



Pensions and Insurance Authority

ANNUAL REPORT 2023



Pensions and Insurance Authority 2023 Annual Report

The 2023 Annual Report covers the Pensions and Insurance Authority's performance and industry data from audited accounts and returns.

This Annual Report outlines the performance of the Pensions and Insurance Authority (PIA) and the pensions and insurance industries during the year 2023. Industry statistics were extracted from annual audited accounts and statutory returns submitted to the Authority by pension schemes and insurance companies, in accordance with the provisions of the Pension Scheme Regulation Act, 1996 and the Insurance Act, 2021.

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2	Corporate Insolvency Act No. 9 of 2017
3	Financial Intelligence Centre Act No. 46 of 2010
4	Income Tax (Amendment) Act No. 24 of 2022
5	Insurance Act No. 26 of 2005
6	Insurance Act No. 27 of 1997
7	Insurance Act No. 38 of 2021 (23 rd December 2022)
8	Insurance (Fidelity Fund) Regulations, SI No. 38 of 2021
9	Pension Scheme Regulation Act No. 27 of 2005
10	Pension Scheme Regulation Act No. 28 of 1996
11	Pension Scheme Regulation (Amendment) Act No. 28 of 2022
12	Pensions Scheme Regulation (Investment Guidelines) Regulations, SI No. 50 of 2021
13	Pension Scheme Regulation (Pension and Insurance Levy) Regulations, SI No. 100 of 2007

LIST OF ABBREVIATIONS AND ACRONYMS

A2II	Access to Insurance Initiative
AML/CTFP	Anti-Money Laundering and Countering the Financing of Terrorism or Proliferation
APSA	Africa Pensions Supervisors Association
ARC	Africa Risk Capacity
AUM	Assets Under Management
BoZ	Bank of Zambia
BRRA	Business Regulatory Review Agency
CATSP	Comprehensive Agriculture Transformation Support Programme
CCPC	Competition and Consumer Protection Commission
CISN	Committee of Insurance, Securities and Non-Banking Financial Authorities
CSE	Crisis Simulation Exercise
CSS	Crisis Simulation System
DMMU	Disaster Management and Mitigation Unit
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
ESG	Environmental Social and Governance
FATF	Financial Action Task Force
FIC	Financial Intelligence Centre
GDP	Gross Domestic Product
GFMWG	Green Finance Mainstreaming Working Group
GWP	Gross Written Premium
IAIS	International Association of Insurance Supervisors
ICT	Information and Communications Technology
IFF	Insurance Fidelity Fund
IFRS	International Financial Reporting Standard
INFE	International Network for Financial Education
IOPS	International Organisation of Pension Supervisors
IPEC	Insurance and Pensions Commission of Zimbabwe
KFS	Key Fact Statements
LASF	Local Authorities Superannuation Fund
MER	Mutual Evaluation Report
ML/FTP	Money Laundering/Financing of Terrorism or Proliferation
MoFNP	Ministry of Finance and National Planning
MoU	Memorandum of Understanding
NABII	National Advisory Board for Impact Investment Zambia
NFIS	National Financial Inclusion Strategy
NPS Bill	National Pension Scheme Amendment Bill
NSFE	National Strategy on Financial Education
OECD	Organisation for Economic Cooperation and Development
PBIT	Profit Before Interest and Tax
PIA	Pensions and Insurance Authority
PISMIS	Pensions and Insurance Supervisory Management Information System
SADC	Southern African Development Community
TCF	Treating Customers Fairly
TWG	Technical Working Group
UNDP	United Nations Development Programme
WFP	World Food Programme
WPPP	Working Party on Private Pensions
ZAMRA	Zambia Medicines Regulatory Authority
ZCPIT	Zambia College of Pensions and Insurance Trust
ZICA	Zambia Institute of Chartered Accountants
ZUFIAW	Zambia Union of Financial Institutions and Allied Workers

FOREWORD BY THE

BOARD CHAIRPERSON



It is my honour to present the Pensions and Insurance Authority's (PIA) 2023 Annual Report for the financial year ended 31st December 2023 on behalf of the Board of Directors. The report provides an overview of the regulatory interventions and progress in achieving the Authority's strategic priorities. In addition, the report also highlights the performance of the pensions and insurance industries during the year under review.

2022 – 2026 Strategic Plan

The year 2023 was the second year of implementation of the Authority's Strategic Plan for the period 2022 to 2026. The Authority made significant progress in enhancing the regulatory framework, ensuring compliance, and fostering innovation within the industry, all aimed at building resilience and stability in the pensions and insurance industries. Further, in a bid to promote public trust and awareness, the Authority continued to focus on consumer protection, pensions, and insurance literacy.

Out of the 86 strategic initiatives prioritised for implementation in 2023, the Authority concluded and achieved 91.27 percent of the initiatives, 6.37 percent initiatives were initiated and partially completed while 2.36 percent, were deferred to 2024. Some of the deferred activities were dependent on the promulgation of various insurance regulations and the enactment of the Pension Scheme Regulation Bill.

The Authority remained steadfast in its commitment to fostering a dynamic regulatory environment and enhancing stakeholder engagement. During the review period, focus was on building strong partnerships with industry players and other regulatory bodies, which enabled the Authority to share, and adopt best practices and address common concerns effectively. The collaborative approach not only facilitated the smooth implementation of the strategic initiatives but also reinforced our mission to promote a stable pensions and insurance landscape.

Regulatory Framework

The Authority made significant advancements in refining

its regulatory framework, aimed at creating a more transparent and accountable environment. This included the introduction of new guidelines that promote good governance and protect the rights of pension scheme members and insurance policyholders.

To effectively implement the Insurance Act, the Authority developed a phased roadmap. Phase I, which was completed in 2022, focused on key regulations regarding licensing, solvency, and capital adequacy, covering 51.2 percent of the required prescriptions. In 2023, Phase II was initiated, with approvals sought from the Business Regulatory Review Agency (BRRA). This phase included regulations for market conduct, anti-money laundering, reinsurance, prudential and market conduct returns, and financial statement publication, accounting for 26.8 percent of the prescriptions. Phase III will commence in 2024. The Authority remains committed to ensuring strong governance and regulatory compliance in the insurance sector and fostering market confidence.

In addition, Cabinet granted approval in principle for the repeal and replacement of the Pension Scheme Regulation Act No. 28 of 1996. This enabled the Authority to make significant strides in facilitating law reform for the private pension sector in 2023.

By strengthening the regulatory environment and oversight, the Authority aims to build trust and confidence in the pensions and insurance industries that should ultimately lead to sustainable growth.

Growth and Stability of the Pensions and Insurance Industries

The pensions and insurance industries grew at an average of 28.14 percent in 2023. This showed remarkable resilience despite the economic challenges faced in 2023. Our efforts to support regulated entities have fostered growth and stability, enabling them to adapt to changing market conditions.

The Authority remains committed to providing a robust platform for innovation while safeguarding the interests of policyholders and beneficiaries.

The Authority's Financial Highlights

The Authority's operations are financed through levies charged on pensions and insurance entities pursuant to section 29A of the Pension Scheme Regulation Act and the Pension Scheme Regulation (Pension and Insurance Levy) Regulations, Statutory Instrument Number 100 of 2007.

In 2023, the Authority recorded revenue amounting to K115 million compared to K85 million in 2022, representing an increase of 35 percent.

The Authority's total assets also registered an increase to K220 million in 2023, from K185 million in 2022 translating into a 20 percent increase.

Conclusion

In conclusion, I would like to extend my appreciation to Honourable Dr. Situmbeko Musonkotwane, the Minister of Finance and National Planning, and his team for their constant and valuable support, enabling the Board to execute its mandate. I would also like to thank the regulated entities for their collaborative working approach as we ensure financial stability in the pensions and insurance industries.

I would like to commend my fellow Board members for their commitment, leadership and continuous advice which made my duty as Chairperson easier and ensured effective governance of the Authority.

Finally, I would like to express my sincere gratitude to the Management and Staff of the Authority for their commitment to executing the Authority's mandate by ensuring that pension scheme members and insurance policyholders were protected.



Mr. Peter H. Banda
CHAIRPERSON

STATEMENT BY THE **REGISTRAR**



I am delighted to reflect on the progress made by the Pensions and Insurance Authority (PIA), and the pensions and insurance industries in 2023. In a year that experienced economic challenges, the Authority remained committed to effectively regulating, supervising, and promoting the development of these industries in order to protect the interests of pensions scheme members and insurance policyholders.

The stability of the pensions and insurance industries remained a core priority for the Authority. Some of the key initiatives implemented and achieved in 2023 are discussed below.

Strengthened Regulatory Framework: The Authority enhanced its oversight role through a number of regulatory and supervisory interventions. This included regular analysis and inspections of regulated entities to ensure industry stability and resilience.

Promoting Good Governance: The implementation of sound governance frameworks, risk management practices, and financial monitoring systems proved to be effective in maintaining industry stability. One of the key interventions aimed at enhancing good governance was the rolling out of the Trustee Development Curriculum in collaboration with the Zambia College of Pensions and Insurance Trust (ZCPIT).

Industry Growth: The total assets of the pensions and insurance industries continued to record positive growth. Private occupational pension schemes' net assets increased to K16, 551.62 million (2022: K12, 763.72 million) representing an increase of 29.68 percent (2022: 13.93 percent increase). The insurance industry recorded a 26.6 percent growth rate in terms of Gross Written Premiums (GWP) in 2023 (2022: 12.89 percent). General insurance

business accounted for 44.40 percent of the total assets while long-term insurance business accounted for 42.27 percent and the reinsurance business accounted 13.33 percent.

Consumer Protection: The Authority made significant strides in enhancing consumer confidence through the development of new regulations, guidelines, circulars, and supervisory tools and conducted more robust consumer education initiatives.

Stakeholder Engagement: The Authority continued to collaborate with local and international bodies, Government entities, industry players, regulators and industry associations. The Authority signed a Memorandum of Understanding with the Insurance and Pensions Commission (IPEC) of Zimbabwe to promote information exchange and capacity building in the insurance and pensions industries.

Further, the Authority hosted a number of stakeholder engagement forums and workshops on regulations and emerging issues. One key highlight under stakeholder engagement was the hosting of a delegation from Uganda that was conducting a pension study tour following a request from the Uganda Retirement Benefits Regulatory Authority. The delegation was led by the Minister of Public Service, Honourable Wilson Murali Mukasa, and included Members of Parliament and the Uganda Retirement Benefit Authority staff.

The Authority also conducted a workshop aimed at equipping judges with technical knowledge of the pensions and insurance industries, which would enrich the execution of their mandate of adjudication.

Conclusion

As we look ahead, our commitment to safeguarding consumer interests, ensuring industry stability, and promoting transparency is unwavering. While we recognize the evolving needs of the market and our consumers, we remain confident in our ability to support a secure and sustainable pensions and insurance system for all.

Finally, I would like to take this opportunity to thank the Minister of Finance and National Planning, Honourable Dr. Situmbeko Musokotwane and the team at the Ministry for their continued support. I would also like to thank the Board for their guidance in ensuring that we execute our mandate.

To the regulated entities and industry associations, thank you for your continued support and engagement during the period under review. Your feedback, advice and input have enabled us to deliver on our key milestones for the year.

A final word of appreciation goes to the dedicated staff at PIA, whose professionalism, loyalty and commitment is the fuel that drives the Authority. Thank you for your hard work. Let us continue to pursue excellence.



Ms. Namakau M. Ntini
REGISTRAR/CEO

1.0 ABOUT THE PENSIONS AND INSURANCE AUTHORITY

The Pensions and Insurance Authority, hereafter referred to as “the Authority”, was established under Section 4 of the Pension Scheme Regulation Act, 1996¹ hereafter referred to as “the Pension Scheme Regulation Act”. The Authority is mandated to administer the Pension Scheme Regulation Act and the Insurance Act, 2021², hereafter referred to as “the Insurance Act”.



1.1 VISION

A model pensions and insurance industries regulator.



1.2 MISSION

To effectively regulate, supervise and promote the development of the pensions and insurance industries in order to protect the interests of pension scheme members and insurance policyholders.

¹ Act No. 28 of 1996 (as amended by Act No. 27 of 2005 and Act No. 28 of 2022)

² Act No. 38 of 2021

1.3 CORE VALUES

I

Integrity - we work with honesty and uphold ethical standards at all times.

C

Collaboration - we support and partner with our stakeholders to effectively attain collective goals by leveraging each other's strengths. This enables us to foster long lasting relationships within and beyond the pensions and insurance industries.

P

Professionalism - we pride ourselves in being knowledgeable and courteous as we deliver high quality work outcomes in a timely manner.

I

Innovation - we embrace creativity and strive for efficacy by enabling the development of new products, services, and systems. We endeavour to evolve and proactively respond to the changing needs of our customers.

A

Accountability - we accept the consequences of our decisions and actions.



1.4 CORE FUNCTIONS

The Authority's core functions in accordance with Section 5 of the Pension Scheme Regulation Act include the following:

- a) licensing of reinsurance companies, insurance companies, brokers and agents, and other service providers in the insurance industry;
- b) registration of pension service providers and registration of pension schemes;
- c) prudential regulation and supervision of the pensions and insurance industries;
- d) formulation and enforcement of standards of conduct for the pensions and insurance industries;
- e) protection of pension scheme members and insurance policyholders;
- f) promotion of the development of the pensions and insurance industries; and
- g) advising the Government on matters relating to pensions and insurance.

2.0 CORPORATE GOVERNANCE

To maintain high standards that promote transparency, accountability, and ethical conduct across all levels, the Authority's governance framework is designed to align with global best practices, ensuring that we uphold the trust of our stakeholders. The Authority's Board of Directors provides strategic oversight over its operations, and it is responsible for approving and monitoring the implementation of the Corporate Strategic Plan. Further, the Board upholds the core values of the Authority to ensure ethical discharge of its mandate and compliance with established best practices. The decision making processes are designed to mitigate conflict of interest and uphold the principles of fairness, accountability, transparency and responsibility.



BOARD OF DIRECTORS



Mr. Peter H. Banda
(Board Chairperson)



Mrs. Dorothy K. Mbao
(Vice Chairperson)



Ms. Mercy C. Munoni



Mr. Givens Muntengwa



Mr. Francis K. Mwale



Ms. Namwandi Ndhlovu



Mrs. Edna Haacuma



Mr. Moffat Kauma



Ms. Grace Samui

EXECUTIVE MANAGEMENT



Mrs. Namakau M. Ntini
Registrar/CEO



Ms. Kabisa Ngwira
Board Secretary



Ms. Mainza Masole
Acting Deputy
Registrar, Pensions



Mr. Chishiba Kabungo
Acting Deputy Registrar,
Insurance

Mrs. Namakau Mundia-Ntini was appointed Acting Registrar on 29th May, 2022 and subsequently appointed Registrar on 17th November 2023.

2.1 THE BOARD

The Authority is governed by a non-executive Board of Directors appointed by the Minister of Finance and National Planning. The Board is responsible for the overall policy direction and strategic leadership. The 2023 Board composition was as follows:

- (a) an expert in the administration of pension funds, insurance or actuarial matters: **Mr. Peter H. Banda (Board Chairperson);**
- (b) a representative of the Zambia Institute of Chartered Accountants: **Mrs. Dorothy K. Mbao (Vice Chairperson);**
- (c) a representative of the Ministry of Finance and National Planning: **Ms. Mercy Munoni;**
- (d) a representative of the Ministry of Labour and Social Security: **Mr. Givens Muntengwa;**
- (e) a representative of the Ministry of Justice: **Mr. Francis K. Mwale;**
- (f) a representative of the Bank of Zambia: **Ms. Namwandi Ndlovu;**
- (g) a representative of the Zambia Union of Financial Institutions and Allied Workers: **Mrs. Edna Haacuma;**
- (h) a representative of the Zambia Chamber of Commerce and Industry: **Mr. Moffat Kauma;** and
- (i) a representative of the Zambia Federation of Employers: **Ms. Grace Samui.**

After the end of the three year tenure of the Board, the Minister, with effect from 10th November, 2023, reconstituted the Board with changes in the representation from the Zambia Union of Financial Institutions and Allied Workers (ZUFIAW) and the Ministry of Justice, through the appointment of **Mr. Kasapo S. Kabende** and **Ms. Ndanji K. Chongo**, respectively.

2.2 BOARD COMMITTEES

Section 5 of the Pension Scheme Regulation Act permits the Board to establish committees for the effective discharge of its functions. The committees undertake detailed analysis and scrutiny of various issues and thereafter make recommendations to the Board for approval.

The Board has five (5) Committees namely, Audit, Finance and Administration, Technical, Registration and Licensing, and Policyholders Protection whose membership includes professionals who are not members of the Board. The names of the Committee members are in Appendix I.

2.2.1 AUDIT COMMITTEE

The Audit Committee oversees the Authority's control framework that includes internal controls, financial reporting controls, risk management, as well as ethics and governance. The Committee also has an oversight function on internal and external audit matters.

The following key matters were considered in 2023 and submitted to the Board for approval:

- (a) quarterly departmental audit and risk profile reports;
- (b) the effectiveness of the Authority's internal control systems, including controls over financial reporting, risk management and Information and Communications Technology (ICT) security;
- (c) the report of the external auditor on the 2022 financial statements; and
- (d) Internal Audit Annual Work Plan for 2024.



2.2.2 FINANCE AND ADMINISTRATION COMMITTEE

The Finance and Administration Committee closely monitors the financial performance of the Authority by tracking revenue and expenditure. In addition, the Committee is responsible for policy formulation and monitoring the administrative processes and operations of the Authority. Further, the Committee assists the Board in ensuring that the Authority's human resource and administration principles are aligned to the various approved policies and the Authority's long term objectives. This ensures that the Authority attracts and retains the skills required to carry out its mandate effectively.

The following key matters were considered in 2023 and submitted to the Board for approval:

- (a) quarterly financial statements for the Authority;
- (b) review of Organisational Structure;
- (c) Conflict of Interest Policy, Whistle Blower's Policy, Gifts and Benefits Policy and the Asset Declaration Form;
- (d) executive recruitment;
- (e) the 2024 Budget; and
- (f) the 2022 Annual Report.

2.2.3 TECHNICAL COMMITTEE

The Technical Committee is responsible for setting the standards and framework for the supervision and regulation of the pensions and insurance industries. The Committee formulates measures aimed at promoting financial soundness and standards of market conduct designed to protect pension scheme members and insurance policyholders.

The following key matters were considered in 2023 and submitted to the Board for approval:

- (a) quarterly offshore investment performance reports;
- (b) quarterly product and distribution channel approval reports;
- (c) Pensions Guidelines on Minimum Paid Up Capital for Service Providers, Key Facts Statement Guidelines and Treating Customers Fairly Guidelines; and
- (d) draft Regulations under the Insurance Act for Market Conduct, Reinsurance, Anti-Money Laundering and Countering of Terrorism and Proliferation Financing, Publication of Financial Statements, and Returns.

2.2.4 REGISTRATION AND LICENSING COMMITTEE

The Registration and Licensing Committee is responsible for consideration of applications for registration, deregistration and licensing of pensions and insurance entities. The Committee also makes recommendations for supervisory action such as the revocation, suspension and imposition of license conditions. In implementing the Insurance Act 2021, the Authority transitioned from annual licensing to perpetual licensing.

The following key matters were considered in 2023 and submitted to the Board for approval:

- (a) 2023 applications for registration and deregistration for pension schemes and service providers;
- (b) Perpetual license applications for insurers, reinsurers, insurance brokers and other insurance service providers;
- (c) quarterly performance reports of licensees issued with conditional licences; and
- (d) quarterly complaints reports.

2.2.5 POLICYHOLDERS PROTECTION COMMITTEE

The Policyholders Protection Committee is a statutory committee constituted under section 180 of the Insurance Act, mandated to administer the Insurance Fidelity Fund (IFF) and settle any claims against the Fund.

The following key matters were considered in 2023 and submitted to the Board for approval:

- (a) consideration of quarterly financial reports of the Insurance Fidelity Fund;
- (b) investment performance and placement for the Fund;

- (c) protection of policyholders;
- (d) Claims from policyholders for entities undergoing compulsory liquidation;
- (e) the Insurance (Fidelity Fund) Regulations, 2021 (the Regulations);
- (f) 2022 Audited Financial Statements for the Insurance Fidelity Fund; and
- (g) performance of the insurance industry.

2.3 BOARD AND COMMITTEE MEETINGS

The Board held four (4) quarterly meetings and seven (7) special meetings. The Committees held 20 quarterly meetings and 12 special meetings.

Key matters considered by the Board in 2023 included:

- (a) review of various pensions and insurance guidelines;
- (b) review of the Board Charter;
- (c) the 2024 Corporate Scorecard and budget;
- (d) review of the organisational structure;
- (e) regional and international engagements with Africa Pensions Supervisors Association (APSA), International Association of Insurance Supervisors (IAIS) and Committee on Insurance Securities and Non-banking Financial Authorities (CISNA);
- (f) Reconstitution of Board Committees;
- (g) Appointment of Senior Officers (Registrar and Deputy Registrar Insurance);
- (h) Proposed subsidiary legislation under the Insurance Act;
- (i) Registration and deregistration of pension schemes;
- (j) Perpetual licensing of insurers, reinsurers, insurance brokers and underwriting agents;
- (k) Oversight on the administration of the Insurance Fidelity Fund
- (l) Strategic Performance of the Authority;
- (m) Staff emoluments; and
- (n) Procurement of Office Building.

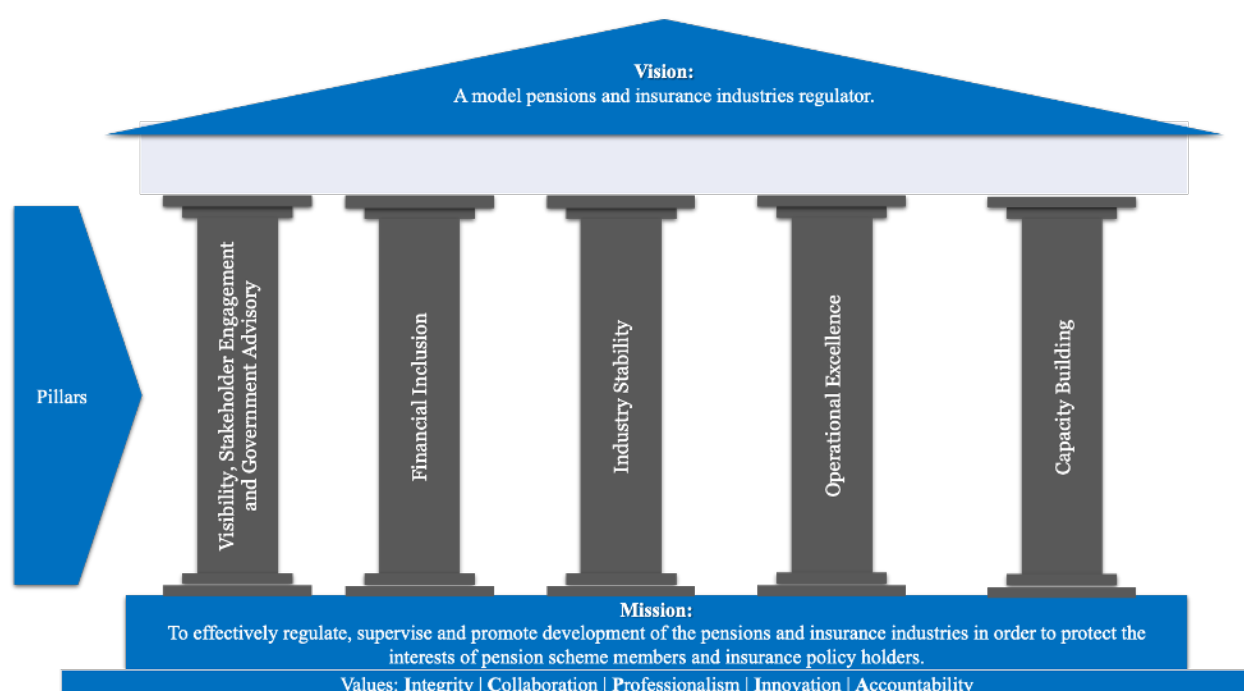
Table 1: Number of meetings held by the Board and the Committees in 2023

Type of Meeting	Quarterly Meetings	Special Meetings	Total
Board of Directors	4	8	12
Registration & Licencing Committee	4	1	5
Policyholders Protection Committee	4	4	8
Technical Committee	4	0	4
Finance & Administration Committee	4	6	10
Audit Committee	4	2	6
Total Meetings	24	21	45

3.0 IMPLEMENTATION OF STRATEGIC PLAN

The year 2023 was the second year of implementation of the Authority's 2022 to 2026 Strategic Plan. The Plan is premised on five (5) Strategic Pillars as outlined in Figure 1 below.

Figure 1: PIA Strategic Plan Pillars



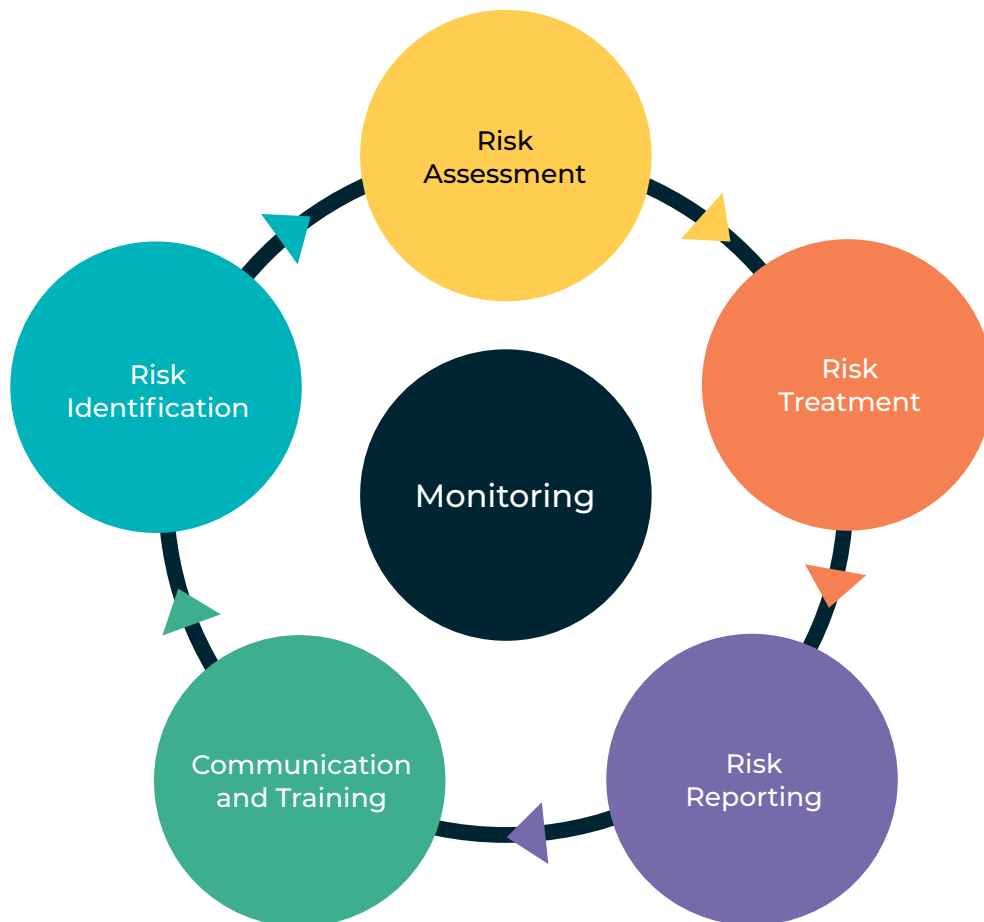
3.1 SUMMARY OF 2023 STRATEGIC PERFORMANCE

The Authority made significant progress in implementing the 2022-2026 Strategic Plan. Out of the strategic initiatives prioritised for implementation in 2023, the Authority concluded and achieved 75 activities accounting for 91.27 percent of the weighted score of planned activities as at 31st December 2023. A total of seven (7) activities, accounting for 6.37 percent of the weighted targets were initiated and partially completed. A total of four (4) activities, accounting for a weighted score of 2.36 percent, were deferred to 2024. The activities were dependent on resolution of PISMIS contractual matters and on the promulgation of various insurance regulations and the enactment of the Pension Scheme Regulation Bill.

4.0 RISK MANAGEMENT

The Authority's risk management approach is to identify, assess and report on the risks that could detrimentally affect the Authority's ability to deliver on its mandate. This risk management approach continues to demonstrate agility and resilience in proactively managing identified high-priority risks.

Figure 2: Risk Management Process



The Audit Committee of the board regularly reviews the risk profile, significant risk exposures, and the effectiveness of risk management processes. Where appropriate, adjustments are made to applicable business strategies and tactics where risks are approaching stated tolerances limits. The risk management function maintains a level of independence from the operations and line management to ensure that a consistent approach is applied, and the function is equipped to challenge and analyse the risk profiles developed and reported.

5.0 HUMAN RESOURCE AND ADMINISTRATION

The Authority seeks to attract and retain suitably qualified staff that can contribute to the achievements of the strategic goals and in the general regulation and supervision of the pensions and insurance industries.

