



2021 Insurance Survey findings

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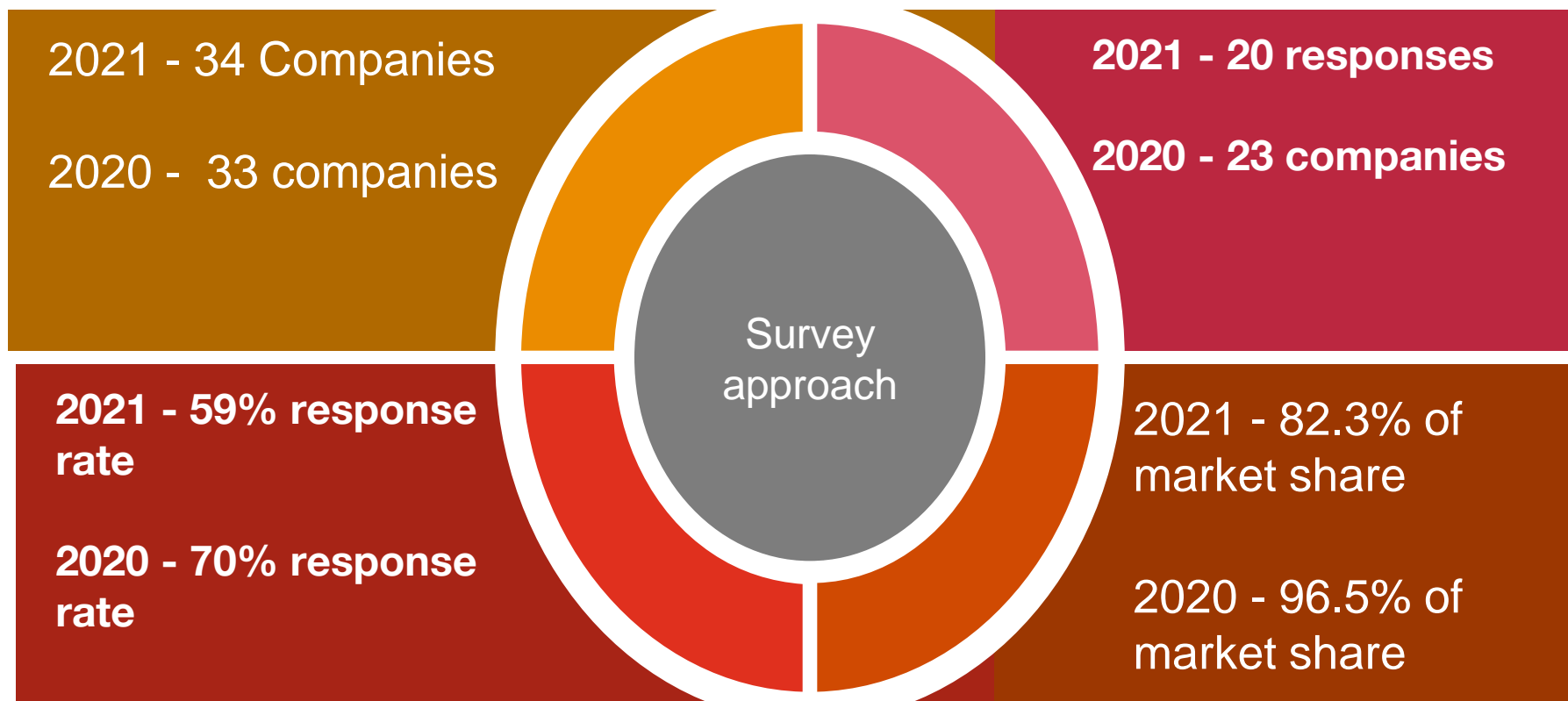
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Survey overview

Companies surveyed and response rate



2

The five issues affecting the sector

Top five issues affecting the sector



2021 top issues

1	Recoverability of premium debtors (8.93)
2	Expected impact of the amended insurance act and proposed solvency requirements (8.45)
3	Competition and erosion of premium rates (8.08)
4	Regulatory environment (7.75)
5	IFRS 17 implementation readiness (7.60)

