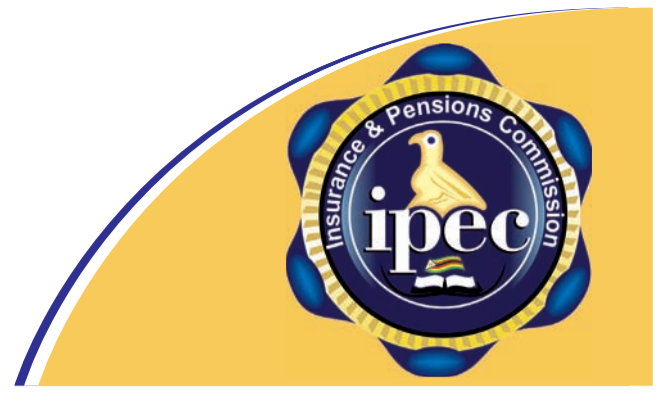




NEW COMMISSIONER TENDAI KARONGA



Karonga: New IPEC commissioner

TENDAI Karonga is a seasoned insurance expert and has vast experience in the financial services sector. He boasts of 22 years experience in the insurance and risk management field at executive level.

He is the previous CEO of Eagle Insurance, Hollandia Re and a divisional director of Group Risk Management at FBC Holdings.

He is also the past chairman of the Insurance Council of Zimbabwe, Council member of the Insurance Institute of Zimbabwe, a member of the special risks Professional Indemnity Sub-Committee, Council member/director of the Motor Bureau of Zimbabwe and secretary of the Zimbabwe Association of Reinsurers Offices.

Karonga is a holder of an MBA from Aston Business School, a full member of the British Chartered Institute of Management. He received insurance training from the British Chartered Institute of Insurance and advanced reinsurance training from Swiss Re in Zurich.

He received a grant from USAID to study USA insurance, reinsurance, risk management companies, training and educational institutions as well as regulatory authorities.

In this quest, he managed to visit most of the states in the United States of America.

Karonga takes over from Marnet Mpfu whose tenure ended in January.

He is married, with grown up children. The Insurance and Pensions Commission (IPEC), is a statutory body regulating insurance and pensions business in Zimbabwe.

It is a result of the enactment of the Insurance and Pensions Commission Act (Chapter 24:21).

IPEC is the commission governing insurance and pensions in Zimbabwe.

It is a non-profit making organisation and stakeholders include insurance and pension funds, members of the public, board and commissioners, management and its staff.

The commission's role includes registering, regulating and monitoring insurance industry players, monitor and ensure compliance to set standards, providing information to the public, encouraging and promoting investment in the insurance

sector.

Functions and powers of the Commission

The functions of IPEC in terms of Section 4(1) of the Insurance and Pensions Commission Act are as follows:

1.To register insurers, mutual insurance societies and insurance brokers in terms of the Insurance Act (Chapter 24:07) and, subject to that Act, to regulate and monitor their business;

2.To register pension and provident funds in terms of the Pension and Provident Funds Act (Chapter 24:09) and, subject to that Act, to

regulate and monitor their management and administration;

3.To monitor the activities of insurers, mutual insurance societies, insurance brokers and pension and provident funds to ensure that they maintain set standards and ensure compliance with the Insurance Act (Chapter 24:07) and the Pension and Provident Funds Act (Chapter 24:09), as the case may be;

4.To provide information to the public on matters relating to insurance and pension and provident funds and to encourage and promote insurance and investment in

such funds;

