	0.00%	15.79%	1.11%	29.26%	11.74%	1.28%	17.05%	22.56%
Reinsurance								
Risk Retention Ratio	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Technical Section								
UPR (Zw\$000)	67	0	0	0	0	1,195	0	1,261
Gross Outstanding Claims (Zw\$000)	0	25,750	0	24,940	0	0	0	50,690
Future Policyholder Benefits (Zw\$000)	5,147	586,383	721,624	8,245,534	0	0	395,300	9,953,988
Total Assets/Total Reserves	303.08%	384.04%	250.99%	241.22%	N/A	205540.17%	923.28%	307.89%
Earnings								
Profit After Tax (Zw\$000)	1,302	125,384	77,029	3,306,246	78,476	16,096	180,901	3,785,434
Return on Equity	12.30%	7.67%	8.16%	56.15%	15.07%	0.66%	8.43%	27.90%
Return on Assets	8.24%	5.33%	4.25%	16.57%	13.68%	0.66%	4.96%	12.29%
Loss(Claims) Ratio	2.56%	17.87%	7.63%	20.58%	17.68%	10.01%	36.76%	20.49%
Net Commission Ratio	0.00%	17.52%	7.96%	2.60%	0.00%	5.74%	5.49%	7.28%
Net Expense Ratio	68.54%	57.39%	84.63%	38.56%	0.00%	2.15%	1.82%	41.56%
Combined Ratio	71.11%	92.78%	100.22%	61.74%	17.68%	17.91%	44.07%	69.33%
Liquidity								
Current ratio	N/A	679.53%	163.84%	109.15%	196.07%	140.05%	84.76%	115.52%
Liquid assets as a percentage of total assets	20.20%	8.40%	1.00%	2.01%	1.04%	0.57%	0.93%	2.19%
Market Shares								
Market Share Based on GPW	0.02%	28.70%	2.99%	58.02%	1.10%	1.63%	7.55%	100.00%
Market Share Based on NPW	0.02%	28.70%	2.99%	58.02%	1.10%	1.63%	7.55%	100.00%
Market Share Based on Total Assets	0.05%	7.63%	5.88%	64.76%	1.86%	7.97%	11.85%	100.00%

APPENDIX A2. STATEMENT OF COMPREHENSIVE INCOME FOR FUNERAL ASSURERS FOR THE NINE MONTHS ENDED 30 SEP 2023 (Zw\$000)								
	Orchid	First Funeral	Foundation	Moonlight	Ruvimbo	Sunset	Vineyard	Total
Gross Written Premiums	4,506	6,054,630	630,561	12,239,009	232,054	342,889	1,591,726	21,095,376
Reinsurance Premiums	0	0	0	0	0	0	0	0
Net Written Premiums	4,506	6,054,630	630,561	12,239,009	232,054	342,889	1,591,726	21,095,376
Increase/(Decrease) in UPR	0	454,313	0	0	0	0	0	454,313
Net Earned Premiums	4,506	5,600,318	630,561	12,239,009	232,054	342,889	1,591,726	20,641,064
Provision for Future Claims	0	0	0	0	0	0	0	0
Outstanding claims	0	0	0	24,940	0	0	0	24,940
Paid Claims	116	1,000,994	48,085	2,493,977	41,033	34,340	585,132	4,203,676
Net Claims	116	1,000,994	48,085	2,518,916	41,033	34,340	585,132	4,228,616
Net Commissions and Fees	0	1,060,582	50,176	318,352	0	19,695	87,363	1,536,167
Technical Result	4,391	3,538,742	532,301	9,401,741	191,021	288,854	919,231	14,876,281
Operating/Administration Expenses	3,089	3,474,534	533,659	4,719,686	0	7,379	29,043	8,767,389
Underwriting Profit/(Loss)	1,302	64,207	-1,358	4,682,055	191,021	281,475	890,188	6,108,891
Management expenses	0	0	0	4,534,600	78,913	243,189	1,215,902	6,072,603
Investment Income	0	61,177	39,292	7,061	0	3,250	0	110,780
Unrealised Gains/Losses	0	0	0	0	0	0	0	0
Other expenses	0	0	0	114,581	0	71,522	0	186,104
Other Income	0	0	40,071	3,266,311	0	55,737	500,765	3,862,883
Profit Before Interest and Tax	1,302	125,384	78,004	3,306,246	112,109	25,751	175,051	3,823,847
Taxation	0	0	975	0	33,633	9,689	6,323	50,619
Interest Payments	0	0	0	0	0	-34	-12,173	-12,207
Profit After Tax and Interest	1,302	125,384	77,029	3,306,246	78,476	16,096	180,901	3,785,434
Other Comprehensive income	0	0	0	0	0	0	0	0
Transfer to policyholders funds	0	0	65,139	0	0	0	0	65,139
Total Comprehensive Income	1,302	125,384	11,890	3,306,246	78,476	16,096	180,901	3,720,295