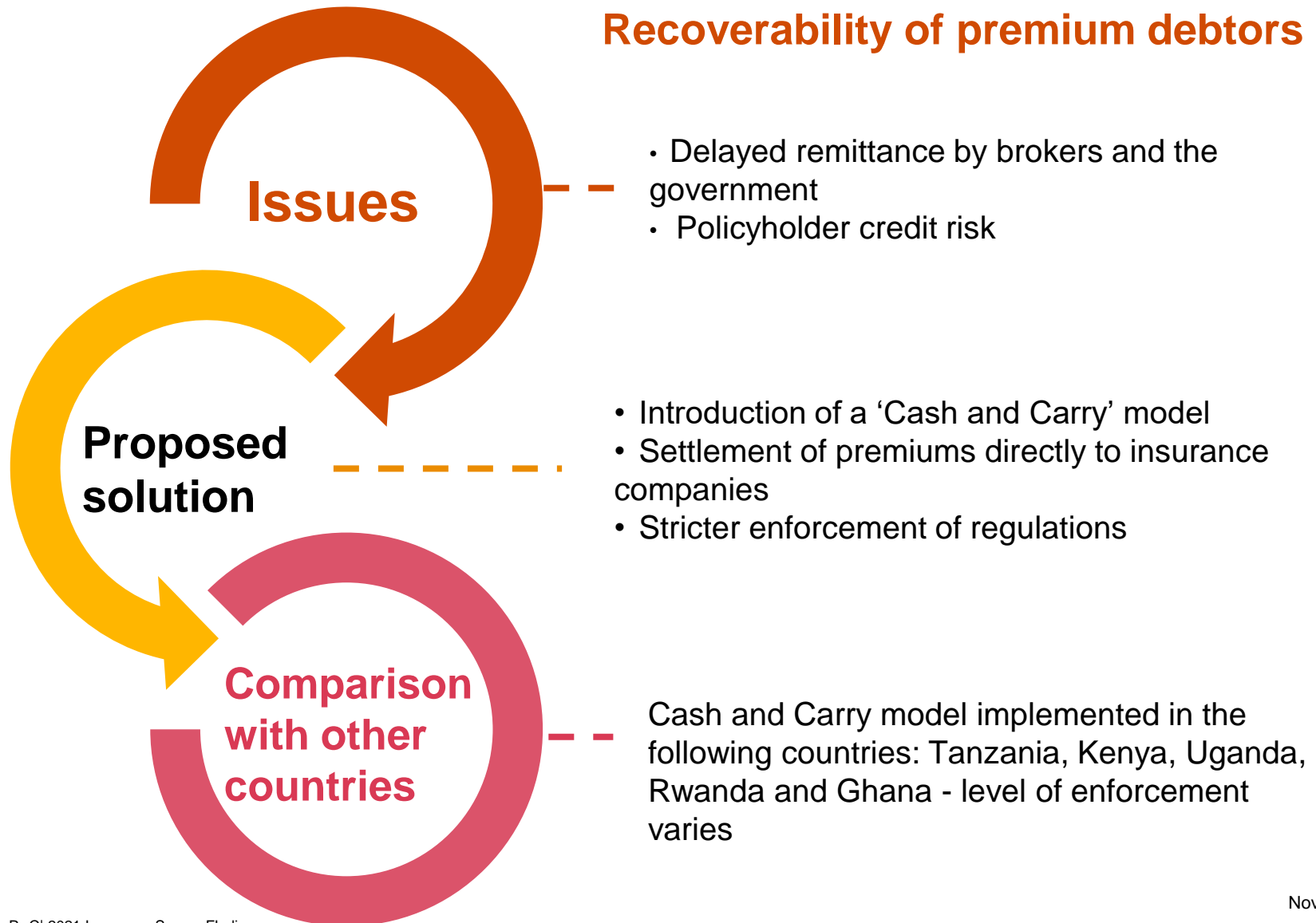
2020 top issues

1	Recoverability of premium debtors (8.68)
2	Impact of the economic challenges on business (8.67)
3	Impact of the COVID-19 on the company's financial and operational performance (8.44)
4	Competition and resultant erosion of premium rates(8.00) Regulatory environment (8.00)
5	Understanding the role/benefits of insurance amongst the Zambian (7.82)