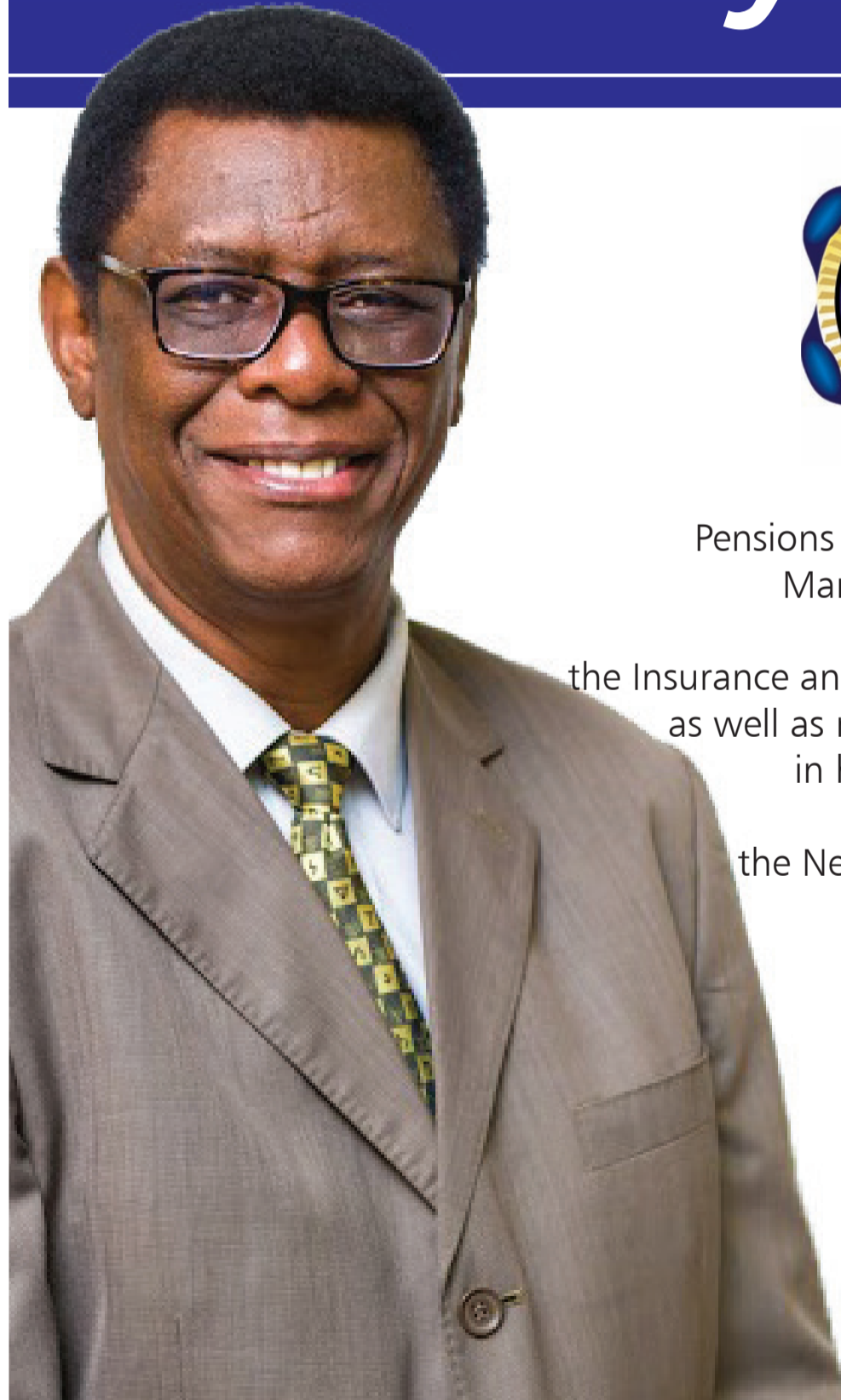
5.To advise the Minister on matters relating to insurance and pension and provident funds; and

6.To perform any other function that may be conferred or imposed on the Commission in terms of this Act or any other enactment.

Players in the insurance and pensions industry

- Pension funds
- Fund administrators (Other than life insurance companies)
- Insurance companies
- Brokers
- Multiple agents
- Loss assessors

Thank you



The Insurance and Pensions Commission Board, Management and Staff would like to thank the Insurance and Pensions industry, as well as related stakeholders in helping us welcome Mr Tendai Karonga, the New Commissioner of Insurance, Pensions and Provident Funds.

We look forward to your continued support and co-operation going into the future.



Insurance and Pensions Commission commissioner, Tendai Karonga.

Insurance and Pensions Commission
160 Rhodesville Avenue
Greendale, Harare.

Tel: 443 358 /61/422
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Who is IPEC?

THE Insurance and Pensions Commission (IPEC), is a statutory body that was created in terms of the Insurance and Pensions Commissions Act [Chapter 24:21] with the mandate of regulating the insurance and pensions industry. The Commission administers the Insurance Act (Chapter 24:07) and the Pension and Provident Funds Act (Chapter 24:09). It commenced its operations in 2005 after it was weaned off from the Ministry of Finance.

The principal function of the IPEC is protection of existing or potential policy holders or pension fund members and the promotion of the general stability of the insurance and pension industry.

Vision

A vibrant insurance and pension industry contributing towards a safe and stable financial system.

Mission

To protect the interests of policy

holders and pension scheme members through effective regulation and supervision of the insurance and pension industry.