APPENDIX A3. STATEMENT OF FINANCIAL POSITION FOR FUNERAL ASSURERS AS AT 30 SEP 2023 (ZWS000)								
	Orchid	First Funeral	Foundation	Moonlight	Ruvimbo	Sunset	Vineyard	Total
ASSETS								
Non-Current Assets								
Property and Equipment	11,918	630,956	1,444,804	13,164,926	445,558	232,419	2,671,470	18,602,051
Investment Property	0	1,014,222	128,313	408,554	21,265	2,175,765	37,620	3,785,740
Investments in Securities	0	42	0	0	0	2	390	435
Intercompany Investments	0	0	0	0	0	0	0	0
Prescribed Assets	0	0	0	55,007	278	0	250	55,535
Other Non-Current Assets	0	0	0	0	3,003	1,410	0	4,413
Total Non-Current Assets	11,918	1,645,221	1,573,117	13,628,487	470,104	2,409,596	2,709,731	22,448,173
Technical Assets								
Reinsurers' Share of O/S Claims	0	0	0	0	0	0	0	0
Deferred Acquisition Cost (DAC)	0	0	0	0	0	0	0	0
Total Technical Assets	0	0	0	0	0	0	0	0
Current Assets								
Cash & cash equivalents	193	197,421	18,132	401,923	5,953	13,959	34,023	671,603
Short Term Investments	3,000	30	0	0	0	0	0	3,030
Prescribed Assets	0	0	0	0	0	0	0	0
Inventory and Other Assets	690	136,900	199,906	83,060	30,127	740	283,608	735,031
Accounts Receivables	0	371,264	20,083	5,836,776	67,352	31,457	622,355	6,949,287
Total Liquid Assets	3,192	197,452	18,132	401,923	5,953	13,959	34,023	674,633
Total Assets	15,801	2,350,836	1,811,238	19,950,246	573,536	2,455,753	3,649,716	30,807,125
Liabilities								
Deferred Tax Liabilities	0	0	0	3,325,061	0	0	787,769	4,112,830
Future policyholders benefits	5,147	586,383	721,624	8,245,534	0	0	395,300	9,953,988
Short term loans	0	0	0	2,342,143	0	0	0	2,342,143
Long term Loans	0	0	0	0	0	0	0	0
Current Tax provisions	0	0	0	0	22,350	0	0	22,350
Gross Outstanding Claims	0	25,750	0	24,940	0	0	0	50,690
IBNR	0	0	0	0	0	0	0	0
UPR	67	0	0	0	0	1,195	0	1,261
Creditors	0	103,839	145,335	37,997	29,230	29,341	192,991	538,734
Amount due to related companies	0	0	0	0	0	0	0	0
Other Liabilities	0	0	0	86,627	1,171	3,616	128,271	219,685
Total Technical Liabilities/Reserves	5,213	612,133	721,624	8,270,474	0	1,195	395,300	10,005,939
Current Liabilities	0	103,839	145,335	5,791,829	52,751	32,957	1,109,030	7,235,742
Total Liabilities	5,213	715,972	866,959	14,062,303	52,751	34,152	1,504,330	17,241,681
Shareholders's Equity								
Share Capital	14	411	0	1,500	930	352	211	3,418
Share Premium	1,334	1,610	0	0	0	0	978	3,922
Revaluation & Other Reserves	5,901	1,460,603	1,555,388	10,414,834	410,636	2,409,426	1,966,522	18,223,309
Retained Profit	3,339	172,240	-611,109	-4,528,392	109,218	11,823	177,675	-4,665,205
Shareholders's Equity	10,588	1,634,864	944,279	5,887,942	520,785	2,421,601	2,145,386	13,565,445
TOTAL EQUITY & LIABILITIES	15,801	2,350,836	1,811,238	19,950,246	573,536	2,455,753	3,649,716	30,807,125



