



Insurance Industry in Zambia _ Performance & Regulatory Overview

AVANI, Livingstone

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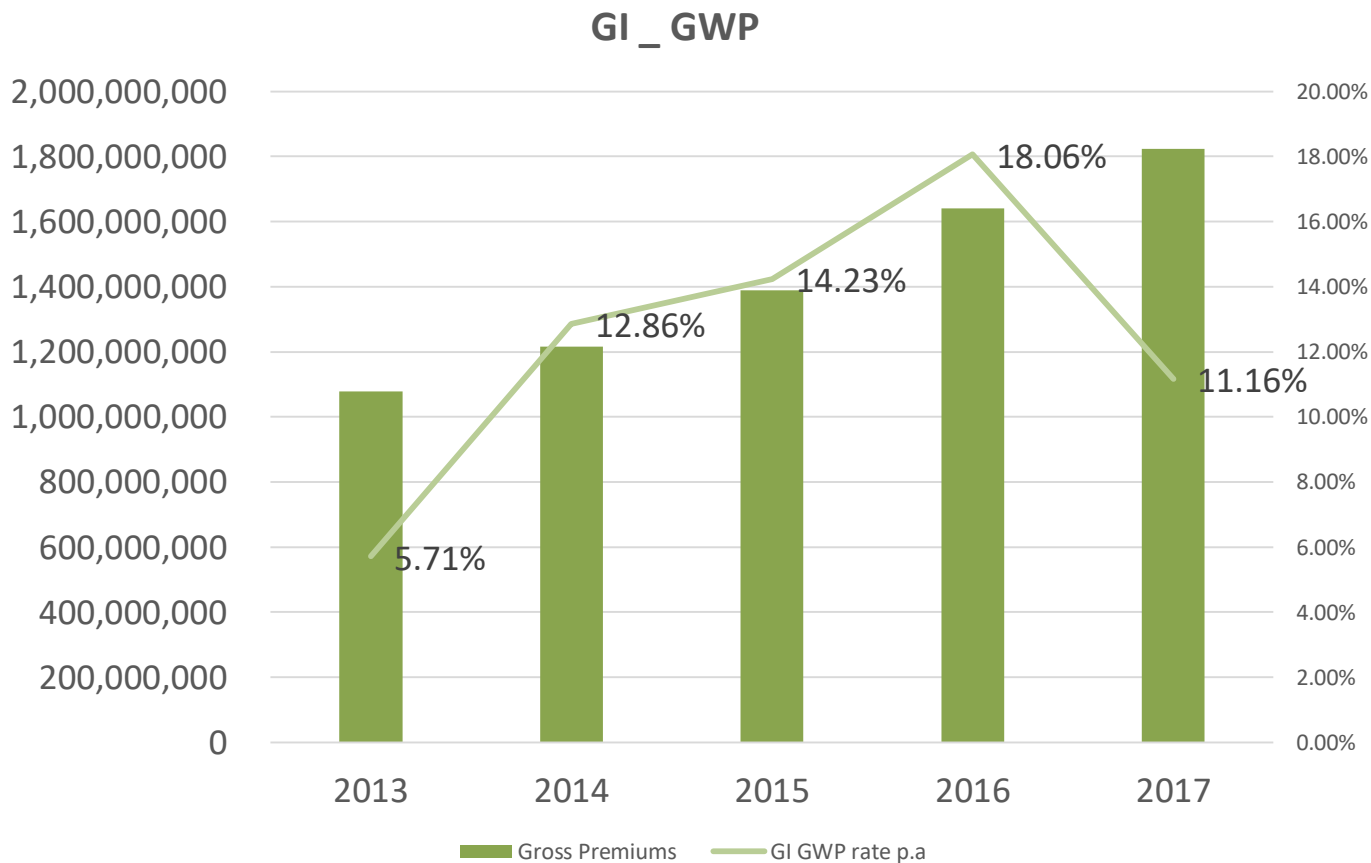


Outline

- Financial Performance – 2017
- Regulatory Reforms
 - Prudential regulations (solvency & governance)
 - Conduct of business (fair treatment of policyholders)
 - Industry Development & Financial inclusion

