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Pensions and
Insurance Authority

**“Zambian Insurance
Landscape”**

Sponsored by Pensions and Insurance Authority





Insurance Industry in Zambia _ Performance & Regulatory Overview

AVANI, Livingstone

17 July 2019



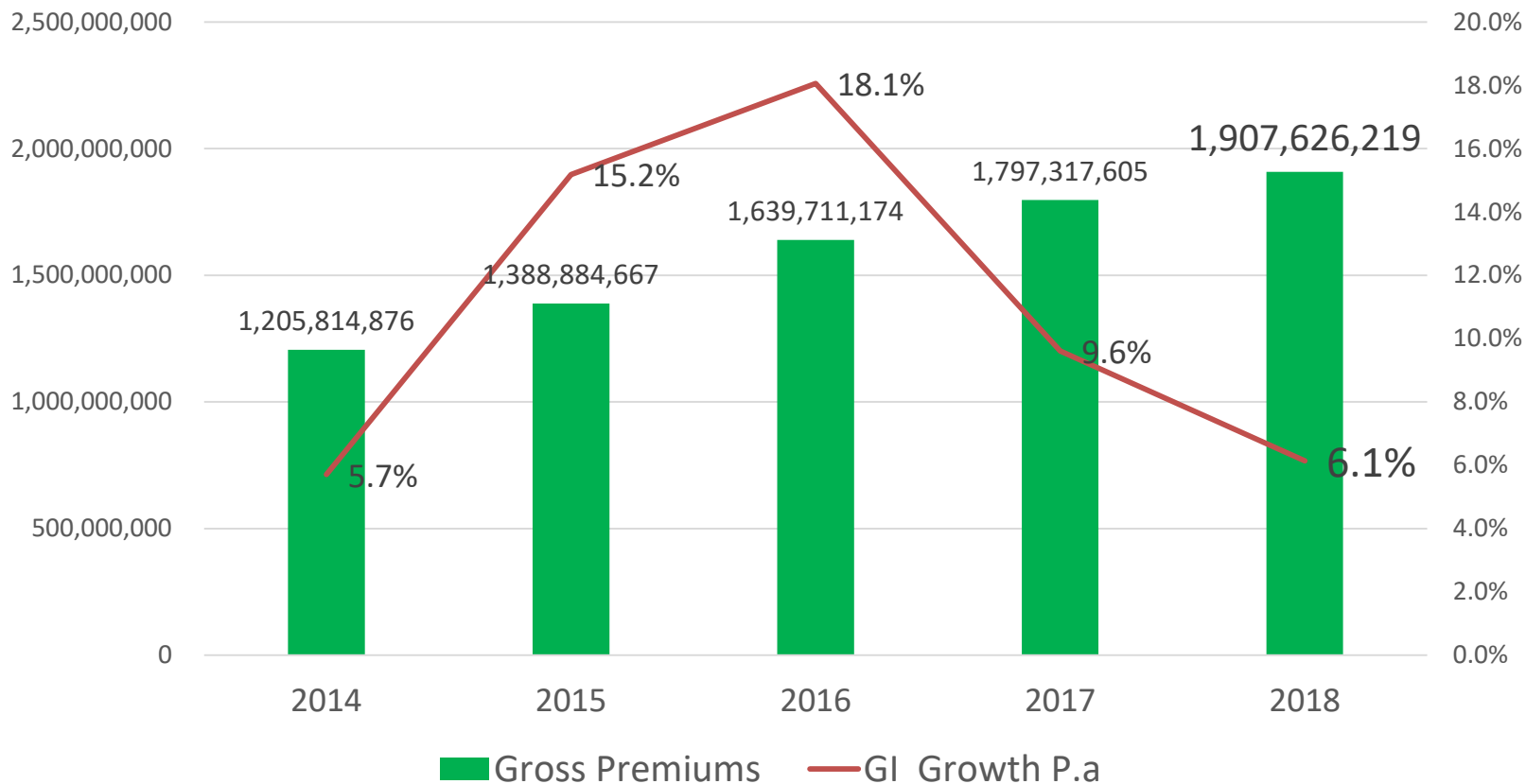
Outline

- Financial Performance – 2019
- Regulatory Reforms
 - Prudential regulations (solvency & governance)
 - Conduct of business (fair treatment of policyholders)
 - Industry Development & Financial inclusion