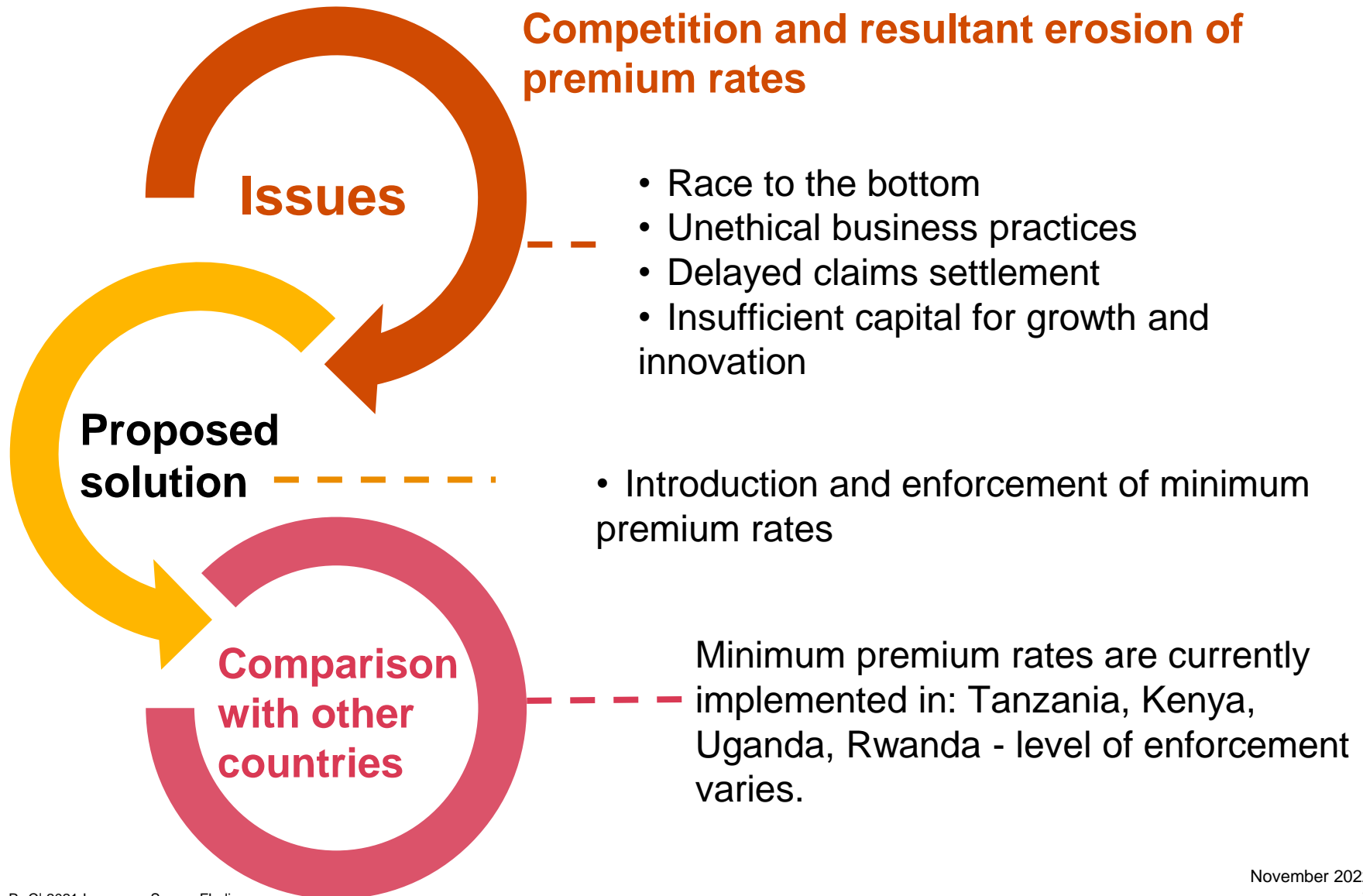
Top five issues affecting the sector



Recoverability of premium debtors



Top five issues affecting the sector



Top five issues affecting the sector



Regulatory environment