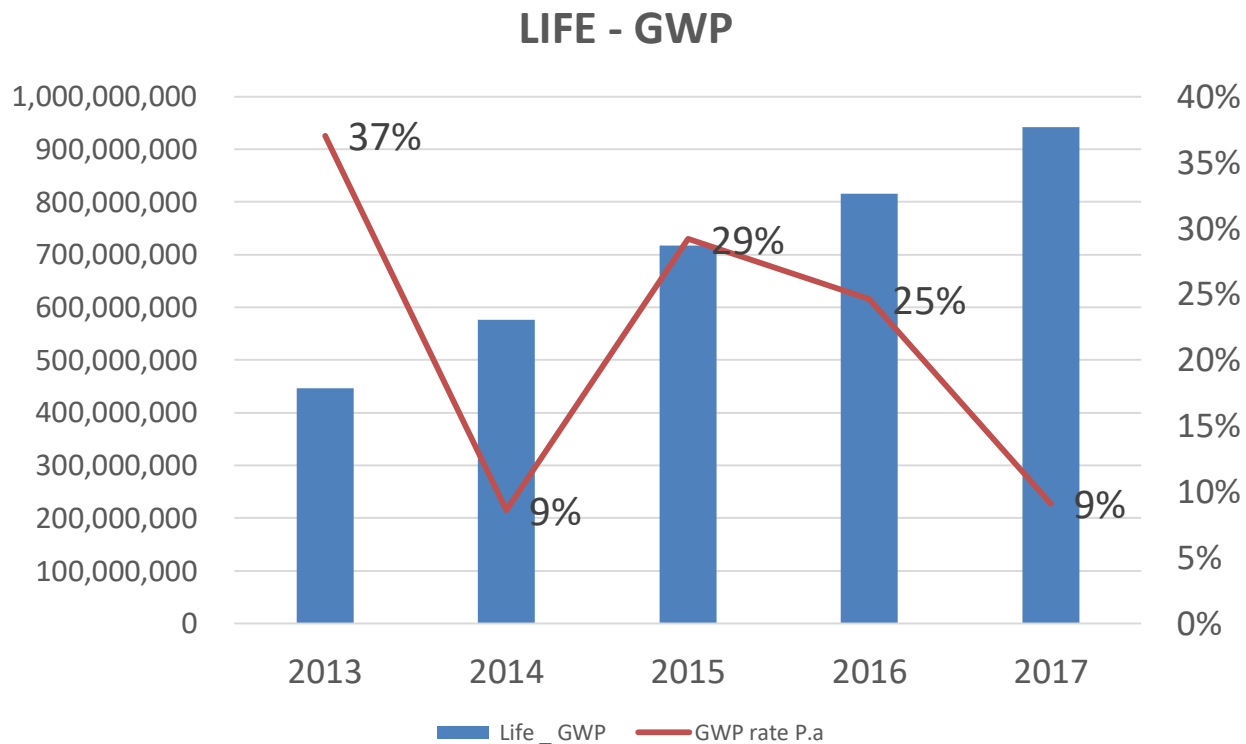


Financial Performance





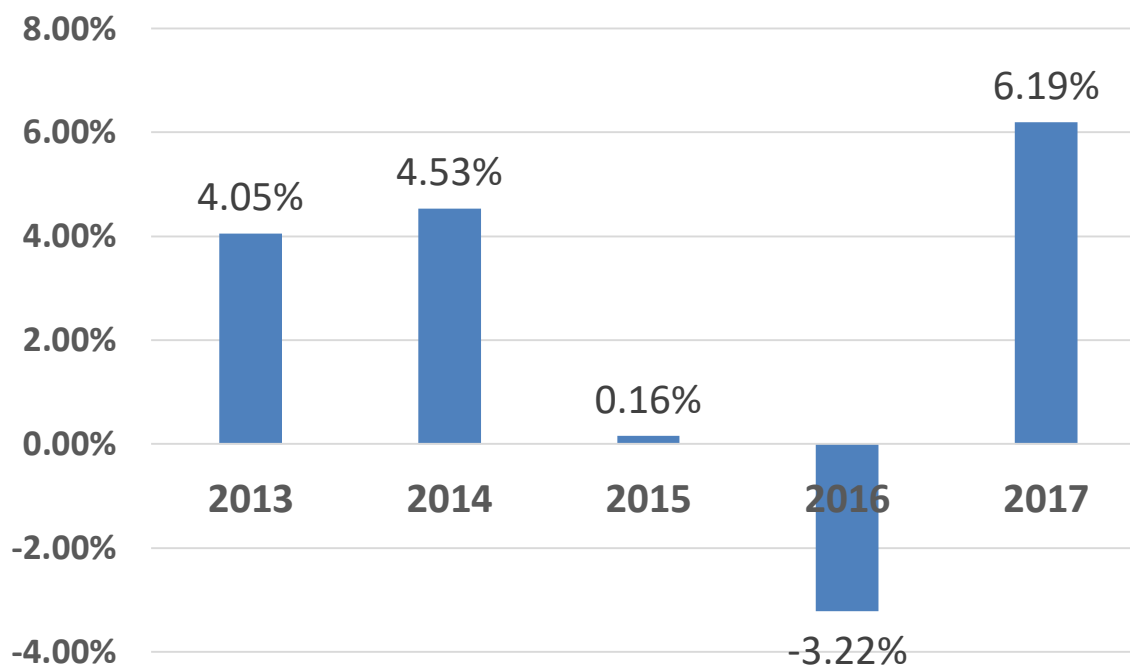
Financial Performance





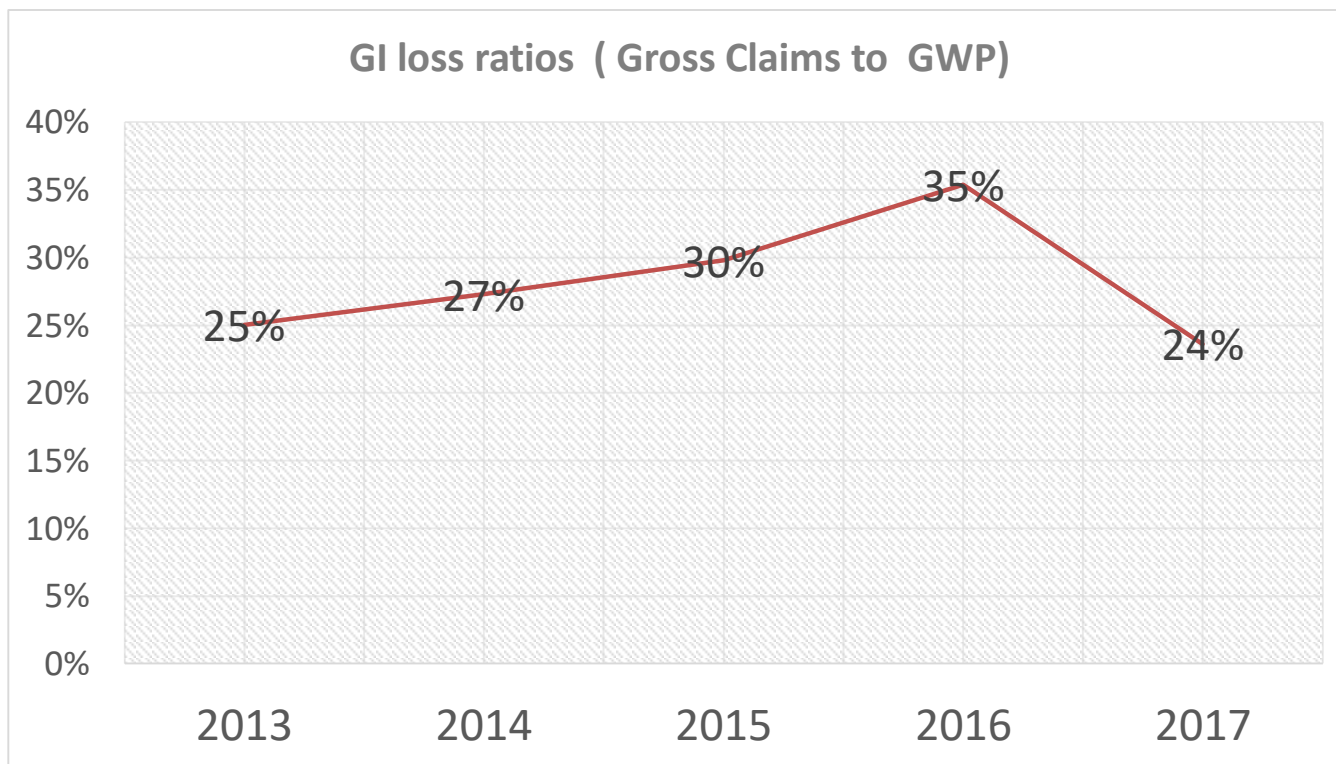
Financial Performance

GI_Underwriting Margins



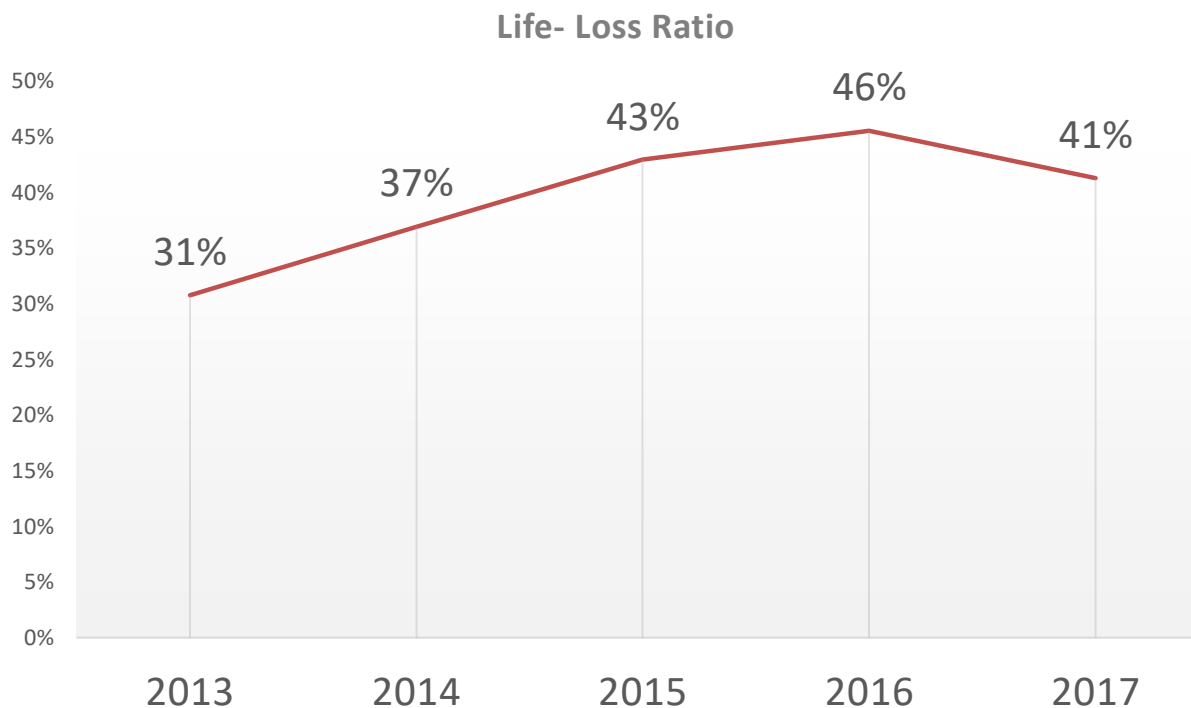


Financial Performance



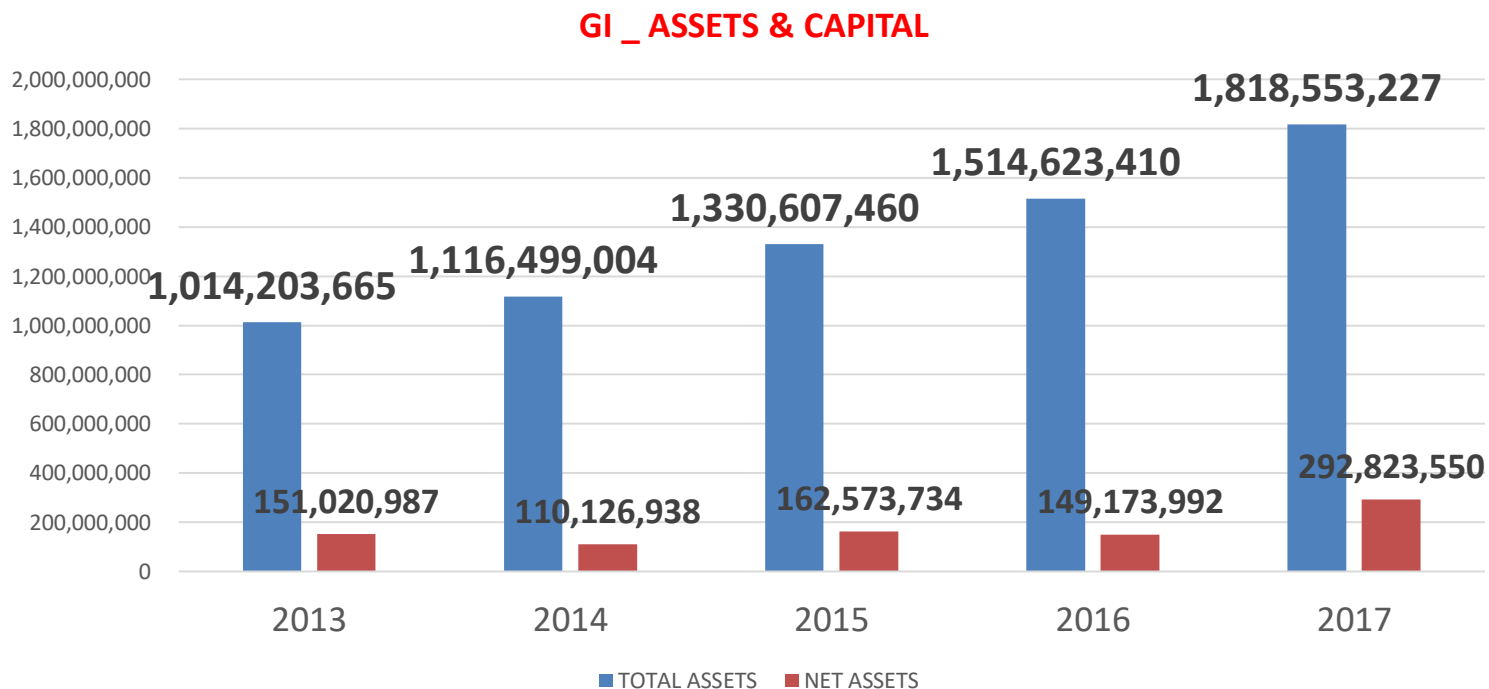


Financial Performance





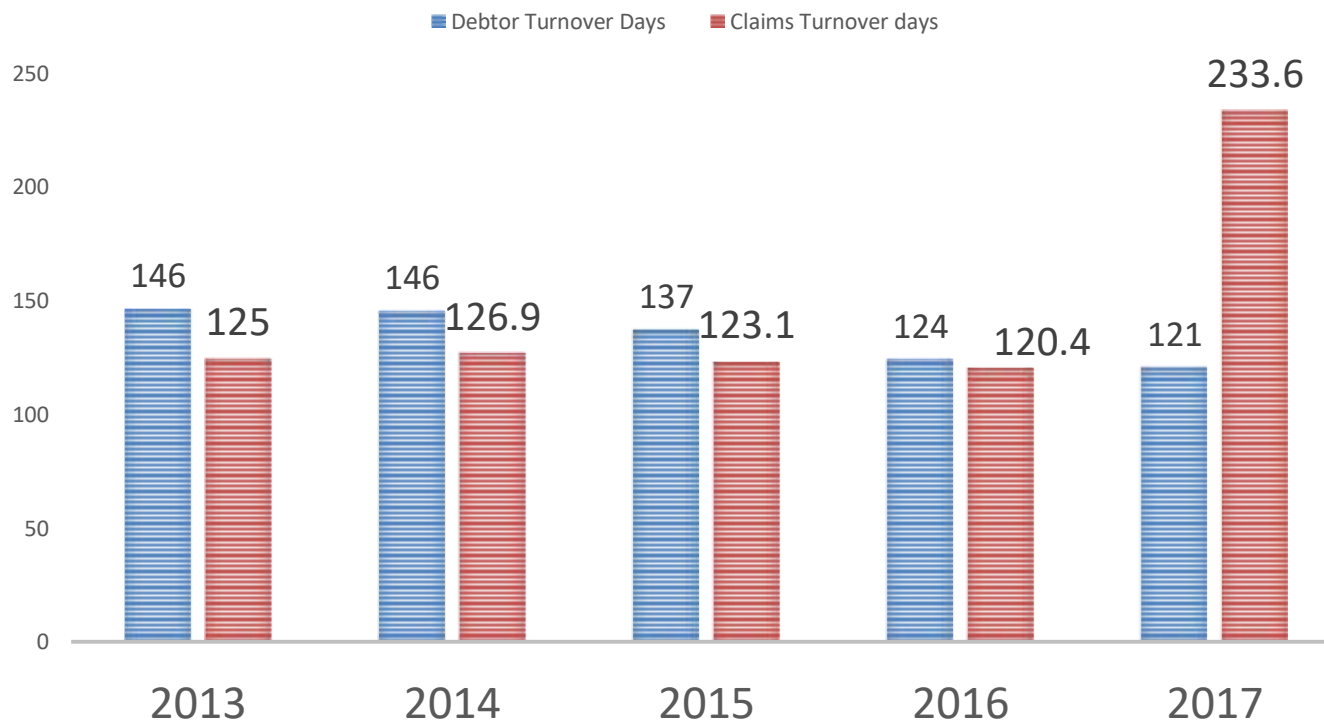
