



# 20 | ANNUAL 18 | REPORT

## PENSIONS INDUSTRY



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9 December 2019

**Hon. Prof. M. Ncube**  
**Minister of Finance and Economic Development**

6th Floor, B Block, New Government Complex  
Corner Samora Machel Avenue/ Simon Muzenda Ave  
Harare

**Dear Honorable Minister**

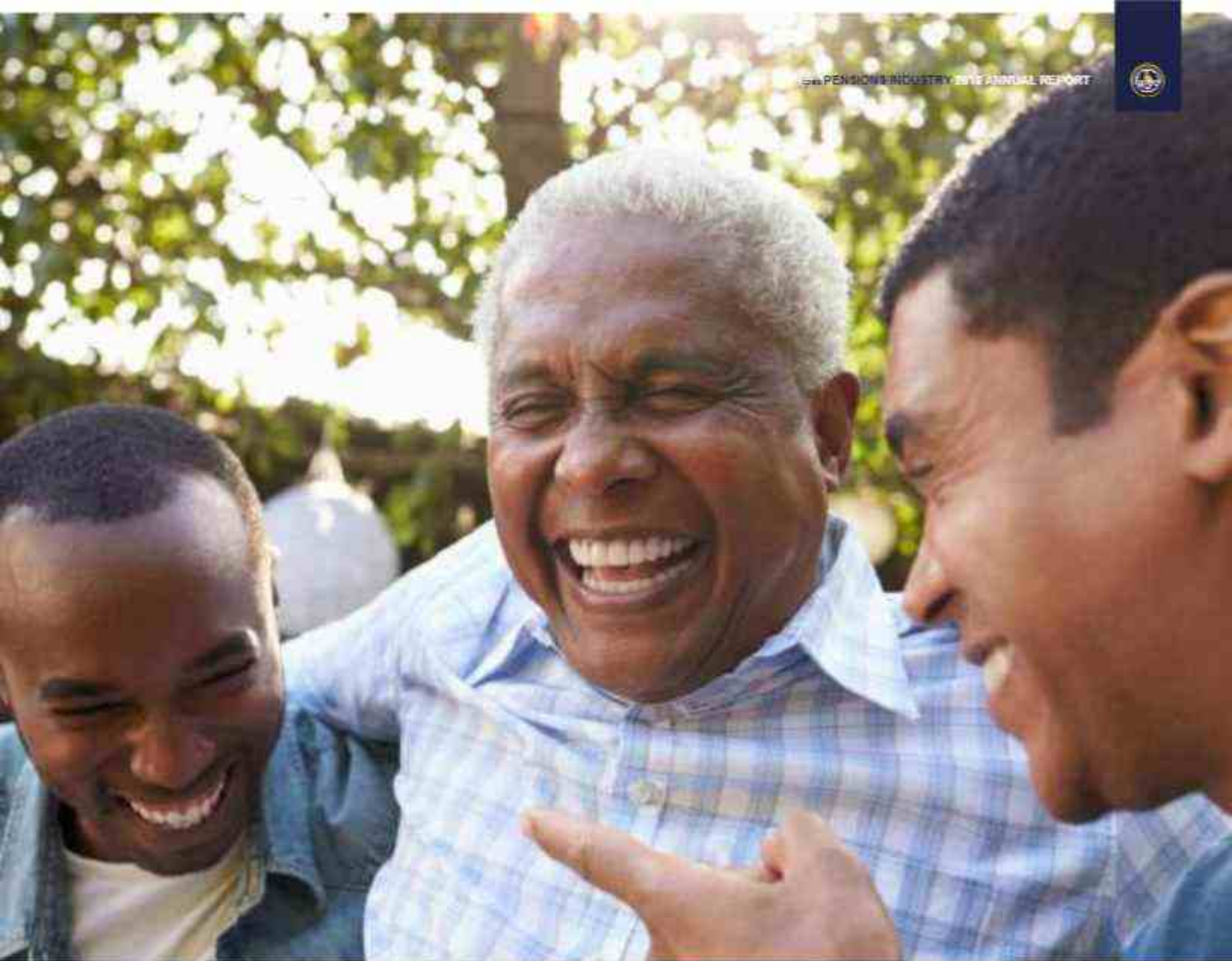
**RE: SUBMISSION OF THE 2018 ANNUAL REPORT PRODUCED IN TERMS OF SECTION 32 OF THE PENSIONS AND PROVIDENT FUNDS ACT [CHAPTER 24:09]**

I have the honor to submit, in terms of Section 32 of the Pension and Provident Funds Act [Chapter 24:09], the Commissioner's report for the year ended 31 December 2018. The report has been compiled from returns lodged with the Commission in terms of the Pension and Provident Funds Act [Chapter 24:07].

Yours sincerely

Grace Muradzikwa  
**COMMISSIONER OF INSURANCE, PENSION AND PROVIDENT FUNDS**





### Disclaimer:

This report is based on audited financial statements of Insured, stand-alone self-administered funds, as well as self-administered funds under Insurers and professional fund administrators. The figures in this report may differ materially with some of the statistics issued in the fourth quarter 2018 report, on account of revaluation of assets by independent valuers, which took place after the reporting date of the fourth quarter report.

The report, including any enclosures and attachments, has been prepared by the Insurance and Pensions Commission solely for informative purposes to the pensions industry's stakeholders. All monetary

values in this report are in US\$, unless stated otherwise.

Note: Most audited financial statements for the year ended 31 December 2018 had "Adverse opinions" from the auditors on account of the disconnect between the official exchange rate of ZW\$1: US\$1 and the alternative market rates during the year under review.

### Acknowledgements:

I wish to express my appreciation to pension funds, administrators and Insurers for their submissions and cooperation in producing this report. Many thanks also go to the IPEC Board and to our parent ministry, the Ministry of Finance and Economic Development for their invaluable support and guidance.



## What is 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] with a mandate to regulate insurance and pensions activities in Zimbabwe.



## ABOUT US



### Vision

A safe, vibrant and sustainable insurance and pensions industry by 2022.



### Mission

To regulate, supervise and strengthen the Insurance and pensions industry for the protection of policyholders and pension scheme members through regulatory excellence.