5.1 STAFF ESTABLISHMENT AND PLACEMENT

As at 31st December, 2023, the total head count in the Authority stood at 65 (2022:65) against the staff establishment of 75; the positions not filled were ten (10) and included those yet to be filled due to internal movements or resignations such as Deputy Registrar- Pensions, Actuarial Services Manager as well as the Assistant Accountant position respectively. They were other vacancies including one (1) Consumer Education Officer and one (1) Inspector. The other vacancies included one (1) Driver, one (1) Stores Officer and two (2) Systems Administrators. Recruitment of the latter positions shall wait as the immediate demands were in inspectorate or related positions due to industry demands as identified in the 2022- 2026 Strategic Plan. However, for these, the Authority required to address the matter through expansion of the establishment prior to recruitment.

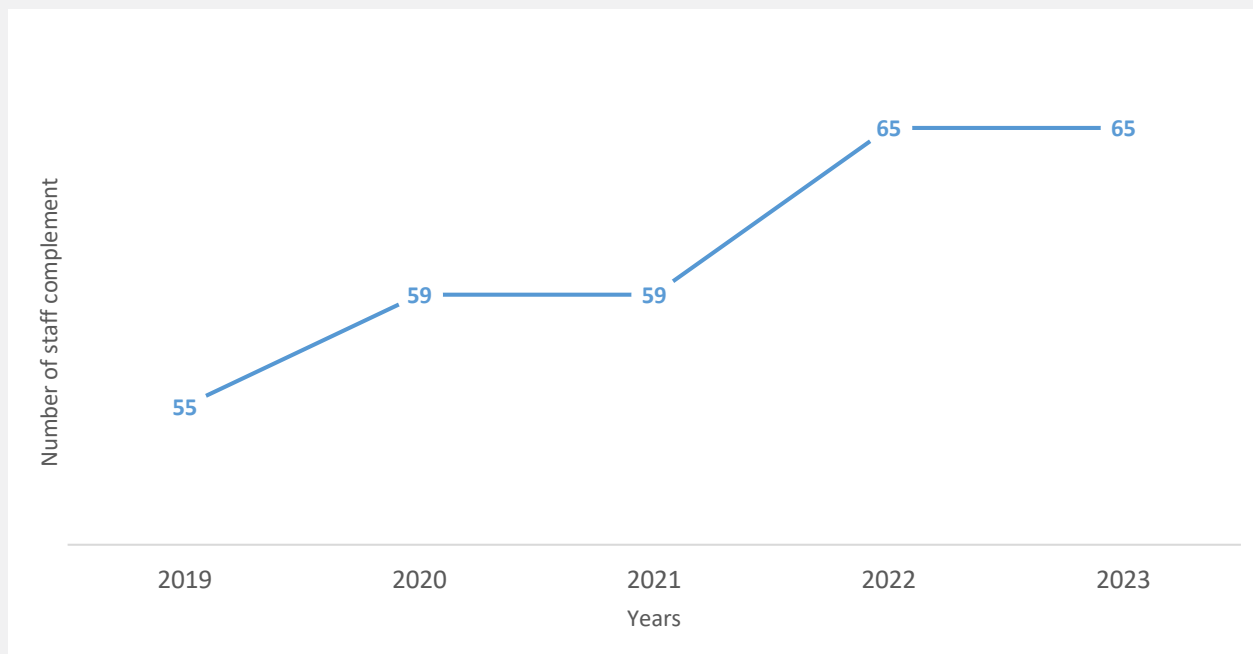
Table 2: Authority's Staff composition by Department and Gender

	Department/Unit	Male	Female	Total
1	Office of the Registrar	0	2	2
2	Pensions	8	8	16
3	Insurance ³	12	7	19
4	Legal	0	4	4
5	Actuarial Services	0	0	0
6	Finance	2	1	3
7	Communications	0	2	2
8	ICT	3	0	3
9	Audit and Risk	2	1	3
10	Procurement	1	1	2
11	HRA	7	4	11
	Total	35	30	65

³ In addition to the 19 staff under Insurance was a temporal staff engaged to attend to liquidation matters

The staff complement over a period of five (5) years is depicted in Figure 3.

Figure 3: Staff Complement over a Period of Five (5) Years



5.2 STAFF MOVEMENTS

In 2023, the Authority recorded staff movements which included one (1) resignation, three (3) non-renewal of fixed term contracts and three (3) external recruitment.

Table 3 provides a comparative analysis of the data on staff movements over a period of 5 years.

Table 3: Employee Statistics from 2019 - 2023

Description	2019	2020	2021	2022	2023
Staff Complement	55	59	59	65	65
Recruitments	13	10	4	13	3
Medical Discharge	0	1	0	0	0
Resignations	4	6	3	4	1
Retirement	1	0	1	2	0

At the end of the year, the staff composition with respect to contract types stood at 75% (49) for permanent and pensionable contract basis while 25% (16) were on fixed term contracts. Staff engaged on permanent and pensionable terms subscribe to the Pensions and Insurance Authority Staff Pension Scheme.

5.3 INTERNSHIP PROGRAMME

The Authority has a programme on internship to provide an opportunity to graduates to practice and gain industry experience. In this regard, 10 graduates were engaged as interns in Finance, Communications, Human Resources, Insurance, Legal and Procurement.

5.4 COMPENSATION AND REWARD

In line with its performance management system, the Authority awarded performance-based bonuses to deserving employees in its quest to motivate and retain staff. In addition, the Authority and Zambia Union of Financial Institutions and Allied Workers (ZUFIAW) successfully concluded negotiations on emoluments in the second quarter of 2023.

5.5 ORGANIZATIONAL STRUCTURE REVIEW

To effectively execute its mandate under the Pensions Scheme Regulation Act, 1996, and the Insurance Act of 2021, while meeting the objectives of the 2022-2026 Strategic Plan, the Authority redesigned its organizational structure in 2023. The Board approved the new structure to enhance capacity building and create a fit-for-purpose framework. Key changes include the expansion of the inspectorate function, driven by the evolving demands of insurance and pensions supervision, particularly in response to emerging trends like financial inclusion. The revised structure introduces new Units within the Pensions and Insurance Departments, aligns with the Authority's enhanced mandate, and includes a review of job descriptions along with an expanded inspectorate team to improve industry surveillance and support. Implementation of these changes is expected to occur in phases.

5.6 TRAINING AND DEVELOPMENT

In order to enhance skills, competencies and capacity to respond to the increasing and dynamic industry demands, staff had access to a range of capacity-building. The key programmes undertaken included: risk based supervision, inspecting information systems, pension's management programme, corporate governance, arbitration, creating and maintaining manual and digital filing systems as well as financial management. Details of the trainings undertaken are provided in Appendix 1.

6.0 INFORMATION AND COMMUNICATION TECHNOLOGY

The Authority places importance on the generation, acquisition, processing, storing and dissemination of data for effective execution of its regulation and supervision mandate. Information and Communication Technology being a key enabler, has a dedicated Unit which implements, administers and maintains various systems.

6.1 DIGITISATION OF BUSINESS PROCESSES

The Authority has prioritized digital transformation for better service delivery and reduction of the cost of doing business. To this end, the Authority worked on improving the Pensions and Insurance Supervisory Information system, its core Supervisory Technology, SupTech platform. The improvements will –

- (i) reduce the cost of doing business for reporting entities;
- (ii) improve licensing and registration of reporting entities;
- (iii) improve the quality of data the Authority collects;
- (iv) reduce the turnaround of supervisory activities on annual and quarterly industry transactions;
- and
- (v) improve data analysis and reporting.

As part of the digital transformation objective in its 2022 – 2026 Strategic Plan, the Authority commenced digitization of various processes in Finance, Human Resource and Administration, and Procurement. During the period under consideration, the Authority successfully implemented the employee self-service portal and rolled out e-payslips.

6.2 CYBERSECURITY

In 2023, the Authority enhanced its cyber resilience by investing in several solutions and implementations. The measures implemented included:

- a) installation of data loss prevention system;
- b) deployment of anti-ransomware threat management system;
- c) creation of database redundancy for various systems;
- d) installation of an active monitoring firewall and intrusion prevention system for the website;
- e) upgrade of the email system software;
- f) installation of an Extended Detection Response and Endpoint Detection Response systems, with adaptive attack protection. The systems offer Artificial Intelligence threat detection and mitigation; and
- g) deployment of Backup and Disaster Recovery solutions.

The Authority continued to explore and implement new applications, solutions and devices to enhance data confidentiality, integrity and availability for both internal and external clients.

6.3 DIGITAL COMMUNICATION

During the year under review, the Authority maintained the following digital channels for interfacing with regulated entities and the public:

- (a) website: the Authority maintained a website, www.pia.org.zm, hosting various forms, circulars, guidelines and other industry documents;
- (b) mobile phone lines: the Authority maintained two mobile phone lines for complaints handling, information requests, and policyholder protection transactions; and
- (c) emails: dedicated emails were used to receive various information from the public. These have proved convenient and reduced the cost of doing business for the public.

6.4 ELECTRONIC DOCUMENTS AND RECORDS MANAGEMENT

In the 2022-2026 Strategic Plan, the Authority prioritised digitisation of its transactional data, records and processes. This is in furtherance of its Environmental, Social and Governance (ESG) agenda. The Authority conducted a business impact and organisational analysis whose recommendations informed the procurement of the Electronic Documents and Records Management System. The system is expected to be operational in 2024.

7.0 COMMUNICATION, CONSUMER EDUCATION AND STAKEHOLDER ENGAGEMENT

The Authority, in fulfilment of its mandate to develop the pensions and insurance industries and in support of the objectives of the National Strategy on Financial Education (NSFE) and the National Financial Inclusion Strategy I (NFIS), undertakes various consumer education activities. These contribute to increased uptake of pension and insurance products, enhanced consumer protection, and strengthened public confidence in the Authority and the two industries.

7.1 COMMUNICATION

The Authority maintained the relationship with the media primarily through radio and television programmes, providing responses to press queries and issuing press statements. In 2023, the Authority featured on 34 television and radio programmes on both commercial and community radio stations in Lusaka, Central, Copperbelt, Muchinga and Northern provinces.

In order to enhance its reach to key stakeholders including regulated entities, pension scheme members, insurance policyholders, industry associations, the media and the general public, the Authority utilized virtual conferences and collaborative tools such as social media platforms. In addition, the Authority continued to use the website as a repository for information about its mandate, key legislation, general information on the pensions and insurance industries, quarterly and annual publications, newsletters, events, and frequently asked questions.



7.2 CONSUMER EDUCATION EVENTS

The Authority participated in a number of consumer education activities including the Zambia International Trade Fair and the Zambia Agricultural and Commercial Show. Other notable activities included participation in the Africa Public Service Day and the successful hosting of the commemorative annual events namely: Financial Literacy Week/Global Money Week, Insurance Week and Pensions Awareness Week.

The Authority conducted Insurance Ambassadors training aimed at equipping the ambassadors with information and knowledge on insurance. The ambassadors would in turn educate their peers on the importance of insurance. The total number of Insurance Ambassadors that were trained during the year was 174 covering four (4) provinces, namely; Central, Copperbelt, Lusaka and Southern provinces. The ambassadors trained included, 49 teachers, 60 students, 21 marketeers, 30 council workers and 14 women from the Zambia Association of Women in Business.





7.3 STAKEHOLDER ENGAGEMENT



7.3.1 ENGAGEMENTS WITH THE NATIONAL ASSEMBLY

The Authority was invited to make submissions on two (2) matters by the National Assembly, i.e. the National Pension Scheme Amendment Bill (NPS Bill) and the proposal to establish a pension scheme for Members of Parliament. Submissions on the NPS Bill were made in March, 2023 where the Authority provided input on implications of the Early Access of benefits from the National Pension Scheme. The Bill was enacted on 18th April, 2023.

7.3.2 MEDIA ENGAGEMENTS

The Authority hosted a media training workshop for Lusaka based journalists aimed at increasing their understanding of the pensions and insurance industries in order to enhance their coverage of the two industries and the mandate of the Authority as a regulator. A total of 18 journalists from various media houses were trained.



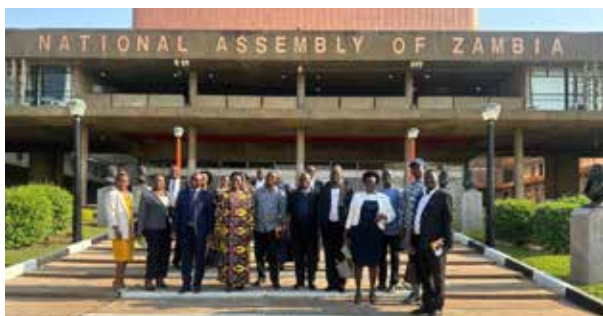
7.3.3 AFRICA RISK CAPACITY TECHNICAL WORKING GROUP

The Authority, in its role as an advisor to Government on insurance matters, is a member of the Africa Risk Capacity (ARC) Technical Working Group (TWG) that began its operations in January 2023. The ARC is housed under the Vice President's Office and comprises representatives from the Ministry of Community Development and Social Services, Ministry of Agriculture, Ministry of Green Economy and Environment, Disaster Management and Mitigation Unit (DMMU), World Food Programme (WFP), Catholic Relief Services, Zambia Statistics Agency, University of Zambia and Zambia Agriculture Research Institute. A number of engagements were conducted locally and internationally under the stewardship of the DMMU with support from the WFP. The ARC TWG activities for 2023 mainly focused on customization of the three (3) national insurance policies, namely: Drought Response Cost Insurance Policy; ARC Replica Insurance; and Anticipatory Response Cost Insurance for the 2023/2024 agriculture season.



7.3.4 HOSTING OF THE DELEGATION OF THE MINISTER OF PUBLIC SERVICE AND PARLIAMENTARIANS FROM UGANDA

In August, 2023 the Authority hosted a delegation from Uganda that were conducting a pension study tour following a request from the Uganda Retirement Benefits Regulatory Authority. The visit was intended to benchmark the pensions industry in Zambia and sharing of experiences on pensions between the two (2) countries. The delegation was led by the Minister of Public Service, Hon. Wilson Murali Mukasa, and included Members of Parliament and the Uganda Retirement Benefit Authority staff. Other than hosting the one (1) day workshop, the Authority facilitated a tour of the National Assembly of Zambia for the delegates.



7.3.5 JUDGES TRAINING PROGRAMME

The Authority conducted a Judges Training Programme from 26th to 27th October, 2023 in Lusaka Province. The workshop was attended by 25 Judges from the High Court, Court of Appeal, Supreme Court and Constitutional Court of Zambia. The purpose of the training was to further equip judges with technical knowledge of the pensions and insurance industries which would aid in execution of their mandate of adjudication. The topics presented to the judges included:

- i. an overview of the pensions and insurance industries;
- ii. pensions and insurance principles and terminologies;
- iii. overview of the legal framework; and
- iv. financial inclusion and international best practice in the pensions and insurance industries.



7.3.6 MARKET CONDUCT BI-ANNUAL WORKSHOP

The Authority held its fourth Bi-Annual Market Conduct Virtual Workshop in December 2023. The workshop focused on discussing key deficiencies that were noted from the thematic inspections conducted in 2023 and highlighted changes in the conduct of business. The workshop targeted all principle officers and head of financial units for insurance brokers and insurers. The workshops have been running since 2020 and aim at engaging key stakeholders on various issues affecting the industry and new trends in the insurance space.

7.3.7 PENSION SCHEME TRUSTEE TRAINING

The Authority in collaboration with the Zambia College of Pensions and Insurance Trust (ZCPIT) rolled out the Trustee Development Curriculum. The Curriculum comprises five (5) modules and a competence examination at the end of the training. The first year of implementation saw 44 trustees undergoing training and a pass rate of 61 percent recorded in the inaugural examinations.



Table 4 shows the number of training engagements and participants in the last five (5) years.

Table 4: Number of Trustees Trained

Year	2023	2022	2021	2020	2019
No. of Trustees	44	99	105	45	91
No. of Workshops/sessions	1	3	2	1	3
No. of Pension Schemes	19	29	31	15	35

7.3.8 OTHER WORKSHOPS

The Authority undertook workshops in conjunction with the Zambia Revenue Authority (ZRA) as well as with the Financial Intelligence Centre (FIC). The ZRA workshop focused on the introduction of the e-bond system that was set up to automate the process of issuance, configuration and general management of custom bonds with all guarantors. The workshop targeted the insurance market, and clearing and forwarding agents. The FIC workshop targeted compliance officers in insurance companies and focused on Anti-Money Laundering and Countering the Financing of Terrorism or Proliferation (AML/CFTP).



8.0 REGIONAL AND INTERNATIONAL ENGAGEMENTS

In its quest to becoming a model industry regulator, as envisaged in the vision, the Authority was invited to share evidenced based supervisory and policy experiences in a number of regional and international conferences that focused on sustainable finance, supervision and micro-insurance.

The Authority is a member of the following regional and international bodies:

- i. International Organisation of Pension Supervisors (IOPS);
- ii. International Association of Insurance Supervisors (IAIS);
- iii. Organisation for Economic Cooperation and Development and International Network on Financial Education (OECD/INFE);
- iv. Committee of Insurance, Securities and Non-Banking Authorities (CISNA), a substructure of the Southern African Development Community (SADC);
- v. African Insurance Organization (AIO); and
- vi. Micro-Insurance Network (MIN).

Membership to these organisations enables the Authority to leverage capabilities in areas of research, development of models, best practices and skills development.



8.1 PENSION LAWYERS ASSOCIATION ANNUAL CONFERENCE

The Pension Lawyers Association Annual Conference was held from 23rd to 24th March, 2023 in Cape Town, South Africa. The Conference provided regional and global perspectives to various pension matters including the introduction of the two-pot⁴ retirement system in South Africa, retirement funds for the informal sector as well as smaller focus sessions on aspects of auto-enrolment, unclaimed benefits, living annuities, benefit projections, death benefits and the effect of business rescue or liquidation on a pension scheme.



⁴ This is a pension reform in South Africa, where with effect from 1 September 2024, contributions into retirement funds will be split into a savings component (or pot) and a retirement component. A ratio of one-third of total contributions will go into the savings component and two-thirds of total contributions into the retirement component. Members will be able to access the savings component at any time before retirement, but withdrawals must be a minimum of R2, 000 and only one withdrawal may be made in a tax year. The retirement component can only be accessed at retirement.

8.2 ANNUAL JOINT MEETING OF THE INTERNATIONAL ORGANISATION OF PENSION SUPERVISORS (IOPS) AND WORKING PARTY ON PRIVATE PENSIONS (WPPP)

The Authority, as a member of the IOPS attended the 2023 annual Joint meeting of the IOPS and WPPP from 12th-13th June 2023 in Paris, France. The Joint WPPP/IOPS meeting was followed by the WPPP/IOPS/IPRA Pensions Research Seminar which was held on 14th June 2023. The various matters discussed included micro - pension plans, revision of IOPS principles of private pension supervision to reflect new macroeconomic developments, revision of the OECD Core Principles of Private Pension Regulation, implementation note of the IOPS supervisory guidelines on the integration of Environmental Social and Governance (ESG) factors in the investment and risk management of pension funds and strategies around reducing operational costs of pension funds.



8.3 ACCESS TO INSURANCE INITIATIVE (A2ii) FEMA-METER PILOT PROJECT

In July, 2023, the Authority was selected by A2ii to participate in the FeMa Meter Pilot Project. The FeMa Meter toolkit is intended to assist regulators and industry players to collect sex-disaggregated data and organizational diversity on insurance usage, access, and governance. This is key in developing women-centric insurance solutions. Four (4) players from the insurance industry volunteered to be a part of the pilot programme. The training sessions on the toolkit took place in the third and fourth quarter of 2023 and is expected to be launched in the first quarter of 2024 by the A2ii.

8.4 EASTERN AND SOUTHERN AFRICA ANTI-MONEY LAUNDERING GROUP (ESAAMLG)

The Authority participated in the 45th and 46th ESAAMLG Task Force of Senior Officials meeting held in March and September 2023 in Arusha, Tanzania and Kasane, Botswana respectively. Among the main outcomes of the meetings were the adoption of the Mutual Evaluation Reports for Angola

and the Kingdom of Eswatini. Following the adoption of Zambia's Mutual Evaluation Report (MER) by the ESAAMLG Council of Ministers in 2019, the country has been making efforts to address Anti-Money Laundering and Countering Terrorism and Proliferation Financing (AML/CTPF) deficiencies identified in the MER.

During the 46th ESAAMLG Task Force meeting, Zambia presented its 5th Follow-up Report and 2nd Technical Compliance request for re-rating for areas where deficiencies in the MER were considered addressed. Zambia achieved positive re-ratings in two (2) out of the four (4) FATF recommendations considered. Also notable were the discussions on the implementation of the third round of mutual evaluations. Zambia will need to update the National Risk Assessment and consequently risks relating to the pensions and insurance industries.

8.5 ANNUAL GENERAL MEETING OF THE INTERNATIONAL ORGANIZATION OF PENSION SUPERVISORS (IOPS)

The Authority attended the Annual General Meeting of the International Organization of Pension Supervisors (IOPS) held from 18th to 19th October 2023 in Victoria Falls Town, Zimbabwe. Matters attended to included the ratification of appointments to the various Committees, presentation of reports and case studies from various jurisdictions, and discussion of topical issues such as designing adequate defined contribution pension schemes in Africa, leveraging opportunities for growth of the African pensions system and strengthening Trustees' skills and capacities.

8.6 MUTUAL COOPERATION

8.6.1 MOU WITH INSURANCE AND PENSIONS COMMISSION OF ZIMBABWE

The Authority signed a Memorandum of Understanding with the Insurance and Pensions Commission (IPEC) of Zimbabwe to promote information exchange and capacity building in the insurance and pensions industries. Under this MoU an Actuary was seconded from IPEC to work with the Authority to assist in upskilling the staff of the Authority in Actuarial skills.

Through this MoU, the Regulatory Authorities agree to promote mutual assistance and exchange of information to enable the Regulatory Authorities to perform their respective functions effectively according to the laws, regulations and rules of their respective jurisdictions. The Regulatory Authorities agree to collaborate in the following areas:

- i. share and exchange information that will enhance regulation or monitoring of entities under the Regulatory Authorities' mandates;
- ii. provision of collaborative training, temporary secondment or attachment of staff members in areas identified as relevant in improving the efficacy of regulation and supervision of the sectors supervised by the Authorities;
- iii. to cooperate around determining required learning objectives which could address identified gaps between the two;
- iv. exchange information on, and take necessary action against, persons engaging in money laundering, terrorist financing, proliferation financing and other financial crimes in the insurance and pensions industries; and
- v. any other matter agreed upon by the Regulatory Authorities from time to time.

8.6.2 NATIONAL ADVISORY BOARD FOR IMPACT INVESTMENT ZAMBIA (NABII)

The Authority signed a Memorandum of Understanding with the National Advisory Board for Impact Investment Zambia (NABII)⁵. The MoU has been agreed upon to collaborate closely with PIA to develop the supply pillar of the local impact investment ecosystem in order to contribute towards achieving the SDGs. It further provides a platform for the two bodies to work and cooperate with each other to jointly champion activities aimed at improving the local pension funds and insurance industries' understanding of impact investing within the local context, including investments in alternative assets, specifically SDG focused local SMEs, and through each respective organization, as appropriate, endorse a detailed action plan ('the Project') that provides for:

- i. review of existing policy environment, and its implications on the operation of pension funds
- ii. a review of existing regulatory guidelines, and ensure that investments into alternative assets do not breach fiduciary duty, and raise awareness to pension funds on both new and existing regulation;
- iii. identify the scope of need for pension funds and trustees for capacity building to fill the skills and knowledge gap within regulation, investment process, and pipeline development;
- iv. capacity building trainings for pension funds and trustees in line with the recommendations of the scope of need for skills development;
- v. research on alternative asset (local SMEs) financial and non-financial performance;
- vi. joint presentation of proposition for pension fund participation in the Credit Risk Guarantee Scheme.

8.6.3 CRISIS SIMULATION EXERCISE FOR THE FINANCIAL SYSTEM

The inaugural Crisis Simulation Exercise (CSE) for the Financial System was conducted in May 2023 following training undertaken by staff from Bank of Zambia, Securities and Exchange Commission, Pensions and Insurance Authority and the Ministry of Finance and National Planning. This is part of the Crisis Simulation System (CSS) Project being implemented by the three financial sector regulators and the Ministry, with technical support from the World Bank. The objectives of the exercise were to:

- i. assess the regulators' preparedness to manage a financial crisis;
- ii. assess the adequacy of the legal, regulatory and supervisory frameworks for crisis management; and
- iii. build capacity within the financial sector regulators to conduct future CSEs.

Areas of improvement were identified within the individual institutions as well as financial sector regulatory tripartite. It is expected that more simulation exercises will be conducted to continue to test the financial system for crisis management.

⁵ The Zambia National Advisory Board for Impact Investment (NABII) is a non-profit organization created to accelerate the growth and effectiveness of the impact investment ecosystem in Zambia.

9.0 NATIONAL FINANCIAL INCLUSION STRATEGY

The National Financial Inclusion Strategy (NFIS I) was scheduled to come to an end in 2022. However, the Ministry of Finance and National Planning (MoFNP) extended the strategy duration to December 2023.

The Authority was part of the drafting committee that was established to develop the NFIS II. The drafting committee engaged in various peer-to-peer virtual learning workshops. Among the workshops conducted was the peer to peer training conducted with the Indonesian Government. The following Eight (8) thematic areas were identified and will be the focus of the second strategy.

- i. Financial Inclusion for Micro, Small and Medium Enterprises;
- ii. Financial Inclusion in Rural Areas;
- iii. Financial Inclusion for the Underserved Population;
- iv. Financial Inclusion for Agriculture;
- v. Environmental, Social and Governance;
- vi. Digital Financial Services and Financial Infrastructure;
- vii. Financial Consumer Protection and Capability; and
- viii. Monitoring and Evaluation, and Data and Research

In addition, the Authority also undertook a number of provincial stakeholder validation workshops to inform the NFIS II. The Authority was assigned the thematic area of financial inclusion for under-served population and anchored a number of critical working groups as Secretariat. The NFIS II is expected to be launched in the first quarter of 2024.



10.0 FINANCIAL PERFORMANCE

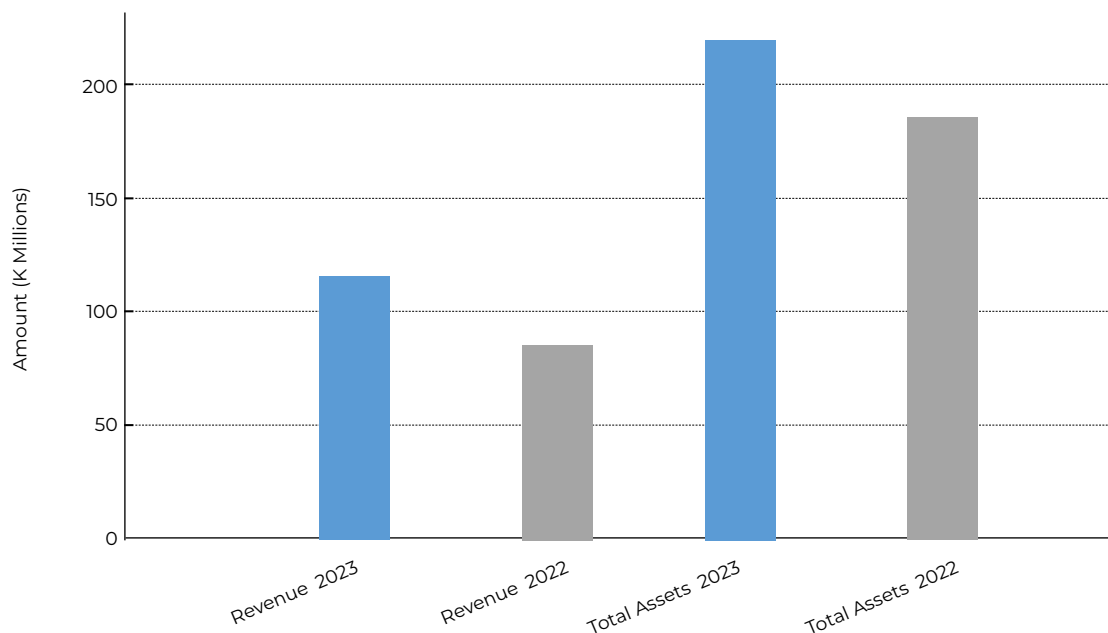
The Authority had a total approved budget of K114 million. The annual budget was prepared within the framework of the 2023 Annual Work Plan, derived from the 2022-2026 Strategic Plan and the 2023 balanced scorecard.

The main source of revenue for the Authority were levies charged on Pensions and Insurance entities pursuant to section 29A of the Pension Scheme Regulation Act and the Pension Scheme Regulation (Pension and Insurance Levy) Regulations, Statutory Instrument Number 100 of 2007.

The Authority recorded revenue amounting to K115 million during the year ended 31st December, 2023 (2022: K85 million), representing an increase of 35 percent from the previous year. The increase in revenue was attributed to growth in net assets of Pension Schemes and Gross Written Premium (GWP) of Insurance Companies.

The Authority's total assets increased to K220 million in 2023, from K185 million in 2022 translating into a 20 percent increase. The increase was attributed to the purchase of non-current assets and increase in cash due to increase in levies because of growth in net assets and Gross Written Premium (GWP) as detailed above.