Issues

- Role of regulator
- Need for regulatory reforms

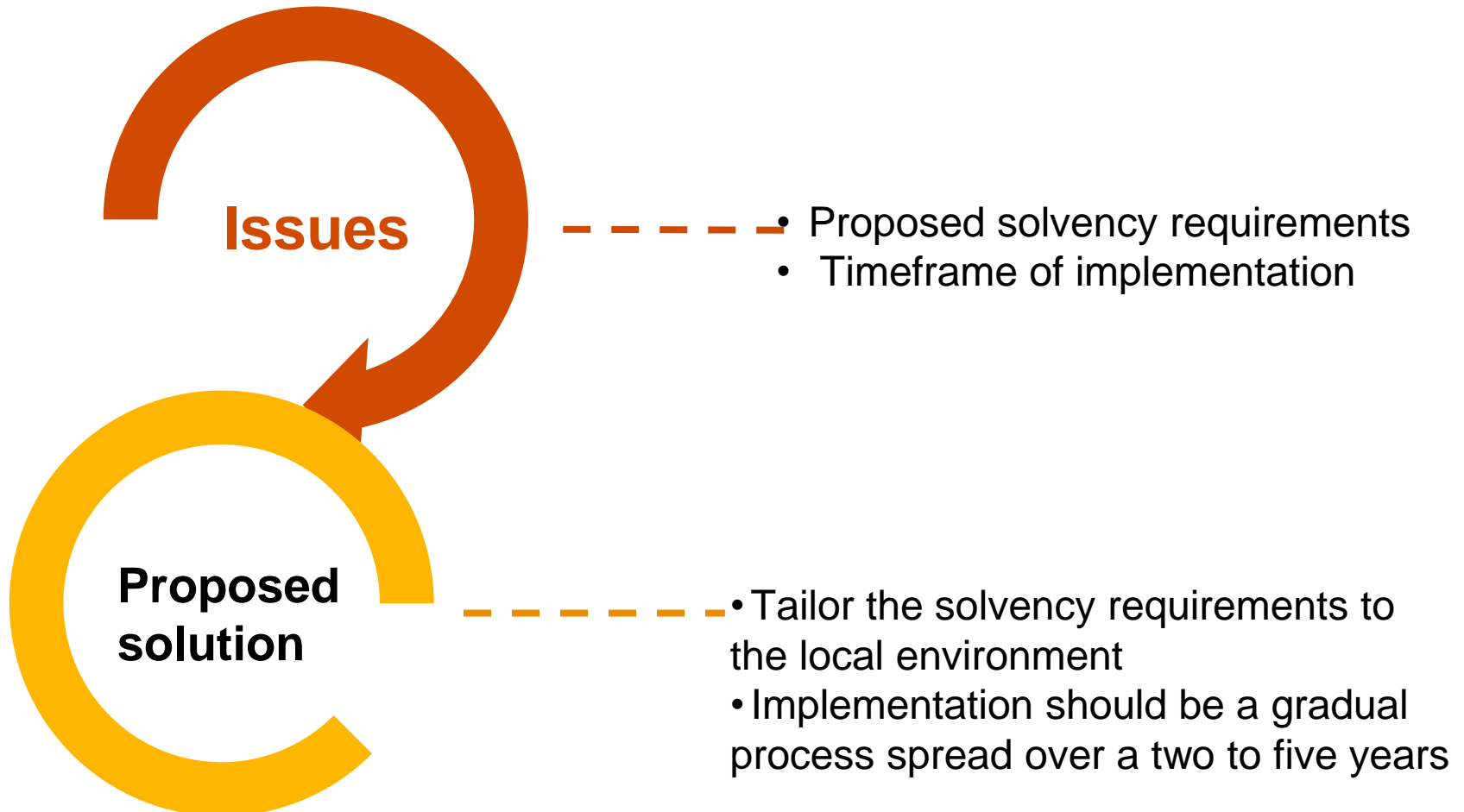
Proposed solution

- Increased supervision of insurance companies
- Strict enforcement of regulations
- Insurance reforms