## Core Values

### Core Value      Application Context



### Fairness

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



### Integrity

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



### Excellence

We adhere to highest quality standards



## corporate information



### Registered Office

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### Bankers

- FBC Bank
- CBZ Bank Limited

### Lawyers

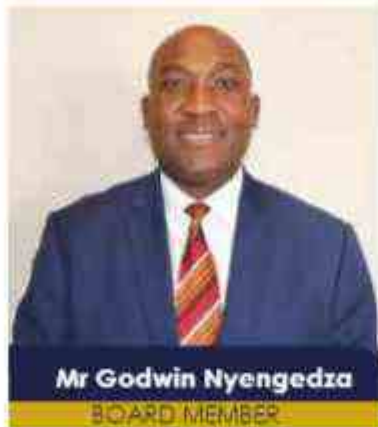
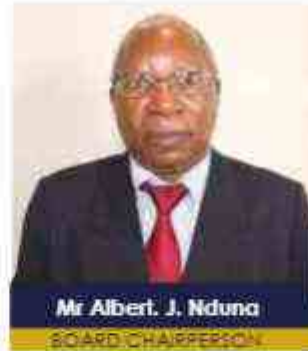
- Sawyer and Mkushi Legal Practitioners, 11th Floor Social Security Centre, Parklane, Harare.
- Muvingi and Mugadza Legal Practitioners, 7th Floor, Pegasus House, 52 Samora Machel Avenue, Harare.

### Names of External Auditors

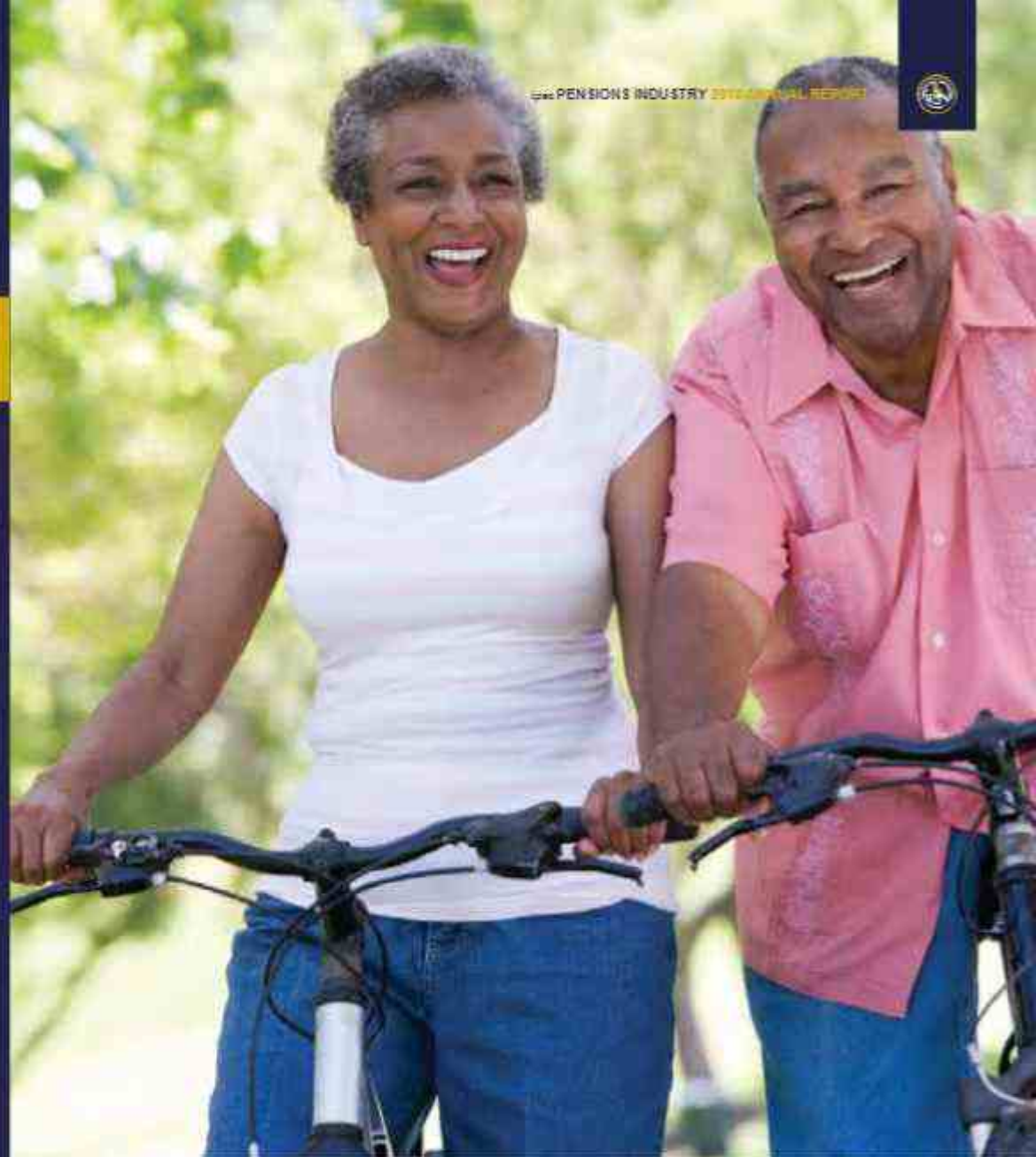
- Nolands Harare, Chartered Accountants, 7 Glenara Avenue South, Cnr. Samora Machel Avenue, Eastlea, Harare



# Board of Directors



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## Definition of Terms

**Insured Fund** – These are funds whose contributions are used to buy assets, which are registered in the name of the insurer managing the fund and not the pension fund itself.

**Self-Administered Funds** – For the purposes of this report, self-administered funds are those pension funds, which are managed by fund administrators and insurers but their assets are registered in the respective names of the funds.

**Stand-Alone Funds** – These are self-administered funds, which own and control their administration structures by having own employees for operating the fund.

**Beneficiaries** – widows/ers, children and other appointed beneficiaries of a deceased member.

## Preamble

The Commissioner of Insurance, Pension and Provident Funds is required in accordance with Section 32 of the Pension and Provident Funds Act [Chapter 24:09], to submit to the Minister an annual report pertaining to the performance of the pensions industry during that calendar year.

This report reviews the performance of the pensions industry during the year ended 31 December 2018, including life offices' annuities business. This report does not cover activities conducted by the National Social Security Authority (NSSA), as well as the Civil Service Pension Scheme as they do not fall under IPEC's purview.

# Executive Summary

**1)** There were 1,099 registered pension funds as at 31 December 2018, decreasing from 1,572 pension funds as at 31 December 2017. The decrease was mainly due to the correction of data submissions by insurers who had been reporting sponsoring employers of umbrella funds as registered pension funds in prior year returns.

**2)** The funds were administered through 7 of the 11 registered life assurers and 5 dedicated pension fund administering firms. In addition, 16 of the funds were stand-alone pension funds.

**3)** Occupational pension funds had 764,978 members as at 31 December 2018, increasing from 744,460 as at 31 December 2017. The increase in membership was mainly driven by an increase in insured fund members from 317,676 as at 31 December 2017 to 341,268 as at 31 December 2018.

**4)** The increase was mainly due to correction of reporting errors by some insurers who had been omitting members from dormant pension funds in prior year returns.

