

INSURANCE REGULATORY FRAMEWORK

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PENSIONS & INSURANCE AUTHORITY



PENSIONS AND INSURANCE AUTHORITY

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INSURANCE DEPARTMENT



CONCLUSION 04

LICENSING, POLICIES & FINANCIAL RESILIENCE



INSURANCE ACT & BUSINESS ENVIRONMENT

LICENSING, POLICIES & FINANCIAL RESILIENCE



IMPLEMENTATION ROAD MAP & CURRENT STATUS 03

CURRENT ROADMAP, STATUS OF REGULATIONS & DASHBOARD.



OBJECTIVES OF THE ACT- REPEAL & REPLACE 02

REASONS FOR REPEALING THE ACT & SUMMARY OF THE ACT



DEVELOPMENTS – INSURANCE REGULATORY FRAMEWORK 01

EVOLUTION OF THE INSURANCE ACT – HISTORICAL PERSPECTIVE.

DEVELOPMENTS: INSURANCE REGULATORY FRAMEWORK

CURRENT STATUS REGULATORY FRAMEWORKS



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1968 ACT | 01

INSURANCE ACT 1968. . .
REPLACED INSURANCE
ORDINANCES THAT EXISTED
PRIOR TO INDEPENDENCE.
MULUNGUSHI REFORMS -
NATIONALIZATION

REPEALED & REPLACED THE
1968 INSURANCE ACT.
LIBERAL REFORMS - 1991.
PRIVATIZATION - ENTRY OF
PLAYERS

1997 ACT | 02

2

3

2005 AMENDMENTS | 03

MAJOR AMENDMENT
CO-INSURANCE
PROHIBITED
FINANCIAL
REGULATIONS

REPEAL & REPLACED
THE INSURANCE
ACT 1997.
MAJOR SHIFTS

2021 ACT | 04

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INSURANCE ACT No 38, 2021 | 01

Assented to on 20th May 2021

COMMENCEMENT ORDER | 02

Order Signed 29th November,
2022

Effective Date: 23rd December,
2022

GENERAL REGULATIONS - SI 105, 2022 | 03

Effective Date: 30th December, 2022,
Licensing, Fit & Proper, CAS & Shareholding

Objectives of the Act : Why Repeal and Replace?



| Provide for Supervision | Financial Regulations | Supervision of Microinsurance | Management of shareholding |
Provide for auditing & corporate responsibility | Establishment of the National Re | Give effect to ZEP-Re &
Africare Agreement | |

Adaptive/ Responsiveness

Recommendations based on evidence & innovative ways of dealing with emerging risks & changing business environment – Build Resilience.

Comprehensive & Intrusive

Raise matters – comprehensive
Review activities of entities –
Reasonable intrusion but not disruptive.

Proactive, Pre-emptive & Forward looking provisions

Questions intentions of regulated entities - even in good times | Risks are spontaneous.



Conclusive & Risk Focused Supervision ICP

International best practices (Risk Based & focused). Local best practices (BoZ) - Financial Regulations & Governance.

Ability to Act

| Legal Framework | Adequate Resources | Clear Strategy | Robust staff | Effective Relation with the Market ||