Top five issues affecting the sector



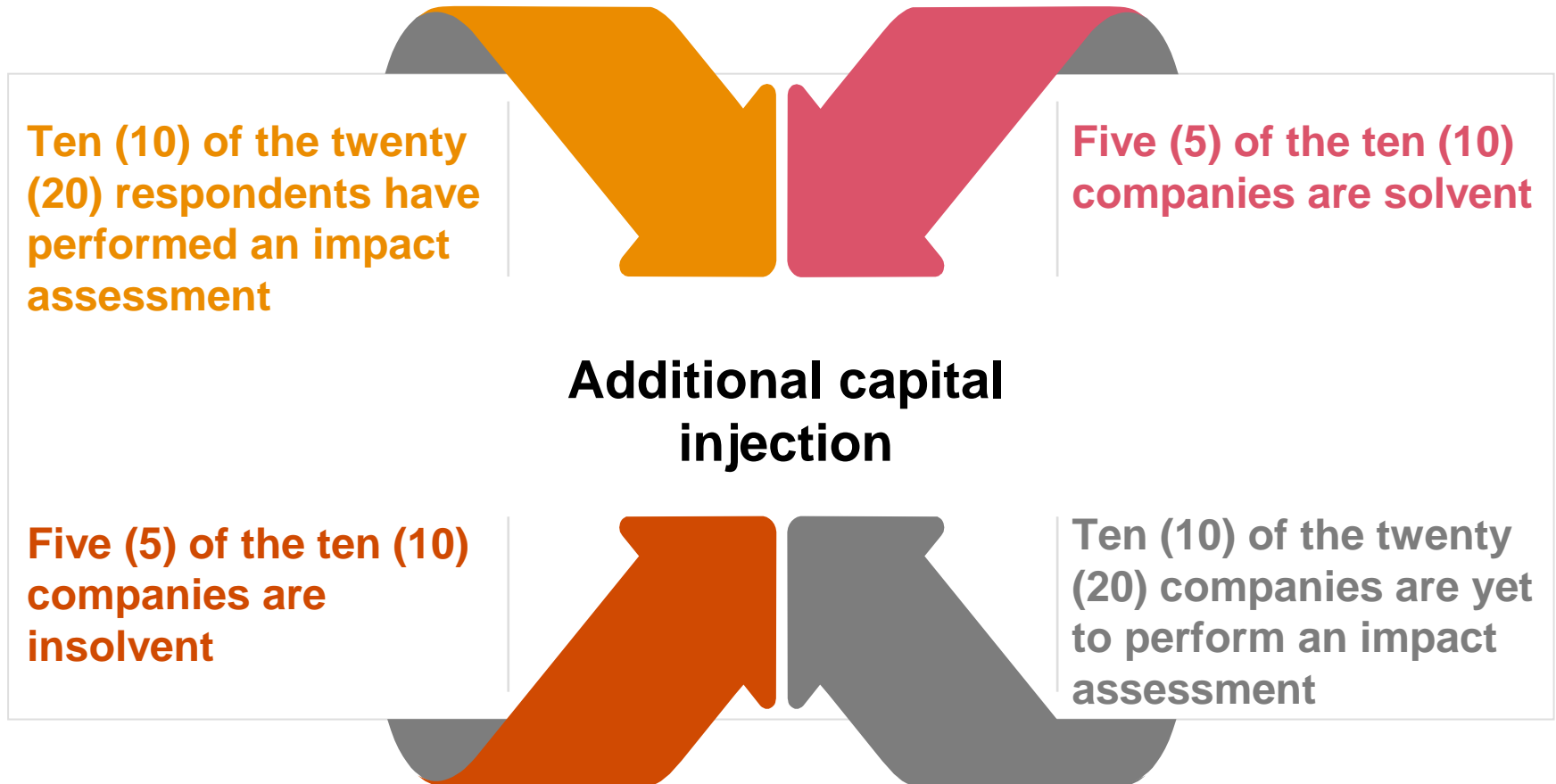
Expected impact of the amended insurance act and proposed solvency requirements



Solvency regulations - risk based approach



The PIA issued a position paper on solvency regulations in which they have proposed a Risk Based Capital Approach in assessing the Solvency of insurance companies. Below is the feedback from our respondents:

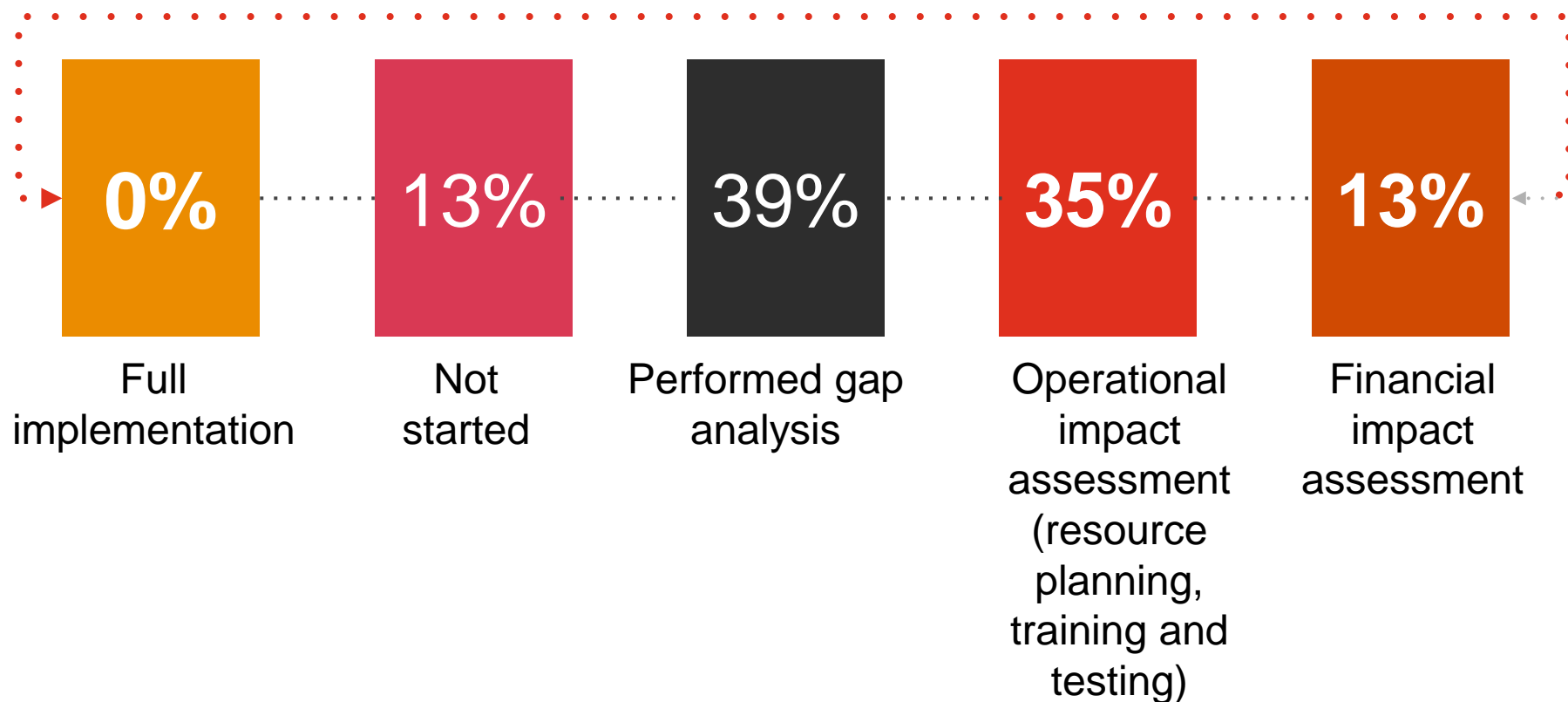


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IFRS 17 and sector readiness