**5)** In addition to the 764,978 members as at 31 December 2018, the industry had 22,179 beneficiaries, decreasing from 30,299 beneficiaries as at 31 December 2017. The decrease may be attributable to full commutation of benefits by some beneficiaries.

**6)** Total membership for the industry, excluding principal pensioners and beneficiaries translated to a pension coverage ratio of 8.27% of Zimbabwe's estimated working population of 8.67 million as at 31 December 2018. The coverage ratio decreased from 8.84% for the year 2017.

**7)** The number of pensioners, excluding beneficiaries, translated to a coverage ratio of 8.62% of the estimated 556,527 people above 65 years in Zimbabwe as at 31 December 2018. The ratio decreased from of 9.56% for the year 2017.

**8)** The pensions industry had a total asset base of \$5.95 billion as at 31 December 2018, increasing by 36.78% from \$4.35 billion as at 31 December 2017. The increase was mainly a result of an increase in

investments in equities from \$1.64 billion as at 31 December 2017 to \$3.14 billion as at 31 December 2018. The increase in investments in listed equities was driven by the surge in the price of equities on the Zimbabwe Stock Exchange (ZSE).

9) The \$3.14 billion investment in equities accounted for 52.77% of the industry's asset base as at 31 December 2018 as the industry sought to preserve value in the face of inflationary pressures.

10) The assets of the industry, expressed as a percentage of the country's estimated GDP as at 2018, was 19.19%.

11) The industry reported a surplus of \$1.39 billion for the year ended 31 December 2018, reflecting a 36.27% increase from \$1.02 billion for the comparative period in 2017.

12) The comparative increase in the surplus was driven by investment income totalling \$1.35 billion in 2018, compared to \$939.95 million in 2017.

13) The comparatively high investment income resulted in total income of \$1.80 billion for the year ended 31 December 2018, increasing from \$1.42 billion in 2017.

14) Total expenditure for the year amounted to \$409.64 million, a 2.28% increase from \$400.49 million reported for the year ended 31 December 2017. The marginal increase in the total expenditure was mainly a result of an increase in total



benefits paid to members from \$260.61 million in 2017 to \$287.51 million for the year under review.

15) The key performance indicators for the pensions industry as at 31 December 2018 were as shown in Table 1 below:-

**Table 1: Summary of Key Industry Statistics**

Indicator	Invested Funds	Sub-administered Funds	2017-Retiree Self-Administered Funds	Total
Number of Firms	612	175	14	801
Membership (Self-Administered)	341 008	124 000	212 101	747 109
Beneficiaries	6 700	6 400	62 770	75 870
Total Membership (Self-Administered)	347 708	130 400	274 871	753 579
Assets of Firms	12 010	12 000	12 000	100 000
Total Income (Z)	700 000 000	200 000 000	300 000 000	1 200 000 000
Total Contributions (Z)	100 000 000	100 000 000	100 000 000	400 000 000
Investment Income	700 000 000	200 000 000	100 000 000	1 000 000 000
Administrative Expenses	100 000 000	100 000 000	100 000 000	300 000 000
Total Expenditure (Z)	100 000 000	100 000 000	100 000 000	400 000 000
Total Benefits Paid (Z)	100 000 000	100 000 000	100 000 000	300 000 000
Administrative Expenses (Contributors)	100 000 000	100 000 000	100 000 000	300 000 000
Administrative Expenses (Beneficiaries)	100 000 000	100 000 000	100 000 000	300 000 000
Total Assets per Member	100 000 000	100 000 000	100 000 000	300 000 000
Percentage of Total Assets	100 000 000	100 000 000	100 000 000	300 000 000
Investment Risk (Z)	100 000 000	100 000 000	100 000 000	300 000 000
Investment Risk (Z)	100 000 000	100 000 000	100 000 000	300 000 000
Compliance Risk (Z)	100 000 000	100 000 000	100 000 000	300 000 000

**Overview of the Macroeconomic Environment**

16) The Zimbabwean economy is estimated to have grown by 4.20% in real GDP terms in 2018. The growth was mainly driven by strong performance in agriculture, mining and energy sectors.

17) The agricultural sector grew by 18.3% while the mining sector grew by 16.8% during the year under review. Figure 1 shows the trend in real



Figure 1: Trend in Real GDP Growth from 2010 to 2018



Source: RBZ

**18)** The country's Real GDP growth rate compared favourably to the estimated global economic growth of 3.6% and that of Sub-Sahara African Countries, averaging 3%.

**19)** Despite the growth in the Real GDP of the economy, the country still relied heavily on imported goods, resulting in a current account deficit of \$1.41 billion in 2018, increasing from a deficit of \$295 million in 2017.

**20)** The reliance on imported goods made the country vulnerable to exchange rate induced inflation.

**21)** Annual inflation rose from 3.46% as at 31 December 2017 to 42.1% as at 31 December 2018.

**22)** The rise in inflation was mainly a reflection of speculative tendencies and a surge in parallel market foreign currency premiums.

**23)** Inflationary pressure affected both the real returns on pension fund investments, and the purchasing power of pension benefits.



**24)** As a result of inflationary pressure, the family basket, as measured by the cost of basic commodities for a family of 6 people per month, increased by 18.11% from \$590.77 in January 2018 to \$697.76 for the month of November 2018.

**25)** In October 2018, the Reserve Bank announced the separation of RTGS balances from FCA Nostro accounts for foreign currency balances, whilst maintaining a 1:1 exchange rate between the USD and RTGS balances.

**26)** During the first half of 2018 up to the third quarter, banking institutions had lending rates ranging between 6% and 12% per annum for corporate loans and mortgages. The rates are an indication of returns on money market investments, which in essence meant negative real returns for investors when compared with inflation rates.

**27)** Despite the low interest rates on money market investments, net investment returns for the pensions industry averaged 29.77% which was, however, lower than the annual inflation figure of 42.1%, reflecting a negative real return of 12.33%.



# Architecture of the Pensions Industry

**28)** The industry reported 1,099 registered pension funds as at 31 December 2018, declining from 1,572 funds as at 31 December 2017. The decline was mainly due to the correction of reported data by one insurer, who was reporting participating employers under umbrella funds as registered funds.

**29)** The 1,099 pension funds were administered through 7 of the 11 life insurance companies and 5 professional pension administrators. There were also 16 stand-alone funds.

**30)** The total number of funds and the membership under the 3 types of pension funds is shown in table 2 below:-

**Table 2: Number of pension funds and membership by sector**

Type of Funds	Pension funds as at 31 December...		Total Membership as at 31 December...	
	2018	2017	2018	2017
Insured	913	1,385	341,268	317,676
Self-Administered	170	171	104,629	108,629
Stand-Alone	16	16	219,121	218,033
<b>Total</b>	<b>1,099</b>	<b>1,572</b>	<b>764,978</b>	<b>744,460</b>

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

**31)** As shown in table 2 above, there was a decrease in the number of insured funds from 1,385 funds to 913 funds as at 31 December 2017 and 2018 respectively. On the other hand there was an increase in membership for insured funds, from 317,676 members as at 31 Dec 2017 to 341,268 members as at 31 Dec 2018.