Financial Performance





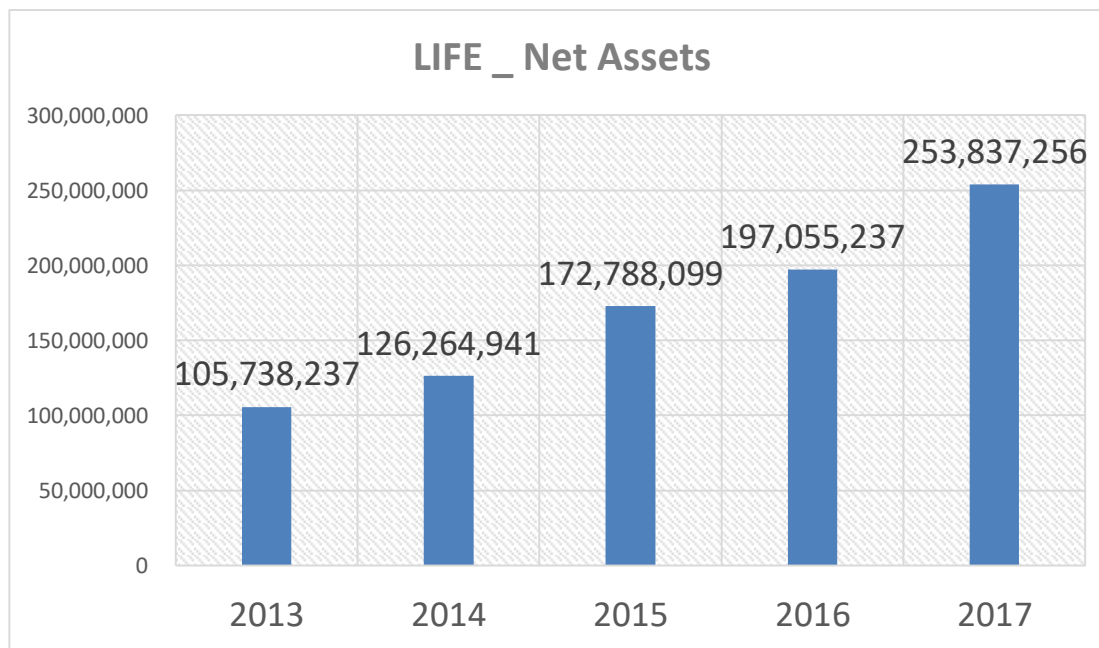
Financial Performance

GI _ DEBTORS & CLAIMS DAYS



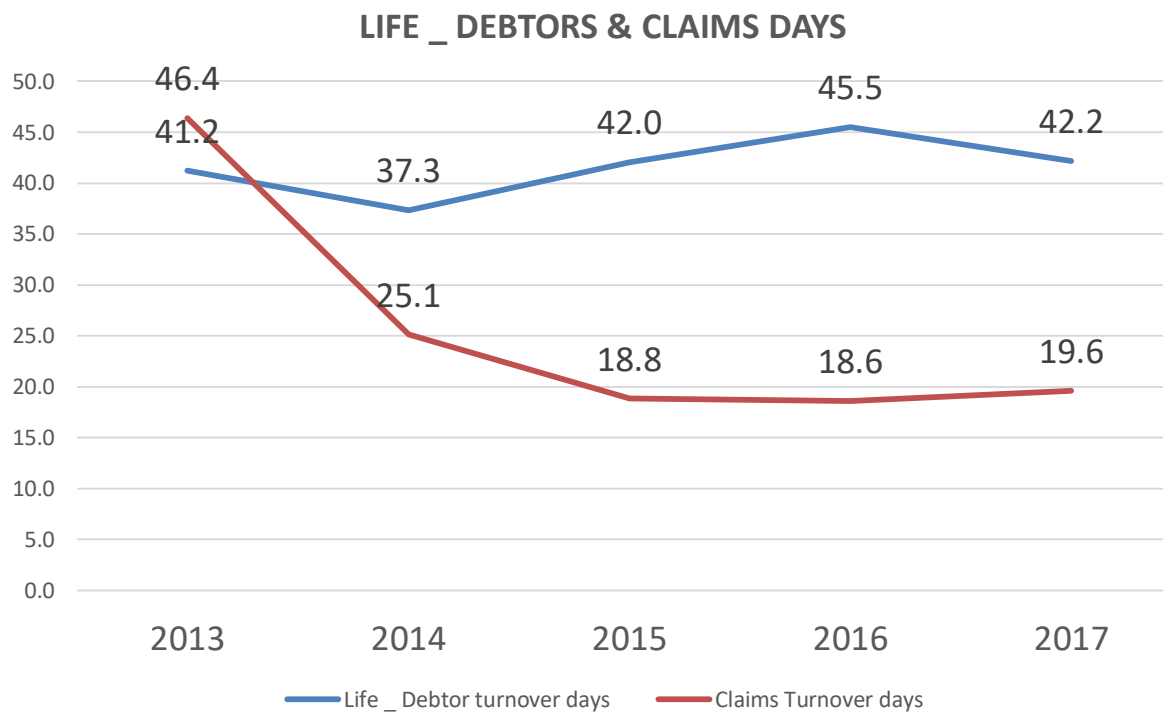


Financial Performance





Financial Performance





Regulatory Reforms- Solvency

- New solvency rules will address the following
 - Flexibility, as provisions will be in regulations as opposed to the main law