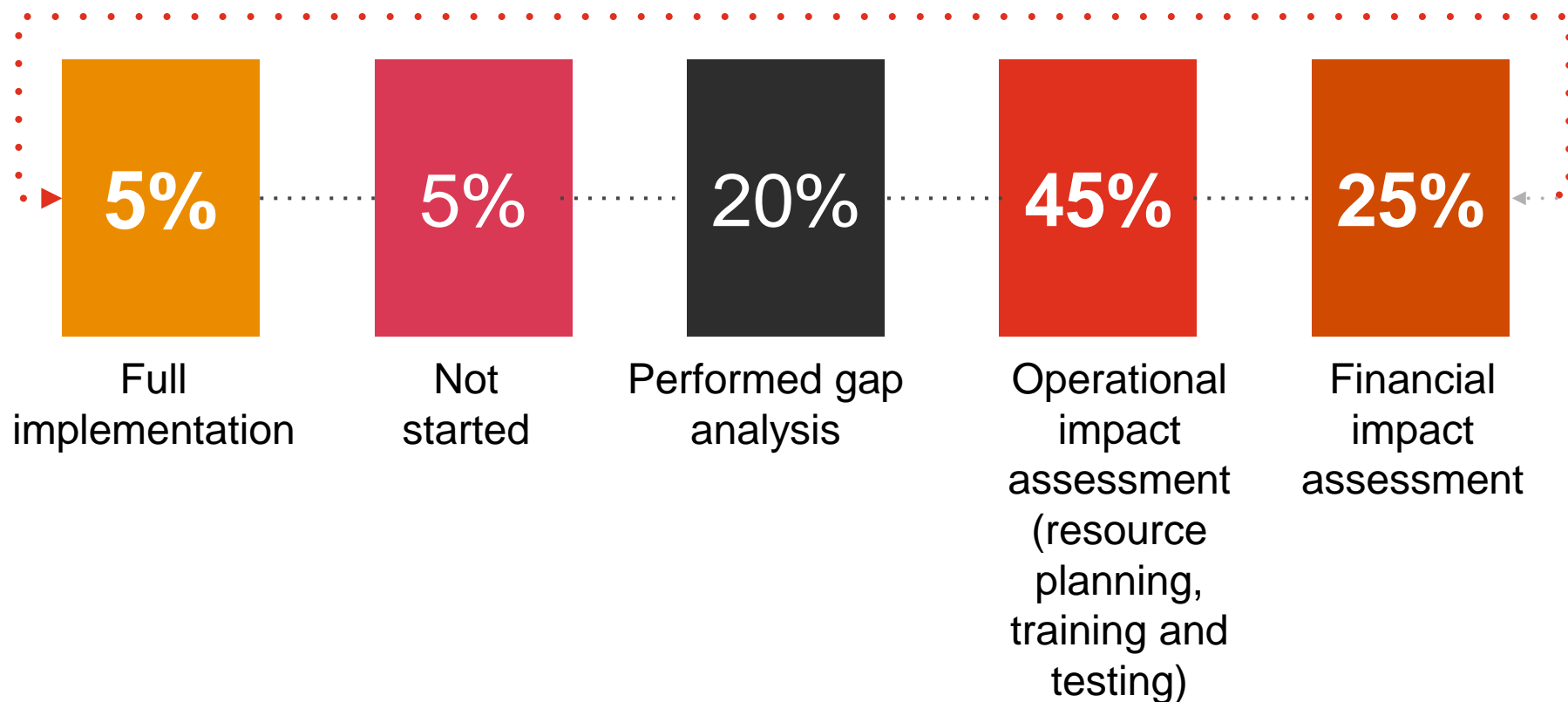
IFRS 17 and sector readiness

Status of IFRS 17 implementation as per survey results 2020



IFRS 17 and sector readiness

Status of IFRS 17 implementation as per survey results 2021



IFRS 17 and sector readiness

Other matters

01

IFRS 17 Measurement method

- Premium approach-10
- General approach - 8
- Not indicated - 2

02

Transition approach

- Full retrospective - 5
- Fair value approach- 5
- Modified approach - 6
- Not indicated - 3

03

Training conducted

- Training conducted - 16
- Training not conducted - 4

04

IFRS 17 Impact on solvency

- Assessment performed - 7
- Assessment not performed- 5
- Not indicated - 8

05

Has the regulator provided enough support

- Regulator provided enough support - 8
- Regulator has not provided enough support - 12

06

Should IFRS 17 be deferred by the regulator

- Should be deferred - 16
- Should not be deferred - 4

IFRS 17 expected disclosures in 2022 AFS

IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', detail the disclosure requirements for the expected impact of new accounting standards which have not yet been applied. In particular, IAS 8 requires insurers to disclose known or reasonably estimable information relevant to assessing the possible impact that application of IFRS 17 will have on an insurer's financial statements in the period of initial application.



-Disclose the fact that IFRS 17, 'Insurance contracts', has not yet been applied, that it is applicable for annual reporting periods commencing on 1 January 2023, and the date on which the entity expects to first apply IFRS 17

-Disclose the fact that IFRS 9: Financial instruments, has not yet been applied, that it is applicable for insurers with a temporary exemption with annual reporting periods commencing 1 January 2023, and the date on which the entity expects to first apply IFRS 9

-Entities should also be mindful of the needs and expectations of their users and ensure the disclosures provide relevant and transparent information

-Information about the structure and status of the entity's implementation project.

-Entities should consider the expectations that the regulators may have in relation to disclosures in the 2022 annual financial statements

-A description of the changes in accounting policy which will take effect, including the accounting policy choices

-As the implementation of IFRS 17 and IFRS 9 progresses, information about its impact should become known or more reasonably estimable and insurers should be able to provide progressively more entity-specific qualitative and quantitative information about the application of IFRS 17 and IFRS 9 in their financial statements.