Financial Performance

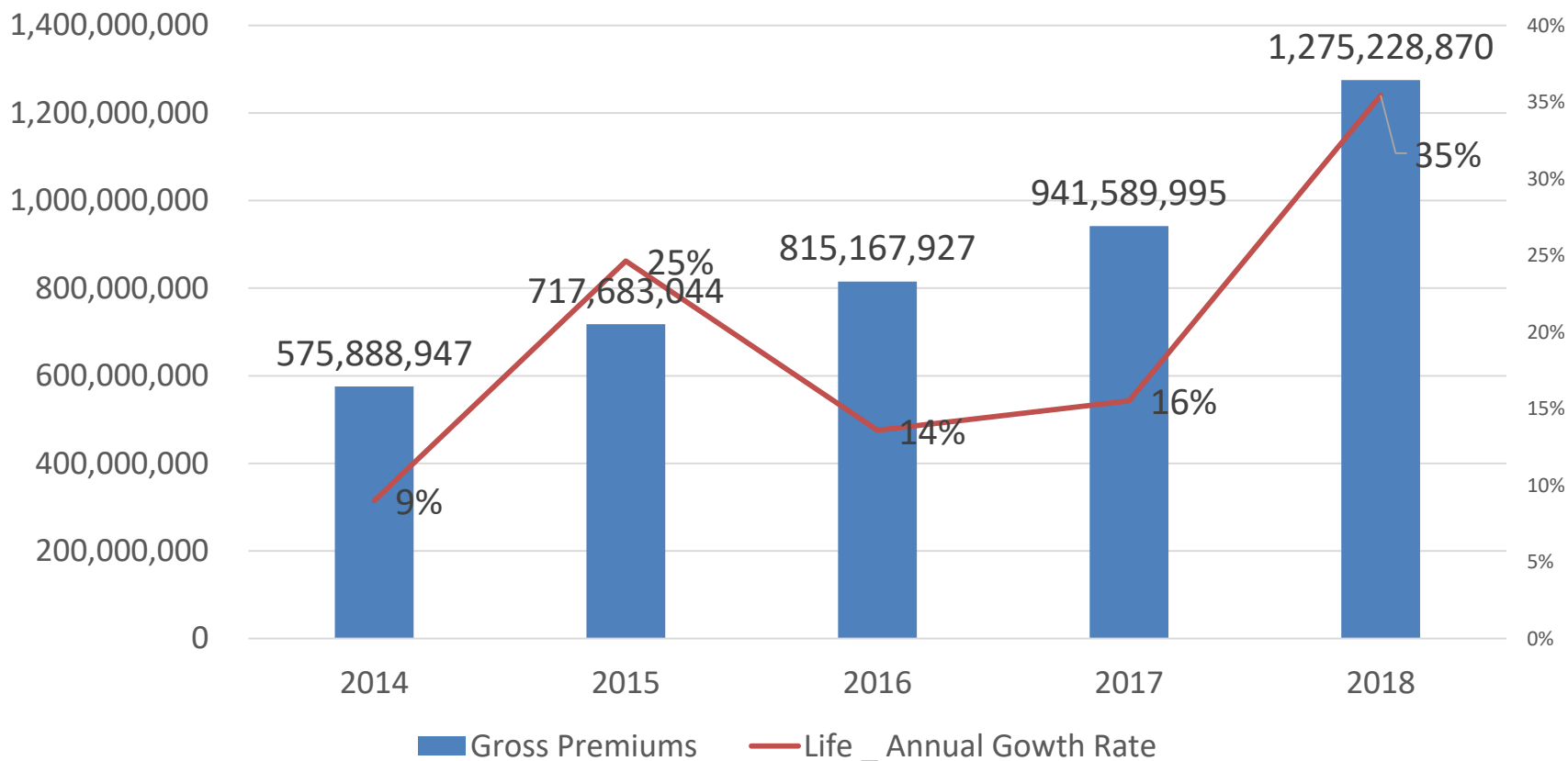
GI _ GWP





