



REGULATION AND COMPLIANCE IN THE INSURANCE AND  
PENSIONS INDUSTRY

IIZ WINTER SCHOOL 07 AUGUST 2025

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# Presentation Outline



**Background of IPEC**



**Insurance Regulations**



**Key Challenges and Strategies**



**New Regulatory Frameworks**



**Conclusion**

# Insurance and Pensions Commission Background





# Background of IPEC:



## What is IPEC?

The Insurance and Pensions Commission (IPEC) is a statutory body established under the Insurance and Pensions Commission Act [Chapter 24:21].

## Role of IPEC






We supervise, regulate, develop, and administer the business and operations of insurance companies, pension, and provident funds across Zimbabwe.

## Key Functions

- Registration of insurers, brokers, and agents
- Registration of pension and provident funds
- Ensuring industry compliance with set standards
- Advising the Minister on insurance and pensions matters



# IPEC MANDATE

-  IPEC - Statutory body established in terms of the Insurance and Pensions Commission Act [Chapter 24:21]
-  To register, regulate, supervise, and develop the insurance and pensions industry – prudential, market conduct and AML/CFT
-  To inform the public on matters relating to insurance and pension, and provident funds
-  To protect the rights and interests of policyholders and pension scheme members
-  To advise the Government on insurance and pension, and provident fund issues



# SUSTAINABLE DEVELOPMENT THRUST

SUSTAINABLE DEVELOPMENT GOALS 2030

Agenda 2063: The Africa We Want

ZIMBABWE VISION 2030

NATIONAL DEVELOPMENT STRATEGY (NDS1) 2021 – 2025

ECONOMIC GROWTH  
& STABILITY

SOCIAL  
PROTECTION

INFRASTRUCTURE  
& UTILITIES



## IPEC Vision

A safe, vibrant,  
and sustainable Insurance  
and Pensions Industry by 2025



## IPEC Mission Statement

To regulate, supervise and develop the Insurance and Pensions industry for the protection of policyholders and pension scheme members through regulatory excellence

Core Values : Professionalism | Accountability | Fairness | Integrity | Excellence



## ARRCHTECTURE OF THE INDUSTRY – NUMBER OF PLAYERS

Class of Business	Number of Players				% Change
	2022	2023	2024	Q1 2025	2025/2024
Pension Funds	981	965	968	967	-0.1%
Life Assurance	12	12	12	12	0%
Non-Life Insurance	20	20	20	21	5%
Funeral Assurance	7	8	8	7	-12.5%
Reinsurers	10	10	10	10	0%
Micro insurers	10	11	16	16	0%
Brokers	35	35	37	37	0%
Agents	2,343	2,550	2,557	1,838	-28%



# Introduction of Insurance Regulation

## Definition of Regulations

Refer to the laws, rules, and standards established by a regulatory authority to ensure that insurance companies operate in financially sound, fair, transparent, and responsible manner.

## Purpose of Insurance Regulation

- Ensure industry stability,
- Protect consumers, and
- Maintain fair practices.





# Introduction of Insurance Regulation

## Historical Context of Insurance Regulation

### Evolution of Insurance Regulations

- 19<sup>th</sup> Century with State Regulations in the USA
- Rapid urbanisation and industrial growth, increasing the need for insurance products.
- 1851 - Governments began to see the need to regulate insurance companies to protect consumers
- 1<sup>st</sup> Insurance law was passed in Massachusetts in USA

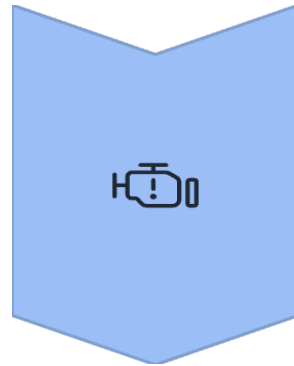


# Insurance Regulations



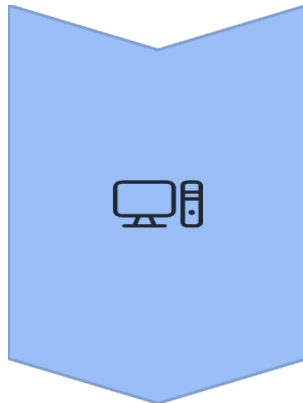


# Key Objectives of Insurance Regulation Management & Information Systems



## Consumer Protection

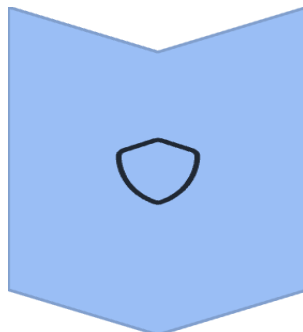
- Safeguarding consumers against unfair practices
- Ensuring transparent information and fair treatment