Figure 4: Financial Performance of the Authority (2022-2023)



11.0 INSURANCE FIDELITY FUND

The Insurance Fidelity Fund was established for the purpose of indemnifying or otherwise protecting policyholders and other persons interested in the policies, from being prejudiced by the inability of an insurer carrying on business in Zambia to meet its liabilities.

Section 180 (3)(b) of the Insurance Act, 2021 continues the existence of the Insurance Fidelity Fund established in accordance with the provisions of the Insurance Act, 1997(repealed). The Schedule to the Insurance Act, 2021 provides for the constitution of the Policy Holders Protection Committee and the Insurance Fidelity Fund. In addition, the Insurance (Fidelity Fund) Regulations, 2021⁶ provide for the administration, management, application requirements and procedures for claims against the Fund.

The Fund is an accumulation of license fees, penalties issued in accordance with the Insurance Act, 2021 and investment income. As at 31st December, 2023, the Fund stood at K34 million (2022: K31 million), representing an increase of 10 percent.

The details on the performance of the Insurance Fidelity Fund may be obtained in the 2023 Insurance Fidelity Fund Annual Report.

⁶ Statutory Instrument No. 38 of 2021 issued under the Insurance Act, 1997 (repealed) remains in force until repealed in accordance with Section 15 of the Interpretation and General Provisions Act, Chapter 2 of the Laws of Zambia.

12.0 PENSION SUPERVISION

The Authority continued its regulatory and supervisory activities in the private occupational pensions industry to ensure industry stability, market development and member protection. The main focus areas were:

- a) improving industry stability through monitoring, market surveillance and capacity building;
- b) development of the market by promoting sustainable investing and use of data driven solutions; and
- c) enhancing integrity and confidence by strengthening member protection through resolution of complaints and consumer education initiatives.

12.1 INDUSTRY COMPOSITION AND MEMBERSHIP

12.1.1 PENSION SERVICE PROVIDERS⁷

The pensions industry had eight (8) (2022:8) pension fund managers responsible for the investment of pension scheme assets. The number of pension fund administrators increased to seven (7) in 2023 from six (6) in the previous year. Fund administrators perform the pension scheme administrative function, which includes, but is not limited to, the updating of contribution and member records, payment of pension benefits, filing of statutory reports and issuing of member benefit statements. There were no licensed custodians in the pensions industry as at 31 December 2023.



⁷ Appendix II shows the list of licensed pension service providers

12.2 PENSION SCHEMES⁸

The total number of registered pension schemes stood at 247 as at 31st December, 2023 (2022: 246). Two (2) new schemes, Madison Chuma Pension Trust Fund and Zambia Medicines Regulatory Authority (ZAMRA) Pension Trust Scheme, were registered and one (1) scheme, Mulungushi University Pension Trust Scheme, was de-registered in 2023.

In addition, the Authority approved deeds of affiliation for three (3) new participating employers under one (1) multi-employer pension scheme.

12.3 PENSION SCHEME MEMBERSHIP

The total number of members in the registered pension schemes increased to 150,544 as at 31st December, 2023 (2022: 141,267). The 2.21 percent increment was mainly attributable to the new schemes registered and new participating employers that joined the existing multi-employer schemes.

Active membership increased to 121,464 as at 31st December, 2023 (2022: 120,906) translating to an increase of 0.46 percent (2022: 25.60 percent increase). The marginal increase in this membership category was attributable to a significant number of members moving to the inactive and pensioners categories as highlighted in Table 5. Pensioners' membership increased to 16,594 as at 31st December, 2023 (2022: 14,024) translating to an increase of 18.33 percent. The pensioners under the Local Authorities Superannuation Fund (LASF) accounted for 85 percent of the total pensioners as at 31st December, 2023.

⁸ Appendix III shows the list of registered pension schemes

In terms of demographics, 36,531 members (2022: 28,686) were female representing 24 percent of the total membership, while 114,013 members (2022: 112,581) were male representing 76 percent.

Tables 5, 6 and Figure 5 below show the broad categories of pension scheme membership.

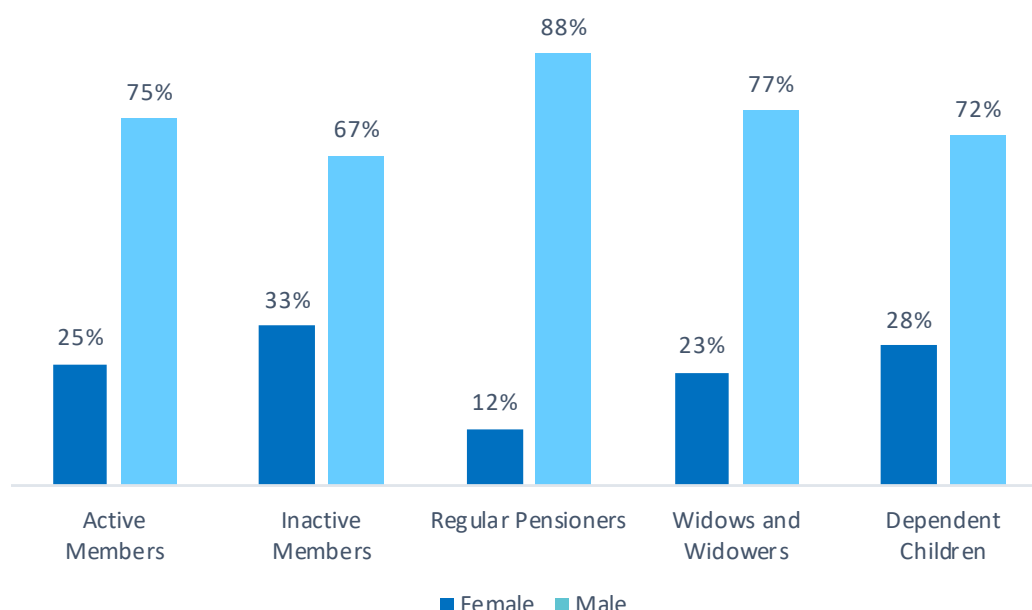
Table 5: Membership Statistics for the Pensions Industry

Membership Category	2023	2022	2021	2020	2019	Percentage Change
Active members	121,464	120,906	96,261	90,293	82,084	0.46%
Inactive members	12,486	12,362	12,329	11,807	12,715	1.00%
Pensioners	16,594	14,024	15,566	17,100	17,160	18.33%
Total	150,544	147,292	124,156	119,200	111,959	2.21%

Table 6: Demographic Membership Table as at 31st December, 2023

Members Statistics	Female	Male	Total
Number of Active Members	30,233	91,231	121,464
Age Bracket			
15-25	2,686	5,617	8,303
26-35	10,111	26,444	36,555
36-45	11,624	33,973	45,211
46-55	4,470	17,426	21,896
56-65	1,342	5,534	6,876
Number of Inactive Members	4,070	8,416	12,486
15-25	7	5	12
26-35	44	51	95
36-45	99	383	482
46-55	2,779	4,889	7,668
56-65	1,141	3,088	4,229
Total Annuitants	2,228	14,366	16,594
Regular Pensioners	1,665	12,527	14,192
Number of Widows and Widowers	532	1,761	2,293
Number of Dependent Children	31	78	109
Industry Total	36,531	114,013	150,544

Figure 5: Percentage Distribution of Demographics of Membership Data-2023



12.4 PRUDENTIAL SUPERVISION

Prudential supervision of the pensions industry encompasses assessing the financial soundness, risk management, corporate governance and financial reporting of regulated entities. This is done through off-site monitoring and on-site inspections as well as providing supervisory guidance, implementing interventions and taking enforcement action. Prudential supervision plays a crucial role in maintaining the stability and integrity of the pensions industry by ensuring that regulated entities operate prudently, maintain adequate financial resources, and fulfil their contractual obligations to pension scheme members.

12.4.1 OFF-SITE ANALYSIS

The Authority conducted off-site analysis for 62⁹ reporting pension schemes (2022: 56 pension schemes) with a combined net asset value of K16.552 billion. Matters that required corrective action included the following:

- a) actuarial deficits in defined benefit schemes and non-remittance of deficit financing;
- b) long outstanding rental debtors for pension schemes with investment properties
- c) long outstanding contribution arrears; and
- d) high liquidity risk due to overweight exposure in illiquid investments (unlisted equity and property).

⁹ There are 247 registered pension schemes. Some of these schemes report under multi-employer pension schemes. Reporting pension schemes are those that are required to submit quarterly and audited financial statements.

The Authority continued to engage the respective service providers, trustees and employers in a bid to resolve the identified challenges. Table 7 shows the average risk profile obtained from the off-site analysis carried out on the aforementioned reporting pension schemes as at 31st December, 2023.

Table 7: Average Risk Profile of Reporting Pensions Schemes as at 31st December 2023

Risk Score	Likelihood of a Significant Risk Event	Number of Reporting Pension Schemes				
		2023	2022	2021	2020	2019
1	Emerging risk to solvency or viability	38	28	24	11	-
2	Existing risk	22	24	31	43	39
3	Significant threat to solvency or viability	2	4	3	4	17
4	High risk (actual or imminent insolvency)	0	0	1	0	1
Total Number of Schemes		62	56	59	58	57
Industry Average Risk Score		1.4	1.6	1.9	1.9	2.3

12.4.5 ON-SITE INSPECTIONS

The Authority conducted 13 routine on-site inspections of registered pension schemes. The total net assets of the inspected schemes was K8, 600 million, accounting for 52 percent of the pensions industry's net assets. The findings from the inspections were incorporated in the risk assessments and supervisory action requiring trustees to take corrective measures.

12.5 MARKET CONDUCT SUPERVISION

12.5.1 ON-SITE INSPECTIONS

The Authority conducted on-site risk-based member protection inspections of two (2) service providers. The inspections focused on conduct, market, operational, strategic, technological, legal and regulatory risks. The key inspection findings included poor governance, inadequate internal controls and high conduct risk.

The inspected entities were engaged to put in place remedial measures for the inadequacies revealed by the inspections.

12.5.2 OFF-SITE ANALYSIS

The Authority conducted off-site analysis of 14 pension service providers. No supervisory intervention was recommended for 12 service providers while close monitoring was recommended for two (2) service providers on account of the gaps observed in the governance structures and internal control weaknesses.

The Authority conducted a risk assessment of service providers based on the quarterly management accounts and complaints reports lodged with the Authority. The risk assessment focused on capital adequacy requirements and complaints handling by fund administrators. Of the 14 service providers assessed, seven (7) were categorized as low risk, whereas five (5) were categorized as medium risk and two (2) as high risk. The entities that were assessed to be of high risk were prioritized for inspections conducted in 2023. The risk scoring is summarised in Table 8.

Table 8: Service Providers' Risk Scoring

Risk Class	Risk Score	Number of Service Providers
Low	1	7
Medium	2	5
High	3	2
Total		14

12.5.3 CONSUMER PROTECTION

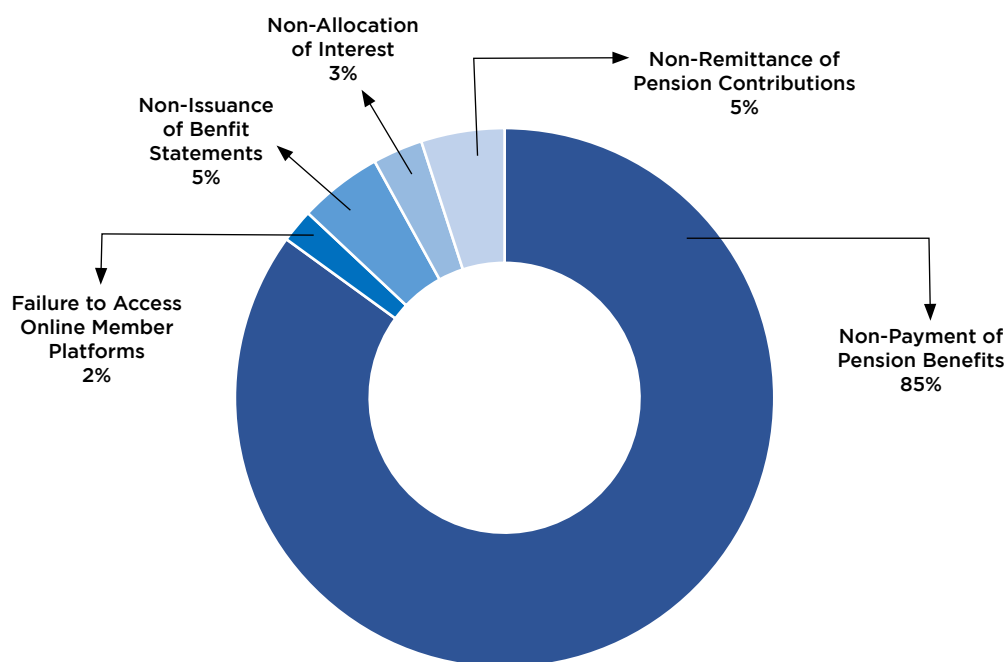
The Authority received 35 new complaints from pension scheme members in 2023 (2022: 22). The complaints mostly related to non-payment of pension benefits. Table 9 summarizes the status of complaints as at 31st December, 2023.

Table 9: Complaints Status as at 31st December, 2023

	2023	2022	2021	2020	2019
Outstanding cases as at 31 st December	45	59	37	35	25
New lodgments during the year	35	22	51	48	24
Total cases handled during the year	80	81	88	83	49
Discontinued cases ¹⁰	2	12	0	0	0
Referred ¹¹	5	1	0	0	0
Resolved	30	23	29	46	14
Outstanding cases as at 31st December, 2023	43	45	59	37	35

Over 85 percent of outstanding complaints as at 31st December, 2023 related to non- payment of pension benefits under pension schemes sponsored by Government grant aided institutions. The Authority engaged with Government through the Ministry of Finance and National Planning to request for funding of actuarial deficits and contribution arrears that have rendered the schemes incapable of discharging their obligations.

12.5.4 NATURE OF COMPLAINTS

Figure 6: Summary of Complaints Handled in 2023

¹⁰ Discontinued cases relate to matters under arbitration in respect of Absa Staff Pension Trust Fund and Kwacha Pension Trust Fund.

¹¹ Referred cases relate to matters outside the supervisory ambit of the Authority and have therefore been referred to the relevant institutions.

12.6 MARKET DEVELOPMENT INITIATIVES

12.6.1 REVISION OF MINIMUM CAPITAL REQUIREMENTS FOR PENSIONS INDUSTRY

The Authority revised the Minimum Paid-up Capital Requirements for service providers in the pensions industry pursuant to Section 17 (B) (1) (b), 17(B) (2) (b) and 38 of the Pension Scheme Regulation Act No. 28 of 1996 (as amended). The minimum capital requirements for Fund Administrators were increased from K250, 000.00 to K500,000.00; while the requirements for Fund Managers, were revised from the higher of K500,000.00 or one percent of total Assets Under Management (AUM) to an absolute figure of K1 million. The minimum capital requirements for Fund Managers reduced as the previous requirement of one percent of AUM entailed holding of additional capital by these service providers.

12.6.2 TREATING CUSTOMERS FAIRLY AND KEY FACTS STATEMENT GUIDELINES

The Authority issued guidelines on Treating Customers Fairly (TCF) and Key Fact Statements (KFS) following stakeholder consultations in 2023. Regulated entities were given a period of one (1) year from the date of publication of the guidelines within which to comply with the requirements thereof.

12.6.3 REVIEW OF CORPORATE GOVERNANCE GUIDELINES

The Authority engaged the services of a consultant to review the Corporate Governance Guidelines for the pensions industry issued in 2020. The review was undertaken with the objective of enhancing the guidelines to align with best practice on corporate governance. The review established that the guidelines were largely compliant with best practice. The key enhancements made include the requirement for the majority of a board of a service provider to be independent non-executive directors and the introduction of a limit of two (2) special meetings for which trustees would be entitled to sitting allowances. The revised guidelines will be issued once the Pension Scheme Regulation Bill is enacted.

12.6.4 UNITISATION OF PENSION FUNDS

The Authority commenced a study on unitisation of pension funds that will culminate into drafting of guidelines for the pensions industry. The study was necessitated by the decision of the Supreme Court in the case of Catherine Chavula & 14 others Vs Barclays Bank Plc Staff Pension Scheme¹¹ which established that a member leaving the scheme before the end of the year is entitled to a full payment of interest for the period. This has been challenging to achieve with current arrangements where returns on pension funds are only allocated to member accounts after completion of the audit subsequent to the end of the respective financial year. As unitisation is an approach taken to manage member accounts in a manner that recognises full value of member contribution and interest on a daily basis, this option would allow members to track their portable benefits at any given point in time.

The study will provide clarity in areas such as valuation of illiquid assets, preservation of value for members approaching retirement and possible individual member choice in the investment portfolio, among others. Further, the study seeks to determine the level of market preparedness to undertake unitisation of funds and identify key areas that will require guidance by the Authority for successful implementation. The study is expected to be completed in 2024.

12.6.5 FINTECH SOLUTIONS IN THE PENSIONS INDUSTRY

The Authority undertook a research to assess the usage levels of financial technology (FinTech) as a way of enhancing service delivery in the pensions industry. The research revealed that the level of usage of FinTech by the regulated entities operating in the private occupational pension industry in Zambia was generally low for both pension administration and investment management with acquisition costs being cited as the major hindrance. The research findings will inform interventions to be put in place by the Authority to promote the development and usage of FinTech in the industry.

12.6.6 REVIEW OF SERVICE PROVIDER FEES IN THE PENSIONS INDUSTRY

A study on fees charged by pensions service providers was commissioned with the objective of establishing interventions that will ensure equitable distribution of fees among the various categories of service providers while safe guarding the interest of pension scheme members. Further, the study will confirm the elements included in the fee structures employed by service providers in the Zambian pensions industry and assess the appropriateness thereof by benchmarking with what is obtaining in other jurisdictions. It is envisaged that the ensuing standardized fee structure for the industry will eliminate conduct risk and promote growth, thereby ensuring better outcomes for scheme members in line with the principles of Treating Customers Fairly. The study will be completed in 2024.

12.6.7 ANNUITY MARKET RESEARCH

The Authority engaged the services of a consultant to carry out a research on the annuity market in Zambia. Some of the challenges facing the annuity market identified by this research include:

- (i) Lack of mortality tables customised for the Zambian population leading to mispricing and inadequate reserving of annuity products;
- (ii) Low pension savings resulting in low lump-sums available for purchase of annuities;
- (iii) High costs of acquisition and maintenance of annuity products;
- (iv) Competition from short-term financial products; and
- (v) Lack of awareness on the purpose of the annuity product by scheme members.

The results of the study will inform regulatory intervention that will enable the pensions system to provide adequate retirement income. The study is expected to be completed in 2024.

12.6.8 REVIEW OF STATUTORY ACTUARIAL VALUATION REPORTS FOR DEFINED BENEFIT PENSION SCHEMES

The Authority engaged the services of a consultant to conduct an assessment of statutory actuarial valuation reports submitted to the Authority by defined benefit pension schemes so as to establish the extent to which the reports conformed to actuarial standards and best practice. The review revealed some shortcomings in a number of reports such as inadequate disclosures on key valuation and economic assumptions, and absence of sensitivity analysis. Also noted was a wide range of pension increase assumptions among the various pension schemes.

The recommendations arising from the review included, the disclosure of the key assumptions and the basis thereof; certification of the accuracy of data provided to the actuary; development of mortality tables for Zambia; and implementation of a regulatory requirement for schemes to have in place pension increase policies. The Authority will develop minimum standards for conducting actuarial valuations of defined benefit pension schemes that will be issued in 2024.



13.0 INSURANCE SUPERVISION

During the year under review, the Authority continued to strengthen market resilience and industry stability through a series of measures. These included risk-based on-site examinations, off-site inspections and assessments of regulated entities. Ensuring fair treatment of customers also remained a key priority, with efforts concentrated on investigating and resolving customer complaints across all stages of the product lifecycle. Additionally, fostering industry growth was pursued through intensified stakeholder engagements and public awareness initiatives. Furthermore, regulatory and supervisory frameworks were strengthened through the development of new regulations, guidelines, circulars, and supervisory tools.

13.1 INDUSTRY COMPOSITION

The commencement of the Insurance Act No. 38 of 2021 introduced the licensing of entities in perpetuity. Section 12 of the Insurance Act stipulates the duration of all licenses issued under this Act, which shall remain in force subject to the prescribed conditions unless earlier suspended, cancelled or surrendered. In view of the above, the Authority in 2023, licensed 554 insurance entities with perpetual licenses (2022: 382). The licensed entities comprised insurers, reinsurers, insurance brokers, reinsurance brokers, loss adjusters, risk surveyors, assessors, claims agents, underwriting agents and insurance agents. Whilst there was a general increase in the number of insurance agents, there was a slight reduction in the number of licensed brokers. The number of agents increased significantly in 2023 due to changes in the insurance industry's regulatory environment, which has removed major barriers of entry for insurance agency business.



In 2023, the Authority licensed 554 insurance entities with perpetual licenses (2022: 382), marking a significant increase. This was driven by regulatory changes in the insurance industry, which removed major barriers to entry for insurance agency businesses, leading to a notable rise in the number of insurance agents.

Table 10: Composition of Entities over the last Five Years (2019-2023)

Category	31 st December, 2023	31 st December, 2022	31 st December, 2021	31 st December, 2020	31 st December, 2019
General Insurers	23	23	20	21	21
Long-Term Insurers	10	11	10	10	10
Reinsurers ¹²	4	4	4	3	3
Insurance Brokers	65	73	61	54	38
Reinsurance Brokers	11	6	5	5	3
Insurance Agents	415	244	261	263	265
Loss Adjustors	7	6	7	7	3
Risk Surveyors	1	1	2	3	2
Assessors	7	7	8	6	6
Claims Agents	7	7	7	6	3
Microinsurance	-	-	-	-	-
Microinsurance Agregators	-	-	-	-	-
Microinsurance Agents	-	-	-	-	-
Underwriting Agents	4	-	-	-	-
Total	554	382	385	378	354

13.2 LICENSING

In 2023, the Authority migrated to perpetual licensing in line with Section 12 of the Insurance Act. Accordingly, fresh license assessments were conducted on preexisting operators to align with the new Insurance Act. The Authority also conducted fresh fit and proper assessments on all shareholders, directors and senior officers.

13.3 PRUDENTIAL SUPERVISION

The Authority is responsible for conducting prudential supervision of the insurance industry. Prudential supervision entails the regulatory oversight and monitoring of insurance entities'

¹² Africa Reinsurance Company (Africa-Re) and ZEP-RE (PTA Reinsurance Company) are regional insurance organizations that operate under regional agreements and as such are not regulated by the Authority.

financial stability, risk management practices, and adherence to regulatory standards. To fulfil this mandate, the Authority operates two supervision units namely: the Prudential Supervision Unit and the Market Conduct Unit.

The Prudential Supervision Unit employs a risk-based approach to monitor the compliance of regulated entities with capital and technical provisions. The supervision framework of Prudential Supervision and Market Conduct Unit combines both off-site monitoring and on-site inspections. This comprehensive approach allows the Authority to thoroughly assess the financial soundness of regulated entities, thereby ensuring their financial health and stability.

Off-site monitoring and on-site inspections are utilized to scrutinize various aspects of each insurer's business operations. This includes evaluating their financial health, business conduct, corporate governance framework, and overall risk profile. Further, these assessments aim to determine the insurer's compliance with relevant legislation and supervisory requirements.

This dual approach to supervision plays a crucial role in upholding the stability and integrity of the insurance industry. The supervision framework contributes to maintaining trust and confidence by ensuring that insurance companies operate prudently, maintain sufficient financial resources, and fulfil their contractual obligations to policyholders.

13.3.1 OFF-SITE INSPECTIONS

The Authority conducted risk assessments through 36 off-site inspections of insurers and reinsurers. The information gathered from these inspections was integral to the annual prudential risk analysis of insurers and reinsurers. This analysis considered factors such as prudential risks, financial stability, risk governance and management practices.

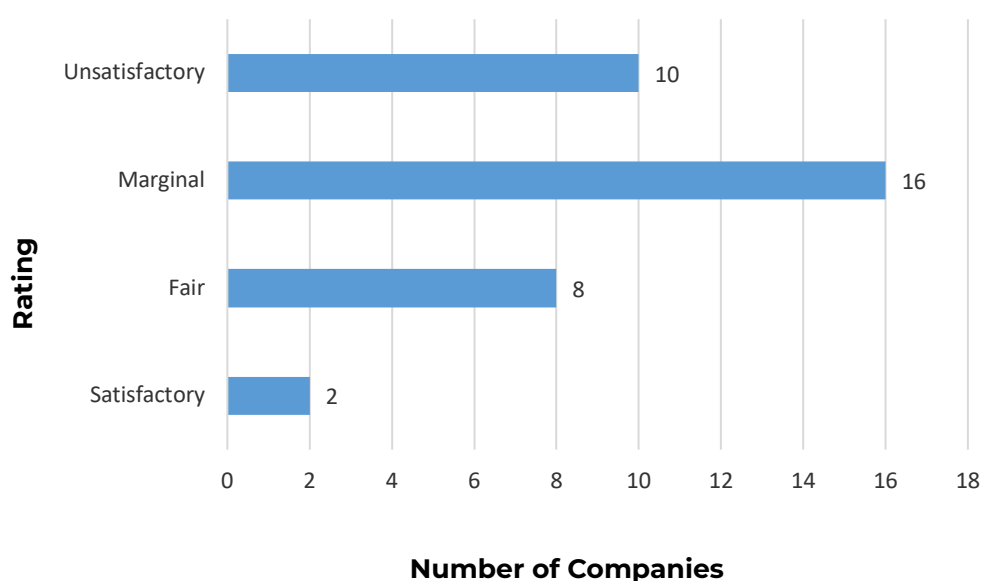
The ratings assigned to insurers and reinsurers ranged from strong to unsatisfactory¹³. A strong rating indicated excellent performance, showcasing robust prudential risk management, financial stability, and effective risk governance and management practices. Conversely, an unsatisfactory rating signified poor performance, indicating deficiencies in prudential risk management, financial stability, and overall risk governance and management.

The risk assessment showed that two (2) insurers were rated satisfactory, eight (8) were rated fair, 16 were rated marginal while 10 were rated as unsatisfactory, indicating the need for improvement. The number of entities that were rated unsatisfactory increased in 2023 mainly due to changes in the regulatory environment. These changes encompass various aspects, such as the implementation of the Insurance Act which came into operation in December 2022 and the subsequent adoption of new capital adequacy and solvency requirements.

Table 11 summarises the prudential risk profile of insurance companies and reinsurance companies over the past four (4) years, while Figure 7 summarises the 2023 insurers risk assessment and performance rating.

Table 11: Prudential Risk Profile of Insurers and Reinsurers as at 31st December 2023.

Risk Class	Risk Score	No. of Companies 2023
Strong	0.0 - 1.0	0
Satisfactory	1.1 - 1.5	2
Fair	1.6 - 2.0	8
Marginal	2.1 - 3.0	16
Unsatisfactory	3.1 - 4.0	10
Total		36

Figure 7: 2023 Insurers Risk Assessment and Performance Rating

13.3.2 ON-SITE INSPECTIONS

Based on the risk areas identified in the off-site analysis, the Authority conducted targeted on-site inspections. The Authority conducted 15 on-site prudential inspections. These inspections included routine inspections as well as thematic inspections covering IFRS 17 preparedness and Hybrid index insurance for Comprehensive Agriculture Transformation Support Programme (CATSP) formally known as Farmer Input Support Programme.

Findings from inspections of insurers and reinsurers included lack of appropriate board

governance structures and oversight (failure to comply with Sections 59 and 102 of the Insurance Act, 2021), deteriorating financial performance and solvency, poor underwriting practices, and excessive risk taking.

The insurance companies that were inspected demonstrated an understating of the importance of the findings and were willing to address the inspection findings. Further, the entities understood the importance of keeping signed copies of board and committee minutes. Most of the inspected insurers had put in place policy documents such as claims handling procedures, key facts statements and AML/CFTP compliance officers. In addition, the inspections revealed that insurers were fully aware on the need to comply to IFRS 17 requirements and had started preparations for the same.

The findings from the CATSP inspection included lack of a comprehensive reinsurance strategy and lack of documentation to support bases for allocating risks to consortium members. The Authority engaged the non-compliant entities for the purpose of corrective action.

13.4 BROKERS RISK AND PERFORMANCE ANALYSIS

Table 12: Insurance Brokers Performance Rating

Risk Assessments of Insurance Brokers		No. of Companies	No. of Companies	No. of Companies
Risk Rating	Risk score	2023	2022	2021
Satisfactory		30	28	23
Fair		23	26	17
Marginal		14	11	7
Unsatisfactory		16	8	9
Unrated		18 ¹⁴	5	5
TOTAL		101	78	61

Insurance brokers play a critical role in the delivery of fair outcomes for consumers by providing professional advice, negotiating claims, assessing capability of primary underwriters to cover specified risks and lodge complaints and claims on behalf of policyholders.

¹⁴ Includes entities that were issued licenses in 2023 and had not submitted audited financial statements

13.4.1 COMPLIANCE OF BROKERS

In order to monitor compliance of brokers, the Authority had set key performance indicators and strategic targets for 2023 as shown in Table 13. The key performance indicators bordered on timely submission of quarterly returns, availability of fit and proper persons, and meeting licensing requirements. During the period under review, the industry's overall average compliance was 88.9 percent (2022: 95.4 percent), which showed that the industry was largely compliant. Table 13 highlights the compliance status of insurance brokers as at 31st December 2023.