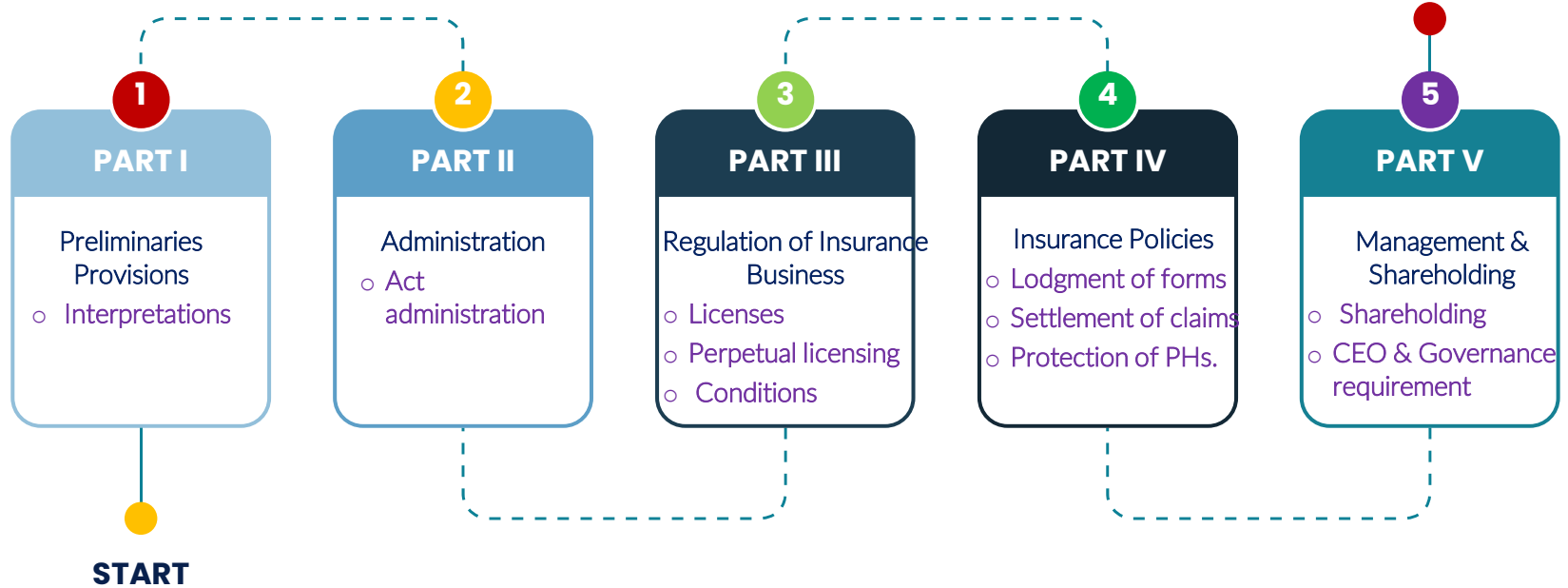
Will to Act

| Clear Mandate | Operational independence | Accountability | Skill set | Professionalism + Value System.