Overview of the industry

The insurance and pensions industry as at the end of the 2016 had total assets amounting to US\$4,3 billion. Of the US\$4,3 billion assets, the insurance industry had an asset base of US\$2,1 billion and pension assets were US\$2,3 billion. The insurance assets included insured pension fund assets.

The architecture of the insurance industry

The breakdown of registered entities across different sub-sectors of the insurance sector is as shown in the table.

Total Gross Gross Premium Written (GPW) for insurance increased by 3,23 percent for the year ended December 3, 2016 to US\$581,23 million compared to US\$563,02 million for

the previous year.

The growth GPW was mainly spurred by an increase in business generated by life insurance companies, especially in respect of the funeral products. On the other hand, the business written by reinsurers decreased from US\$111,43 million to US\$105,85 million, a 5,01 percent decline.

Architecture of the pension industry

The pension industry consists of self-administered and insured funds. A self-administered fund is one whose assets are registered in the name of that particular funds. On the other hand, an insured fund is one which, due to its small size, takes advantage of economies of scale and invests its funds collectively with others under a life insurer.

The trustees of insured funds surrender their investment decisions pertaining to their funds to the in-

Type of institution	Dec 31, 2016
Life Assurance Companies	12
Funeral Assurance Companies	9
Non-life insurance Companies	20
Life reinsurance Companies	1
Non-Life Reinsurance Companies	5
Composite Reinsurers	3
Insurance Brokers	32
Reinsurance Brokers	6
Total	88

urance companies managing them. In turn, the insurers normally guarantee returns on such funds.

However, trustees for self-administered funds are ultimately responsible for the investment decisions of the funds they administer. Trustees for self-administered funds have three options to choose from to manage their funds. These funds can be managed by trustees through a principal officer in terms of their day to day operations or by an assurance company or by a pension fund administrator.

It should therefore be noted that the after the conversion of most pensions from being defined benefit (DB) to defined contribution schemes, the role of trustees is of paramount importance in safeguarding the interest of pensioners.

In total there is an estimated total of 1 000 pension schemes.

Increase in annual fees and levies

It is not accurate to say that the increase in annual fees and levies for the Commission regulated was meant to widen the revenue streams for treasury.

The increase was and is targeted at increasing the capacity of the Commission to enable the organisation to effectively carry out its mandate.

Whilst admittedly some of the regulated perceive the increments as burdensome, it should be noted that our levies are on the lower side as compared to what is prevailing in the region.

The benefits of increased effective supervision will be evident even to the public soon. The question should be are these increments in levies and fees going to be adequate as the Commission position itself where it should be in terms of the required regulatory capacity.

Increase in minimum capital requirements

It is true that the Minister of Finance in the 2016 National Budget Statement announced increase in minimum capital levels for insurance companies by December 31 2016. This is yet to be effected, the insurers were allowed time to stagger compliance, a position which was communicated to the players. However, currently a draft Statutory Instrument (S.I) to increase the minimum capital requirements as announced is being finalized by the Attorney General's Office.

The S.I. sets the parameters of the quality of the capital that an insurer ought to hold for regulatory purposes.

Among other things the S.I. disqualifies as non-admissible all assets that are considered not to be readily available to meet an insurer's liabilities.

Such assets include goodwill, related party exposures, motor vehicles, IT hardware and software and all property not registered in the name of the insurer. In addition, the pending S.I. defines the liabilities that an insurer must recognise.

Challenges affecting the industry

The following are the challenges bedeviling the insurance and pensions industry:

- a) Corporate governance deficiencies especially for owner/shareholder managed institutions
- b) Asset concentration and liquidity risks (Properties, Premium debtor arrears)
- c) Reduced disposable income due to company closures and unemployment - proliferation of informal sector (uninsured sector)
- d) Low values emanating from the conversion of funds from the Zimbabwean dollar to the multi-currency regime
- e) Fragmented Regulation of Insurance and Pension Activities - regulation of medical aid societies fall under the Ministry of Health and Child Care and NSSA is not regulated
- f) Contribution Arrears - pension fund
- g) High Expense Ratios for pension funds
- h) The Commission has put in place a strategy to deal with the above issues.



Celebrating your success

Mr. Tendai Karonga

Commissioner General of the Insurance and Pensions Commission.

The Board, Management and Staff of FBC Holdings wish to congratulate Mr. Tendai Karonga on his recent appointment as Commissioner General of the Insurance and Pensions Commission.

We wish you a successful term.

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