**32)** The variances were a result of data correction by life companies which were reporting sponsoring

employers of umbrella funds as registered pension funds, as well as omitting members of dormant funds from quarterly and annual returns.

**33)** The membership of the pension industry was skewed towards active members (new entrants plus active members) and deferred pensioners accounting for

50.65% and 39.23% respectively. Deferred pensioners are members leaving employment before reaching their retirement ages. The deferred pensioners' employer contributions are preserved in the pension funds until members reach their retirement ages.

**34)** The distribution of membership by status as at 31 December 2018 is shown in figure 2 below:

**Figure 2: Membership Distribution by Status**



## Coverage Ratio

**35)** As at 31 December 2018, the occupational pension coverage ratio, as defined by the percentage of total pension membership, excluding pensioners and beneficiaries, to the working age population, was 8.27%. The ratio decreased from 8.84% as at 31 December 2017.

**36)** The total number of pensioners and annuitants, excluding beneficiaries, translated to a pensioner coverage ratio of 8.62% of the population above the age of 65 years as at 31 December 2018. This implies that on average only 9 out of a 100 Zimbabweans who are above retirement age were receiving a pension. The ratio decreased from 9.56% as at 31 December 2017.

**37)** Zimbabwe's low and decreasing pension coverage ratios are a cause of concern and may indicate a growing need for financial aid to be extended to people above 65 years to avoid old age poverty.

**38)** The Commission is hoping to increase pension coverage through education and awareness campaigns on the importance of pension products by both formally and informally employed Zimbabweans.

## Assets

**39)** The industry had an asset base of \$5.95 billion as at 31 December 2018, increasing by a nominal rate of 36.78% from \$4.35 billion as at 31 December 2017. In real terms, the industry had a negative growth of 5.32%, given that annual inflation was 42.1%.

**40)** The asset base as at 31 December 2018 translated to an average capital accumulation of \$7,784 per member, increasing from \$5,842 per member as at 31 December 2017.

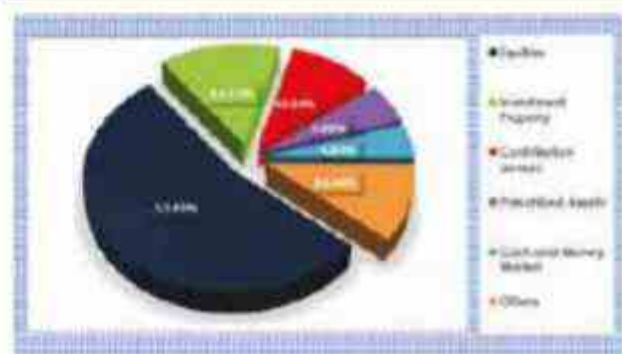
**41)** The respective average capital accumulations per member for each sector of the pensions industry are shown in table 3:-

**Table 3: Industry assets by types of funds as at 31 December 2018**

Indicator	Insured Funds	Self-Administered Funds	Stand-Alone Funds	Total
Total Asset (Z\$ bn)	2.30	1.79	1.86	5.95
Average assets per member (Z\$)	7,334	17,182	3,192	7,784

**42)** The total assets of the industry were invested as depicted in figure 4 below:

**Figure 4 : Distribution of industry assets**





**43)** As shown in Figure 4 above, equities investments totalling \$3.19 billion accounted for 53.65% of the industry's total assets. The value increased from \$1.83 billion as at 31 December 2017, which accounted for 42.02% of total assets as at that date.

**44)** The increase in equity investments was mainly a result of an increase in the value of listed equities on the Zimbabwe Stock Exchange, as well as the purchase of equities by funds as a way of hedging against perceived inflationary pressures.

**45)** The asset base of the pensions industry included contribution arrears totalling \$606.11 million and accounting for a combined 10.19% of total assets. The contribution arrears problem was more acute for stand-alone pension funds, which had contribution arrears totalling \$504.11 million, equivalent to 83.10% of the industry's arrears.

**46)** Stand-alone funds with the highest levels of contribution arrears were linked to sponsoring employers who have been struggling financially due to economic challenges.

**47)** As at 31 December 2018, the industry had \$348.85 million invested in prescribed assets, reflecting an increase from the \$248.29 million invested as at 31 December 2017. The investments in prescribed assets as at 31 December 2018 was 5.86% of total assets, and was below the regulatory minimum requirement of 10%.

**48)** Insured, self-administered and stand-alone pension funds had prescribed asset ratios of 4.02%, 9.67% and 3.95% respectively. The compliance levels were low on



account of unavailability of prescribed asset instruments with the desired mix of risk and return for the industry, as well as liquidity challenges for some pension funds.

**49)** The Commission continues to be alive to the need to increase investment instruments with prescribed asset status, as well as ensuring that there is sufficient return on the instruments to attract investors from the industry.

### Pension Penetration

**50)** The total pension industry assets as a percentage of the 2018 GDP of \$31 billion was 19.19%, decreasing from 24.37% as at 31 December 2017.

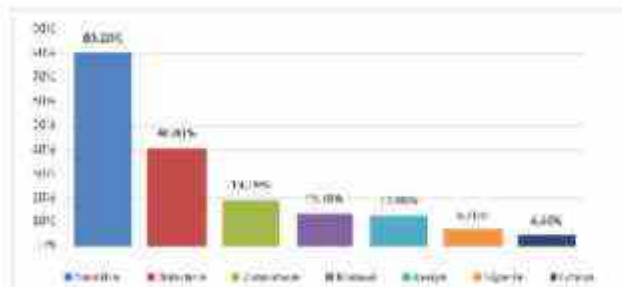
**51)** Comparatively, pension fund assets averaged 53% of GDP for



countries in the OECD but just over 10% of GDP for selected non-OECD jurisdictions.

**52)** Figure 5 below compares Zimbabwe's penetration ratio with some countries in Africa as at 31 December 2018.

**Figure 5: Penetration ratios as at 31 December 2018 for selected African countries**



Source: OECD11

## Earnings

**53)** The pensions industry reported a total surplus of \$1.39 billion for the year ended 31 December 2018, improving from \$1.02 billion for the year 2017.

**54)** The surplus was mainly driven by total income of \$1.80 billion for the year, reflecting an increase of 26.86% from the \$1.42 billion in 2017.