 - Enhance response to market, credit and liquidity risks. Currently
 - Real estate is completely admissible ;
 - Premium in default for 60 days is admissible
 - Assets held outside the country are inadmissible
 - Assets are disproportionately discounted (either the asset is in -100% or out- 100%, and No value in between)
 - Respond to risks associated with the following
 - Measurement/Estimation risk in liabilities & reserves
 - type and volume of insurance
 - Quality of re-insurance
- Introduce specific penalties for late submission of financial reports (included the Bill)



Regulatory Reforms- Governance

- 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- conduct of business

- Regulations will , at the minimum, aim to address the following
 - Disclosure requirements (key facts statements) pre-sale and at the point of sale.
 - Premium management (addressed in the Bill)
 - Standards on settlement of claims
 - Guideline on internal dispute resolution
 - Power to the Authority to prescribe administrative penalties



Regulatory Reforms- Industry Development

- Regulations will aim to address the following
 - Promote utilization of local capacity.
 - Specify how to monitor and enforce provisions limiting the placing of insurance within Zambia (e.g transport, engineering)
- Enhancing the scope of mandatory insurance (the best approach is to involve stakeholders beyond the Insurance industry)
- Microinsurance Regulations
- **Caution** – Regulations must work with other interventions (e.g adequate capacity, demand stimulation, Government support) to assure that industry development will take place.



Thank You