APPENDIX A4 GROSS WRITTEN PREMIUMS BREAKDOWN AS AT 30 SEP 2023

Name of Company	Individual Life (ZWS000)						Corporate Business (ZWS000)						Total Gross Premiums (ZWS000)				
	New Business			Recurring Premiums			New Business			Recurring Premiums			Sep-22	Sep-23	Change	Sep-2023 Inflation Adjusted	Change - Inflation Adjusted
	Sep-22	Sep-23	Change	Sep-22	Sep-23	Change	Sep-22	Sep-23	Change	Sep-22	Sep-23	Change					
First Funeral	355	993	179.81%	268,463	1,922,279	616.03%	0	444	N/A	403,226	4,130,914	924.47%	672,044	6,054,630	800.93%	5,115,363	661.17%
Foundation	1,224	13,284	985.58%	108,346	617,278	469.73%	0	0	N/A	0	0	N/A	109,570	630,561	475.49%	532,741	386.21%
Moonlight	32,466	845,417	2504.04%	2,067,532	11,393,593	451.07%	0	0	N/A	0	0	N/A	2,099,998	12,239,009	482.81%	10,340,347	392.40%
Orchid	0	0	N/A	948	3,185	235.98%	0	0	N/A	3,132	1,322	-57.80%	4,080	4,506	10.45%	3,807	-6.68%
Passion	0	0	N/A	13,258	0	-100.00%	0	0	N/A	115,614	0	-100.00%	128,872	0	-100.00%	0	-100.00%
Ruvimbo	20,205	92,822	359.40%	46,658	139,233	198.41%	0	0	N/A	0	0	N/A	66,862	232,054	247.06%	196,055	193.22%
Sunset	809	8,603	963.13%	14,311	322,751	2155.31%	278	793	184.98%	831	10,742	1192.85%	16,229	342,889	2012.82%	289,696	1685.05%
Vineyard	1,863	38,201	1950.91%	25,032	200,557	701.20%	28,148	135,297	380.66%	141,925	1,217,670	757.97%	196,968	1,591,726	708.11%	1,344,798	582.75%
Total	56,921	999,320	1655.63%	2,544,548	14,598,875	473.73%	28,426	136,533	380.30%	664,728	5,360,649	706.44%	3,294,623	21,095,376	540.30%	17,822,807	440.97%



APPENDIX A5 COST AND EARNINGS ANALYSIS FOR THE FUNERAL ASSURANCE INDUSTRY AS AT 30 SEP 2023

Co. Name	NPW (ZWS000)			Claims (ZWS000)			Commissions(ZWS000)			Operating/Adminstration Expenses (ZWS000)			Total Costs(ZWS000)			Combined Ratio		
	Sep-22	Sep-23	Change	Sep-22	Sep-23	Change	Sep-22	Sep-23	Change	Sep-22	Sep-23	Change	Sep-22	Sep-23	Change	Sep-22	Sep-23	Change
First Funeral	672,044	6,054,630	800.93%	168,864	1,000,994	492.78%	161,205	1,060,582	557.91%	249,927	3,474,534	1290.22%	579,995	5,536,111	854.51%	88.34%	92.78%	5.02%
Foundation	109,570	630,561	475.49%	7,055	48,085	581.61%	9,244	50,176	442.81%	91,980	533,659	480.19%	108,279	631,919	483.60%	98.82%	100.22%	1.41%
Moonlight	2,099,998	12,239,009	482.81%	346,169	2,518,916	627.65%	32,894	318,352	867.81%	717,891	4,719,686	557.44%	1,096,954	7,556,954	588.90%	52.24%	61.74%	18.20%
Orchid	4,080	4,506	10.45%	437	116	-73.53%	23	0	-100.00%	3,710	3,089	-16.74%	4,169	3,204	-23.14%	102.18%	71.11%	-30.41%
Passion	128,872	0	-100.00%	43,817	0	-100.00%	0	0	N/A	0	0	N/A	43,817	0	-100.00%	34.00%	N/A	N/A
Ruvimbo	66,864	232,054	247.05%	10,078	41,033	307.14%	0	0	N/A	49,901	0	-100.00%	59,980	41,033	-31.59%	91.22%	17.68%	-80.62%
Sunset	16,229	342,889	2012.82%	2,421	34,340	1318.44%	4,394	19,695	348.26%	1,336	7,379	452.47%	8,150	61,414	653.53%	50.22%	17.91%	-64.34%
Vineyard	196,968	1,591,726	708.11%	67,048	585,132	772.70%	5,721	87,363	1427.02%	8,530	29,043	240.47%	81,300	701,538	762.90%	41.28%	44.07%	6.78%
Total	3,294,625	21,095,376	540.30%	645,888	4,228,616	554.70%	213,480	1,536,167	619.58%	1,123,275	8,767,389	680.52%	1,982,644	14,532,172	632.97%	60.52%	69.33%	14.55%



Funeral Assurance Sector Report

For The Nine Months Ended 30 September 2023



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