Table 13: Compliance Scorecard for Brokers

Compliance Requirement	No. of Compliant Brokers	No. of Reporting Entities	Compliance Rate
Availability of approved principal officer	96	101	95.00%
Availability of Finance officers	93	101	92.07%
Submission of Q3 2023 returns	61	89 ¹⁵	68.53%
Brokers without outstanding 2023 licensing conditions	101	101	100.00%
Average Compliance rate			88.90%

13.5 MARKET CONDUCT SUPERVISION

Market Conduct Supervision involves overseeing market conduct and consumer protection, encompassing both regulatory oversight and supervision in this respect. The supervision framework of Market Conduct combines both off-site monitoring and on-site inspections.

The Authority conducted 35 market conduct inspections of brokers and insurance companies (i.e. offsite, on-site and thematic inspections). The findings from inspections of brokers included:

- (i) Board Governance: Inability to comply with the Sections 59 and 102 of the Insurance Act, 2021 – balance between independent directors;
- (ii) Quarterly returns: poor record keeping resulting in material errors in financial records.
- (iii) Lack of service level agreements with insurers;
- (iv) Non-compliance to Treating Customers Fairly and Key Fact Statement requirements (issuance of KFS); and
- (v) Inability to recruit and invest in critical structures to derive business.

¹⁵ Does not include reinsurance brokers.

The findings from inspections on intermediaries included:

- (i) limited capital to sustain operations or limited working capitalization;
- (ii) compliance risks;
- (iii) poor governance and management frameworks;
- (iv) late submission of returns;
- (v) huge sums of uncollected premium as a proportion of total Gross Written premium (20 percent - 30 percent of brokered business remained uncollected); and
- (vi) lack of investment in latest distribution technologies and channels, and limited skills and inability to retain qualified staff.

13.5.1 TREATING CUSTOMERS FAIRLY - COMPLAINTS RESOLUTION AND REDRESS

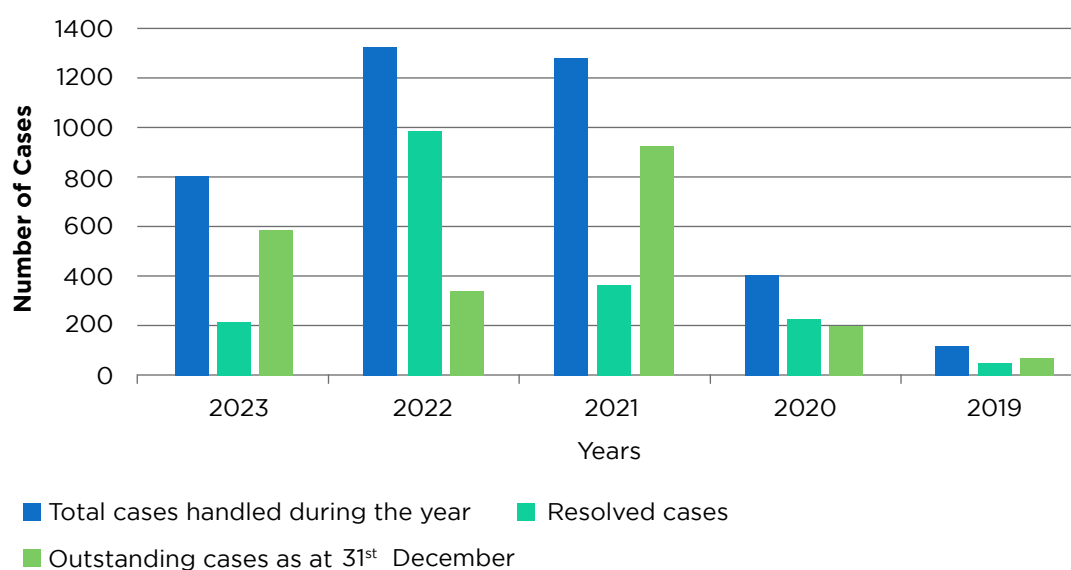
During the period under reviews, the Authority handled 799 complaints (2022: 1,329) out of which 212 were resolved, representing a resolution rate of 26.5 percent. Table 14 shows a summary of complaints handled by the Authority in 2023.

Table 14: Status of Insurance Complaints as at 31st December, 2023

	Motor	Life	Other	Total
Outstanding Cases as at 31 st Dec 2022	29	310	0	339
New Lodgments in the Period Under Review	71	375	0	446
Referrals from CCPC	0	14	0	14
TOTAL Cases	100	699	0	799
Discontinued Cases	0	0	0	0
Resolved (In favour of Claimants)	43	167	0	210
Resolved (in favour of Insurer)	0	2	0	2
Outstanding Cases as at 31st December 2023	57	530	0	587

As shown in Figure 8 below the number of complaints handled by the Authority increased from 112 cases in 2019 to 1329 cases in 2022. After the year 2022, the number of cases handled by the Authority decreased from 1329 cases recorded in 2022 to 799 cases recorded in 2023. The figure also shows that the number of resolved cases increased from 43 cases in 2019 to 990 cases resolved in 2022, and then reduced to 212 in 2023. The increase in the number of cases resolved in recent years can be attributed to the establishment of the Market Conduct Unit and the Treating Customers Fairly Guidelines that were rolled out from 2020 to 2022. The increase in the number of complaints resolved by the Authority had a significant impact on consumer protection of insurance policyholders. The number of outstanding complaints as at 31st December, 2023 was 587 (339:2022) cases. Figure 8 summarizes the status of the complaints.

Figure 8: Complaint Trend Analysis over the past Five Years



13.6 PRODUCT AND DISTRIBUTION CHANNEL REVIEWS

The review of new insurance products and distribution channels submitted by entities is aimed at fostering fair outcomes for customers and preventing market conduct failures through pre-emptive risk-based interventions as provided under Section 23 of the Insurance Act, 2021. During the year, the Authority reviewed four (4) insurance products and five (5) Distribution Channels and Models.

Section 23 of the Insurance Act No.38 of 2021, prohibits an insurer from using any policy forms before submitting them to the Authority for review. The Authority had no objections to the launch of these products and distribution channels as they did not disadvantage policyholders in their current forms.

13.7 ANTI-MONEY LAUNDERING AND COUNTER-TERRORIST FINANCING AND PROLIFERATION

The Financial Intelligence Centre Act, 2010 designates the Authority as a supervisory authority for Anti-Money Laundering and Countering the Financing of Terrorism or Proliferation (AML/CFTP) purposes. The Authority conducted annual risk based assessments on long-term insurers. The risk of Money Laundering/Financing of Terrorism or Proliferation (ML/FTP) in the long term insurance sector was rated as moderate.

13.8 MARKET DEVELOPMENT

13.8.1 MANDATORY INSURANCE STUDY

The Authority engaged a consulting firm to conduct a study to determine whether there was a case for extension of mandatory insurance requirements to other business lines, including the mandatory placement of reinsurance locally. The study took into account the local insurance, reinsurance landscape, and international best practices while considering the unserved markets. Some of the recommendations stemming from the study were that the Authority should consider extending mandatory insurance to fire (commercial), marine insurance (motor vehicle imports) and group personal accident. Further, the study recommended revising the minimum rates currently on the market for motor third party insurance. The recommendations from the mandatory study are under consideration by the Authority.

13.8.2 LARGE RISK REGISTER

After the Reinsurance Arrangement Guidelines were published in 2020, the Authority created a record of significant market risks through a tool called the Large Risks Register. The large risks register groups individual risks whose value is equivalent to or higher than 50 percent of any treaty capacity. The register records reinsurance arrangements/programmes entered into for each large risk, as well as the province in which it is domiciled. As at 31st December, 2023, the large risk register reflected that the general insurance industry had aggregate risk exposure amounting to K302 billion, with fire and engineering accounting for K300 billion or 99 percent. The table below shows the aggregation of risks according to class of business in 2023.

Table 15: Aggregation of risks according to class of business

Class of Business	Risks in Quarter 1 (Kwacha)	Risks in Quarter 2 (Kwacha)	Risks in Quarter 3 (Kwacha)	Risks in Quarter 4 (Kwacha)
Accident	2,810,462,824.90	100,000,000.00	2,269,534,931.00	59,900,000.00
Guarantee	790,710,477.87	357,604,218.54	62,437,775.21	614,117,568.88
Engineering	33,097,398,753.84	26,737,049,860.97	24,624,516,248.58	10,732,680,508.42
Property	361,012,048,000.71	86,851,311,818.49	65,182,688,809.49	289,332,062,706.65
Liability	209,685,124.50	65,030,466,614.20	343,846,460.40	2,008,144,600.00
Transport	597,213,919.67	2,154,750,000.00	43,951,500.00	12,000,000.00
Motor	7,080,707.94	46,845,000.00	1,500,000.00	
Others	263,032,571.79	1,585,610,000.00	200,000,000.00	199,106,520.63
Grand Total	398,787,632,381.21	182,863,637,512.21	92,728,475,724.68	302,898,111,904.57

13.8.3 GREEN FINANCE MAINSTREAMING

The Authority engaged in various activities that promote green finance in the pensions and insurance industries in Zambia. The Authority participated in various stakeholder meetings and engagements that promote the sustainability and green finance agenda. Further, the Authority is a member of the Green Finance Mainstreaming Working Group (GFMWG)¹⁶ where members share best practices and develop regulatory and supervisory tools aimed at promoting mainstreaming of green finance in the financial sector. With support from United Nations Development Programme (UNDP), the GFMWG had procured services of consultants to work on the development of a green finance tagging and reporting system for Zambia's financial sector, the formulation of a national green finance in the financial sector.

With support from United Nations Development Programme (UNDP), the GFMWG had procured services of consultants to work on the development of a green finance tagging and reporting system for Zambia's financial sector, the formulation of a national green finance strategy and implementation plan, and the green bonds market development. The consultancy as services would be undertaken in 2024.

The Authority continued with the green finance mainstreaming agenda by drafting green finance guidelines for the insurance sector. The guidelines are expected to be issued in fourth quarter of 2024.

13.8.4 AFRICA RISK CAPACITY (ARC)

The Authority is a member of the Africa Risk Capacity (ARC) Working Group, which comprises of various stakeholders and is chaired by the Disaster Management and Mitigation Unit (DMMU). The ARC Working Group is responsible for providing technical input in the procurement of sovereign drought insurance that Government takes out to protect vulnerable people against drought and dry spells. In 2023, the Authority provided technical input in the ARC Working Group and participated in the customization of parameters that were used in the procurement of sovereign drought insurance for the 2023/2024 farming season.

“

The ARC Working Group is responsible for providing technical input in the procurement of sovereign drought insurance that Government takes out to protect vulnerable people against drought and dry spells.

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¹⁶ The GFMWG is a working group which was established by the three financial sector regulators BOZ, SEC and PIA with other stakeholders. The GFMWG aims to implement various activities in the financial sector that promote the mainstreaming and uptake of green finance products and services such as green bonds, green loans and green insurance.

14.0 REGULATORY FRAMEWORK AND ENFORCEMENT ACTION

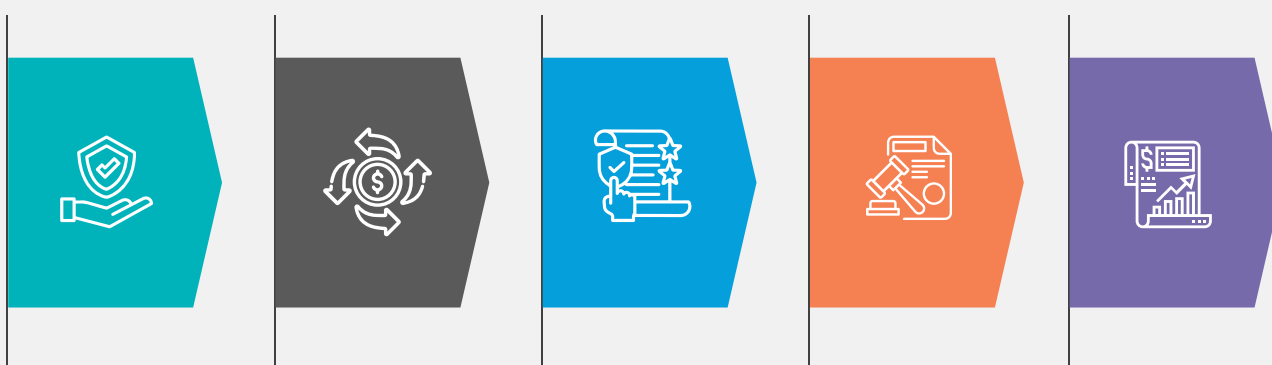
The Authority continued to undertake legal reform initiatives on legislation that it administers.

14.1 INSURANCE ACT, 2021 SUBSIDIARY LEGISLATION

To facilitate effective implementation of the Insurance Act, the Authority formulated an implementation roadmap that was divided into three (3) phases. The first phase focused on a number of regulations relating to licensing, solvency and capital adequacy and shareholding. This accounted for 51.2 percent of the total prescriptions required under the Insurance Act. This phase was completed in 2022 with the issuance of the Insurance (General) Regulations, 2022¹⁷. Phase II of the implementation plan was undertaken and submitted in the year under review with appropriate approvals from the Business Regulatory Review Agency (BRRA). Regulations to give effect to the Insurance Act, accounting for 26.8 percent of prescriptions will be developed under phase III of the Implementation Plan in 2024.

The Authority finalized and submitted the following draft regulations under Phase II of the implementation of the Act:

- o The Insurance (Market Conduct) Regulations;
- o The Insurance (Anti-Money Laundering and Countering the Financing of Terrorism Proliferation) Regulations;
- o The Insurance (Reinsurance) Regulations;
- o The Insurance (Returns) Regulations; and
- o The Insurance (Publication of Financial Statements) Regulations.



The promulgation of the regulations under phase II would signify implementation of 73 percent of the provisions in the Act that require subsidiary legislation. As at 31st December, 2023, the Authority had commenced work under Phase III of the Implementation Plan.

¹⁷ Statutory Instrument No. 105 of 2022

Table 16: Insurance Act Implementation Roadmap

PHASE I	PHASE II	PHASE III
Licensing	Market Conduct	Medical Schemes
Capital Adequacy	AML/CFTP	Investigations
Solvency Regulations	Reinsurance	Possession Procedures
Fit and Proper	Microinsurance	Hearing Procedures
Shareholding	Marine	Supervisory Action
	Financial Publications	Other regulations
	Returns Regulations	
	Tribunal Regulations	

The Authority has continued to monitor implementation challenges that may have a negative effect on the growth of the industry with the aim of making recommendations for law reform.

14.2 THE PENSION SCHEME REGULATION BILL

On 8th August, 2023, Cabinet granted approval in principle for the introduction of the Bill to Parliament to repeal and replace the Pension Scheme Regulation Act No. 28 of 1996. The Authority facilitated stakeholder consultations on the Pension Scheme Regulation Bill and the Pensions and Insurance Authority Bill. The Authority conducted stakeholder engagements with identified key stakeholders during the fourth quarter of 2023. Comments from those engagements were incorporated in the draft Bills. In addition, targeted stakeholder engagements are expected to take place in the year 2024 before the proposed legislation is validated and undergoes the legislative process.

14.3 REVIEW OF PROPOSED LEGISLATION

The Authority reviewed and made comments, in the preliminary stages, to the following proposed legislation in the year 2023:

- (i) Legal Profession Bills; and
- (ii) Insurance and Pensions Institute of Zambia Bill, 2023.

The Authority was invited as a witness before Committees of the National Assembly and made submissions on the National Pension Scheme (Amendment) Bill, 2023 (N.A.B No. 1 of 2023).

14.4 ENFORCEMENT MATTERS

The Authority took enforcement action against entities for non-remittance of pension contributions and late submission of annual returns and audited financial statements both in the insurance and pensions industries. The Authority also addressed matters concerning non-payment of insurance and pension levies as required by law, fit and proper requirements of senior officers and directors of regulated entities as well as solvency requirements.

The Authority did not place any regulated entity under compulsory liquidation during the period under review. However, the Authority continued to undertake on-going litigation on behalf of Windsor General Insurance Limited which was placed under compulsory liquidation in 2020.

14.4.1 SETTLEMENT OF CLAIMS

The Policyholder's Protection Committee approved the allocation of 10 percent of the value of the Insurance Fidelity Fund as at December 31, 2022 for each of the entities under compulsory liquidation. The allocation for each company was K3,089,910.00. The percentage of claim payouts for the policyholders were as follows:

- a) A -Plus Life Assurance policyholder claimants received 100% of the value of their claim;
- b) Focus Life Assurance policyholder claimants received 60.9% of the value of the claim; and
- c) Windsor General Insurance policyholder claimants received 31% of the value of the claim.



15.0 PERFORMANCE OF THE PENSIONS INDUSTRY

The pensions industry's strengthened drive towards more sustainable strategies resulted in positive growths in both net assets and membership. The private pension schemes' net assets increased to K16, 551.62 million (2022: K12, 763.72 million) representing an increase of 29.68 percent (2022: 13.93 percent increase).

Figure 9: Industry Net Asset Growth for a Five-Year Period (Millions)

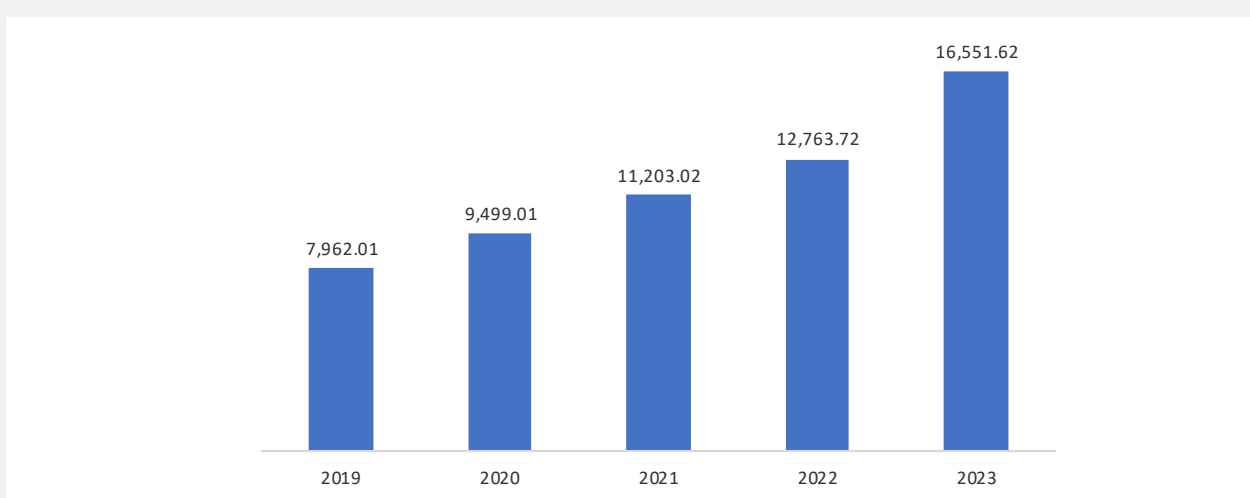
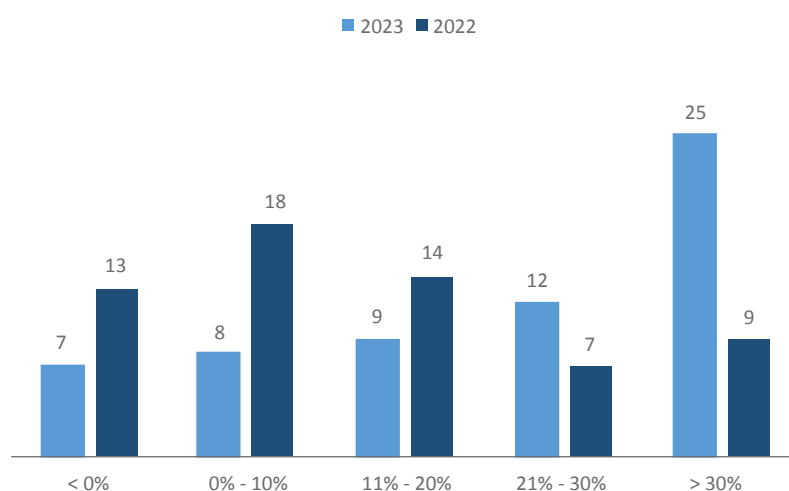


Table 17: Range of Growth in Net Assets (K' Millions) for the year 2023

Range of Net Assets Growth	Number of Reporting Pension Schemes		Total value of Net Assets	
	2023	2022	2023	2022
0% and below	7	13	700.75	1,080.58
0% to 10%	8	18	1,232.12	3,199.49
11% to 20%	9	14	2,395.52	5,744.14
21% to 30%	12	7	5,832.28	1,209.35
31% and above ¹⁸	25	9	6,390.95	1,530.17
Total	61	61	16,551.49	12,763.74

¹⁸ One pension scheme had a growth in net assets of 99.53% due to a deficit funding payment

Figure 10: Graphical Representation on Number of Schemes and Range of Growth Rates in the Assets



15.1 RETURN ON NET ASSETS

The total investment income return on average net assets in 2023 was 28.18 percent (2022: 15.60 percent). This was higher than the recorded inflation rate of 13.1 percent, implying that the purchasing power of the pension funds was not eroded. Table 18 shows the return and growth in the net assets in relation to the inflation rate.

Table 18: Industry Return, Growth, Inflation and GDP

Description (K' Millions)	2023	2022	2021	2020	2019
Industry Net Assets	16,551.62	12,763.72	11,203.02	9,499.01	7,962.01
Total Investment Income (TIY)	4,130.99	1,869.26	2,478.80	1,867.96	873.54
Investment Income (IY)	1,904.90	1,165.93	1,687.05	1,165.50	829.41
Total Expenses	753.55	610.72	591.19	410.71	312.70
Gross Domestic Product constant (GDP)	530,205.33	504,477.00	424,269.00	332,397.08	277,634.20
TIY Return on Average Net Assets	28.18%	15.60%	23.95%	21.40%	11.17%
Description (K' Millions)	2023	2022	2021	2020	2019
Year-on-Year Inflation	13.10%	9.90%	16.40%	19.29%	11.70%
Growth in Net Assets	28.44%	13.93%	17.94%	19.30%	3.60%
Net Return on Average Net Asset	23.04%	10.50%	18.24%	16.69%	7.17%
Net Assets to GDP	3.12%	2.53%	2.64%	2.86%	2.87%

15.2 INVESTMENTS

Pension industry investments increased by 26.36 percent (2022: 11.80 percent increase) from K12,743.03 million to K16,101.81 million in 2023. The pensions industry investments were spread across various asset classes in line with the Pension Scheme (Investment Guidelines) Regulations, Statutory Instrument (SI) No. 50 of 2021. Although majority of the pension schemes were compliant, there were twenty-five (25) pension schemes that were noted to have breached the Regulations under the Property, Collective Investment Scheme and Corporate Bond asset classes. The Authority continued to engage the respective boards of trustees to ensure compliance.

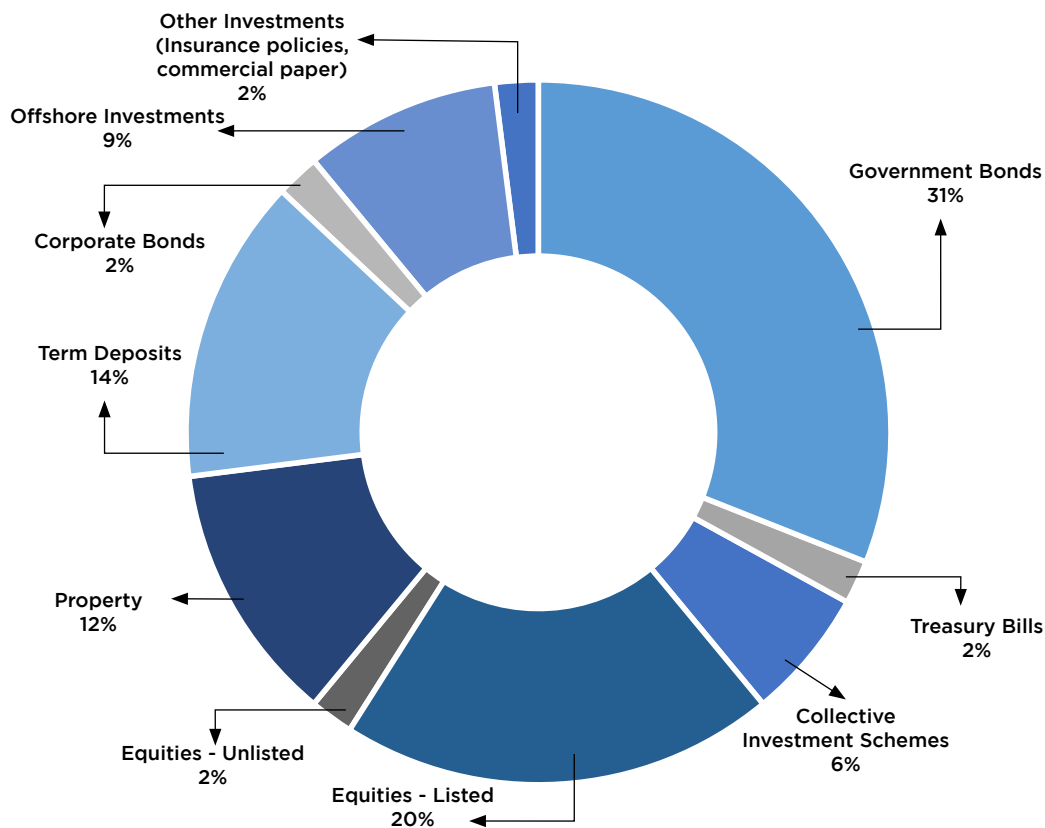
Figure 11 shows the various asset classes in which the pension schemes had invested in as at 31st December 2023.

²Total Investment Income (IY) is income including unrealized income (other income).

³ Investment Income (IY) is income less unrealized income.

⁴ GDP at constant prices (estimate) based on 5.1% GDP growth, Zambia Statistical Agency (December 2023 Monthly Bulletin).

Figure 11: Investment Spread as at 31st December 2023



15.2.1 GOVERNMENT SECURITIES

Government bonds increased to K5, 229.24 million in 2023 from K4, 190.22 million in 2022, representing an increase of 24.80 percent (2022: 39.65 percent increase). The increase was attributed to new investment placements and fair value gains during the period under review. The share of Government bonds to industry net assets was 31.59 percent (2022: 32.88 percent).

Treasury bill investments increased to K358.71 million in 2023 from K328.62 million in 2022, representing an increase of 9.16 percent (2022: 10.06 percent increase). The share of treasury bills to industry net asset value was 2.17 percent (2.57 percent).

15.2.2 OFFSHORE INVESTMENTS

Offshore investments increased to K1, 409.55 million in 2023 from K810.84 million in 2022, representing an increase of 73.84 percent (2022: 18.11 percent decrease). The increase was attributed to new offshore investments and foreign exchange gains following the depreciation of the Kwacha against other foreign currencies. At the close of the period under review, a total of 24 pension schemes had offshore placements. The share of offshore investments to industry net asset value was 8.52 percent (2022: 6.36 percent).

15.2.3 LISTED EQUITY

Listed equity investments increased to K3,194.03 million in 2023 from K2, 404.65 million in 2022, representing an increase of 32.83 percent (2022: 32.92 increase). The increase was attributed to new investments and capital gains.

The share of listed equity investments to industry net asset value was 19.30 percent (2022: 18.87 percent).

15.2.4 UNLISTED EQUITY

Unlisted equity investments decreased to K398.64 million in 2023 from K268.89 million in 2022, representing a decrease of 48.26 percent (2022: 20.63 decrease). The decrease was attributed to the re-classification of one pension scheme's investment from unlisted equity to a superannuation investment. The share of unlisted equity investments to industry net asset value was 2.41 percent (2022: 2.11 percent).

15.2.5 INVESTMENTS IN PROPERTIES

Property investments increased to K1, 884.68 million in 2023 from K1, 549.91 million in 2022, representing an increase of 21.60 percent (2022: 8.17 percent). The increase was largely attributed to property valuations with revaluations amounting to K 213.70 million in 2023. The share of property investments to industry net asset value was 11.39 percent (2022: 13.58 percent).

15.2.6 COLLECTIVE INVESTMENT SCHEMES

Collective Investment Schemes (CIS) investments increased to K967.35 million in 2023 from K792.62 million in 2022, representing an increase of 22.05 percent (2022: 17.98 percent increase). The increase was attributed to a desire by some pension schemes to diversify their portfolios in line with Statutory Instrument (SI) No. 50 on Pension Scheme (Investment Guidelines) Regulations, 2021. The share of CIS investments to industry net asset value was 5.84 percent (2022: 6.21).

15.2.7 CORPORATE BONDS

Corporate bond investments increased to K 351.11 million in 2023 from K 279.24 million in 2022, representing an increase of 25.74 percent (2022: 23.20 percent increase). The increase was attributed to new investments. The share of corporate bond investments to industry net asset value was 2.12 percent (2022: 2.19 percent).

15.2.8 TERM DEPOSITS

Term deposit investments increased to K 2, 266.62 million in 2023 from K1, 908.05 million in 2022, representing an increase of 18.79 percent (2022: 1.08 percent decrease).