**55)** The relative increase was mainly on account of increased investment income, from \$939.95 million in 2017 to \$1.34 billion for the year ended 31 December 2018. The increased investment income was mainly driven by fair value gains on equities driven by the bull-run on the Zimbabwe Stock Exchange in 2018. Investment

income accounted for 74.71% of the industry's total income for the period under review.

**56)** Total expenditure incurred by pension funds increased by 2.84% from \$400.49 million reported for the year 2017 to \$409.64 million for the year under review.

**57)** Total expenditure was composed of benefit payments totalling \$287.51 million, as well as other expenses totalling \$122.14 million. The administrative expenses translated to expense ratios of 5.16% and 21.79% of total income and contributions respectively for the year ended 31 December 2018, compared to 6.70% and 21.91% for 2017 respectively.

**58)** Apart from commuted amounts, \$100.46 million was paid to pensioners and annuitants during the year under review, reflecting an average of \$106.09 per month per pensioner/annuitant, increasing by 17.12% from \$90.58 for the year ended 31 December 2017.

**59)** However, given the aforementioned inflation for 2018 being 42.1%, and the family basket being approximated at \$697.76 per month in December 2018, the pension benefits were not adequate to meet members' needs.

**60)** The Consolidated Statements of Comprehensive Income for the Industry and the respective sectors were as detailed in Annexures 1, 3, 5 and 7.



## Challenges in the Pension industry

**61)** The Pensions industry continued to face challenges of low confidence emanating from loss of value resulting from the conversion of currency from ZW\$ to the US\$ in 2009.

**62)** The industry also had high contribution arrears and actuarial deficits, with contribution arrears closing the year at \$606.61 million.

**63)** Pension funds were also losing value of investable assets as a result of the harsh economic environment created by inflation and currency distortions.

**64)** Poor corporate governance practices and lack of competences in the administration and investment of funds by the majority of trustees worsened the challenges of the industry.

**65)** The pension industry also faced problems of poor data integrity due to outdated IT systems. The outdated IT systems negatively affected the quality of data produced by industry.

**66)** These challenges adversely affected the financial soundness of pension funds and resulted in members and stakeholders questioning the relevance of pensions.

## Major Regulatory and Supervisory Developments

### Commission of Inquiry Update (C.O.I)

**67)** The Insurance and Pensions Commission was effectively given the mandate to implement the recommendations of the COI in September 2018. This followed gazetting of the Commission of Inquiry Report in March 2018.

**68)** The Commission of Inquiry concluded that there was loss of value in the industry that resulted in pensioners receiving pension benefits that were below their reasonable expectations.

**69)** The loss of value was attributable to factors mainly at three levels; macro, regulatory and entity specific.

**70)** The COI observed that at macro level, value was lost mainly due to the unprecedented hyperinflation that the country experienced and the manner in which values were converted from Zimbabwean Dollar

to USD that did not take into account the real time value of money in terms of contributions and premiums paid at different time periods.

**71)** This, in most cases resulted in the transfer of value from the older generations to the younger generations in pension funds.

**72)** In addition, the demonetisation of the Zimbabwean Dollar saw the entire pension industry receiving USD135,000 in lieu of the bank balances that were held by the pensions industry at the time of the adoption of the multi-currency regime.

**73)** At regulatory level, the COI observed that there was regulatory failure in that there was no adequate guidance that was given to the industry in the handling of the conversion of pension and insurance policy values from ZWD to USD values.

**74)** In addition, regulation and supervision of the sector was also



found to have been weak on account of a compromised board of directors at IPEC, where some of the directors were industry players. The Insurance and Pensions Commission was also inadequately capacitated to effectively supervise the sector.

**75)** The Commission of Inquiry also attributed the loss of value to service providers due to the following reasons in the insurance and pensions industry:

- a. failure to revalue liabilities in view of asset revaluations, where cumulatively 25 zeros were slashed;
- b. high administrative expenses;
- c. failure to take into account value of contributions/ premiums at the time conversion;
- d. poor record keeping;
- e. failure to separate shareholder, policyholder and pension fund assets; and
- f. Generally weak corporate governance practices in the sector.

**76)** To redress the ills that were identified as causes of loss of value, the COI made various recommendations that called for reforms in the laws governing the insurance and pensions industry, improvement in governance structures at both regulatory and supervised entity level as well as capacitation of IPEC.

**77)** More importantly among other recommendations, the COI proposed a compensation framework to address the issue of loss



of value by pension fund members and policyholders.

**78)** The COI's compensation framework recommendation advocates for the recalculation of policy and pension benefits to be paid out against the assets that survived the hyperinflationary period.

**79)** However, given the practical implications associated with the proposals, the Commission is exploring alternative methods of compensating members.

# Pension Reforms

**80)** The Commission came up with a pension reforms paper that had a raft of measures that were aimed at dealing with challenges bedeviling the pensions industry and also incorporating the COI recommendations. The challenges that the proposed reforms sought to address, which were also highlighted by the COI can be summarised as follows:

- a) Low confidence levels;
- b) Poor corporate governance in the industry;
- c) Limited investment options;
- d) High levels of contribution arrears;
- e) High expense ratios for some pension funds;
- f) Poor data integrity; and
- g) Fragmented regulation.

**81)** The main objectives of the proposed reforms were that if fully implemented, would change the landscape of the pensions industry in Zimbabwe in the following ways:

- a) Improving sustainability, affordability, adequacy and the coverage of the pensions;
- b) Harnessing long term domestic savings for economic development; and
- c) strengthening the governance, management and improve efficiency in the delivery of pension services

**82)** Some of the proposed reforms were incorporated in the 2019 National Budget Statement and these included the need for conversion of defined benefit pension funds to defined contribution funds for parastatals and local authorities, as well as the harmonisation of contribution rates for all parastatals, containing administration expenses as well as opening up of the industry to competition.



**83)** In 2018, IPEC registered 22 pension funds of which 11 were provisional registrations. There were also mergers within the industry where the following funds integrated:

- a. Dairiboard Pension Fund and Lyons Pension Fund;
- b. FBC Holdings Pension Fund and Eagle Insurance; and
- c. Inncor Africa Pension Fund and Colcom Foods Ltd Pension Fund.

**84)** These mergers were as a result of common shareholding at the sponsoring employer level. Such development usually result in increased economies of scale for the



bigger pension funds and hopefully improve benefits.

## Dissolutions

**85)** In 2018, the Commission approved 3 applications for dissolutions. These were mostly on account of financial challenges faced by the sponsoring employers, some of whom have since closed down.

## Pension and Provident Funds Bill

**86)** The Commission reviewed the fourth draft of the Pension and Provident Funds Bill in March 2018. The Bill is intended to replace the current Pension and Provident Funds Act [Chapter 24:09] which is now out of sync with the prevailing socio-economic environment and international best practices.