SUMMARY OF INSURANCE ACT – PARTS

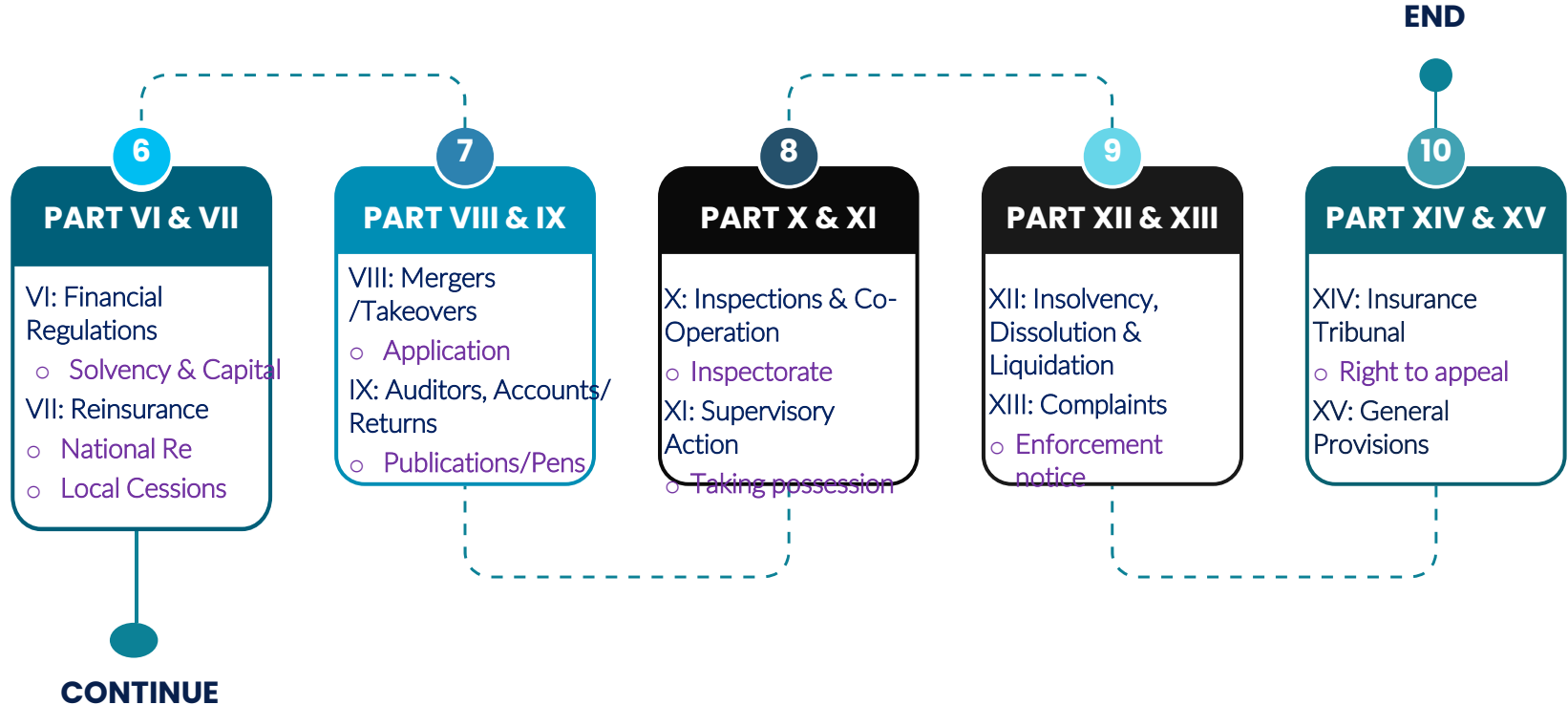
INSURANCE ACT No. 38 of 2021

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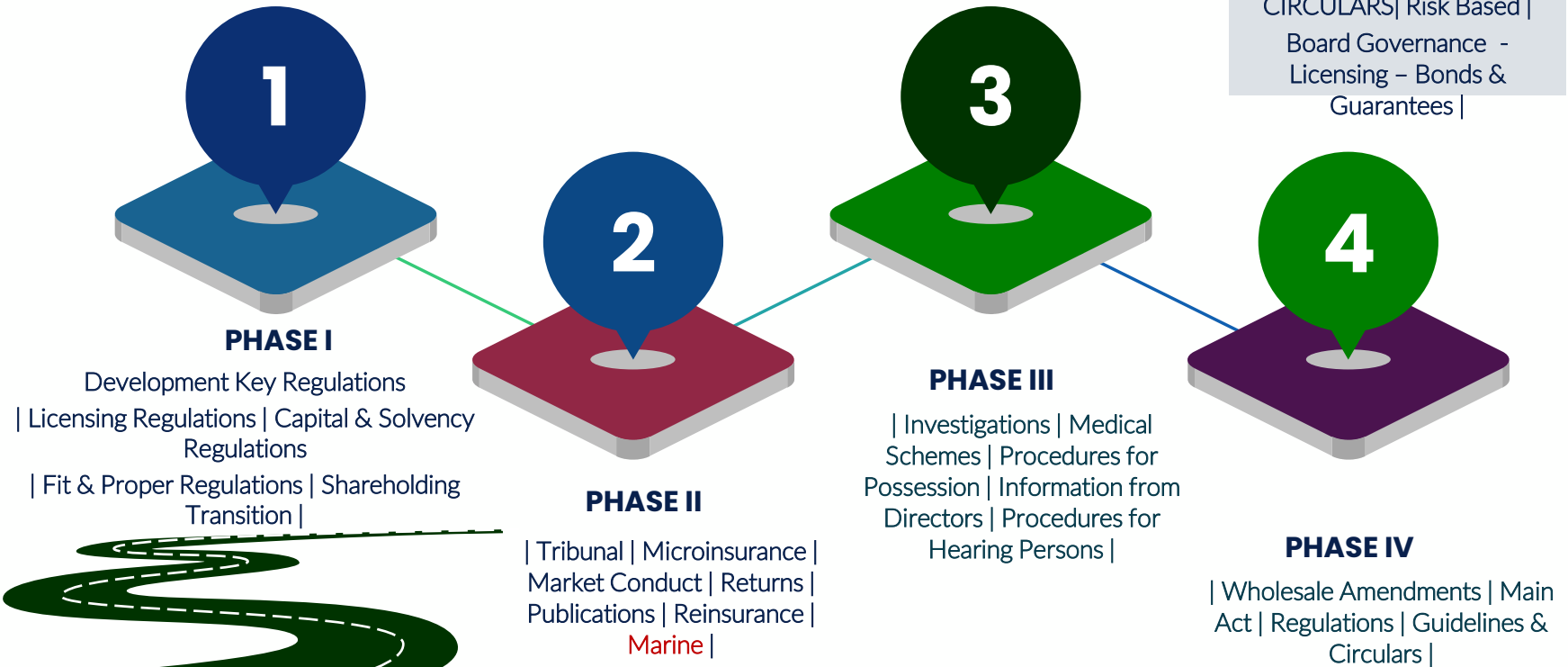
SUMMARY OF INSURANCE ACT – PARTS