Financial Performance

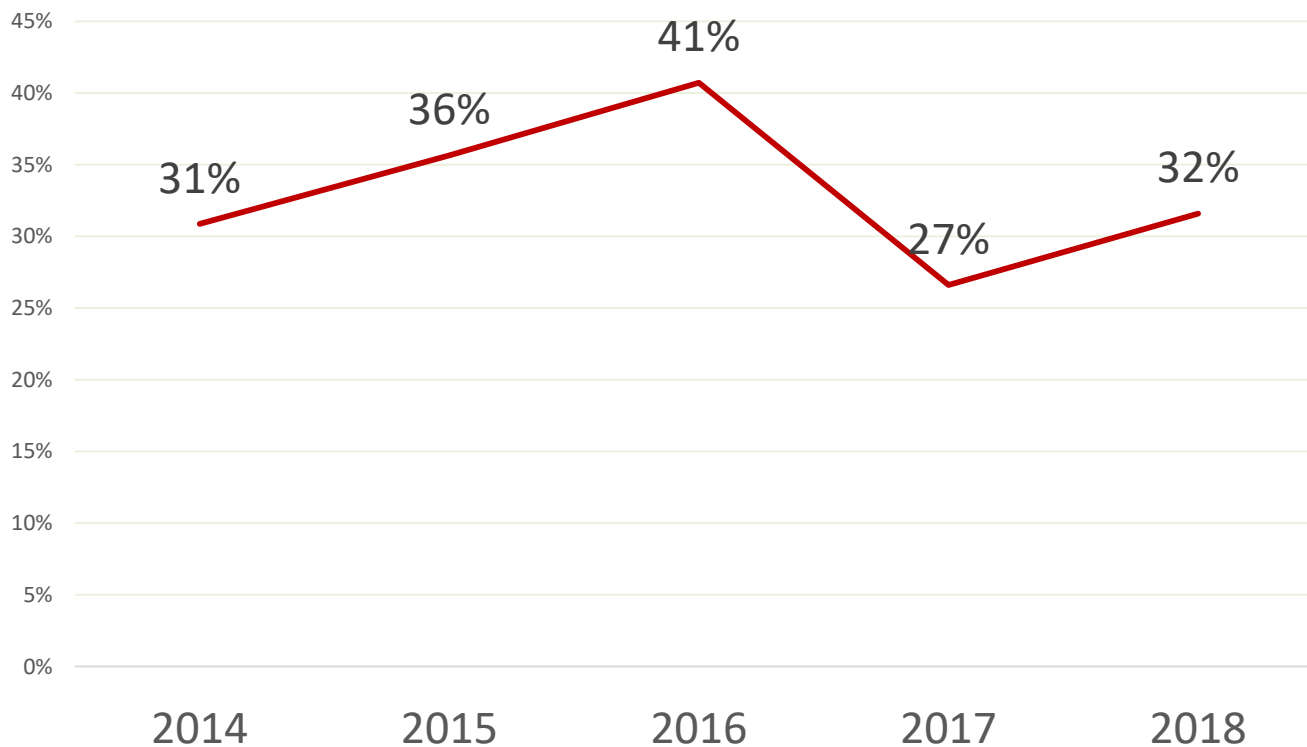
LIFE _ GWP