## Financial Solvency

Ensuring insurers can meet their future obligations

Monitoring reserve levels and the financial health of companies



## Market Stability

- Preventing excessive risk-taking and promoting competition
- Addressing systemic risks that could impact the financial system



# Importance of Regulations in Insurance and Pensions industry

## Why is regulation necessary?

### Consumer Protection

Protects consumers from unfair practices

### Financial Stability

Ensures **financial stability** of insurers and pension schemes

### Market Confidence

Promotes **confidence** in the market

### Fraud Prevention

Prevents **fraud and abuse**

### Fair Competition

Supports fair competition



# Benefits of Regulation - Consumer Trust

- **Consumer Trust** – Builds Confidence in the industry, ensures that claims are paid and policies are honoured
- **Market Integrity** – Helps prevent fraud and unethical behaviour
- **Crisis Management** – provides frameworks for response and recovery during financial crises.
- **Fair Competition** – supports fair competition





# Case Studies: Examples of Regulatory intervention Regulations

## ■ Successful Regulatory Practices

- New microinsurance Framework (FSCA)
- Successful story, “Mvula’s Funeral Services” business flourished
- Grew from local parlor to a successful community hub, providing financial safety net.

## ■ Failures in Regulation;

- AIG during the 2008 financial crisis
- Natural disasters – Can manifest in inability to design effective coverage for floods and cyclones
- HIH Insurance (Australia, 2001); Poor risk Management was overlooked by regulators, corporate governance failures and conflicts of interest were unchecked.



# Future of Insurance Regulation

## ■ Emerging Trends

- Focus on data privacy and cybersecurity regulations
- Greater emphasis on environmental, social and governance (ESG) factors
- Regulatory Sandbox
- Climate Change



# Key Regulatory Instruments in Zimbabwe

The regulatory environment includes:

## **IPEC Act**

Insurance and Pensions Commission Act [Chapter 24:24]

## **Pensions Act**

Pensions and Provident Funds Act [Chapter 24:32]

## **AML/CFT Guidelines**

Anti-Money Laundering (AML) and Combating Financing of Terrorism (CFT) Guidelines

## **Insurance Act**

Insurance Act [Chapter 24:07]

## **Statutory Instruments**

Statutory Instruments & Circulars issued by IPEC

## **Governance Guidelines**

Corporate Governance Guidelines

# Key Challenges and Strategies





# Key Challenges Undermining Confidence and Compliance

No. 1	Key Challenge	Details
1	Over reliance on Motor Insurance	Motor insurance contributes over 40% of revenue, indicating a critical lack of product diversification within the sector.
2	Low Prescribed Assets Compliance	Average compliance is 30% against the required 10% for short-term insurance, 0% for Microinsurers, and as of Q1 2025, and 0% in the funeral sector as of Q3 2023
3	Asset Concentration	A staggering 60% of funeral assurance assets are tied up in operational properties, severely limiting liquidity and financial flexibility.
4	Policyholder Choice Violations	The funeral assurance industry consistently fails to honor the option of cash in lieu or service benefits at claim stage, eroding public trust
5	Low Capitalisation	Previously low capital thresholds hindered industry resilience and professionalism, particularly among the broking fraternity, leading to market fragility.



# Current Challenges in Insurance Regulation

- ➤ **Technological Advances** – Adapting to Insurtech and digital platforms
- **Climate Change and Natural Disaster** – Need for updated regulations to address emerging risks.
- **Globalisation** – Harmonising regulations across different jurisdictions
- Ensure industry stability, protect consumers, and maintain fair practices.



# Strategies to Strengthen Confidence and Compliance: Part 1



## Enhance Product Diversification

IPEC encourages expansion into untapped areas, such as agriculture index insurance, to mitigate overreliance on traditional products.



## Promote Currency Risk Hedging

The Commission supports robust strategies for insurers to manage currency volatility, ensuring stable operations and returns.



## Enforce Investment Diversification

Broader asset allocation beyond operational properties, particularly in the funeral sector, is crucial for liquidity and long-term stability.



## Improve Capital Adequacy

New capital requirements via Statutory Instrument 67 of 2025 bolster financial stability and safeguard policyholder interests.



## Strengthen Consumer Education

Increased awareness of policyholder rights and claims processes is vital for building trust and informed decision-making.



## Uphold Policyholder Rights

Strict enforcement of Section 58(3) of the Insurance Act and Circular 28 of 2024 ensures fair treatment and accountability.



# Strategies to Strengthen Confidence and Compliance: Part 1



## Transparency and Reporting

Regular disclosure requirements for asset allocation, claims settlement, and compliance roadmaps are essential for accountability.