15.2.9 INSURANCE POLICY INVESTMENTS

Insurance policy investments decreased to K41.88 million in 2023 from K209.68 million in 2022, representing a decrease of 80.03 percent (2022: 880.83 percent increase). The decrease was attributed to some maturities during the period under review.

15.3 PENSION CONTRIBUTIONS

Total pension contributions increased to K2, 813.47 million in 2023 from K1, 941.99 million in 2022, representing an increase of 44.88 percent (2022: 16.25 percent increase). The increase was attributed to salary increases, new members joining existing pension schemes and the registration of new pension schemes, including those under umbrella pension schemes.

Out of the total pension contributions, K566.60 million was attributed to deficit funding. In addition, K243.48 million was attributed to transfer contributions between pension schemes due to some pension schemes changing their affiliation statuses.

15.4 OUTSTANDING PENSION BENEFITS

Outstanding pension benefits decreased to K443.14 million in 2023 from K529.34 million in 2022, representing a decrease of 16.28 percent. The decrease was attributed to the payment of outstanding pension benefits.

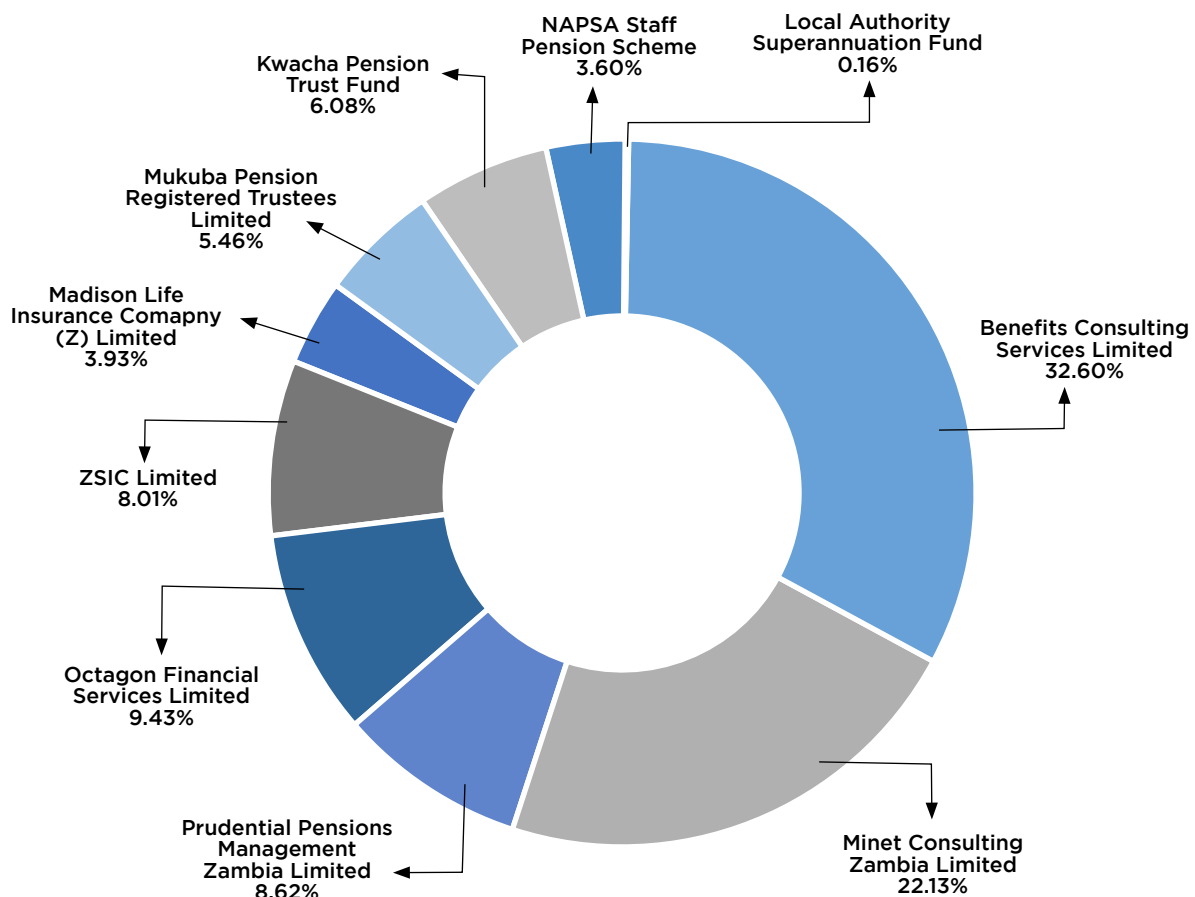
15.5 MARKET SHARE

This section analyses the pension scheme market share with respect to net assets on the pension fund administrators, pension fund managers, and self-administered and self-managed pension schemes.

15.5.1 PENSION FUND ADMINISTRATORS

Analysis of the fund administrators and self-administered pension scheme's market share of pension net assets showed that Benefits Consulting Services Limited had the highest proportion of market share with 32.60 percent. Figure 12 below shows the registered fund administrators and self-administered pension schemes' share of industry net assets as at 31st December 2023.

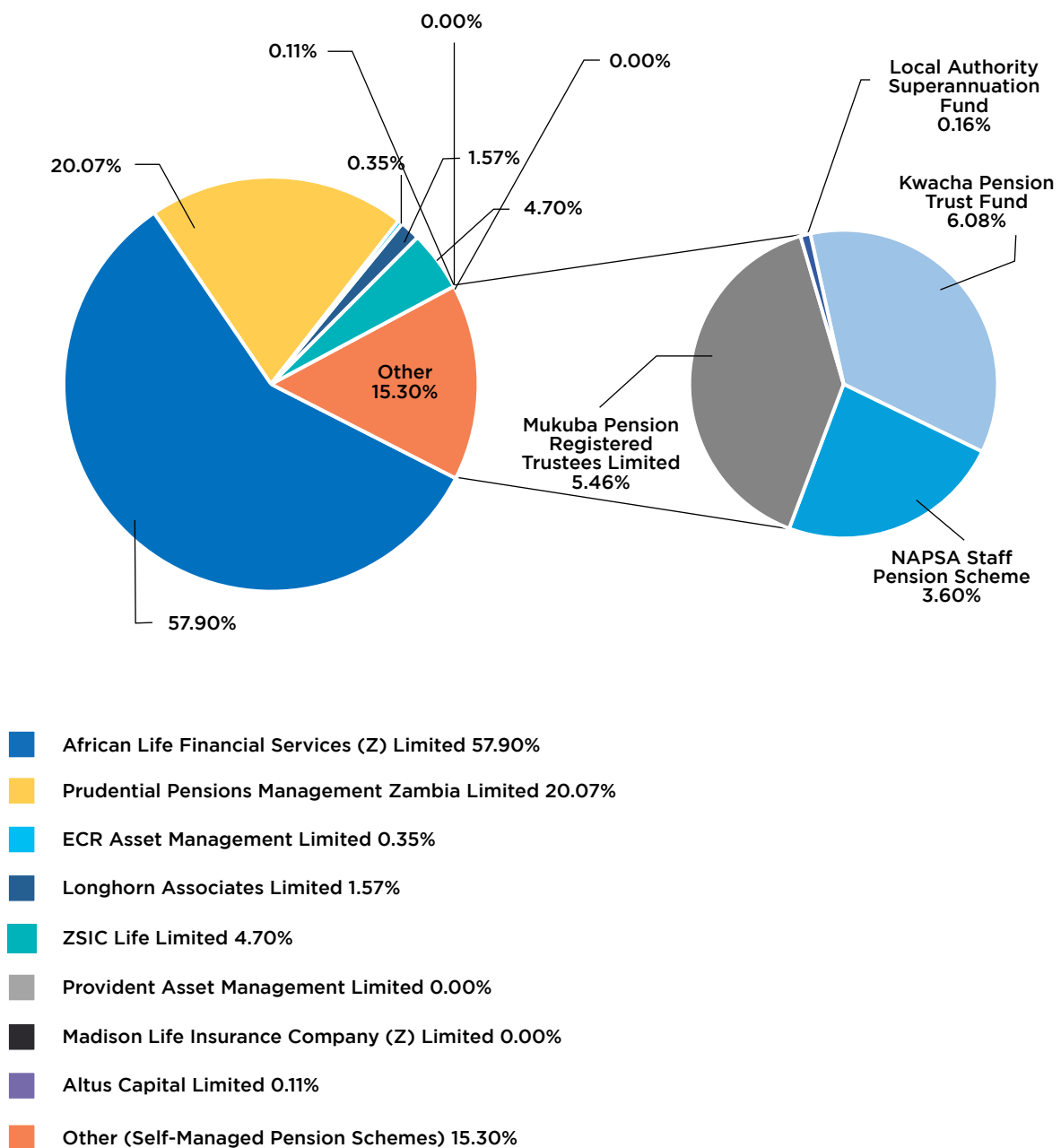
Figure 12: Registered Fund Administrators and Self-Administered Pension Schemes' Net Asset Market Share as at 31st December 2023



15.5.2 PENSION FUND MANAGERS

Analysis of the fund managers and self-managed pension schemes market share of pension net assets showed that African Life Financial Services (Z) Limited had the highest proportion of market share with 57.90 percent. Figure 13 below shows the registered fund managers and self-managed pension schemes' share of industry net assets as at 31st December 2023.

Figure 13: Registered Fund Managers and Self-Managed Pension Schemes' Net Asset Market Share as at 31st December 2023



16.0 INSURANCE INDUSTRY

16.1 PERFORMANCE OF THE GLOBAL INSURANCE MARKET

According to OECD's global insurance outlook, growth of insurance slowed down in 2023 due to global economic challenges. Growth slowdown after a 3.9 percent expansion in 2022¹⁹. Global insurance premiums grew by only 1.1 percent in 2023, reflecting slower economic activity and inflationary pressures²⁰. Life insurance premiums saw muted growth of 0.9 percent in 2023, compared to 1.4 percent in 2022²¹. Rising interest rates impacted investment returns and consumer spending, contributing to this slowdown²². Non-life insurance fared slightly better with 1.3 percent growth, driven by property and casualty insurance due to increasing natural catastrophes and cyber threats.

16.2 PERFORMANCE OF THE ZAMBIAN INSURANCE INDUSTRY

Despite the gloomy global insurance outlook, the Zambian insurance industry remained resilient, recording a 26.6 percent growth rate in terms of GWP in 2023 (2022: 12.89 percent). The industry growth rate was attributed to increase in motor, property, life and health insurance uptake. The industry also recorded an increase in policyholder benefits and claims expenses to K3, 763 million in 2023 (2022: K1,964 million). Ultimately, the industry recorded a profit after tax of K364 million (2022: K316 million). Industry profitability increased on account of increased profits from reinsurance and long-term insurance business.

The industry's total assets increased to K9, 857 million in 2023, from K8, 357 million in 2022, representing a 17.95 percent growth rate. The general insurance business accounted for 44.40 percent of the total assets, followed by the long-term insurance business at 42.27 percent and the reinsurance business at 13.33 percent. The largest component of the assets was held in form of cash, financial investments and investments in property.

The industry recorded a GWP of K7, 464 million in the year under review (2022: K6, 032 million). This resulted in an Insurance Penetration Ratio (IPR)²³ of 1.31 percent (2022: 1.20 percent). The penetration of insurance industry of 1.31 percent of the GDP shows that Zambia's insurance penetration was low and under developed as compared to the global average of IPR of 7 percent of the GDP. For instance, in 2022, countries such as South Africa, Namibia and Morocco reported higher penetration of 11.3 percent, 7.8 percent, and 3.9 percent respectively. The average penetration rate in Africa is around 2.4 percent.

¹⁹ OECD, Global Insurance Market Trends 2023

²⁰ Swiss Re Institute, sigma No. 3/2023: World Insurance 2023 in 5 charts

²¹ OECD, Global Insurance Market Trends 2023

²² Swiss Re Institute, sigma No. 3/2023:d Insurance 2023 in 5 charts

²³ Insurance Penetration Ratio is the GWP expressed as a percentage of GDP. It measures the level of development of the insurance sector in a country

Despite the industry having a trend of low penetration ratios, the insurance industry has been increasing its contribution to the economy. It is envisaged that between 2023 and 2024 the financial and insurance sectors will be among the key sectors that will contribute largely to the projected GDP growth²⁴. Tables 19 and 20 highlights the GWP industry trend over a five-year period from 2019 to 2023.

Table 19: Long-Term and General Insurance Industry Gross Written Premium Growth (2019 – 2023)

Year	2023	2022	2021	2020	2019
Long-Term Insurance GWP	2,815,056,213	2,166,104,474	1,830,785,995	1,594,819,419	1,464,723,453
Long-Term Insurance GWP Growth Rate	29.96%	18.32%	14.80%	8.88%	14.86%
General Insurance GWP	4,996,292,834	3,866,783,238.	3,513,110,187	2,973,682,804	2,292,072,808
General Insurance GWP Rate	29.21%	10.07%	18.14%	29.74%	20.15%
Total GWP	7,811,349,046	6,032,887,712	5,343,896,183	4,568,502,223	3,756,796,261

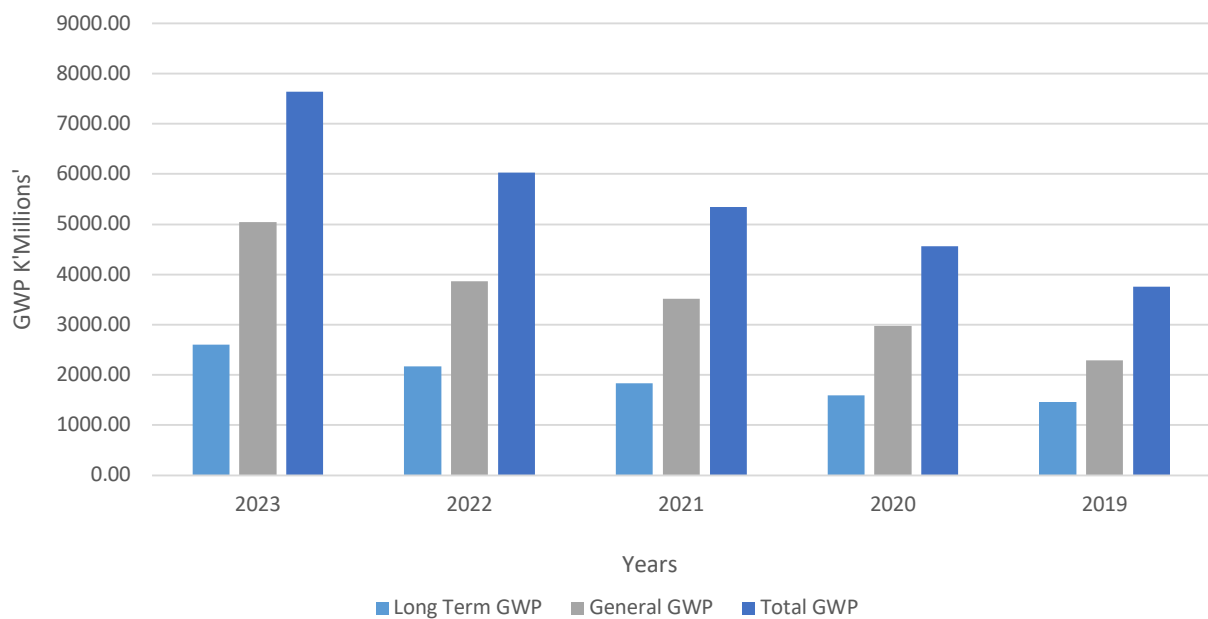
Table 20: GWP Growth Rate and Penetration Ratio Trend

Year	2023	2022	2021	2020	2019
	K'000	K'000	K'000	K'000	K'000
Gross Written Premium	7,811,349	6,032,888	5,343,896	4,568,502	3,756,796
GDP (Current prices)	569,223,500	504,477,000	443,362,000	332,397,078	277,634,199
Annual GWP Growth	29.48%	12.89%	16.97%	21.61%	18.03%
Annual GDP Growth	29.48%	13.78%	33.38%	19.72%	9.58%
GWP/GDP (Penetration Ratio)	1.37%	1.20%	1.21%	1.37%	1.35%

²⁴ Bank of Zambia, Monetary Policy Statement, January-June, 2022

The GWP generated from the general insurance business accounted for 66 percent of the industry's total GWP, while the long-term insurance business accounted for 34 percent. The GWP generated from the general insurance business increased to K5,039 million in 2023 (2022: K3,866 million), representing a 30.33 percent growth (2022: 10.07 percent). The GWP generated from the long-term insurance business increased to K2,601 million in 2023 (2022: K2,166), representing a 20.07 percent growth (2022: 18.32 percent). The GWP details of the two (2) respective insurance business types are displayed in Figure 14.

Figure 14: GWP Growth Rate over the last Five (5) Years

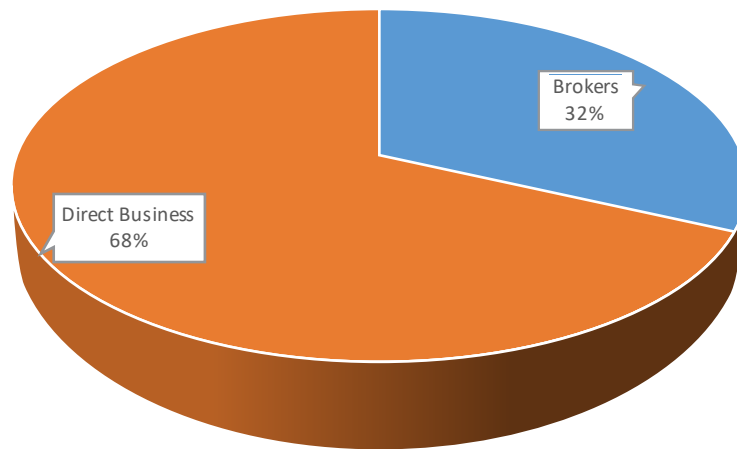


16.3 BROKERS RISK AND PERFORMANCE ANALYSIS

Insurance brokers play a very important role in the insurance industry. Brokers help in the delivery of insurance services and fair outcomes for consumers. They facilitate insurance contractual agreements between policyholders and insurers by providing professional advice, negotiating and assessing the capabilities of insurers to cover specified risks.

In the year under review, brokers accounted for 32 percent of business generated (2022: 42 percent) and generated K2,420 million worth of business. Figure 15 shows the contribution of brokers to the overall GWP of the insurance industry in 2023.

Figure 15: Contribution of Brokers to Industry GWP, 2023



16.4 INSURANCE MARKET SHARE

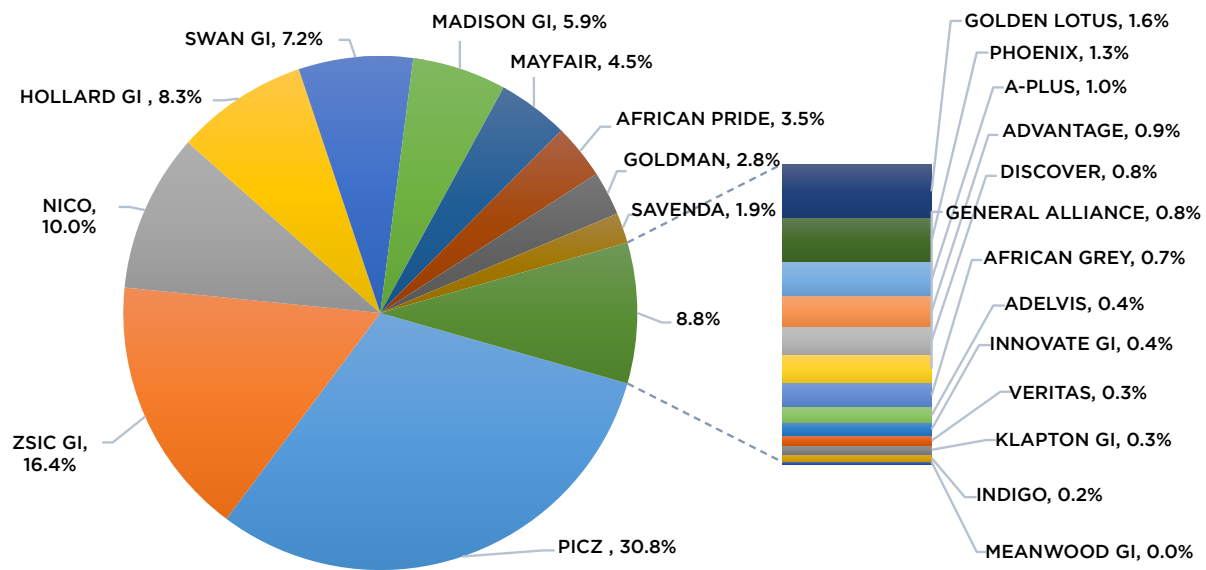
This section analyses the insurance industry in terms of market share with respect to GWP. The analysis reports the ranking exclusively within the two (2) separate insurance business lines.

16.4.1 GENERAL INSURANCE MARKET SHARE

Professional Insurance Corporation PLC Zambia had the highest proportion of the market with 30.8 percent, followed by ZSIC General Insurance with 16.4 percent, Nico General Insurance with 10 percent, Hollard General Insurance with 8.3 percent and Swan General Insurance with 7.2 percent market share. The five (5) largest general insurers accounted for 72.5 percent of the GWP market share by end of 2023 (2022: 75.1 percent).

Full details relating to insurers 2023 market share is illustrated in figure 16.

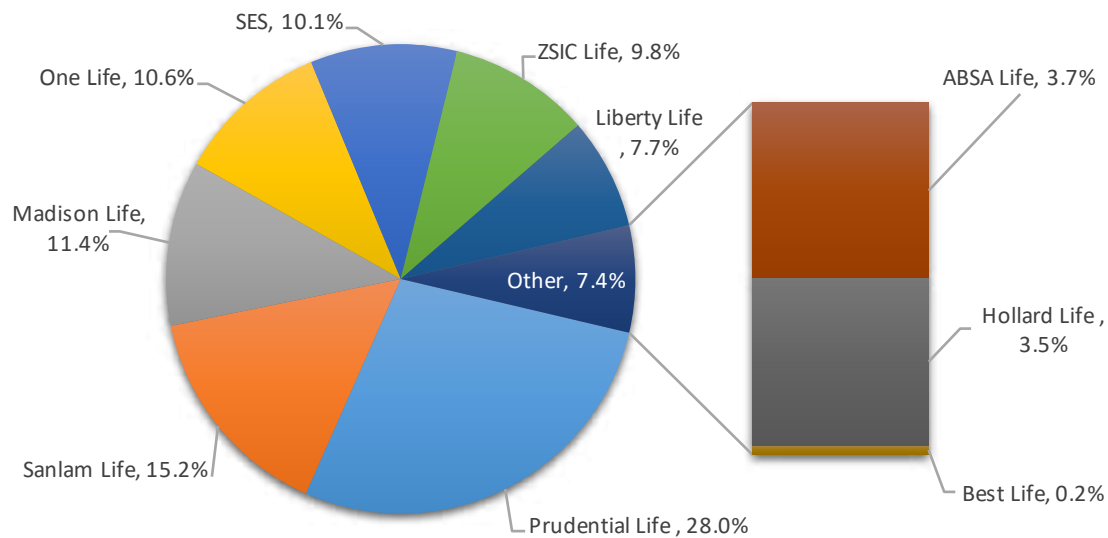
Figure 16: General Insurance Market Share



16.4.2 LONG-TERM INSURANCE MARKET SHARE

Prudential Life led the long-term market with 31 percent, followed by Sanlam Life with 17 percent, Madison Life with 11 percent, ZSIC Life with 9 percent, and One Life with 9 percent market share. The five (5) largest long-term insurers accounted for 77 percent of the GWP market share in 2023 (2022:77 percent). Details relating to the market share of other market players in long-term insurance business are summarised in Figure 17.

Figure 17: Long-Term Insurance Market Share



16.5 EMPLOYMENT STATISTICS

Insurance companies employed 2,381 (2022: 2,352) people during the year under review. The increase in the number of people working for insurance companies was ascribed to changes in regulatory environment which has removed major barriers for insurance agency business. The Authority envisages that due to these regulatory changes, the number of employees will continue increasing especially for insurance agency business. Details of employment statistics are summarised in Table 21.

Table 21: Employment Statistics for 2022 and 2023

Occupational Category	2023				2022			
	Male		Female		Male		Female	
	Zambian	Non-Zambian	Zambian	Non-Zambian	Zambian	Non-Zambian	Zambian	Non-Zambian
Officials and Managers	266	20	138	3	201	23	116	4
Professionals	180	3	139	0	177	10	141	2
Technicians and Associate Professionals	330	0	278	1	349	0	329	7
Insurance Clerks	113	0	97	0	125	0	115	0
Marketing & Sales Workers	169	0	203	0	133	0	143	0
Temporary Workers	150	0	108	0	104	0	65	0
Others	149	0	33	1	224	1	82	1
Totals	1,357	23	996	5	1,313	34	991	14
Grand Totals	2,381				2,352			

16.6 GENERAL INSURANCE OVERVIEW

This section gives an overview of the performance of the general insurance business during the year under review. The data used in the analysis was obtained from quarterly and annual returns of general insurance companies for the year 2023 and from audited financial statements for the year 2022.

16.6.1 PREMIUM INCOME

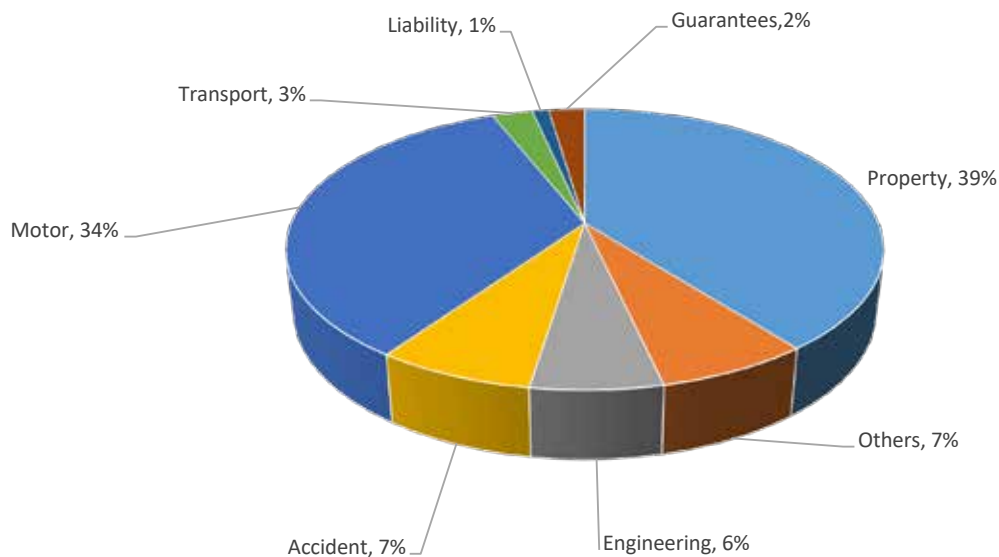
In 2023, general insurance business recorded a 30.33 increase in Gross Written Premium (GWP). GWP increased to K 5,039.4 million in 2023, compared to K3, 866.7 million recorded in 2022. The business recorded net written premiums of K2, 207.3 million in 2023 (2022: K1, 662.1 million), representing an increase of 32.82 percent.

The increase in GWP was mainly attributed to increased uptake of property class of insurance.

Motor vehicle insurance also contributed to the high GWP recorded during the period. Property and motor vehicle insurance accounted for 39 percent and 34 percent of the general insurance GWP respectively, followed by accident and engineering accounting for 7 percent and 6 percent, respectively. The general insurance industry recorded a net earned premium of K1,965.6 million in 2023 (2022: K1,688.8 million) after ceding K2,832.1 million in 2023 and K2,204 million in 2022, representing a 28.46 percent increase.

General insurance comprises of 7 main classes of insurance business namely: liability insurance, motor insurance, engineering insurance, guarantee insurance, Transport insurance, accident insurance and property insurance. Figure 18 shows the general insurance GWP per class of business.

Figure 18: General Insurance Industry GWP per Class of Business



16.6.2 CLAIMS PAID

General insurance business recorded K883.4 million in net claims in 2023 compared to K734.7 million in 2022, representing a 20.24 percent increase. Other details relating to performance of the general insurance business are illustrated in Table 22.

Table 22: General Insurance Performance

	GENERAL INSURANCE FINANCIAL PERFORMANCE		
	GI 2023	GI 2022	Percentage Change
GWP	5,039,449,529	3,866,783,238	30.33%
Net Premiums	2,207,299,457	1,662,162,108	32.80%
Net Earned Premium	1,965,600,395	1,688,837,208	16.39%
Investment Income	198,149,673	82,365,256	140.57%
Net Claims incurred	883,440,064	734,708,439	20.24%
Commissions	300,768,510	271,807,984.08	10.65%
Expenses	1,060,129,025	904,681,099	17.18%
Profit before tax	232,076,648	155,838,575	48.92%
Tax Expenses	67,559,435	72,345,983	-6.62%
Net Profit	164,517,214	83,492,592	97.04%

16.6.3 INVESTMENT INCOME

Investment income increased by 140.57 percent from K82.4 million recorded in 2022 to K198.1 million in 2023.

16.6.4 EXPENSES

Expenses in the general insurance business increased by 17.18 percent from K904.7 million recorded in 2022 to K1,060.1 million recorded in 2023. The increase in expenses in 2023 was due to additional costs which came about due to the changes in the regulatory environment such as the implementation of the IFRS No. 17 as well as the Insurance Act No. 38 of 2021.