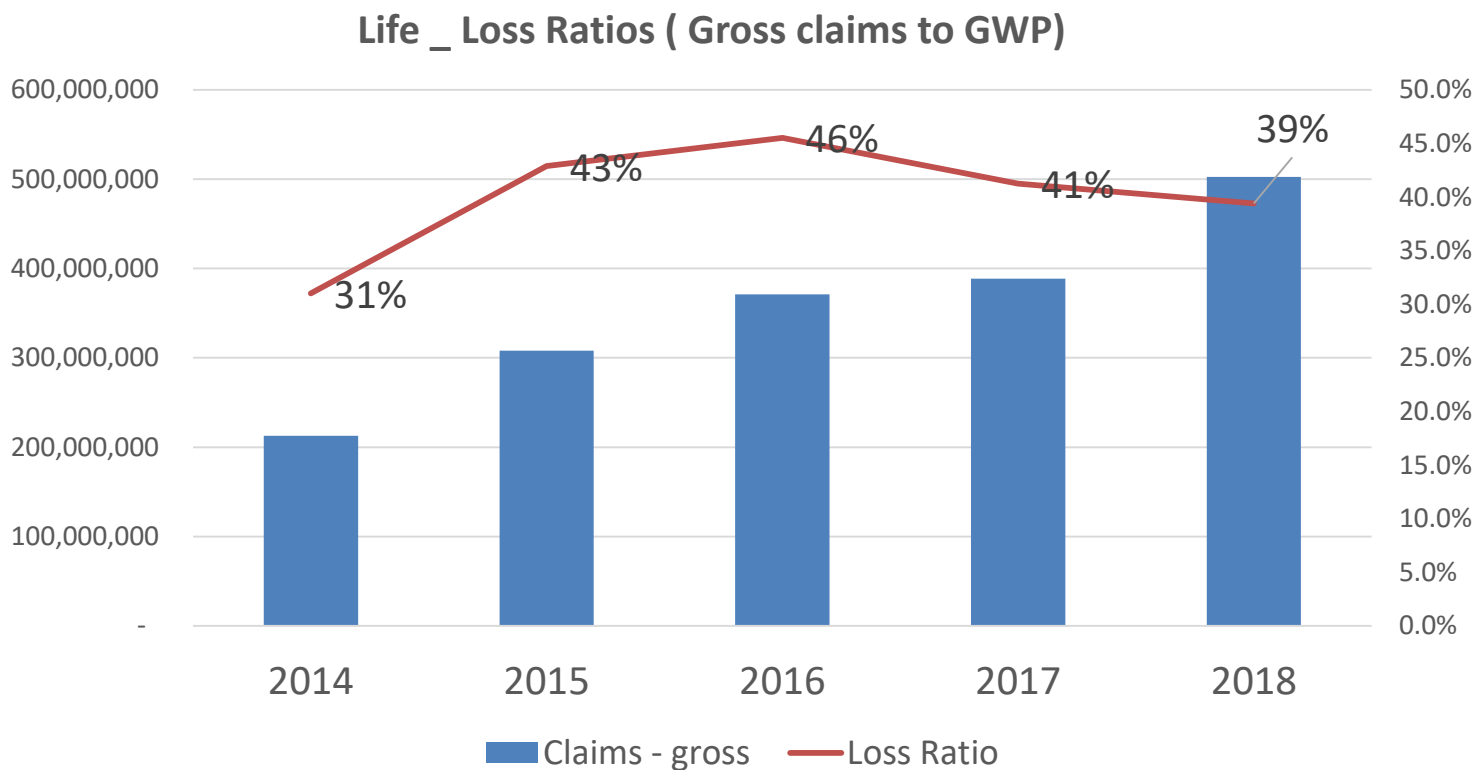
Financial Performance

GI _ Loss Ratios (Gross Claims to GWP)