**87)** The objective of the review was to assess and incorporate the comments made on the Bill by the Commission of Inquiry and the World Bank thereby enabling the subsequent peer review of the Bill with the Ministries of Justice, Legal and Parliamentary Affairs, and Finance and Economic Development.

**88)** The primary Pension and Provident Funds Regulations [Statutory Instrument 323/1991] which has been amended several times, was consolidated in order to incorporate all amendments into the

primary regulations.

## Onsite inspections

**89)** The Commission conducted five (5) onsite inspections.

**90)** The main matters of concern that were observed during the inspections included the following;

- a. poor and compromised corporate governance systems emanating from some boards not being properly constituted or the trustees being unqualified for the position of trusteeship;
- b. inadequate policies and procedures;
- c. weak internal controls;
- d. high levels of contribution arrears, which affected benefit payments to members and also resulted in opportunity costs on investments;
- e. high expense ratios mainly owing to operational inefficiencies and high property expenditure; and
- f. weak IT systems and poor record keeping.

## Troubled institutions/entities

**91)** Offsite surveillance of pension funds through analysis of quarterly returns revealed that there were a number of stand-alone parastatal pension funds which were troubled as characterised by high actuarial deficits, high contribution arrears with some not having had any contributions since adoption of the multiple currency regime in 2009. Some of these had funding gaps as low as 19%. Others applied for paid up status.



# Appendices



### Annexure 1: Industry Consolidated Statement of Comprehensive Income for the year ended 31 December 2018.

	INSURED	SELF ADMINSTERED	STAND ALONE	TOTAL
<b>Income</b>				
Year to date accrued Contributions - Members	60,129,785	41,404,006	41,107,497	142,641,288
- Employers	84,909,003	60,603,650	85,021,673	230,534,326
Voluntary contributions - Members	304,160	563,498	321,898	1,189,556
Special contribution - employers	43,936,762	6,783,518	1,813,524	52,532,804
Interest on contribution arrears	-	142,686	11,470,708	12,613,391
Transfer from (to) other funds	(20,521,965)	5,113,193	(206,432)	(17,614,904)
Rental Income	1,068,426	9,297,693	33,199,499	43,565,618
Interest from Investments	653,129,118	41,650,383	24,539,659	719,319,060
Dividends from investments	84,010,160	41,556,994	20,102,664	145,069,818
GLA Premiums received (paid)	702,473	(2,069,432)	(23,862)	(1,390,821)
Profit on sale of assets	8,515,216	164,711,595	39,567,323	212,814,134
Fair Value Gains on equities	48,120,516	164,731,151	10,196,505	223,048,172
Other	1,631	19,010,049	15,754,883	34,766,563
<b>Total Income</b>	<b>962,305,686</b>	<b>553,893,061</b>	<b>283,884,736</b>	<b>1,800,083,483</b>
<b>EXPENDITURE</b>				
<b>Benefits</b>				
Year to date monthly pension benefits	3,491,539	25,311,578	71,655,324	100,458,441
Lumpsums paid on Retrenchments and retirements	35,991,336	25,127,720	10,604,500	71,723,556
Lumpsum payments on resignations and dismissals	2,972,932	2,376,087	11,749,095	17,098,118
Full commutations paid after refunds or 1/3 lumpsum	34,402,842	19,852,682	6,415,559	60,671,083
Death benefit	3,187,347	6,912,279	2,017,212	12,116,838
Other Benefits - Specify	15,550,455	8,260,911	1,629,736	25,441,104
<b>Total Benefits Paid</b>	<b>95,596,451</b>	<b>87,841,258</b>	<b>104,071,432</b>	<b>287,509,141</b>
Staff costs where applicable	-	5,320	2,650,873	2,656,193
Administration Expenses	28,844,716	7,916,322	15,514,679	52,275,716
Investment Management/Advisory Services Expenses	1,478,964	14,623,723	373,234	16,475,940
Actuarial fees	11,690	366,214	117,508	495,413
Audit fees	27,074	504,453	264,429	795,956
Legal fees	-	69,806	111,310	181,124
Board Fees	-	181,786	532,378	714,164
IPEC Levies	225,924	376,470	277,407	879,801
Bank Charges	50,109	326,478	640,165	1,016,753
Subscriptions e.g. ZAPP	25,187	199,569	10,507	235,263
Property Expenses	-	2,805,756	3,868,349	6,674,105
Revaluation Expenses	196,299	9,061	40,942	246,302
Transfer to reserves	11,647,010	936,119	-	12,583,137
Provisions	-	241,944	16,008,746	16,250,690
Other expenses (Specify)	2,813,320	3,974,955	3,866,185	10,654,460
<b>Total Administration Expenditure (sub-total)</b>	<b>45,320,329</b>	<b>32,537,976</b>	<b>44,276,720</b>	<b>122,135,025</b>
<b>TOTAL EXPENDITURE</b>	<b>140,916,780</b>	<b>120,379,234</b>	<b>148,348,153</b>	<b>409,644,167</b>
<b>Surplus/ (Deficit)</b>	<b>821,388,905</b>	<b>433,513,827</b>	<b>135,536,584</b>	<b>1,390,445,298</b>