INSURANCE ACT No. 38 of 2021



INSURANCE ACT IMPLEMENTATION ROAD MAP

PHASED APPROACH TO DEVELOP OVER 82 PRESCRIPTIONS



DEVELOPMENT OF REGULATIONS – DASHBOARD

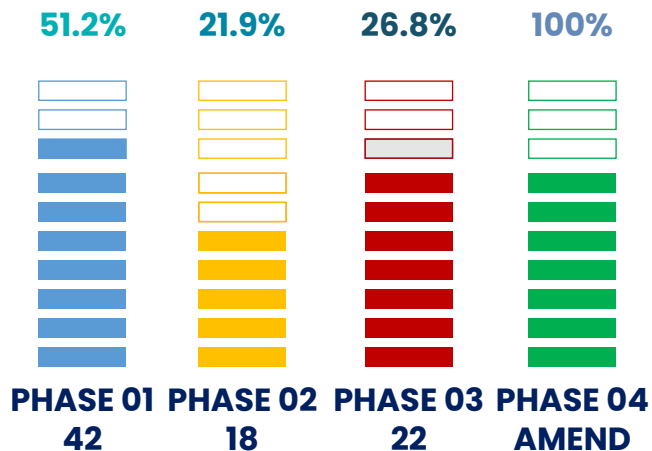
INSURANCE ACT NO. 38 OF 2021



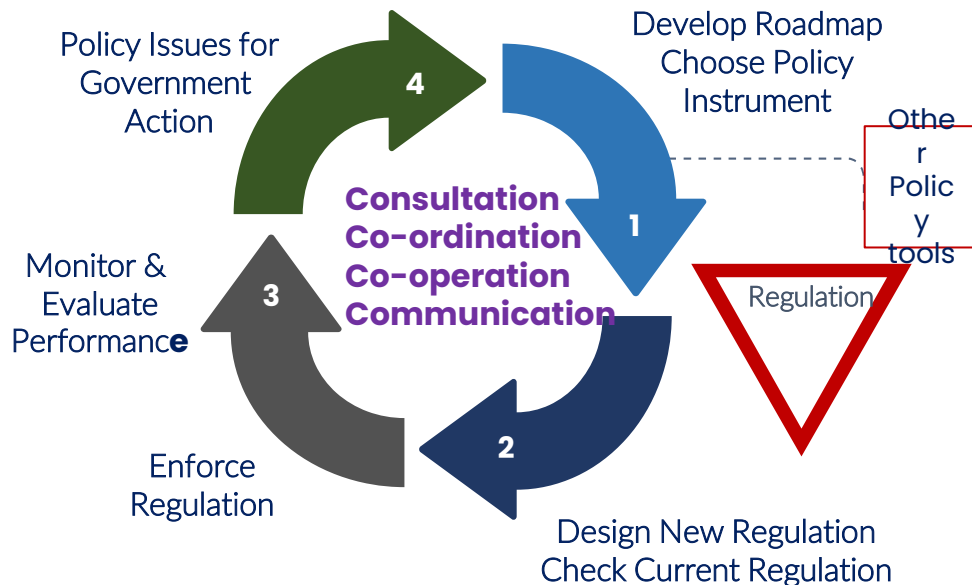
Insurance Act No. 38 of 21 – In excess of 82

Prescriptions:

Progress to address Prescriptions – Highlighted below



REGULATORY GOVERNANCE CYCLE



| Tribunal | Microinsurance | MoFNP
 | Conduct | AML/CFTP | Returns |
 | Publications | Reinsurance |
 | Marine | Further Consultation

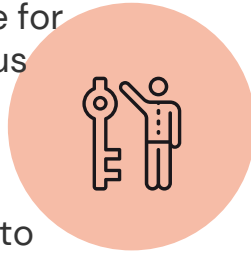


| Investigations | Medical Schemes | Research
 | Procedures Possession | Hearing
 | Procedures | Information from directors |
 | Other Regulations | Next Year

Insurance Regulatory Framework – Catalyst for Economic Resilience

Role of the Insurance Act in Catalyzing Resilience.

- **Globally:** Renewed financial/Economic Stresses on population.
- Call on increased **Supervision** to prevent failures that could easily be mitigated.
- Increased **Stress testing** of various scenarios – on the balance sheet
- **Stress Testing:** Previous Act did not provide for scenario – impact on balance sheet of various scenarios.
- Inability to “Read and Translate the signs” –
- For the insurance market to build resilience to withstand various stresses (economic, climate and social)
- Key Themes across the Regulatory framework that promotes Resilience:



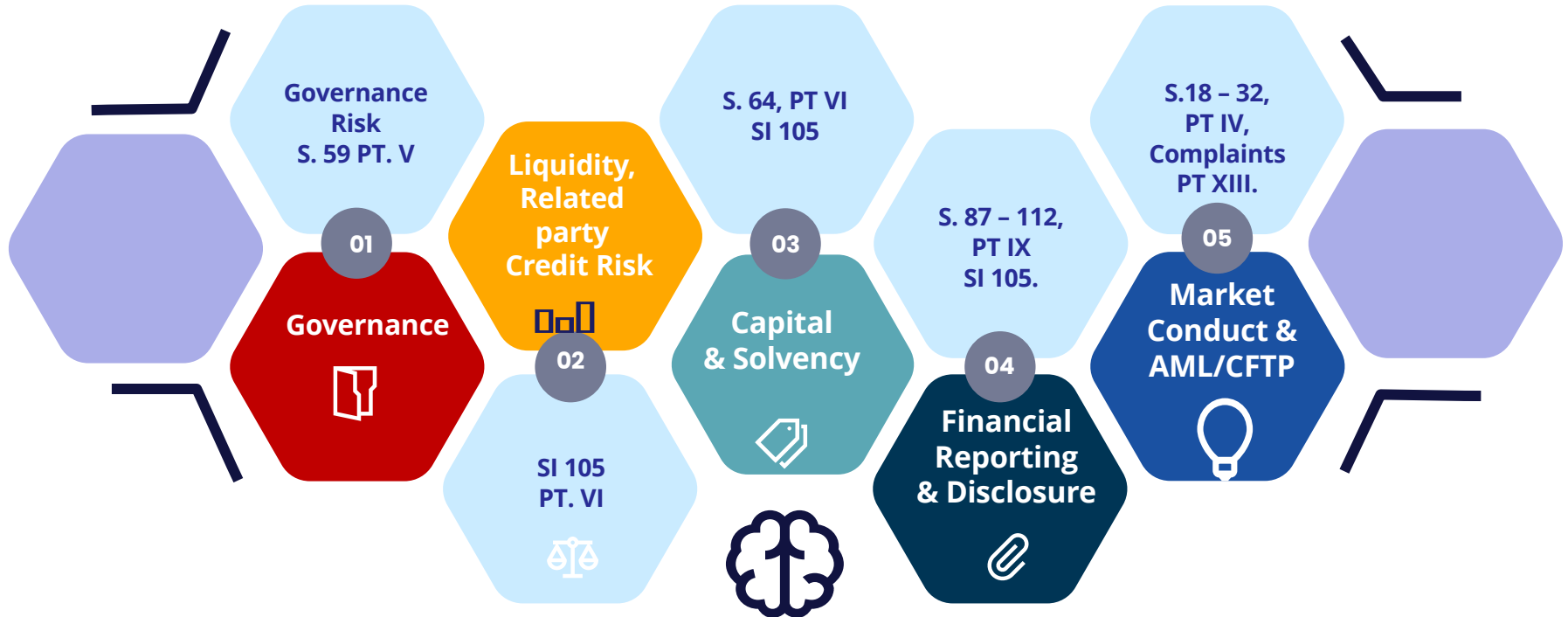
“Resilience” derived from a Latin terms – “Resiliere” or “resilio” – – for bounce or rebound.