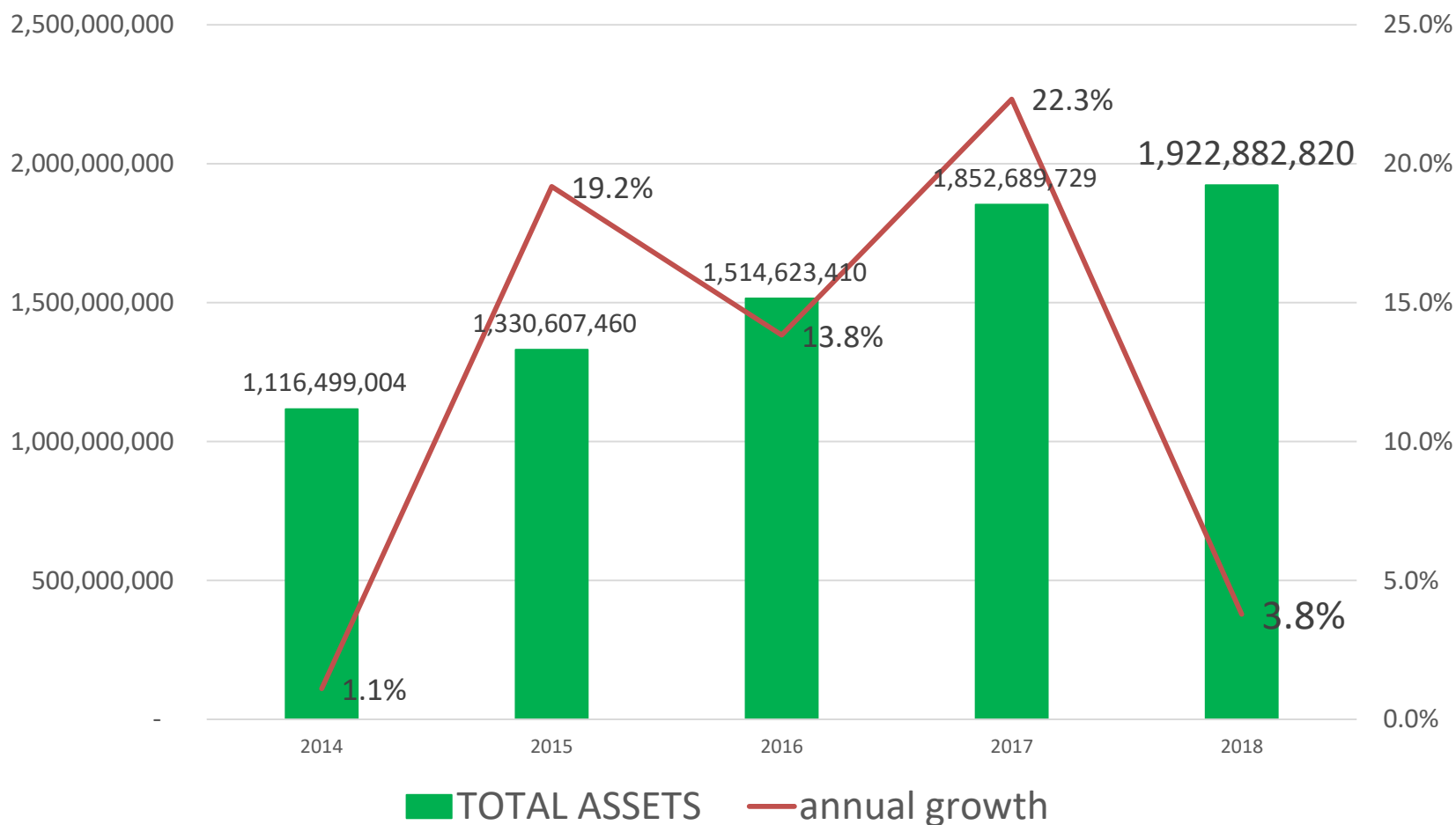
Financial Performance





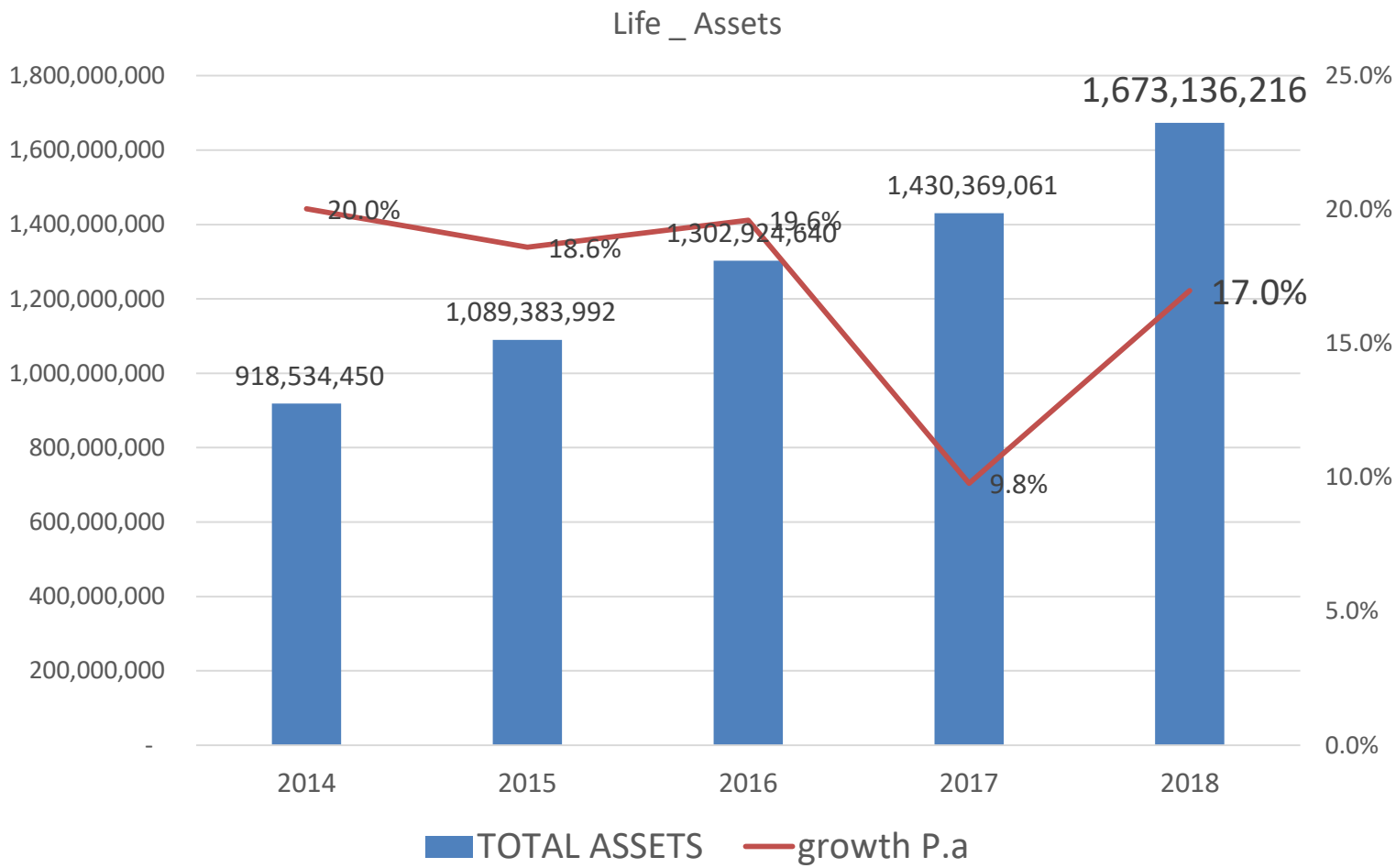
Financial Performance

GI Assets





Financial Performance





Regulatory Reforms



Regulatory Reforms – Prudential

- **Governance guidelines**
 - **The Consultants handed over their report to the Authority in February 2019**
 - **Q3/Q4 2019 the Authority will be ready for stakeholder consultations**
- Governance Regulations will likely address the following concerns
 - No limit on ownership or control by any one person
 - Position of chairman & CEO can be held by one person
 - Board of directors with unbalanced skills set
 - Any number of directors is acceptable
 - Clarity on the number boards any one person can serve
 - Lack of guidance on **independence** directors
 - No requirements for Committees in respect of audit , risk mgt, etc
 - **ERM** and Internal control systems are not mandatory
 - Managers combining too many operational roles (e.g Head of underwriting , claims and re-insurance vested in one person



Regulatory Reforms – Prudential

IFRS 17

- Significant accounting Changes include the following
 - The “death” of GWP from income statements
 - No “Zero year” profit on long-term contracts
 - Taking of Profits will be delayed; losses will be accounted for early (What about the effects of re-insurance?)
- What PIA is doing and will do
 - Internal capacity building
 - Awareness workshops (later in 2019)
 - Assessment preparedness by Insurers (especially Life insurers)
 - Accounting Guideline
 - IFRS vs Regulator’s accounting requirements (the gap should minimized)



Regulatory Reforms – Prudential

PISMIS (Pensions & Insurance Supervisory Management Information System)