- Quarterly financial reporting with enhanced disclosure requirements
- Public dashboard tracking compliance metrics
- Annual audits with published results

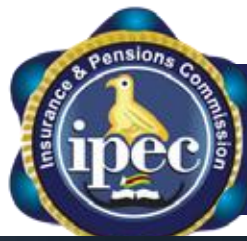
## Regulatory Oversight

IPEC conducts regular audits and enforces strict compliance with ethical standards for both insurers and brokers, maintaining market integrity.

- Risk-based supervision framework implementation
- Enhanced penalties for non-compliance
- Regular on-site inspections
- Whistleblower protection program

# New regulatory frameworks





# Statutory Instrument 67 of 2025: Key Amendments



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## Capital Adequacy

Increased requirements to ensure financial stability and resilience against market fluctuations, with phased implementation through 2026.

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## Professional Indemnity

Broader coverage requirements for practitioners, reinforcing accountability and consumer protection at all levels of service.

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## Fee Structures

Standardized fees across all insurance providers, promoting fairness and transparency in pricing for all market segments.

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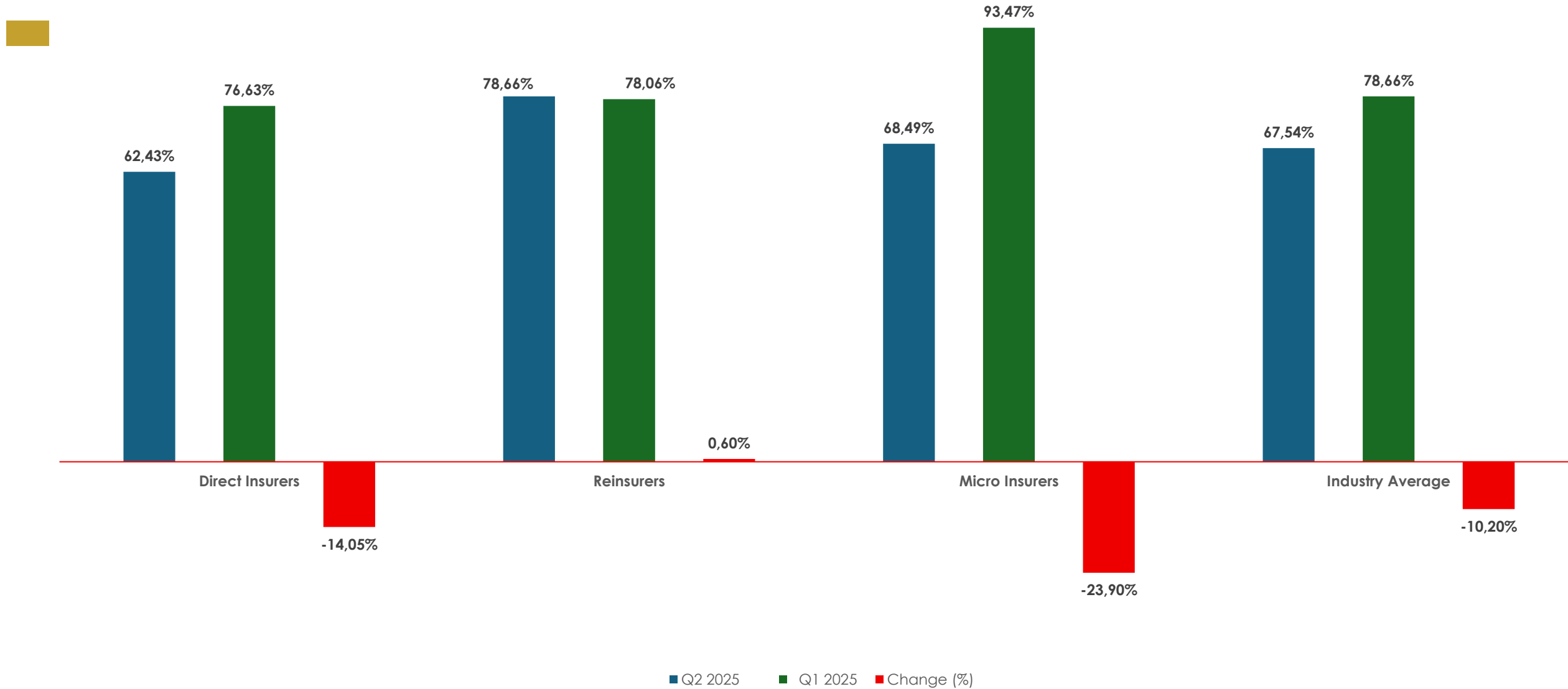
## Governance

Enhanced corporate governance and risk management protocols, fostering ethical and sound business practices throughout the sector.



# Insurance Industry Compliance Levels

Compliance Levels by Class of Business: Q2 vs Q1 2025





# Conclusion

- Insurance Regulation is vital for:
  - consumer protection,
  - market conduct,
  - integrity,
  - financial stability
  - market development.

# Thank You

**Protecting The Interests  
Of Insurance And Pension Consumers**

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