- The action of bouncing back or returning to some point of equilibrium.
- “The Central focus of the definition of resilience is the presence of a stable equilibrium point – that systems return to after experiencing or weathering external shocks.
- “**Equilibrium Point**” – the Regulatory policy & framework is that equilibrium point – facilitating resilience.

The legal framework has provided an opportunity for the market to hit **the rest button**.

Risks Addressed by the New Insurance Act

Critical Prudential and Market Conduct Risks.



Insurance Act & Business Environment



LICENSING: PART III Regulation of Insurance

Introduced categories of business to enable market respond to ever changing needs of customers & Global Stresses/ **Perpetual Cycle**.

| Microinsurance - Low Income groups Cope & Mitigate Various Risks - Household Food Security, Climate,

| Sustainable development goals & National Development Plan

INSURANCE POLICIES: PART IV

Minimum time to settle claims (TCF) for confidence in market

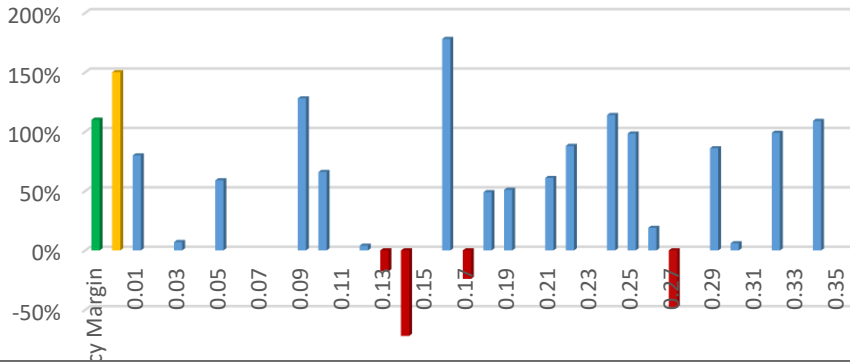
Review of products - Market based Solutions ? Fires, floods, road traffic accidents, (Customer Centricity)

- Market based Solutions, as opposed to legally/ Policy based solutions, are critical for growth - Solutions must correspond to levels of risks and population segments
- Act has provided a framework to review the products in public interest.

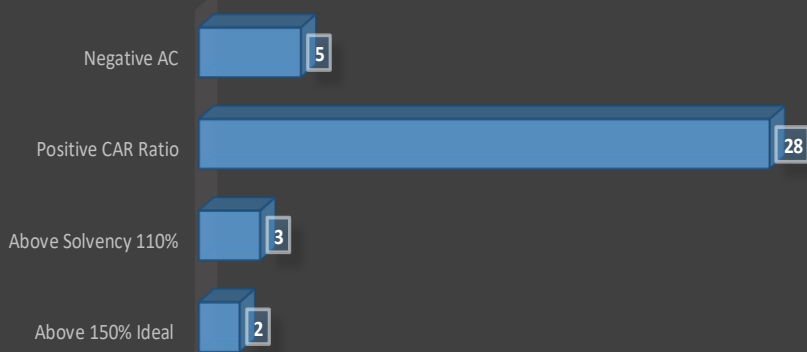
Insurance Act & Financial Resilience



Initial year Capital Adequacy Ratio



Summary of CAR COMPLIANCE YR 1



FINANCIAL REGULATION: PART VI

Introduced Risk based capital - standard valuation of liabilities and Assets - promote technical underwriting & Overall Solvency Outlook in the market.

Emphases on **Quality of Assets** & Capacity of balance sheet to withstand - **stressed environments/ Quality of Assets**

Revised framework anchored on: 3 Pillars



Publications of Results | Conduct matrices | Financial & Solvency)

“A sustainable and gradually expanding insurance market can only be achieved if products truly generate Welfare”

Thank You!



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