- **Benefits of PISMIS**
 - Effective and efficient capture , storage, retrieval and manipulation of data
 - Enhancement & protection of data integrity
- **Implementation Roadmap**
 - Data rules (formulae) completed
 - Data migration (5 year data by Q4 2019)
 - Mandatory use of PISMIS (Before Q1 2019)



Regulatory Reforms – Prudential

- Future Projects
 - *Solvency Regulations* (this is the most important project but depends on the progress on the Bill)
 - *Motor Third Party Liability Rates* (Assessment of compliance status)
 - *Life Minimum Rates* (Rates to be subjected to a further actuarial review; 2015 guidelines appear to numbers that are NOT pure risk rates)



Regulatory Reforms- **conduct of business**

- Disclosure requirements (key facts statements) pre-sale and at the point of sale.
 - Industry was consulted in June 2019
 - The consultants are expected to hand over their recommendations by September 2019
- Future Projects
 - *Premium management* (“cash and carry” may not be addressed in the bill)
 - *Standards on settlement of claims*
 - *Guideline on internal dispute resolution*
 - *Office of ombudsman*



Regulatory Reforms- Market Development

- Domestication of Marine Cargo Insurance
 - The PIA is undertook a study tour in East Africa in July 2019.
 - By end of Q3 2019 its hoped a stakeholder review of draft regulations, MoUs and other required instruments will be undertaken
- Future Projects
 - Microinsurance Regulations
 - promotion of local reinsurance
 - Enhancing the scope of mandatory insurance



My plea

“Cut-throat Competition can sink the us”

“underwriting is under threat!”

““Poor governance is the worst enemy of
Zambian insurance companies”

“lets us bite what we can chew”



Thank You