16.6.5 COMMISSION

The commission expenses increased by 10.65 percent from K271.8 million recorded in 2022 to K300.8 million recorded in 2023.

16.6.6 NET PROFITS

The industry net profits increased from K83.4 million recorded in 2022 to K164.5 million recorded at the in 2023, representing a 97.04 percent increase

16.6.7 OVERVIEW OF THE GENERAL INSURANCE BUSINESS FINANCIAL POSITION

16.6.8 ASSETS AND LIABILITIES

Total assets in the general insurance business increased to K4,376.5 million in 2023 compared to K4,033.6 million in 2022, representing a 8.50 percent increase. Premium receivables, cash and cash equivalents, and property contributed substantially to the growth in total assets. The notable increase in investments was attributed to the availability of more funds following the increase in net earned premiums. The total assets recorded in the period under review were sufficient to cover the total liabilities. Total liabilities increased by 5.83 percent in 2023. The liabilities increased from K 3,110.1 million in 2022 to K 3,291.3 million in 2023.

Table 23: General Insurance Financial Position

	GENERAL INSURANCE FINANCIAL POSITION		
	2023	2022	Percentage Change
Total Assets	4,376,543,968	4,033,594,442	8.50%
Total Liabilities	3,291,336,292	3,110,114,140	5.83%
Net Assets	1,085,207,675	923,480,302	17.51%
Current Assets	3,596,446,313	3,307,547,442	8.73%
Current Liabilities	154,417,487	167,946,164	-8.06%

16.7 KEY PERFORMANCE RATIOS

16.7.1 RETENTION RATIO

A retention ratio is a percentage of the business covered by insurance companies that is not transferred to reinsurance. The general insurance industry recorded a retention ratio of 43.80 percent in 2023 (2022: 43.68 percent). The sector continues to have low retention levels due to low capitalisation of insurance companies.

16.7.2 EXPENSES RATIO

The expense ratio measures the industry's efficiency in managing expenses before factoring in insurance claims and investment gains or losses. The ratio stood at 53.93 percent in 2023 (2022: 53.57 percent). In 2023, the industry continued to have high expense ratio because insurers were

bearing additional costs in order to adhere to the requirements of the new Insurance Act and IFRS 17 whose reporting started in 2023.

16.7.3 CLAIMS RATIO

The ratio measures net claims paid as a percentage of net earned premium. The ratio stood at 44.95 percent in 2023 (2022: 43.50 percent). The marginal increase in claims ratio entails that relative to the net earned premium, more claims had been paid out in 2023 as compared to 2022.

16.7.4 COMMISSION RATIO

The ratio measures the business acquisition costs incurred (commissions paid to intermediaries) as a percentage of net earned premium. The ratio stood at 15.30 percent in 2023 (2022: 16.09 percent), recording a minor decrease of 4.93 percent. The decrease in commission ratio is attributed to uptake of technology in insurance business acquisition.

16.7.5 COMBINED RATIO

The ratio measures profitability in terms of underwriting insurance business. In the year 2022, the industry recorded a combined ratio of 114.18 percent (2022: 113.17 percent), an indication that general insurers made an underwriting loss. This was on account of the high operating and claims expenses incurred by the industry in 2023.

16.7.6 OPERATING RATIO

This ratio measures profitability of the industry, taking into consideration the underwriting profit or loss and investment income. Despite being supplemented by investment income, the general insurance industry recorded an operating loss ratio of 104.10 percent in 2023 (2022: 108.29 percent). The overall profit after tax recorded by the industry was ultimately due to reinsurance commission and other income.

16.7.7 PROFIT MARGIN RATIO

The profit margin increased to 4.61 percent in 2023 (2022: 4.03). Additionally, the profit before tax increased by 48.92 percent to K232.1 million in 2023 from K155.8 million in 2022.

16.7.8 RETURN ON CAPITAL EMPLOYED

Return on capital employed is used to measure a company's efficiency in utilising capital or shareholder funds to generate profits. The ratio increased to 21.39 percent in 2023 from 16.88 percent in 2022. The ratio implies that the general insurance market was slightly more efficient in generating profits from shareholder funds in 2023 as compared to 2022. A summary of the key performance ratios for the general insurance business are shown in Table 24 below.

Table 24: General Insurance Key Performance Ratios

S/N	PROFITABILITY RATIOS	31 st December 2023	31 st December 2022
1	Retention Ratio = Net Premium/Gross Written Premium	43.80%	43.68%
2	Expense Ratio = Operational Expenses/Net Earned Premium	53.93%	53.57%
3	Claims Ratio = Claims Incurred/Net Earned Premium	44.95%	43.50%
4	Commission Ratio = Acquisition Costs/Net Earned Premium	15.30%	16.09%
5	Combined Ratio = Expenses Ratio + Claims Ratio + Commission Ratio	114.18%	113.17%
6	Operating Ratio = Combined ratio - Investment Income Ratio	104.10%	108.29%
7	Profit Margin Ratio = PBIT/Gross Written Premium	4.61%	4.03%
8	Return on Capital = PBIT/Equity	21.39%	16.88%
INDUSTRY GROWTH RATIO			
9	Annual Market Growth	30.33%	10.07%

16.8 LONG-TERM INSURANCE OVERVIEW

This section gives an overview of the performance of the long-term insurance business during the year under review. The data used in the analysis was obtained from quarterly and annual returns of long-term insurance companies for the year 2023 and audited financial statements for the year 2022.

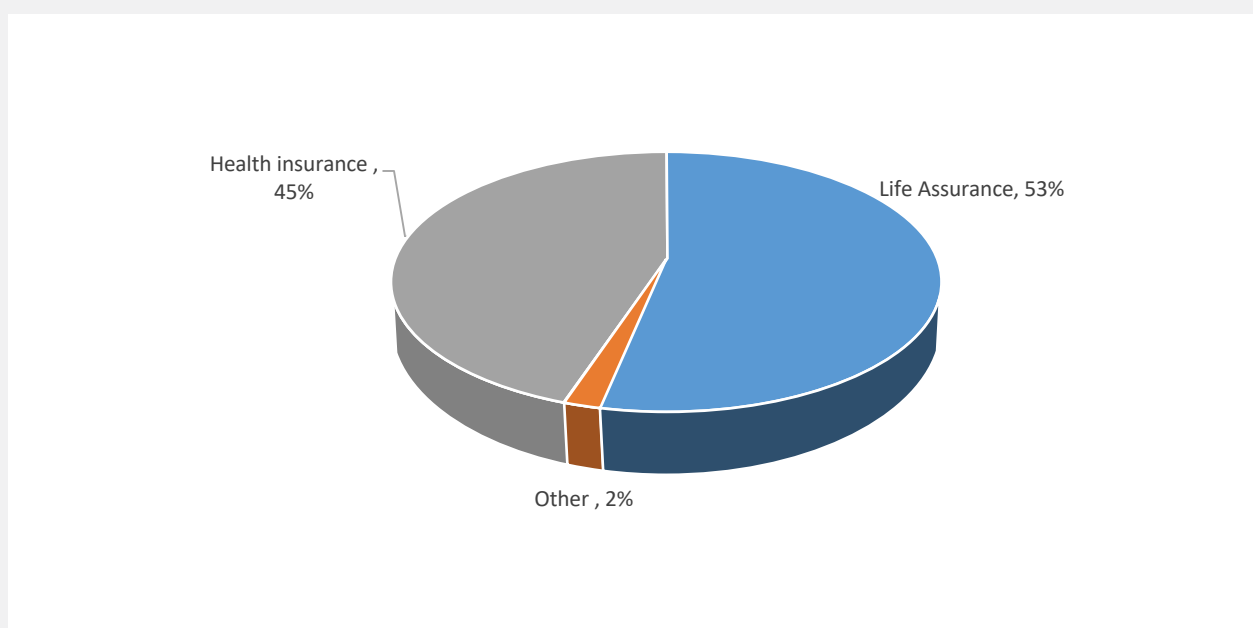
16.8.1 PREMIUM INCOME

In 2023, the long-term insurance business recorded a 20.07 percent increase in GWP of K2,601 million compared to K2,166.1 million in 2022. This growth was driven by an increase in health and life classes of business. The 20.07 percent growth in GWP, also contributed to an increase in net written premiums by 22.24 percent from K1, 840.6 million recorded in 2022 to K2,249.96 million recorded in 2023. The long term insurance business ceded K350 million in 2023 (2022: K325

million), representing a 7.79 percent increase in premiums ceded to reinsurance companies.

Long term insurance comprises of 5 main classes of business namely: investment linked life insurance, disability insurance, annuity insurance, life assurance, and health insurance. In 2023, life assurance and health insurance accounted for 53 percent and 45 percent of the long-term insurance GWP respectively while other classes of business accounted for 2%. Figure 19 shows the long-term insurance GWP per class of business.

Figure 19: Long-Term Insurance



INDUSTRY GWP PER CLASS OF BUSINESS

16.8.2 BENEFITS AND CLAIMS

Long-term insurers recorded a 32.34 percent increase in claims and benefits paid from K1,114.2 million in 2022 to K1,266.1 million in 2023. The increase was attributed to significant pay-outs that had been made towards health and life insurance claims in 2023. Details relating to performance are illustrated in Table 25.

Table 25: Long-Term Insurance Business Performance

	LONG TERM FINANCIAL PERFORMANCE		
	LT 2023	LT 2022	Percentage Change
GWP	2,600,801,891	2,166,104,474	20.07%
Reinsurance Premiums Ceded	350,840,041	325,477,554	7.79%
Net Premiums	2,249,961,850	1,840,626,920	22.24%
Investment Income	428,523,132	296,164,596	44.69%
Expenses	1,266,140,480	820,970,264	54.22%
Benefits Paid & Provisions	1,474,518,673	1,114,230,994	32.34%
Commissions	402,597,359	408,118,607	-1.35%
Profit Before Tax	111,781,879	88,071,894	26.92%
Taxation	6,032,467	57,390,118	-89.49%
Net Profit	117,814,346	145,462,012	-19.01%

As can be seen from Table 25 above, investment income increased by 44.69 percent from K296.1 million recorded in 2022 to K428.5 million in 2023.

16.8.3 EXPENSES

Expenses in the long-term business increased by 54.22 percent from K820.9 million recorded in 2022 to K1,266.1 million recorded in 2023. The increase in expenses in 2023 implies that long term insurers did not manage their operating expenses efficiently as can be seen, the expenses amounted to over 50 percent of their net written premiums.

16.8.4 OVERVIEW OF THE LONG-TERM INSURANCE BUSINESS FINANCIAL POSITION

16.8.4.1 ASSETS AND LIABILITIES

Total assets in long-term insurance business increased from K3, 442.6 million recorded in 2022 to K4,167.1 million, recorded in 2023, representing a 21.04 percent increase. Cash and cash equivalents, and securities accounted for 55.60 percent of the total assets. Total liabilities decreased from K 2,895.3 million in 2022 to K2, 846.4 million in 2023, representing a 1.69 percent decrease.

The movements in the total assets and liabilities ultimately translated into a net asset position of K1,320.7 million in 2023 as compared to K 547.3 million recorded in the same period in 2022.

Current assets increased by 20.32 percent from K 722 million in 2022 to K869 million recorded in 2023.

Details relating to financial position of the long-term insurance business are summarised in Table 26 below.

Table 26: Long Term Insurance Business Financial Position

	LONG TERM FINANCIAL POSITION		
	2023	2022	Percentage Change
Total Assets	4,167,117,065	3,442,688,506	21.04%
Total Liabilities	2,846,461,122	2,895,349,073	-1.69%
Net Assets	1,320,655,943	547,339,433	141.29%
Current Assets	869,846,462	722,964,586	20.32%
Current Liabilities	624,635,957	608,023,305	2.73%

16.8.5 LONG-TERM INSURANCE-RATIO ANALYSIS

16.8.5.1 RETENTION RATIO

The long-term insurance business retention ratio increased from 84.97 percent recorded in 2022 to 86.51 percent recorded in 2023, representing a 1.81 percent increase. This implies that long-term insurers retained more premiums/risks in the period 2023 as compared to the year 2022.

16.8.5.2 EXPENSES RATIO

This ratio measures expenses as a percentage of net premiums. The management expense ratio increased from 44.60 percent recorded in 2022 to 56.27 percent in 2023 representing a 26.17 percent increase. The ratio entails that in 2023, the long term insurers were slightly less efficient in managing expenses as compared to the same period in 2022 partly because of the changes in regulatory environment.

16.8.5.3 CLAIMS RATIO

This ratio measures net claims paid as percentage of net premium. The claims ratio for the long-term insurance business increased by 8.26 percent from 60.54 percent recorded in 2022 to 65.54 percent recorded in 2023. The increase in claims ratio in 2023 implies that relative to net earned premiums, more claims had been paid out in 2023 as compared to the same period in 2022.

16.8.5.4 COMMISSION RATIO

This ratio measures the business acquisition costs incurred (Commission paid out to intermediaries) as a percentage of earned premiums. The commission ratio decreased from 22.17 percent recorded in 2022 to 17.89 percent recorded in 2023 representing a decrease of 19.30 percent. The ratio entails that the industry paid out less in acquisition costs in 2023 as compared to the year 2022. This was mainly due to the increased use of technology when conducting insurance business.

16.8.5.5 INVESTMENT INCOME RATIO

The industry recorded an investment income ratio of 19.05 percent in 2023, compared to 16.09 percent record in 2022. Investment income increased by 18.37% from 2022 to 2023.

16.8.5.6 COMBINED RATIO

This ratio measures profitability in terms of underwriting insurance business. The long term insurance industry combined ratio increased from 127.31 percent recorded in 2022 to 139.70 percent recorded in 2023 representing a 9.73 percent increase. The ratio entails that long-term insurers were not able to cover their expenses from underwritten premiums, resulting in an underwriting loss.

16.8.5.7 OPERATING RATIO

This ratio measures profitability of the industry, taking into consideration the underwriting profit or loss and investment income. The long-term industry recorded an operating ratio of 120.66 percent in 2023 compared to 111.22 percent recorded in the year 2022. The ratio entails that the industry's investment income was not sufficient to supplement the underwriting loss, hence recording an operating loss.

16.8.5.8 PROFIT MARGIN RATIO

The industry reported a profit before tax in the year under review of K117 million compared to K88 million in the previous year. This resulted in a profit margin of 4.30 percent in 2023 and 4.07 percent in 2022.

16.8.5.9 RETURN ON CAPITAL EMPLOYED

The return on capital employed decreased to 8.6 percent in 2023 from 16.09 percent in 2022. The ratio revealed that the long-term insurance business market was less efficient in generating profits in 2023 as compared to the previous year. The positive ratio indicated an increase in shareholder funds in form of retained earnings. A summary of the key performance ratios for the long-term insurance business are indicated in Table 27.

Table 27: Long-Term Insurance Industry, Key Performance Ratios

PROFITABILITY RATIOS	31 st December 2023	31 st December 2022
Retention Ratio = Net Premium/Gross Written Premium	86.51%	84.84%
Claims Ratio = Claims Incurred/Net Premium	86.51%	60.63%
Commission Ratio = Acquisition Costs/Net Premium	17.89%	22.17%
Expense Ratio = Operational Expenses/Net Premium	56.27%	44.67%
Combined Ratio = Expenses Ratio + Claims Ratio + Commission Ratio	139.70%	127.50%
Investment Income Ratio	19.05%	16.11%
Operating Ratio = Combined ratio - Investment Income Ratio	120.66%	111.39%
Profit Margin Ratio = PBIT/Gross Written Premium	4.30%	4.07%
Return on Capital = PBIT /Equity	8.46%	16.09%
INDUSTRY GROWTH RATIO		
Annual Market Growth	20.07%	18.32%

16.9 OVERVIEW OF REINSURANCE BUSINESS

16.9.1 REINSURANCE OPERATING RESULTS

This section outlines the performance of Reinsurance Business. The information published in this section was extracted from IFRS 17 audited financial statements for the year 2023. In the year under review, reinsurance revenue increased by 123.30 percent to K1,371 million in 2023 from K614 million in 2022. The growth was attributed mainly to increase in the uptake of the property class of reinsurance business, which accounted for 53 percent of reinsurance business in 2023. The reinsurance sector recorded an increase in profit after tax of K82 million in 2023 compared to a profit after tax of K73 million recorded in 2022. The profit was on account of the vast increase in reinsurance business recorded during the year.

Table 28 shows the performance of the reinsurance industry during the period under review.

Table 28: Reinsurers' Aggregate Abbreviated Statement of Comprehensive Income

	2023	2022	% Change
	ZMK	ZMK	
Reinsurance Revenue	1,371,115,951.00	614,012,816.00	123.30%
Reinsurance Service Expenses	(1,397,696,241.00)	(392,224,647.00)	256.35%
Net expenses from retrocession contracts held	121,450,753.00	(73,014,882.00)	-266.34%
Reinsurance Service Result	94,870,463.00	148,773,287.00	-36.23%
Investment Income	41,017,309.00	19,544,592.00	109.87%
Other Income	123,914,536.00	7,175,275.00	1626.97%
Net Reinsurance and Investment Result	259,802,308.00	175,493,154.00	48.04%
Management & Operation Expenses	(140,114,897.00)	(69,123,340.00)	102.70%
Other Expenses	(4,051,463.00)	(5,078,564.00)	-20.22%
Total operating expenses	(144,166,360.00)	(74,201,904.00)	94.29%
Profit Before tax	115,635,948.00	101,291,250.00	14.16%
Taxation	(33,597,023.00)	(27,500,798.00)	22.17%
Profit After Tax	82,038,925.00	73,790,452.00	11.18%

16.9.2 REINSURANCE FINANCIAL POSITION

Total assets increased to K1,1313 million in 2023 from K517 million in 2022, representing an increase of 153.70 percent. The increase in total assets in 2023 was largely attributable to reinsurance assets and government securities that contributed 30 percent and 18 percent of the assets respectively. Table 29 shows the financial position.

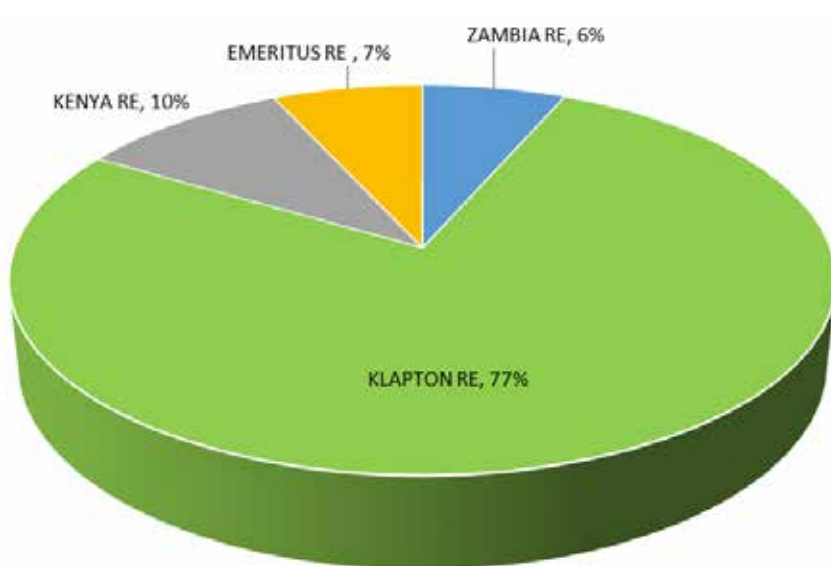
Table 29: Reinsurers' Aggregate Abbreviated Statement of Financial Position

	2023	2022	Percentage Change
	ZMK	ZMK	
ASSETS			
Property, Plant & Equipment	19,231,392	22,666,419.00	-15.15%
Investments in property	8,997,876	5,600,000.00	60.68%
Intangible assets	7,242,475	9,290,788.00	-22.05%
Deferred Tax Asset	57,179,109	23,003,244.00	148.57%
Right of use assets	7,969,704	5,543,940.00	43.76%
Government Securities	240,279,642	157,740,554.00	52.33%
Reinsurance contract assets	402,450,127	41,754,606.00	863.85%
Investments in equity	9,389,295	6,764,681.00	38.80%
Other financial investments	48,463,136	27,428,021.00	76.69%
other receivables	96,682,437	27,595,589.00	250.35%
insurance contract assets	18,707,660	21,661,163.00	-13.64%
Deposits with financial institutions	159,880,526	57,023,019.00	180.38%
Cash & Bank Balances	237,066,777	111,686,154.00	112.26%
Total Assets	1,313,540,156	517,758,178.00	153.70%
EQUITY AND LIABILITIES			
Capital and reserves			
Share Capital	167,750,000.00	167,750,000.00	0.00%
Share Premium	40,683,477.00	40,683,477.00	0.00%
Retained earnings	146,526,301.00	67,101,075.00	118.37%
Revaluation Reserves	107,830,817.00	6,945,945.00	1452.43%
Total Equity	462,790,595.00	282,480,497.00	63.83%
Liabilities			
Insurance contract liabilities	710,750,182.00	111,435,841.00	537.81%
Reinsurance Contract Liabilities	46,951,252.00	50,594,587.00	-7.20%
Lease Liabilities	13,151,705.00	5,585,808.00	135.45%
income tax payable	5,412,540.00	18,452,623.00	-70.67%
Due to related parties	21,415,468.00	11,198,856.00	91.23%
Other Payables	53,068,414.00	38,009,966.00	39.62%
Total Liabilities	850,749,561.00	235,277,681.00	261.59%
Total Equity & Liabilities	1,313,540,156.00	517,758,178.00	153.70%

16.9.3 REINSURANCE INSURANCE MARKET SHARE

Analysis of the reinsurance market share revealed that Klaption Reinsurance led the market with 77 percent market share, followed by Kenya Reinsurance Corporation with 10 percent, Emeritus Reinsurance with 7 percent market share, and Zambia Reinsurance Plc with 6 percent market share as summarised in Figure 20.

Figure 20: Reinsurance Market Share²⁵



²⁵ Market shares are calculated based on Insurance Revenue for the year 2023

APPENDICES

APPENDIX I: CAPACITY BUILDING UNDERTAKEN BY STAFF IN 2023

No	Program	Target	Purpose	No of staff
1.	Financial Sector Conduct Authority Familiarization Tour(South Africa)	HRA Pensions Insurance	The Programme was designed for regulatory officials and staff and offered delegates an opportunity to share and learn from each other's best practices and challenges in regulating and supervising the financial services industry within the SADC region.	5
2	Corporate Governance	Legal	Enhanced skills in corporate governance	2
3	Governance Risk and Control Conference	Audit	Organizational success through GRC	1
4	Certified in Governance of Enterprise of Information technology	ICT	Understanding IT Governance Frameworks, Benefits realization, Resource planning and optimization	1
6	Alliance Pro-Public Procurement	Procurement	Market price index-orientation on new reforms in public procurement act No. 8 of 2020	2
7	Chartered Institute of Arbitrators - Arbitration Courses	Legal	Enhance arbitration skills	2
8	Training in Pensions Funds Assets –Portfolio Management and Investment Analysis (Mauritius)	Pensions	Appreciating key issues in long term investment	2
9	Inclusive Insurance Training (USA)	Insurance	Developing capacity to contribute towards designing policy solutions that address financial inclusion challenges	1
10	Association of Certified Anti-Money Laundering Specialist	Insurance	Enhance skills in Anti-Money Laundering Supervision	1
11	Public Policy Analysis	Insurance	Enhance skills in public policy formulation	1
12	Criminal Investigations and the Law	Insurance	Enhance skills in General Investigations	4
13	Climate and Disaster Risk Financing (South Africa)	Insurance	Enhance skills in mainstreaming green finance in the Insurance Sector	1
14	Investors forum	Pensions	Harnessing Alternative Investments to drive Economic Recovery	2

APPENDIX II: COMMITTEE BOARD MEMBERS NAMES BY COMMITTEE

Registration and Licensing Committee

Mr. Francis Mwale (C)
Mr. Givens Muntengwa
Mr. Fidelis Lungu
Mr. Nonde Sichilima

Audit Committee

Mrs. Dorothy Mbao (C)
Ms. Namwandi Ndhlovu
Mr. David Mushinge
Ms. Yande Muyamba
Mr. Christopher Lalusha

Finance and Administration Committee

Ms. Grace Samui (C)
Mr. Givens Muntengwa
Ms. Namwandi Ndhlovu
Mr. Fidelis Lungu

Technical Committee

Mr. Moffat Kauma (C)
Ms. Mercy Munoni
Ms. Catherine Makala
Mr. Ronald Kasapatu

Policy Holders Protection Committee

Ms. Mercy Munoni (C)
Mrs. Dorothy Mbao
Ms. Marian Mwalimu
Mr. Kenneth Phiri
Mr. Charles Nakhoze
Mrs. Phidelia Mwaba

APPENDIX III: LICENSED PENSION SERVICE PROVIDERS

Fund Administrators

1. Benefits Consulting Services Limited
2. Guardian Capital and Benefits Consulting Services Limited
3. Madison Life Insurance Company Limited
4. Minet Zambia Consulting Limited
5. Octagon Financial Services Limited
6. Prudential Pensions Management Zambia Limited
7. ZSIC Life Limited

Fund Managers

1. African Life Financial Services Limited
2. Altus Capital Limited
3. ECR Asset Management Limited
4. Longhorn Associates Limited
5. Madison Life Insurance Company Limited
6. Providence Asset Management Limited
7. Prudential Pensions Management Zambia Limited
8. ZSIC Life Limited

APPENDIX IV: REGISTERED PENSION SCHEMES

No.	Pension Scheme Name	Design
1	Access Bank Zambia Pension Scheme	DC
2	Action Aid International Pension Scheme	DC
3	Africa Fifty Three Pension Fund	DC
4	African Energy Resources Limited Pension Trust Scheme	DC
5	African Explosives Zambia Limited Pension Scheme	DC
6	African Life Assurance Company Zambia Limited Staff Pension Scheme	DC
7	African Life Financial Services Pension Scheme	DC
8	African Methodist Episcopal Church Pension Trust Fund	DC
9	Afrope Zambia Limited Pension Scheme	DC
10	Afrox Zambia Limited Pension Scheme	DC
11	Airtel Zambia Plc Pension Trust Scheme	DC
12	ALS Capital Limited Pension Scheme	DC
13	Aon Minet Zambia Limited Pension Scheme	DC
14	Apex - European Union Scheme	DC
15	Apex Lumwana Scheme	DC
16	Apex Retirement Pension Scheme	DC
17	Apostolic Faith Mission Pension Scheme	DC
18	Atlas Copco (Z) Limited Pension Scheme	DC
19	Bancabc Plc Pension Trust Scheme	DC
20	Bank of Zambia DC Pension Scheme	DC
21	Absa Bank Zambia Plc Pension Fund	DB/DC
22	Bell Equipment Zambia Limited Pension Scheme	DC
23	Bencon Amanah Pension Fund	DC
24	Boart Longyear Zambia Limited Pension Fund	DC
25	Bollore Africa Logistics Zambia (Formally SDV Zambia Limited Pension Scheme, Ami Zambia)	DC
26	Bric-Back Limited Pension Fund	DC
27	British American Tobacco Pension Scheme	DC
28	British High Commission Pension Scheme	DC
29	British High Commission Pension Scheme	DC
30	Buyantanshi Pension Trust Fund	DC
31	C. M. M. Property Consultants Ltd Pension Scheme	DC
32	C.I Dulux Zambia (2005) Limited Pension Trust Scheme	DC
33	Camfed Zambia Pension Scheme	DC
34	Cargill Cotton Ginners Zambia (2009) Limited Pension Scheme	DC
35	Cavendish University Pension Scheme	DC
36	Cavmont Capital Bank Plc Pension Scheme	DC
37	Church of Central Africa Presbyterian (CCAP) Pension Scheme	DC

No.	Pension Scheme Name	Design
38	CEC Pension Trust Scheme	DC
39	Cetzam Financial Services Limited Pension Trust Scheme	DC
40	Chambishi Metals Plc Pension Scheme	DC
41	Chemopharm Limited Pension Scheme	DC
42	Chempro (Z) Limited Pension Scheme	DC
43	Chibuluma Mines Plc Pension Scheme	DC
44	Chloride Zambia Limited Pension Fund	DC
45	Chrema Pension Trust Scheme	DC
46	Circle Transtra Staff Pension Scheme	DC
47	Citi Bank Pension Scheme	DC
48	Civil Service & Allied Workers Union Of Zambia	DC
49	Clean Fast Limited Pension Scheme	DC
50	CMA CGM Zambia Limited Staff Pension Scheme	DC
51	Coates Brothers Zambia Limited Pension Scheme	DC
52	Colas Zambia Limited Pension Scheme	DC
53	Colgate Palmolive Zambia (Inc) Pension Scheme	DC
54	Commercial Leasing Pension Scheme	DC
55	Competition And Consumer Protection Authority Pension Scheme	DC
56	Copperbelt Museums Pension Trust Scheme	DC
57	Copperbelt University Pension Scheme	DB
58	Corpmmed Services Limited Pension Trust Scheme	DC
59	Corpus Legal Practitioners Pension Trust Scheme	DC
60	Cropserve Zambia Limited Pension Scheme	DC
61	Crown Agents (Z) Limited Pension Scheme	DC
62	Crown Cork Company (Z) Ltd Pension Scheme	DC
63	Deloitte & Touche Pension Scheme	DC
64	Devcorp Ltd Staff Pension Scheme	DC
65	Development Bank Of Zambia Staff Pension Scheme	DC
66	DFID Zambia Pension Scheme	DC
67	DHL International Pension Scheme	DC
68	Diamond General Insurance Limited Pension Scheme	DC
69	Diocese Of Mongu Pension Trust	DB
70	Directory Publishers Of Zambia Limited Pension Scheme	DC
71	Ecobank Zambia Ltd Pension Scheme	DC
72	ECZ- Mukinge Mission Hospital Pension Scheme	DC
73	Electoral Commission Of Zambia Pension Scheme	DC
74	Embassy Of France Pension Scheme	DC
75	Embassy Of Ireland Zambia Pension Scheme	DC
76	Energy Regulation Board Pension Scheme	DC