## Annexure 2: Consolidated Industry Statement of Financial Position as at 31 December 2018

	INSURED	SELF ADMINISTERED	STAND ALONE	TOTAL
<b>ASSETS</b>				
<b>Operating Assets</b>				
Property, Plant and Equipment:		-	13,318,041	13,318,041
Motor vehicles:		-	1,789,892	1,789,892
Computer systems and equipment:		-	432,311	432,311
Other:		-	463,562	463,562
<b>Total operating assets</b>	-	-	<b>18,003,816</b>	<b>18,003,816</b>
<b>Investment Assets (Non-Current)</b>				
Investment Property:	137,900,693	308,487,008	518,556,353	864,923,913
Equities - Quoted:	1,533,105,138	898,870,855	203,298,774	2,633,274,767
- Unquoted:	491,658,893	51,423,710	18,214,224	561,276,827
Prescribed Assets - Government Stock:	62,528,073	88,381,991	26,025,100	126,735,164
- Other prescribed assets:	35,684,611	132,778,037	38,971,288	202,813,936
Fixed interest securities:	65,588,283	52,857,538	10,652,016	128,997,838
Loans and Mortgages on Property (excluding staff):	2,750,878	2,459,140	28,126,992	33,337,008
Staff loans and Mortgages:	138,204	568,645	4,111,256	4,838,087
Long-term deposits:	878,232	18,262,946	43,478,858	62,118,037
Other (specify):	419,182	149,285,792	28,854,441	178,533,395
<b>Total non-current investment assets</b>	<b>2,325,903,123</b>	<b>1,551,150,664</b>	<b>919,687,182</b>	<b>4,796,745,971</b>
<b>Investment Assets (Current)</b>				
Prescribed Assets - Government Stock:	-	-	-	-
- Other prescribed assets:	16,955,939	2,341,482	-	19,307,421
Fixed interest securities:	-	14,164,884	(2,775,765)	11,390,919
Cash at Bank:	6,011,043	49,495,246	12,389,451	68,095,742
Money Market Investments:	126,084,305	74,465,442	19,560,475	220,080,221
Staff loans:	-	327,402	598,477	913,879
Dividends and interest receivable:	1	579,084	3,527,488	4,106,573
Other (specify):	(127,397)	13,970,909	154,419,245	178,262,777
<b>Total current investment assets</b>	<b>148,903,890</b>	<b>165,334,231</b>	<b>189,919,301</b>	<b>504,157,422</b>
Contribution arrears *:	27,926,377	74,561,875	304,103,518	606,611,770
Rental arrears**+GLA Prem paid in advance:	207,228	3,453,187	25,921,005	29,581,420
<b>TOTAL ASSETS</b>	<b>2,502,940,620</b>	<b>1,794,524,957</b>	<b>1,657,234,692</b>	<b>5,954,700,269</b>
<b>LIABILITIES</b>				
Reserves:	2,446,883,260	1,714,088,098	1,289,908,947	5,432,679,305
Provisions:	29,491,238	26,218,367	309,538,565	365,248,170
Sundry Credits:	20,138,048	28,228,387	71,809,073	120,175,508
Arrear pension benefits:	3,397,273	17,988,578	19,060,531	35,446,382
Other Liabilities (specify):	2,130,801	3,001,327	(6,080,424)	1,151,903
<b>TOTAL LIABILITIES</b>	<b>2,502,940,620</b>	<b>1,794,524,957</b>	<b>1,657,234,692</b>	<b>5,954,700,269</b>



Annexure 3: Consolidated Statement of Comprehensive Income for Insured Schemes per Insurer for the Year ended 31 December 2018

Income	CBZ Life Assurance Company	Fidelity Life Assurance*	First Mutual Life Assurance Company	Old Mutual Life Assurance Company	ZB Life Assurance Company*	Zimnat Life Assurance Company*	Total
Year to date accrued Contributions	- Members	6,627,065	7,089,950	36,065,183	1,709,790	8,538,444	60,129,785
	- Employers		5,800,556	79,108,447			84,909,003
	- Members			304,160			304,160
Voluntary contributions			11,563,431	32,373,331			43,936,762
Special contribution - employers				(22,258,865)	(312,286)	49,386	(22,521,565)
Transfer / (to) from other funds				68,238	155,148	830,184	1,068,426
Rental income		34,856		648,718,180	337,037	1,904,460	653,129,118
Interest from investments		41,103	1,729,580	72,973,824	557,782	911,045	84,010,160
Dividends from investments			9,567,509		(129,123)	831,266	702,473
GLA Premiums received (paid)		330					
Profit/(Loss) on Disposal of Investments							
Other Income (specify) - FV adjustments			17,276,118	19,685,600	2,284,722	8,515,216	48,120,516
Other	1,631						1,631
<b>Total Income</b>	<b>142,068</b>	<b>7,063,009</b>	<b>53,027,144</b>	<b>890,524,446</b>	<b>4,583,070</b>	<b>30,454,277</b>	<b>962,305,686</b>
<b>Expenditure</b>							
<b>Benefits to members</b>							
Year to date monthly pension benefits		5,587	3,358,058		99,216	18,678	3,491,539
Retirements, retracements			3,086,922	31,643,097	880,450	380,867	35,991,336
Withdrawals	839,46		3,192,807	28,677,145		2,532,051	34,402,842
Full commutations paid		2,300,065			161,220	511,647	2,972,932
Deaths						71,361	3,187,347
Other benefits	8,649,29			3,115,986			15,550,455
<b>Sub-total</b>	<b>9,289</b>	<b>2,305,652</b>	<b>9,647,767</b>	<b>78,978,234</b>	<b>1,140,886</b>	<b>3,514,604</b>	<b>95,596,451</b>
<b>Administrative Expenses</b>							
Admin Expenses	6,585,34	206,077	4,790,279	21,510,958	127,099	2,203,717	28,844,716
Investment Management Expenses					467,931	1,011,053	1,478,984
Actuarial fees						11,690	11,690
Audit fees						27,074	27,074
IFEC Levies		68,409			28,584	128,931	225,924
Bank Charges					2,395	47,714	50,109
Subscriptions, i.e. ZAPP						25,187	25,187
Property Expenses						196,299	196,299
Transfer to reserves							
Others:1)			225,700	11,647,018			11,647,018
<b>Sub-total</b>	<b>6,585</b>	<b>274,486</b>	<b>5,015,039</b>	<b>35,743,894</b>	<b>628,659</b>	<b>3,651,666</b>	<b>45,320,329</b>
<b>Total Expenditure</b>	<b>15,874</b>	<b>2,580,138</b>	<b>14,662,806</b>	<b>114,722,128</b>	<b>1,769,545</b>	<b>7,166,269</b>	<b>140,916,780</b>
<b>Net Income</b>	<b>126,194</b>	<b>4,480,871</b>	<b>38,364,318</b>	<b>790,035,254</b>	<b>2,813,525</b>	<b>23,288,008</b>	<b>821,368,905</b>