-A description of the key judgements and estimates made if these have already been considered and decided upon

-If alternative performance measures (APMs) are used by investors (such as adjusted earnings), and IFRS 17 is expected to have a significant effect on those

-Quantification of the expected impact (restatement to assets, liabilities and opening retained earnings adjustment, or the change in assets, liabilities, income, expense on initial application, depending on transition approach)

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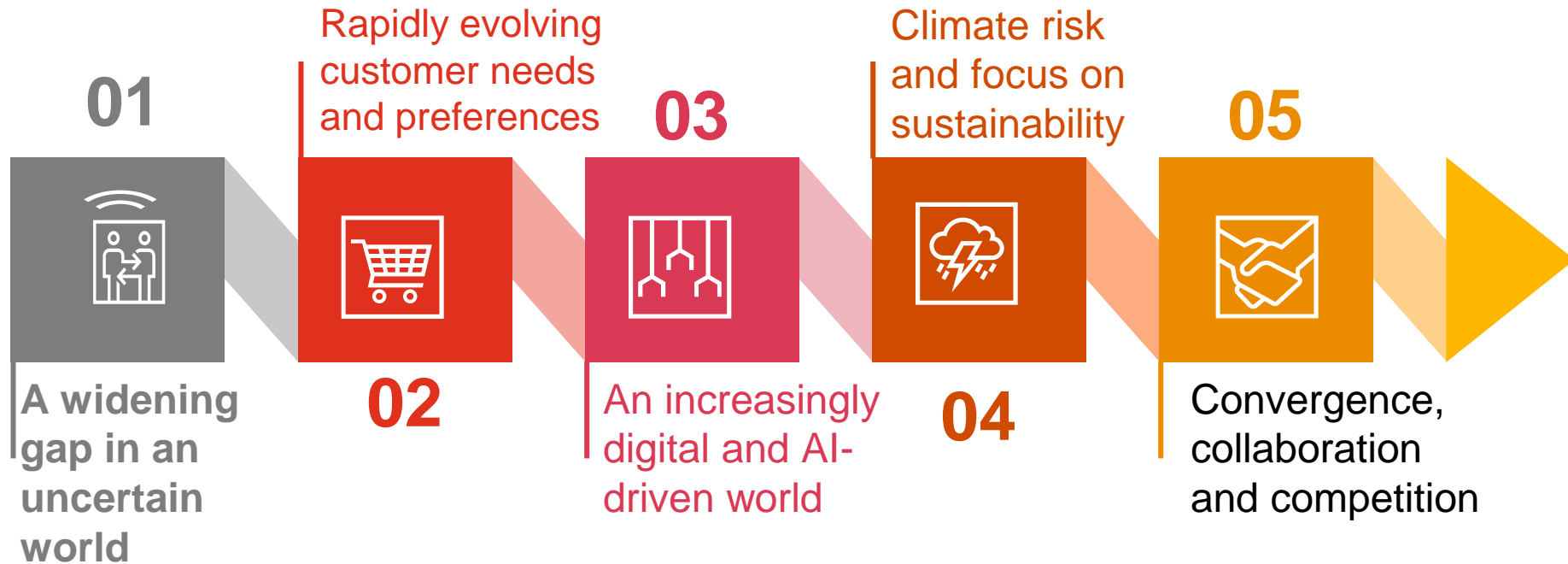
Tax matters

Change	Rationale behind change and expected impact	State of affairs in other countries												
<p>The 15% withholding tax on investment income on life insurance funds has been removed (0%).</p> <p>Removal of the 20% withholding tax on re-insurance including retrocession placed with reinsurers not licenced in Zambia.</p>	<p>This proposal also aims to encourage individual savings. Further, the proposal aims to increase the return on investments from life insurance and promote life insurance services.</p> <p>The proposed measure aims to assist insurance companies to effectively manage their risks thereby potentially reducing the insurance premiums charged on the insured</p>	<p>Countries covered are, Ghana, Tanzania, Kenya, Uganda and Rwanda have the following in place:</p> <table border="1" data-bbox="1309 658 1870 1243"> <thead> <tr> <th>Country</th> <th>Rates of WHT on reinsurance from non-residents</th> </tr> </thead> <tbody> <tr> <td>Ghana</td> <td>5%</td> </tr> <tr> <td>Tanzania</td> <td>5%</td> </tr> <tr> <td>Kenya</td> <td>5%</td> </tr> <tr> <td>Uganda</td> <td>10%</td> </tr> <tr> <td>Rwanda</td> <td>15%</td> </tr> </tbody> </table>	Country	Rates of WHT on reinsurance from non-residents	Ghana	5%	Tanzania	5%	Kenya	5%	Uganda	10%	Rwanda	15%
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Rwanda	15%													

5

Other matters

Five trends affecting the future of Insurance



* Above five trends are from the PwC Insurance reimagined insurance 2025 and beyond report

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Thank you

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