No.	Pension Scheme Name	Design
77	Engen Petroleum Pension Trust Fund	DC
78	Evangelical Church In Zambia Pension Scheme	DB
79	Examinations Council Of Zambia Pension Trust Scheme	DB
80	Finance Bank Limited Pension Scheme	DC
81	First National Bank Zambia Limited Pension Scheme	DC
82	Frabec Engineering Enterprise Limited Pension Scheme	DC
83	Freeworld Plascon Zambia Ltd Pension Scheme	DC
84	First Quantum Minerals Staff Pension Scheme	DC
85	Game Stores Pension Scheme	DC
86	Golden Sunset Pension Fund	DC
87	Grant Thornton Associates Limited Pension Scheme Trust	DC
88	Habitat For Humanity Pension Scheme	DC
89	Health Sector Grant Aided Institutions Pension Scheme	DB/DC
90	Hill & Delamain (Zambia) Limited Pension Scheme	DC
91	Honda Zambia Pension Scheme	DC
92	Hotelier Limited Trading As Radisson Blu Hotel Lusaka Staff Pension Scheme	DC
93	Indeni Oil Refinery Staff Pension Scheme	DC
94	Intercontinental Hotel Lusaka Staff Pension Scheme	DC
95	Intermarket Banking Corporation Pension Scheme	DC
96	Investrust Bank Zambia Limited Pension Scheme	DC
97	J.M. Moore Insurance Brokers Ltd Pension Scheme	DC
98	Jagoda Gems Pension Scheme	DC
99	Justo Mwale Theological College Pension Scheme	DC
100	Kabwe Industrial Fabrics Pension Scheme	DB
101	Kaleya Small Holders Pension Scheme Trust	DB
102	Kaloko Trust Pension Scheme	DC
103	Kenya Airways Pension Scheme	DC
104	Kitwe Company Clinic Pension Scheme	DC
105	Kobil Zambia Limited Pension Fund	DC
106	Konkola Mineral Resources Pension Scheme	DC
107	Kwacha Pension Trust Fund	DB
108	Lafarge Cement Zambia Plc Staff Pension Scheme	DC
109	Lawrence Sikutwa & Associates Limited Pension Scheme Trust/ Madison Insurance	DC
110	Local Authorities Superannuation Fund	DB
111	Longhorn Pension Trust Fund	DC
112	Longman Zambia Limited Pension Scheme	DC
113	Luapula Water & Sewerage Company	DC
114	Luawata Pension Trust Scheme	DC
115	Lublend Limited Staff Pension Scheme	DC

No.	Pension Scheme Name	Design
116	Lumwana Mining Company Limited Pension Trust Scheme	DC
117	Lusaka Baptist Church Pension Scheme (Church)	DB
118	Lusaka Baptist Church Pension Scheme (Church)	DC
119	Lusaka Stock Exchange Pension Scheme	DC
120	Lusaka Trust Hospital Pension Trust	DC
121	Macmillan Publishers Ltd Pension Scheme	DC
122	Macsteel Zambia Ltd Pension Scheme	DC
123	Madison Chuma Pension Trust Fund	DC
124	Madison Pension Trust Fund	DC
125	Management Science Of Health Pension Scheme Trust	DC
126	Manica Zambia Ltd Pension Scheme	DC
127	Mary Begg Memorial Clinic Pension Scheme	DC
128	Medical Stores Limited Staff Pension Scheme	DC
129	Metal Fabricators Of Zambia Ltd Pension Scheme	DC
130	Metso Minerals Pension Scheme	DC
131	Mfinance Limited Pension Scheme	DC
132	Micro Credit Union Pension Scheme	DC
133	Minor Hotels Zambia Pension Trust Scheme (Former Sun International Hotel Pension Trust Scheme)	DC
134	Mopani Copper Mines Plc Pension Scheme	DC
135	Moto Moto Museums Pension Trust	DC
136	MTN Business Solutions Limited Pension Scheme	DB
137	MTN Zambia Pension Scheme	DC
138	Mukuba Pension Trust Fund	DB/DC
139	Multichoice Zambia Limited Pension Scheme	DC
140	Mulungushi International Conference Centre Pension Scheme	DC
141	Mulungushi Village Complex Limited Pension Scheme	DC
142	Nampak Zambia Limited Pension Scheme	DC
143	Namwianga Christian Schools Pension Scheme	DB
144	NAPSA Staff Pension Scheme	DB/DC
145	National Airports Corporation Limited Pension Scheme (Dc)	DC
146	National Airports Pension Scheme	DC
147	National Assembly Pension Scheme (Dc)	DC
148	National Breweries Plc Pension Trust Scheme	DC
149	National Council For Construction Pension Scheme	DC
150	National Heritage Conservation Commission Pension Fund	DC
151	National Institute For Scientific And Industrial Research Pension Scheme	DC
152	National Institute Of Public Administration Staff Pension Scheme	DC
153	National Museums Board Staff Pension Scheme	DC
154	National Science And Technology Council Pension Scheme	DC

No.	Pension Scheme Name	Design
155	National Water Supply & Sanitation Council Pension Scheme	DC
156	Ndola Lime Company Pension Scheme	DC
157	Nestle Zambia Trading Ltd Staff Pension Scheme.	DC
158	New Apostolic Church Zambia Limited Pension Trust Scheme	DC
159	NFC Africa Mining Plc Pension Scheme	DC
160	Ng'andu Consulting Staff Pension Scheme	DC
161	Nico Insurance Staff Pension Scheme	DC
162	Nico Insurance Staff Pension Scheme	DB
163	North Western Water Supply & Sewerage Company Pension Scheme	DC
164	Nsansa School Inter Education Trust Pension Scheme	DC
165	Octagon Umbrella Pension Trust Fund	DC
166	PACRA Staff Pension Scheme	DC
167	Pannar Seed Zambia Limited Staff Pension Scheme	DC
168	Parmalat Zambia Pension Scheme	DC
169	Pensions And Insurance Authority Staff Pension Scheme	DC
170	Pick N Pay Zambia (Defined Contribution) Pension Scheme	DC
171	Premium Medical Services Staff Pension Scheme	DB
172	Presbyterian Church Pension Trust	DC
173	Price Water House Coopers Staff Pension Scheme	DC
174	Professional Insurance Corporation Zambia Limited Pension Scheme	DC
175	Professional Pension Trust Fund – PPTF	DB/DC
176	PSPF Staff Pension Scheme	DC
177	Puma Energy Plc Final Salary Pension Scheme	DC
178	Puma Energy Zambia Pension Trust Fund	DC
179	Railway Systems Of Zambia Retirement Fund	DC
180	Reformed Church In Zambia Pension Scheme	DC
181	Royal Norwegian Embassy Pension Scheme Trust	DC
182	Ruralnet Associates Limited Pension Scheme	DC
183	Sabot Zambia Limited Pension Scheme	DC
184	Sandvik Mining Pension Trust Scheme	DC
185	Saturnia Regna Pension Trust Fund	DB/DC
186	Scripture Union Pension Scheme	DC
187	Scz International Pension Scheme	DC
188	Sinozam Friendship Hospital Pension Scheme	DB
189	Sinozam Friendship Hospital Pension Scheme	DC
190	SKF Zambia Ltd Pension Fund	DC
191	Southern Sun Ridgeway Hotel Pension Fund	DC
192	Spectra Oil Corporation Limited Staff Pension Trust Scheme	DC
193	St. Andrews School Pension Scheme	DC

No.	Pension Scheme Name	Design
194	St. Columbus Presbyterian Primary/Nursery Pension Scheme	DC
195	Stanbic Bank (Z) Ltd Retirement Benefit Scheme	DC
196	Standard Chartered Pension Trust Fund	DC
197	Systems And Information Technology Zambia Pension Trust Scheme	DC
198	Taj Pamodzi Hotel Staff Pension Scheme	DC
199	Tazama Pipelines Pension Scheme	DB
200	Tazama Pipelines Pension Scheme	DC
201	Tazara DC Pension Scheme	DC
202	Tombwe Processing Limited Pension Scheme	DC
203	Total Zambia Ltd Pension Scheme	DC
204	Toyota Zambia Pension Trust Fund	DC
205	Translink Freight Limited Pension Scheme	DC
206	Unilever South East Africa Pension Scheme	DC
207	United Bank For Africa Ltd Pension Scheme	DC
208	United Church Of Zambia Pension Scheme	DC
209	University Of Zambia Pension Scheme	DB
210	Vision Fund Zambia Staff Pension Scheme	DC
211	Voluntary Service Organization Pension Scheme	DC
212	W & C Computers Limited Pension Scheme	DC
213	Wellspring Limited Pension Scheme	DC
214	Woodlands Ash Lodge Pension Scheme	DC
215	Workcom Registered Trustees Pension Scheme	DB
216	Workcom Pension Trust Scheme	DC
217	World Vision International Zambia Pension Scheme	DC
218	York Farm Zambia Ltd Pension Scheme	DC
219	ZAL Elevators Limited Pension Scheme	DC
220	Zambezi River Authority Pension Scheme	DC
221	Zambia Anglican Council Pension Scheme	DB
222	Zambia Bata Shoe Company Plc Staff Pension Scheme	DC
223	Zambia Bureau Of Standards Pension Scheme	DC
224	Zambia Bureau Of Standards Pension Trust Scheme	DC
225	Zambia Center For Accountancy Studies Pension Scheme	DC
226	Zambia Environmental Management Agency Pension Scheme	DC
227	Zambia Episcopal Conference Pension Scheme	DC
228	Zambia Information & Communication Authority Pension Scheme	DC
229	Zambia Institute For Capacity Building Pension Scheme Trust	DC
230	Zambia Medicines Regulatory Authority Pension Trust Scheme	DC
231	Zambia National Association For Physically Handicapped Pension Scheme	DC
232	Zambia National Building Society Pension Scheme	DC

No.	Pension Scheme Name	Design
233	Zambia National Tourist Board Pension Scheme	DC
234	Zambia Railways Limited Pension Scheme	DB
235	Zambia Retail Pension Scheme	DC
236	Zambia Revenue Authority Pension Scheme	DC
237	Zambia Seed Company Limited Pension Scheme	DC
238	Zambia Sugar Plc Pension Scheme Trust	DC
239	Zambia Union Of Financial Institution & Allied Workers Pension Scheme	DC
240	Zambia Weights & Measures Pension Scheme	DC
241	Zambia Wildlife Authority Pension Scheme	DC
242	Zambian Breweries Plc Pension Scheme	DC
243	Zambian RE Ltd Pension Scheme	DC
244	ZANACO Bank Plc DB Pension Scheme	DB
245	ZANACO Bank Plc DC Pension Scheme	DC
246	ZESCO Limited-Kariba North Bank Pension Scheme	DC
247	ZISC Life Pension Trust Fund	DB/DC

APPENDIX V: STATEMENT OF CHANGES IN NET ASSETS

STATEMENT OF CHANGES IN NET ASSETS				
Amounts in K'000		31-Dec-23	31-Dec-22	%Change
INFLOWS				
Contributions		2,813,467.73	1,941,986.97	44.88%
Normal - Members		809,060.68	704,193.87	14.89%
Normal - Employers		1,149,862.40	972,226.90	18.27%
Additional/Voluntary		44,457.66	16,506.08	169.34%
Special - Deficit Funding		566,603.50	93,603.08	505.33%
Transfer from other funds		243,483.49	155,389.90	56.69%
Total Investment Income		4,130,991.14	1,869,255.56	121.00%
Investment income		2,226,092.10	1,165,923.49	90.93%
Interest/income from Government Bonds		1,058,473.65	640,684.79	65.21%
Interest/income from Treasury Bills		68,789.49	50,302.52	36.75%
Dividends from equities		263,473.68	154,736.41	70.27%
Rent from properties		131,149.98	119,053.83	10.16%
Interest from cash deposits		254,122.66	270,231.34	-5.96%
Income from Collective Investment Securities (capital gain/loss)		241,901.07	83,436.83	189.92%
Income from offshore investments - Equity		208,181.57	(152,522.24)	-236.49%
Income from offshore investments - Bonds		-	-	-
Other Income		1,904,899.04	703,332.07	-170.84%
Claims from insurance		-	-	-
Fair value changes in equity		859,391.57	489,509.57	75.56%
Property revaluations		213,659.96	59,142.66	261.26%
Foreign exchange gain/(loss)		571,542.65	99,980.41	471.65%
Change in value of investments		219,297.87	1,859.15	11695.60%
Profit/(loss) on sale of investments		8,029.20	36,740.41	-78.15%
Recoveries (Court settlements, impairments)		32,977.79	1,609.87	1948.48%
Total Inflows		6,944,458.87	3,811,242.53	82.21%
EXPENDITURE				
Benefits paid		2,546,059.38	1,904,761.74	33.67%
Pensions		240,568.80	273,245.25	-11.96%
Lump sum benefits		108,383.97	312,964.69	-65.37%
Death benefits		19,985.37	31,734.17	-37.02%
Refund and withdrawals of contributions		1,965,528.82	1,153,311.81	70.42%
Transfers to other pension funds		187,068.22	90,918.91	105.75%
Income Tax Expenses		-	-	-
Others (Premiums on insurance policies, annuities)		24,524.20	42,586.91	-42.41%
Administration Expenses		334,177.63	328,615.39	1.69%
Operational Expenses		18,325.01	12,165.74	50.63%
Staff Costs		32,972.18	27,111.68	21.62%
Investment Property Costs		45,113.50	36,096.17	24.98%
Other Expenses (Taxation, PIA Levy, Bad debt provision, commissions, handling fees, m		237,766.95	253,241.81	-6.11%
Taxation		151,980.82	114,734.64	32.46%
PIA Levy		46,232.74	34,811.11	32.81%
Bad Debt Provision		28,884.19	91,473.16	-68.42%
Commissions		2,896.66	4,182.79	-30.75%
Handling fees		7,772.54	8,040.11	-3.33%
Medical Levy		-	-	-
Management Costs		419,376.99	282,105.43	48.66%
Total Expenditure		3,299,614.01	2,515,482.56	31.17%
EXCESS/DEFICIT		3,643,077.96	1,295,759.97	181.15%

APPENDIX VI: STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS					
1. ASSETS (Amounts in K'000)					
OPENING NET ASSETS		12,763,724.98	12,548,949.45		
ASSETS		17,567,775.10	13,967,150.00		
(a) Fixed Assets		41,304.36	39,021.07	5.85%	
(b) Investments		16,101,810.37	12,743,029.25	26.36%	
(i)	Government Bonds	5,229,240.71	4,190,216.71	24.80%	
(ii)	Treasury Bills	358,712.53	328,617.92	9.16%	
	Collective Investment schemes	967,354.99	792,620.10	22.05%	
(iv)	Equities - Listed	3,194,030.15	2,404,648.28	32.83%	
(v)	Equities -Unlisted	398,641.43	268,885.43	48.26%	
(vi)	Property	1,884,684.81	1,549,905.45	21.60%	
(vii)	Term Deposits	2,266,616.55	1,908,050.93	18.79%	
(viii)	Corporate Bonds	351,105.82	279,238.71	25.74%	
(ix)	Commercial Papers	-	320.42	-100.00%	
(x)	Municipal Bonds	-	-	-	
(xi)	Offshore Investments	1,409,545.03	810,842.87	73.84%	
(xii)	Other investments (Insurance policies)	41,878.35	209,682.46	-80.03%	
(c) Current Assets		1,424,660.37	1,185,100.58	20.21%	
(i)	Debtors	61,235.64	71,622.45	-14.50%	
(ii)	Income received from fixed interest securities	144,880.42	186,810.59	-22.45%	
(iii)	Arrear Contributions	418,200.10	444,872.12	-6.00%	
(iv)	Cash at Bank	713,616.38	377,609.51	88.98%	
(v)	Others - Interest receivable, Dividends	86,727.84	104,185.91	-16.76%	
2. LIABILITIES		1,016,153.22	1,203,425.92	-15.56%	
(a) Long term liabilities (Deferred liability on pension)		-	-	-	
(b) Current Liabilities		998,891.22	1,203,425.92	-17.00%	
(i)	Creditors	531,666.60	627,183.06	-15.23%	
(ii)	Contributions received in advance	-	-	-	
(iii)	Benefits Due	443,139.22	529,337.10	-16.28%	
(iv)	Taxation	9,373.09	38,262.14	-75.50%	
(v)	Bank Overdraft	-	-	-	
(vi)	Prepayments - Rent/Security/Other	14,712.31	10,643.62	38.23%	
NET ASSETS AT END OF YEAR		16,551,621.88	12,763,724.98	29.68%	
MEMBERS' FUNDS					
Members' funds at Beginning of the Year		12,813,714.76	11,194,638.24	14.46%	
Excess of Income Over Expenditure		3,648,586.15	1,297,324.44	181.24%	
Reserves, Adjustments		89,320.97	31,651.93	182.20%	
Members' funds at End of the Year		16,551,621.88	12,763,724.98	29.68%	



Pensions and Insurance Authority

FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 December 2023

MPH Chartered Accountants

Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

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Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

Directors' Report

The Directors of the Pensions and Insurance Authority ("the Authority") submit their report and audited financial statements for the year ended 31 December, 2023.

1. Principal activities

The principal activity of the Authority is to supervise and regulate the pensions and insurance industries through administering the Pension Scheme Regulations Act. No. 28 of 1996 and the Insurance Act, No. 38 of 2021. At inception, the Authority did not exist as a separate legal entity but operated as the office of the Registrar of Pensions and Insurance under the Ministry responsible for Finance. It was established as a corporate body following the amendment of the 1996 Act. The Authority administers the Pensions Scheme Regulations Act of 1996 (as amended) and the Insurance Act, No. 38 of 2021. There has been no significant change in the Authority's business during the year.

2. Directors

The Directors who held office during the year were;

S/N	Name	Title	Date of Appointment/ Retirement
1	Mr. Peter H. Banda	Chairperson (Expert Ministerial Appointment)	20/10/2023
2	Mrs. Dorothy K. Mbao	Vice Chairperson (Representative of ZICA)	20/10/2023
3	Ms. Mercy Munoni	Representative of the Ministry responsible for Finance	20/10/2023
4	Mr. Francis Mwale	Representative of the Attorney General	20/10/2023 - Retired
5	Ms. Ndanji Kelly Choongo	Representative of the Attorney General	20/10/2023
6	Mr. Givens Muntengwa	Representative of the Ministry of Labour and Social Security	20/10/2023
7	Ms. Namwandi Ndhlovu	Representative of the Bank of Zambia	20/10/2023
8	Mrs. Edna Haacuma	Representative of a Trade Union representing workers in the Insurance and Pensions Industries	20/10/2023 - Retired
9	Mr. Kapaso Sundrea Kabende	Representative of a Trade Union representing workers in the Insurance and Pensions Industries	20/10/2023
10	Mr. Moffat Kauma	Representative of Zambia Association of Chambers of Commerce and Industry	20/10/2023
11	Ms. Grace Samui	Representative of Zambia Federation of Employers	20/10/2023

3. Management

S/N	Name	Title
1	Mrs. Namakau M. Ntini	Registrar
2	Ms. Mainza Masole	Acting Deputy Registrar - Pensions
3	Dr. Brian K. Manchishi	Deputy Registrar - Insurance
4	Mrs. Kabisa Ngwira	Board Secretary

4. Bankers

Zambia National Commercial Bank Plc.

5. Auditors

MPH Chartered Accountants,
Plot 4434A, Kumuyo Road,
Longacres,
P.O Box 31014,
LUSAKA.

Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

Directors' Report

6. Principal office

Stand No. 4618, Lubwa Road. Off Church Road,
Rhodespark,
P.O Box 30X Ridgeway,
LUSAKA.

7. Directors' interests

None of the Directors held an interest in the Authority's capital resources during the year.

8. Directors' emoluments

Directors' emoluments during the year amounted to K2.4 million (2022: K2.0 million).

9. Number of employees and remuneration

The total remuneration of employees during the year amounted to K55.1million (2022: K45.8million) and the number of employees was 67 (2022: 65).

10. Health and safety

The Authority has policies and procedures to safeguard the occupational health, safety and welfare of its employees.

11. Property, plant and equipment

The Authority purchased property, plant and equipment amounting to K3.3 million (2022: K2.1million) during the year. In the opinion of the Directors, the carrying value of property, plant and equipment is not less than their recoverable value.

12. Corporate governance

The Authority is committed to upholding the highest standards of corporate governance. In line with current good practice, the Authority adheres to principles of corporate governance. The Authority has put in place governance tools that are designed to mitigate conflicts of interest and uphold the principles of fairness, accountability, transparency and responsibility.

The Authority's management are responsible for establishing and maintaining adequate internal controls over financial reporting. Under the supervision of the Registrar, the Authority's internal controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with IFRSs. The Board has responsibility for monitoring compliance with the regulatory environment and the various internal control processes and procedures.

13. Clients and suppliers

The Authority enjoyed good relationships with its clients and suppliers in 2023.

14. Auditors

By resolution of the Board, the Auditors, MPH Chartered Accountants were appointed as External Auditors for the financial year 2023. They are eligible for reappointment, and they expressed their willingness to continue in office.

By order of the Board



Board Secretary

Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

Statement of Directors' Responsibilities

The Directors are responsible for the preparation of the financial statements for each financial period, which give a true and fair view of the state of affairs of the Pensions and Insurance Authority (the Authority'). In preparing such statements, the Directors are required to:

- (a) Select suitable accounting policies and then apply them consistently;
- (b) Make judgments and estimates that are reasonable and prudent; and
- (c) State whether applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority and hence for taking responsible steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirms that in its opinion:

- (a) the Statement of Comprehensive Income is drawn up so as to give a true and fair view of surplus for the year ended 31st December 2023.
- (b) the Statement of Financial Position is drawn up so as to give a true and fair view of the state of affairs of the Authority at 31st December 2023.
- (c) at the date of these statements there were reasonable grounds to believe that the Authority will be able to pay its debts as and when they fall due; and
- (d) the financial statements have been prepared in accordance with the International Financial Reporting Standards.

Approval of the financial statements

The financial statements of the Authority as indicated above and set out on pages 8 to 27 were approved by the Board on 12th November 2024 and were signed on its behalf by:



Chairperson



Vice Chairperson

Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

Independent Auditor's Report

To the Members of Pensions and Insurance Authority

Report on the financial statements

Opinion

We have audited the financial statements of the Pensions and Insurance Authority ("the Authority"), which comprises the statement of financial position as at 31 December 2023, the statement of comprehensive income and the statement of changes in funds and reserves and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2023, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA)*, and we have fulfilled our other ethical responsibilities in accordance with IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be a key audit matter to be communicated in our report.

Trade receivables

At 31 December 2023, the Authority's gross trade receivables amounted to K56,331,293. We refer to note 9 of the financial statements.

Key audit matter	Our response
<i>Existence, accuracy and valuation of trade receivables</i>	
The Authority's trade debtors include long outstanding balances that may be irrecoverable, not exist or be inaccurate.	Our audit procedures in respect of the existence, accuracy and valuation of trade receivables included, among others: • Assessing the existence of the receivables through direct confirmation of the debtors' balances; • Review of payments from debtors received after the reporting date; • Review of supporting documents giving rise to the debtors' balances; and • Understanding the methods used for computation of the impairment provision and assessing the recoverability of the debt.

We found disclosures in notes 9 appropriate.

Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

Independent Auditor's Report (*continued*)

Other Matter

The financial statements of the Authority for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on 29 December 2023.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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Independent Auditor's Report (*continued*)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Information

The Directors are responsible for the other information included in the Annual Report. Other information includes the Directors' Report, the Statement of Directors Responsibilities and Supplementary Information set out on pages 25 to 27. Our opinion on the financial statements does not cover other information and we do not express an audit opinion thereon. Our responsibility is to read the other information and consider whether the information therein is materially consistent with the financial statements. If based on our work, we conclude that there is a material misstatement; we are required to report that fact. We have nothing to report in this regard.

Report on Other Legal and Regulatory Requirements

As required by the Schedule to the Pension Scheme Regulation (Amendment) Act, 2005 we report to you, based on our audit, that:

- (a) in our opinion proper books of accounts and other records relating to the Authority's accounts, have been kept so far as appears from our examination of those books and records of the Authority; and
- (b) the Authority's statements of the financial position and statement of comprehensive income are in agreement with the books of account.
- (c) the Authority has not as soon as is practicable, but not later than one hundred and eighty days after the end of the financial year, submitted to the Minister a report concerning its activities during the financial year which report shall include audited financial statements of the Authority.


MPH Chartered Accountants


Hampande Hachongo (AUD/F000186)

12/11/24
Lusaka, Zambia

Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

Statement of comprehensive income

	Note	2023 K	2022 K
Revenue			
Income	Appx I	<u>115,290,534</u>	<u>84,604,240</u>
Expenditure			
Staff costs	Appx II	<u>(55,067,459)</u>	<u>(45,760,145)</u>
Administrative expenses	Appx III	<u>(37,767,926)</u>	<u>(22,946,170)</u>
		<u>(92,835,385)</u>	<u>(68,706,315)</u>
Operating surplus		22,455,149	15,715,925
Other income	Appx I	<u>12,323,947</u>	<u>10,859,603</u>
Surplus for the year		34,779,096	26,757,528
Other comprehensive income		-	-
Total comprehensive income		<u>34,779,096</u>	<u>26,757,528</u>

The material accounting policy information and notes on pages 12 to 27 form part of these financial statements.

Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

Statement of Financial Position

	Note	2023 K	2022 K
Assets			
Non-current assets			
Property, plant and equipment	8	<u>31,725,924</u>	<u>31,879,649</u>
Current assets			
Trade and other receivables	9	42,018,531	31,515,922
Other receivables	9	6,146,106	5,839,302
Short term investments	10.1	59,964,591	-
Cash and cash equivalents	10	<u>79,906,953</u>	<u>115,914,738</u>
		<u>188,036,181</u>	<u>153,269,962</u>
Total assets		<u>219,762,105</u>	<u>185,149,611</u>
Funds, reserves and liabilities			
Funds and reserves			
Accumulated surplus		193,714,764	158,743,854
Revaluation reserves		<u>8,624,860</u>	<u>8,816,673</u>
		<u>202,339,624</u>	<u>167,560,527</u>
Non-current liabilities			
Pension registration fees	11.1	112,074	74,993
Gratuity	11.3(b)	2,032,743	1,784,991
Capital grants	11.2	<u>65,975</u>	<u>65,975</u>
		<u>2,210,792</u>	<u>1,925,959</u>
Current Liabilities			
Trade payables and provisions	11.4	7,691,193	6,400,003
Other payables	11.5	<u>7,520,496</u>	<u>9,262,884</u>
		<u>15,211,689</u>	<u>15,662,887</u>
Total Equity and Liabilities		<u>219,762,105</u>	<u>185,149,611</u>

The financial statements set out on pages 8 to 27, which have been prepared on a going concern basis, were approved by the Board on 12/11/24 and were signed on its behalf by:



 Director



 Director

The material accounting policy information and notes on pages 12 to 27 form part of these financial statements.

Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

Statement of Changes in Funds and Reserves

	Accumulated funds K	Revaluation reserves K	Total K
At 1 January 2022	119,366,350	9,015,269	128,381,619
Impairment movement*	11,727,050	-	11,727,050
Prior year adjustment**	701,112	(6,782)	694,330
Restated at 31 December 2022	131,794,512	9,008,487	140,802,999
At 1 January 2022 as restated	131,794,512	9,008,487	140,802,999
Surplus for the year	26,757,528	-	26,757,528
Amortisation of reserves	191,814	(191,814)	-
At 31 December 2022	158,743,854	8,816,673	167,560,527
At 1 January 2023	158,743,854	8,816,673	167,560,527
Surplus for the year	34,779,096	-	34,779,096
Amortisation of reserves	191,814	(191,814)	-
At 31 December 2023	193,714,764	8,624,860	202,339,624

*Impairment movement

This impairment relates to receivables that were previously impaired and have now been recovered following changes in legislation that improved recovery.

**Prior year adjustment

The amount for prior year adjustments relate mainly to accrued expenses which were never reversed when the actual expenditure/invoice was received.

Accumulated funds

The accumulated funds represent retained excess of income over expenditure for the current year and balances brought forward from previous years.

Revaluation reserves

Revaluation reserves represent non-distributable reserves which arise from the revaluation surplus on land and buildings.

The material accounting policy information and notes on pages 12 to 27 form part of these financial statements.

Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

Statement of Cash flows

		2023	2022
	Note	K	K
Cash inflow from operating activities			
Surplus for the year		34,779,096	26,757,528
Adjustment for non-cash items			
Depreciation	8	3,443,266	3,052,116
Interest received		(12,208,817)	(10,687,553)
		<u>26,013,545</u>	<u>19,122,091</u>
Changes in working capital			
Change in receivables		(10,809,413)	5,433,329
Change in payables		(203,683)	5,471,042
		<u>15,000,449</u>	<u>30,026,462</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(3,289,541)	(2,110,714)
Interest received		12,208,817	10,687,553
Long-term investments	10.1	(59,964,591)	-
Net cash used in investing activities		<u>(51,045,315)</u>	<u>8,576,839</u>
Cash flows from financing activities			
Pension registration fees		37,081	30,165
Net cash flows from financing activities		<u>37,081</u>	<u>30,165</u>
Net cash flows		<u>(36,007,785)</u>	<u>38,633,466</u>
Analysis of changes in cash and cash equivalents:			
Cash and cash equivalents at the beginning of the year		115,914,738	77,281,272
Increase/(decrease) in cash during the year		(36,007,785)	38,633,466
Cash and cash equivalents at the end of the year	10	<u>79,906,953</u>	<u>115,914,738</u>

The material accounting policy information and notes on pages 12 to 27 form part of these financial statements.

Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

Material accounting policy information

1. Establishment

The Authority is established under Section 4(1) of the Pension Scheme Regulation Act, No. 28 of 1996 (as amended) (hereinafter referred to as “PSRA”) and given the mandate to regulate and supervise the pensions industry and the insurance industry in accordance with the provisions of the PSRA and the Insurance Act, No 38 of 2021 respectively.

2. Material accounting policies

2.1 Basis of preparation financial statements

These are the financial statements of the Pensions and Insurance Authority (‘the Authority’) for the period 1st January 2023 to 31st December 2023. These financial statements comply with the requirements of International Financial Reporting Standards (IFRSs). The financial statements are prepared under the historic cost convention and have been prepared in accordance with applicable accounting standards.

2.2 Functional and presentation currency

These financial statements are presented in Zambian Kwacha, which is the Authority’s functional currency.

2.3 Property, plant and equipment

Depreciation is provided on a straight-line basis at annual rates estimated to write off the cost of each asset over the period of their expected useful lives at the following annual rates:

Office furniture and fittings	16.7%
Office equipment	16.7%
Motor vehicles	20.0%
Buildings	2.0%
Computers	33.3%
Leasehold land	-

All categories of property, plant and equipment are initially recorded at cost. Buildings and freehold land are subsequently shown at the market value, based on periodic, but at five years, valuations by external independent valuers, less subsequent depreciation for buildings. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the accounting period in which they are incurred.

Increases in the carrying amount on revaluation are credited to a revaluation surplus reserve in equity. Decreases that offset previous increases of the same assets are charged against the revaluation surplus; all other decreases are charged to the statement of comprehensive income. Each year the difference between the depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statement of comprehensive income) and depreciation based on the asset’s original cost is transferred from the revaluation surplus to retained earnings.

Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

Material accounting policy information (*continued*)

2.3. Property, plant and equipment (*continued*)

The Authority assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Authority estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. The recoverable amount of an asset is the higher of its fair value less costs to sell and value in use.

If the recoverable amount of an asset is less than the carrying amount, the asset is reduced to its recoverable amount. That reduction is an impairment loss.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining profit. On disposal of revalued assets, amounts in the revaluation surplus relating to that asset are transferred to retained earnings.

2.4. Financial assets

The Authority's principal financial assets are cash and bank balances and unremitted levies from regulated entities. The receivables are stated at their nominal value reduced by appropriate allowances for estimated irrecoverable amounts.

2.5. Financial liabilities

The Authority's principal financial liabilities are amounts due to employees and other liabilities. Financial liabilities are classified according to the substance of the contractual agreements entered into. Amounts due to employees are stated at their nominal value.

Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

Material accounting policy information (*continued*)

2.6. Income

The Authority recognizes revenue when the amount can be readily measured, it is probable that future economic benefits will flow to the Authority and when specific criteria have been met for each of the Authority's activities as described below. The amount of revenue is not considered to be readily measurable until all contingencies relating to the sale have been resolved. The Authority bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Government grants

Grants from the Government are recognized at their fair value in the statement of comprehensive income where there is a reasonable assurance that the grant will be received, and the Authority has complied with all attached conditions. Grants received where the Authority has yet to comply with all attached conditions are recognized as a liability (and included in deferred income) and released to income when all attached conditions have been complied with. Government grants received are shown separately in the Statement of Comprehensive Income.

(ii) Levies

Levy is paid by a pension scheme, insurance Authority and a person whose premium or source of premium is obtained from a business carried out in Zambia. This is paid on the net assets of the pension fund at a rate of 0.3 percent per annum, on gross written premium of each general insurer at a rate of 0.8 percent per annum and on gross written premium of each long-term insurer at a rate of 0.5 percent per annum. Levy is computed on quarterly accounts and paid to the Authority within sixty days after the end of each quarter.

(iii) Interest income

Interest income is recognized on a time proportion basis using the effective interest method.

2.7. Provisions

Provisions are recognized when the Authority has a present legal and constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

2.8. Foreign currencies

Transactions denominated in foreign currencies are translated into Zambia Kwacha at the commercial bank rates of exchange ruling at the date of the transaction. Bank and cash balances denominated in foreign currencies are translated in Zambian Kwacha at the rates of exchange ruling on 31st December 2023. Gains and losses arising on translation are included in the Statement of Comprehensive Income in the year in which they arise.

2.9. Retirement benefits

The Authority operates a defined contribution scheme for pensionable employees at 5% contribution by the employee and 15% contribution by the employer. The Authority and its employees also contribute to the National Pension Scheme, which is a defined benefit scheme. A defined benefit fund is a retirement benefit plan under which the Authority pays fixed contributions to a separate entity.

The Authority has no legal or constructive obligation to pay further contributions if the scheme does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Authority's contributions to the defined contribution fund are charged to the statement of comprehensive income in the year in which they fall due.

Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognized as an expense accrual.

Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

Material accounting policy information (*continued*)

2.13 New and amended standards and interpretations

In these financial statements, the Authority has applied IFRS 17 for the first time. The Authority has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4 for annual reporting period beginning on or after 1 January 2023. IFRS 17 introduces an internationally consistent approach to the accounting for insurance contracts. Prior to IFRS 17, significant diversity has existed worldwide relating to the accounting for and disclosure of insurance contracts, with IFRS 4 permitting many previous accounting approaches to be followed.

Since IFRS 17 applies to all insurance contracts issued by an entity (with limited scope exclusions), its adoption may have an effect on non-insurers. The Authority carried out an assessment of its contracts and operations and concluded that the adoption of IFRS 17 has no effect on the annual financial statements of the Authority.

Disclosure of Accounting Policies - Amendment to IAS1 and IFRS Practice Statement: Making Material Judgement

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with "material accounting policy information". The amendments also provide guidance under what circumstances, the accounting policy information is likely to be considered material and therefore requiring disclosure.

The amendments have no effect on the measurement or presentation of any items in the financial statements of the Authority but affect the disclosure of accounting policies.

Definition of Accounting Estimates (Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors)

The amendments to IAS 8, which added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors.

These amendments had no effect on the financial statements of the Authority.

2.14 New standards, interpretations, and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Authority has decided not to adopt early. The following amendments are effective for the annual period beginning 1 January 2024:

- Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements); and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)

These amendments are not likely to impact the Authority significantly.

Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

Material accounting policy information (*continued*)

Climate considerations

New sustainability and climate-related standards not yet effective

The International Sustainability Standards Board has issued the sustainability disclosures standard and the climate related disclosures standard. These standards are unlikely to have a significant impact on the Authority.

IFRS S1: General sustainability related disclosures

The Standard requires entities to disclose information about all their significant sustainability-related risks and opportunities. The standard is effective for annual periods beginning on or after 1 January 2024. Earlier application is permitted.

IFRS S2: Climate-related disclosures

The Standard requires an entity to provide information about its exposure to climate-related risks and opportunities. The standard is effective for annual periods beginning on or after 1 January 2024. Earlier application is permitted.

4. Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 5 "Critical accounting estimates and judgements in applying accounting policies".

5. Critical accounting estimates and judgements in applying accounting policies

The Authority makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Authority determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed. The Authority monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Authority's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in the business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

Material accounting policy information (*continued*)

5. Critical accounting estimates and judgements in applying accounting policies (*continued*)

Impairment losses on receivables

When measuring expected credit loss, the Authority uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Impairment of assets other than receivables

The carrying amounts of the Authority's assets other than receivables are reviewed at each reporting date to determine whether there is an indication of impairment. If any such exists, the asset's recoverable amount is estimated. This estimation requires significant judgment. An impairment loss is recognized in the income statement whenever the carrying amount exceeds the recoverable amount.

Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

Notes to the financial statements

	2023 K	2022 K
6. Surplus for the year		
Surplus for the year is stated after charging:		
Audit fees	172,040	127,400
Contract gratuity	4,274,407	4,152,853
Leave pay	3,763,477	2,882,136
Depreciation	3,443,266	3,052,118

7. Taxation

The Authority is exempt from corporate taxation under Section 15 of the Income Tax Act CAP 668 of the Laws of Zambia and in accordance with paragraph 5(i) Part III of the Second Schedule of the same Act. Therefore, no provision for taxation has been made in these financial statements.

Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

Notes to the financial statements (continued)

8. Property, plant and equipment

	Leasehold land	Buildings	Motor vehicles	Furniture & fittings	Office equipment	Computer equipment	Other equipment	CWIP Regulatory software	Total
Cost	K	K	K	K	K	K	K	K	K
As at 1 January 2022	2,500,000	23,366,220	7,223,072	1,254,626	2,116,008	2,359,203	2,250,745	3,104,354	44,174,229
Additions	-	177,497	-	-	114,535	1,606,753	211,929	-	2,110,714
As at 31 December 2022	2,500,000	23,543,717	7,223,072	1,254,626	2,230,543	3,965,956	2,462,674	3,104,354	46,284,943
As at 1 January 2023	2,500,000	23,543,717	7,223,072	1,254,626	2,230,543	3,965,956	2,462,674	3,104,354	46,284,943
Additions	-	-	-	385,516	83,505	2,718,969	101,551	-	3,289,541
As at 31 December 2023	2,500,000	23,543,717	7,223,072	1,640,142	2,314,048	6,684,925	2,564,225	3,104,354	49,574,484
Depreciation									
As at 1 January 2022	-	2,216,220	3,551,722	913,435	1,041,239	1,805,686	1,824,876	-	11,353,178
Charge for the year	-	450,296	1,152,718	96,238	302,006	631,669	419,189	-	3,052,116
As at 31 December 2022	-	2,666,516	4,704,440	1,009,673	1,343,245	2,437,355	2,244,065	-	14,405,294
As at 1 January 2023	-	2,666,516	4,704,440	1,009,673	1,343,245	2,437,355	2,244,065	-	14,405,294
Charge for the year	-	353,254	1,111,318	130,358	291,436	1,244,155	212,745	-	3,443,266
As at 31 December 2023	-	3,119,770	5,815,758	1,140,031	1,634,681	3,681,510	2,456,810	-	17,848,560
Net book value									
31 December 2023	2,500,000	20,423,947	1,407,314	500,111	679,367	3,003,415	107,415	3,104,354	31,725,924
31 December 2022	2,500,000	20,877,201	2,518,632	244,953	887,298	1,528,602	218,609	3,104,354	31,879,649

Leasehold land is subject to a 99-year lease. Buildings and plant were revalued in April 2019 by Government Valuation Department, using open market values. The Register showing the details of property is available for inspection by members and their duly authorized agents at the registered office of the Authority.

Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

Notes to the financial statements (continued)

	2023 K	2022 K
9. Trade and other receivables		
Receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method. A provision for impairment of receivables is established when there is objective evidence that the Authority will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is recognized in the statement of comprehensive income. The Board of Directors considers that the carrying amount of receivable approximates to their fair values. The make-up of the receivables at the Statement of Financial Position date was as follows:		
Trade receivables		
Trade receivables	56,331,293	34,996,458
Impairment	(14,312,762)	(3,480,536)
	<u>42,018,531</u>	<u>31,515,922</u>
Other receivables		
Staff debtors	5,168,711	4,321,346
Sundry debtors	1,718,795	2,259,356
Impairment	(741,400)	(741,400)
	<u>6,146,106</u>	<u>5,839,302</u>
Impairment losses		

The Average credit period is 60 days. No interest is charged on outstanding trade receivables. The Authority always measures the loss allowance for trade receivables at an amount equal to the lifetime Expected Credit Loss (ECL). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of the conditions at the reporting date. The Authority has recognized a loss allowance of 100% against all receivables over 365 days past due because historical experience has indicated that these receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current period.

The Authority employs the following provision matrix to compute the impairment loss;

Aging	Expected credit loss (ECL)
Pass (0 months)	5%
Substandard (1 - 3 months)	10%
Doubtful (4 - 5 Months)	15%
Loss (6 - 12 months)	20%
Loss (Above 12 months)	100%

Impairment in 2023

	Charge for the year K	Write off K	Recoveries K	2023 K	2022 K
Trade receivables	(10,832,226)	-	-	(14,312,762)	(3,480,536)
Other receivables	-	-	-	(741,400)	(741,400)
Balance at 31 December	<u>(10,832,226)</u>	<u>-</u>	<u>-</u>	<u>(15,054,162)</u>	<u>(4,221,936)</u>

Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

Notes to the financial statements (continued)

	2023 K	2022 K
10. Cash and cash equivalents		
Cash and bank balances		
Cash in hand	2,012	320
Zambia National Commercial Bank -Centre	446,417	400,948
Zambia National Commercial Bank -Premium	30,314,803	22,225,698
Sub-total	<u>30,763,232</u>	<u>22,626,966</u>
Placements with financial institutions		
Absa Bank Zambia Plc	-	7,464,568
First National Bank	-	6,326,759
Indo-Zambia Bank	-	9,954,257
Stanbic Bank	5,389,315	24,382,279
Treasury Bills	6,164,542	27,718,963
Zambia National Commercial Bank Plc	20,998,631	17,440,946
Zambia Industrial Commercial Bank Plc	5,524,384	-
First Capital Bank	11,066,849	-
Sub-total	<u>49,143,721</u>	<u>93,287,772</u>
Grand total	<u>79,906,953</u>	<u>115,914,738</u>
10.1 Short term investments		
Government Bonds	<u>59,964,591</u>	<u>-</u>
11 Trade and other payables		
The carrying amount of trade and other payables approximate their fair values, due to their short-term nature which makes the impact of discounting immaterial.		
11(a). Non-current liabilities		
11.1 Pension registration fees	<u>112,074</u>	<u>74,993</u>
11.2 Capital grant	<u>65,975</u>	<u>65,975</u>
11.3 Gratuity		
(a) Payable within 1 year	1,709,085	3,702,442
(b) Payable after 1 year (note 15.1)	<u>2,032,743</u>	<u>1,784,991</u>
	<u>3,741,828</u>	<u>5,487,433</u>
11.4 Trade payables and provisions		
Insurance policyholders	117,646	2,164,688
Focus General - proceeds	104,283	104,283
HELSB students	17,759	-
Provision for car allowance	2,591,942	-
Provision for staff on suspension	-	2,279,667
Provision for bonus	1,219,076	29,079
WHT provision	90,393	-
Legal provision	2,000,000	251,985
Leave pay provision	1,550,094	1,570,301
Total	<u>7,691,193</u>	<u>6,400,003</u>

Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

Notes to the financial statements (*continued*)

	2023 K	2022 K
11.5 Other payables		
Penalties	2,653,800	2,609,400
Sundry suppliers	1,372,963	915,384
Audit fees	288,040	116,000
NAPSA	170,175	150,986
PAYE	1,279,566	1,715,874
NHIS	45,867	-
Staff pension	-	34,515
Personal levy	-	487
ZUFIAW	-	18,034
Court ordered child support	1,000	-
Gratuity (note 11.3(a))	1,709,085	3,702,442
Total	7,520,496	9,262,884

Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

Notes to the financial statements (continued)

	2023 K	2022 K
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12. Financial risk management

The Authority has exposure to the following risks from its use of financial instruments:

- Currency risk
- Liquidity risk
- Cash flow risk
- Operational risk
- Credit risk

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Authority's risk management framework. The Authority's risk management policies are established to identify and analyse the risks faced by the Authority, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Authority's activities. The Authority, through its management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Currency risk

The Authority is not exposed to the risk of fluctuation of value to changes in foreign exchange rates as it does not maintain bank balances or other financial assets or liabilities denominated in foreign currency.

(b) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Authority's short, medium and long-term funding and liquidity management requirements. The Authority manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Financial assets 2023	Notes	1 to 3 months K	4 months to 1 year K	More than 1 year K	Total K
Bank and cash equivalents	10	36,927,775	42,979,178	-	79,906,953
Trade receivables	9	42,018,531	-	-	42,018,531
Other receivables	9	6,146,106	-	-	6,146,106
Short term investments	10.1	-	-	59,964,591	59,964,591
		85,092,412	42,979,178	59,964,591	188,036,181
Financial Liabilities 2023					
Gratuity provision	11.3	1,709,085	-	2,032,743	3,741,828
Capital grant	11.2	-	-	65,975	65,975
Pension registration fees	11.1	-	-	112,074	112,074
Penalties	11.5	2,653,800	-	-	2,653,800
NAPSA	11.5	170,175	-	-	170,175
PAYE	11.5	1,279,566	-	-	1,279,566
NHIS	11.5	45,867	-	-	45,867
Trade payables and other provisions	11.4	7,691,193	-	-	7,691,193
Sundry suppliers	11.5	1,372,963	-	-	1,372,963
Court ordered child support	11.5	1,000	-	-	1,000
		14,854,649	-	2,210,792	17,134,441

Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

Notes to the financial statements (continued)

The following table details the Authority's remaining period for contractual maturity of its non-derivative financial assets and liabilities. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets and liabilities.

(b) Liquidity risk (continued)

Financial assets 2022	Notes	1 to 3 months	4 months to 1 year	More than 1 year	Total
		K	K	K	K
Bank and cash equivalents	10	115,914,738	-	-	115,914,738
Trade receivables	9	31,515,922	-	-	31,515,922
Other receivables	9	5,839,302	-	-	5,839,302
Short term investments	10.1	-	-	-	-
		153,269,962	-	-	153,269,962
Financial Liabilities 2022					
Gratuity provision	11.3	3,702,442	-	1,784,991	5,487,433
Capital grant	11.2	-	-	65,975	65,975
Pension registration fees	11.1	-	-	74,993	74,993
Penalties	11.5	2,609,400	-	-	2,609,400
NAPSA	11.5	150,986	-	-	150,986
PAYE	11.5	1,715,874	-	-	1,715,874
Staff pension	11.5	34,515	-	-	34,515
Personal levy	11.5	487	-	-	487
ZUFIW	11.5	18,034	-	-	18,034
Trade payables and other provisions	11.4	6,400,003	-	-	6,400,003
Sundry suppliers	11.5	915,384	-	-	915,384
		15,547,125	-	1,925,959	17,473,084

(c) Cash flow risk

The Authority is not exposed to the risk that future cash flows associated with monetary financial instruments will fluctuate in amounts. It has no instruments that include floating interest rates.

(d) Interest risk

The Authority is exposed to interest rate risk to the extent of the balance of any loans and bank overdrafts taken and outstanding.

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Authority's processes, personnel, technology and infrastructure, and from external factors other than currency, liquidity and cash flow risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Authority's operations.

The Authority's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Authority's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall Authority standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;

Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

Notes to the financial statements (continued)

(e) Operational risk

- requirements for the periodic assessment of operational risks faced, and the adequacy of requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Fair value measurements

The information set out below provides information about how the Company determines fair values of various financial assets and financial liabilities.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, Lusaka Stock Exchange).
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for assets or liabilities that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Authority considers relevant and observable market prices in its valuations where possible.

Fair value of the Authority's financial assets and financial liabilities that are measured at fair value on a recurring basis.

There were no financial assets and liabilities that are measured at fair value on a recurring basis during the period. The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

Financial assets	Notes	2023		2022	
		Carrying amount	Fair value	Carrying amount	Fair value
Bank and cash equivalents	10	79,906,953	79,906,953	115,914,738	115,914,738
Trade receivables	9	42,018,531	42,018,531	31,515,922	31,515,922
Other receivables	9	6,146,106	6,146,106	5,839,302	5,839,302
Short term investments	10.1	59,964,591	59,964,591	-	-
		188,036,184	188,036,184	153,269,962	153,269,962
Financial liabilities					
Gratuity provision	11.3	3,741,828	3,741,828	5,487,433	5,487,433
Capital grant	11.2	65,975	65,975	65,975	65,975
Pension registration fees	11.1	112,074	112,074	74,993	74,993
Penalties	11.5	2,653,800	2,653,800	2,609,400	2,609,400
NAPSA	11.5	170,175	170,175	150,986	150,986
PAYE	11.5	1,279,566	1,279,566	1,715,874	1,715,874
NHIS	11.5	45,867	45,867	-	-
Staff pension	11.5	-	-	34,515	34,515
Personal levy	11.5	-	-	487	487
ZUFIW	11.5	-	-	18,034	18,034
Trade payables and other provisions	11.4	7,691,193	7,691,193	6,400,003	6,400,003
Sundry suppliers	11.5	1,372,963	1,372,963	915,384	915,384
Court ordered child support	11.5	1,000	1,000	-	-
		17,134,441	17,134,441	17,473,084	17,473,084

Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

Notes to the financial statements (continued)

(d) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining an advance payment, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Authority's maximum exposure to credit risk is analysed below:

	2023 K	2022 K
Trade receivables	42,018,531	31,515,922
Other receivables	6,146,106	5,839,302
Short term investments	59,964,591	-
Cash and cash equivalents	79,906,953	115,914,738
	<u>188,036,181</u>	<u>153,269,962</u>

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was follows;

Impairment losses

The aging of trade receivables at the reporting date was as follows;

	2023			2022		
	Gross K	Impairment K	Net K	Gross K	Impairment K	Net K
Past due 0 - 30 days	30,485,676	(1,446,423)	29,039,253	20,142,262	(1,007,113)	19,135,149
Past due 31 - 60 days	(7,133,223)	-	(7,133,223)	(199,438)	-	(199,438)
Past due 61 - 90 days	(1,374,934)	-	(1,374,934)	138,176	-	138,176
Past due 90 days	34,353,773	(12,866,339)	21,487,434	14,915,458	(2,473,423)	12,442,035
	<u>56,331,293</u>	<u>(14,312,762)</u>	<u>42,018,531</u>	<u>34,996,458</u>	<u>(3,480,536)</u>	<u>31,515,922</u>

13. Related party transactions

The Authority undertakes to disclose the nature of related party relationships, and types of transactions necessary for the understanding of the annual financial statements.

In the context of the Authority related party, transactions include any transactions carried out with any of the following:

- Board Members; and
- Key management personnel.

The transactions to be reported are those that affect the Authority in making financial and operating decisions.

12.1 Directors' remunerations

Directors' fees	2,381,782	2,007,400
Other emoluments	-	-
Total	<u>2,381,782</u>	<u>2,007,400</u>

12.2 Key management compensation

Salaries and allowances	5,978,134	4,225,744
Gratuity	2,848,167	1,092,929
Total	<u>8,826,301</u>	<u>5,318,673</u>

Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

Notes to the financial statements (*continued*)

14. Commitments

There were no capital expenditure commitments contracted for at the end of the reporting period (2022: Nil).

15. Contingencies

The Authority has not entered into any unquantifiable contingent liabilities as at the year-end 31 December 2023 (2022: Nil) by offering any guarantees, letters of comfort or indemnities to anyone.

From time to time, the Authority it is subject to legal challenge and judicial review of decisions made in the normal course of its business as regulator of workplace pensions and insurance activities in Zambia. Legal judgments could give rise to liabilities for legal costs, but these cannot always be quantified as the outcome of proceedings would be unknown and there is therefore considerable uncertainty as to the nature and extent of any subsequent liability.

The Authority attended to the following cases:

- (a) Lennox Nyangu and 306 Others and ABSA Bank Zambia Plc Pension Fund and Pensions and Insurance Authority 2022/HP/1976.

This is a claim by Lennox Nyangu and 306 other members of Absa Bank Zambia Plc Pension Fund against the Authority for, among other claims, alleged breach of statutory duties in relation to a complaint that the Authority received from the plaintiff.

The statement of Claim was received by the Authority on the 13th December, 2022 and the Defence was founded on 30th December 2022. The Authority subsequently filed an application to raise a preliminary issue to have the matter dismissed based on the statute of limitations, and there is a fact the relief sought by the Plaintiff were addressed by the Supreme Court in the case of Barclays Bank Zambia Plc v Lennox Nyangu and 601 others - Supreme Court of Zambia judgment No. 4 of 2016. The Authority has a fair prospect of success.

- (b) EMM Corporate Partners vs Bank of Zambia, Pensions and Insurance Authority and Securities and Exchange Commission.

The three financial sector regulators namely, Bank of Zambia, Securities and Exchange Commission and the Pensions and Insurance Authority ('the Tripartite') received a demand letter from EMM Corporate Partners arising from the termination of the contract for provision for forensic audit on the Madison Group of Companies.

In a joint response to the demand letter, the financial sector regulators were of the view that the demands lack merit and are unjustified as EMM Corporate Partners failed to complete its obligations under the contract as stipulated in the terms of reference. Attempts to settle the matter through mediation failed.

The parties agreed on the appointment of an Arbitrator who is a Supreme Court Justice. All pleadings and bundles were filed in accordance with the Order of Directions including the witness statements filed on 29th January 2024.

There have been several interlocutory applications among them, amendment of pleadings and appointment of an expert witness. Status Conferences were held on 15th May 2024 and 19th June 2024 in which aspects dealing with the appointment of an expert witness' report and witness statement were filed with the Tribunal by 9th August 2024. The hearing of the matter was scheduled for 26th to 28th August 2024.

16. Comparative figures

Where appropriate comparative figures have been reclassified to give meaningful comparison.

16. Subsequent events

There were no subsequent events that would require disclosure or adjustment to the statement of financial position at 31 December 2023.

Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

Appendix I

	2023 K	2022 K
Income		
General insurance levies	52,375,626	35,187,986
Long term insurance levies	13,004,010	10,713,442
Pensions levies	49,910,898	38,702,812
Sub-total	<u>115,290,534</u>	<u>84,604,240</u>
Other income		
Interest on investments	11,247,013	10,110,057
Interest on bank	700,177	318,525
Interest on staff loans	261,627	258,971
Other income	115,130	172,050
Sub-total	<u>12,323,947</u>	<u>10,859,603</u>
Total income	<u>127,614,481</u>	<u>95,463,843</u>

Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

Appendix II

	2023 K	2022 K
Staff costs		
Salaries and wages	27,138,562	24,050,388
Allowances	12,660,361	8,803,266
Medical scheme	1,503,471	1,430,801
Sub-total	41,302,394	34,284,455
Other staff costs		
Bonus pay	1,219,076	999,041
Club membership	43,860	21,250
Contract gratuity	4,274,407	4,152,853
Funeral assistance	26,000	47,500
GLA and GPA	504,045	356,601
Gym membership	116,540	73,150
Internship programs	92,269	68,106
Leave pay	3,763,477	2,882,136
NAPSA employer	990,865	843,097
Professional subscriptions	195,486	237,317
Staff pension	2,476,440	1,785,101
Protective clothing	62,600	9,540
Sub-total	13,765,065	11,475,690
Total staff costs	55,067,459	45,760,145

Pensions and Insurance Authority

Financial statements for the year ended 31 December 2023

Appendix III

	2023 K	2022 K
Administrative expenses		
Advertisements	292,722	211,875
Asset insurance	261,601	234,875
Audit fees	172,040	127,400
Bank charges	130,771	103,625
Board expenses	2,381,782	2,140,494
Computer expenses	207,096	38,481
Consultancy fees	1,129,041	1,282,657
Consumer education	1,172,310	2,336,571
Depreciation	3,443,266	3,052,118
Electricity	140,469	85,716
Entertainment	5,945	45,352
Focus General-in liquidation	12,000	-
Foreign travel	3,021,000	1,992,522
Fuel	269,551	169,632
Impairment	10,832,226	-
International affiliations	448,095	507,428
International Labour Day	150,877	106,718
International Women's Day	62,108	41,620
Internet	456,184	493,895
Legal expense	2,060,514	6,957
Local travel	951,722	312,260
Lusaka Agriculture and Commercial Show	244,559	146,786
Maintenance - computers	309,738	1,323,286
Maintenance - motor vehicles	230,957	301,878
Maintenance - office	723,237	802,143
National financial inclusion	21,600	92,960
Ndola International Trade Fair	502,146	382,248
Office phones	15,186	15,868
Office refreshments	318,168	277,063
Office security	168,200	141,520
PISMIS	875,562	1,540,625
Postage expenses	11,085	10,433
Printing	54,606	153,125
Procurement expenses	136,493	50,950
Reading materials	71,908	65,480
Recruitment	62,510	73,962
Seminars and workshops	3,099,591	1,747,189
Software	390,722	242,463
Stationery	553,137	452,337
Sundry expenses	2,791	1,702
Training	2,374,412	1,777,781
Webhosting	-	56,173
Total	37,767,926	22,946,170

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Pensions and
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ANNUAL REPORT

2023



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