## Annexure 4: Consolidated Statement of Financial Position for Insured Schemes per Insurer as at 31 December 2018

	CBZ Life Assurance Company	Fidelity Life Assurance *	First Mutual Life Assurance Company	Old Mutual Life Assurance Company	ZB Life Assurance Company*	Zimrat Life Assurance Company*	Total
<b>ASSETS</b>							
<b>Investment Assets ( Non - Current)</b>							
Investment Property		5,029,513	49,195,459	69,196,294	1,268,940	13,299,447	137,900,653
Equities - Quoted		5,120,997	69,325,549	1,407,138,540	14,418,826	37,101,126	1,533,105,138
- Unquoted		9,845,850	611,456	474,521,906	2,258,371	4,401,310	491,638,893
Prescribed Assets - Government Stock				60,191,932	2,133,141		62,325,073
- Other prescribed assets		14,604,508	17,060,103				31,664,611
Fixed interest securities			2,750,876	65,573,590	14,693		65,588,283
Loans and Mortgages on Property ( excluding staff)							2,750,876
Staff loans and Mortgages					138,204		138,204
Long-term deposits					378,232		378,232
Other (specify)	130,738				282,624		413,362
<b>Total Non-Current Investments</b>	<b>130,738</b>	<b>34,600,868</b>	<b>138,944,543</b>	<b>2,076,532,262</b>	<b>20,892,831</b>	<b>54,801,883</b>	<b>2,325,903,125</b>
<b>Investment Assets (Current)</b>							
- Other prescribed assets						16,965,939	16,965,939
Cash at Bank			4,571,993	7,348		1,431,702	6,011,043
Money Market investments		845,377	17,001,729	84,189,139	2,104,699	21,912,361	126,054,305
Dividends and interest receivable						1	1
Other ( Specify)				271,680		(399,077)	(127,397)
<b>Total current investment assets</b>	<b>-</b>	<b>845,377</b>	<b>21,574,722</b>	<b>84,468,167</b>	<b>2,104,699</b>	<b>39,910,925</b>	<b>148,903,890</b>
Contribution errors *		2,333,544	229,628	24,872,905		690,208	27,926,377
Rental errors*					13,971	193,257	207,228
<b>TOTAL ASSETS</b>	<b>130,738</b>	<b>37,779,889</b>	<b>160,748,885</b>	<b>2,185,873,334</b>	<b>23,011,501</b>	<b>95,396,273</b>	<b>2,502,940,620</b>
<b>LIABILITIES</b>							
Reserves	130,738	37,779,889	158,315,191	2,137,649,540	23,011,501	91,796,401	2,448,683,260
Provisions				27,332,698		2,158,540	29,491,238
Sundry Creditors			1,644,225	18,493,823			20,138,048
Annual pension benefits				2,397,273			2,397,273
Other Creditors (specify)			789,469			1,641,332	2,230,801
<b>TOTAL LIABILITIES</b>	<b>130,738</b>	<b>37,779,889</b>	<b>160,748,885</b>	<b>2,185,873,334</b>	<b>23,011,501</b>	<b>95,396,273</b>	<b>2,502,940,620</b>





Annexure 6: Consolidated Statement of Financial Position for Self-Administered Schemes per Administrator for the Year ended 31 December

2018

	Central Brokers	Co-ordinator Companies	Industry Life Assurance Company	Prime Mutual Erie Assurance	North Disruptive Benefits	Winners Benefits Consulting	Myerlife Life Assurance Company	Old Mutual Life Assurance Company	Zimberba Insurance Brokers	Zinnus Life Assurance Company	Total
<b>ASSETS</b>											
Investment Property (Non-Current)											
Investment Property	80,000	47,317,000	1,800,000	1,755,607	6,557,940	89,881,946	85,593	49,945,708	9,804	1,141,591	208,607,008
Inventories - Current	65,268	55,289,043	240,291	19,710,488	60,888,516	87,469,475	7,611,481	27,042,406	32,4586	6,820,612	886,870,855
- required		1,239,303			2,905,434	34,594,216		13,685,206		8,278	5,1429,210
Prescribed Assets - Government's Debt		15,870,000	79,254	380,531	29,427,861	6,208,011		542,893	19,462		38,991,091
- Other prescribed assets		14,639,553		1,756,478	4,431,179	60,279,489	1,588,391	4,819,866	58,988	1,480,751	132,778,017
Fixed interest securities e.g. bonds & debentures		2,886,502	60,271	141,311	3,848,044	30,202,131	95,282	39,499,900	9,576	1,462	52,657,289
Loans and Mortgages on Property (including to Rf)					1,794,882	1,726,492			37,346		2,450,300
Staff loans and Mortgages					38,288	586,278			4,059		588,645
Long term debt payables		16,247		12,111,660	4,552,131	30,484,911				20,000	38,562,900
Other (specify)		916,157		5,684,323	14,403,918	38,627,703		109,617,951			189,265,792
<b>Total Investment Assets</b>	<b>861,758</b>	<b>81,988,870</b>	<b>1,874,291</b>	<b>81,949,610</b>	<b>252,402,771</b>	<b>719,664,226</b>	<b>9,265,867</b>	<b>505,882,991</b>	<b>187,463</b>	<b>8,492,604</b>	<b>1,554,555,814</b>
Investment in Bank (Current)											
- Other prescribed assets		2,076,490			268,704						2,345,194
Fixed interest securities		105,950		4,291,916	5,602,520	7,104,226					14,104,699
Call bank		8,466,853	56,100	2,789,826	8,918,212	17,465,053	440,810	13,255,990	16,592	94,206	49,495,240
Money Market investments		14,262,564	16,615	185,493	3,547,246	30,274,440	2,178,792	2,178,129	2,993	755,291	74,063,842
Staff loan					3,840						3,840
Dividends and interest on investible Other (specify)		74,394		9,708	29,288	89,703		232,407		14,406	370,604
		779,354		2,981,888	3,140,276	4,370,328	00	13,755,307		335,569	29,970,000
<b>Total Investment in Bank</b>	<b>8,894</b>	<b>29,851,450</b>	<b>72,717</b>	<b>7,840,959</b>	<b>21,100,310</b>	<b>59,889,038</b>	<b>3,837,214</b>	<b>49,989,708</b>	<b>8,916</b>	<b>12,219,892</b>	<b>165,814,911</b>
Overhead expenses *	15,554	25,372,811	1,792,143	21,914,114	8,651,551	4,407,628	347,293	18,904,206	736,711	11,371	74,581,893
Branch expenses *	13,960	14,571			3,610	78,529		2,170,715	000		1,959,487
<b>TOTAL ASSETS</b>	<b>1,124,206</b>	<b>302,218,279</b>	<b>3,889,358</b>	<b>64,759,193</b>	<b>325,841,161</b>	<b>716,819,400</b>	<b>21,771,204</b>	<b>166,649,465</b>	<b>1,139,697</b>	<b>10,271,999</b>	<b>1,794,524,917</b>
<b>LIABILITIES</b>											
Reserves	901,209	89,381,207	3,173,273	61,305,588	211,703,918	741,286,106	11,908,675	562,747,771	1,007,687	30,071,140	1,714,688,010
Provision	90,209	17,117	2,400	2,262,12	500,294	24,202,210	9,400	329,412	202,10	16,400	26,212,812
Staff & Workers	77,223	2,924,006	633	15,039,911	17,257,231	4,407,094	241,985	1,554,559	2,196	9,789	38,218,882
Amounts due from Rf	29,465	181,121	161,940	4,372,688	4,740,439	9,289,409	170,964	2,002,306	86,051		17,988,770
Other creditors (specify)		82,000		381,465	4,102,527	3,137,411	232,200	19,418	27,12	2,457	10,011,077
<b>TOTAL LIABILITIES</b>	<b>1,124,206</b>	<b>302,218,279</b>	<b>3,889,358</b>	<b>64,759,194</b>	<b>325,841,161</b>	<b>716,819,400</b>	<b>21,771,204</b>	<b>166,649,465</b>	<b>1,139,697</b>	<b>10,271,999</b>	<b>1,794,524,917</b>









## INSURANCE AND PENSIONS COMMISSION

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