# Insurance and Pensions Symposium

## Strengthening Financial Sector Governance and Risk Management for Insurance and Pensions Sustainability

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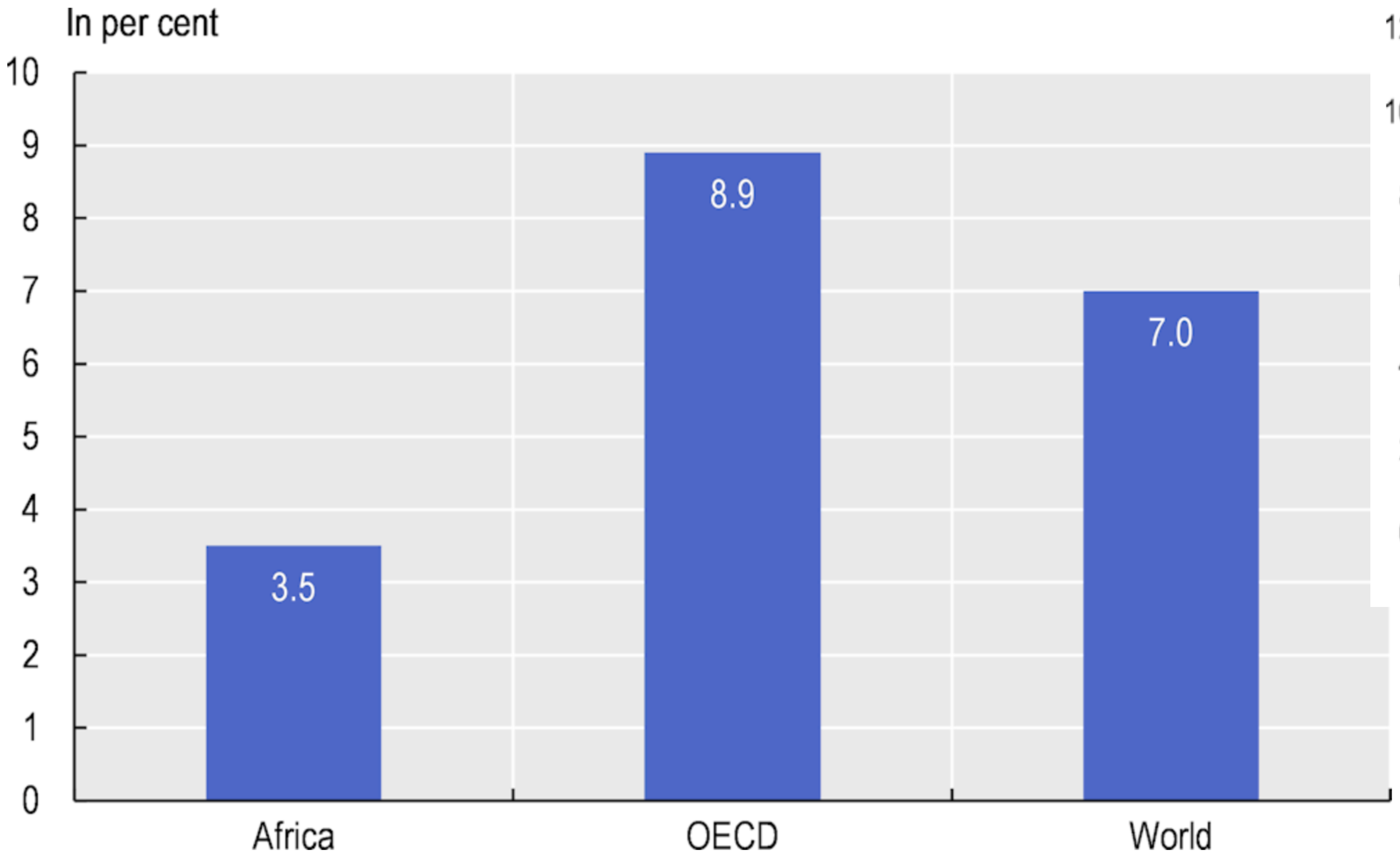
# Outline

- Global Landscape – Insurance
- Global Landscape - Pension
- Global Insurance and Pension Context
- Global paradigm shift
- Global outlook on governance
- Zimbabwe Lessons – Resilience through Crisis
- Risk management – Simple Operating Model
- Governance reforms that build trust and resilience
- Data Governance as a Foundation for Trust and Risk Management

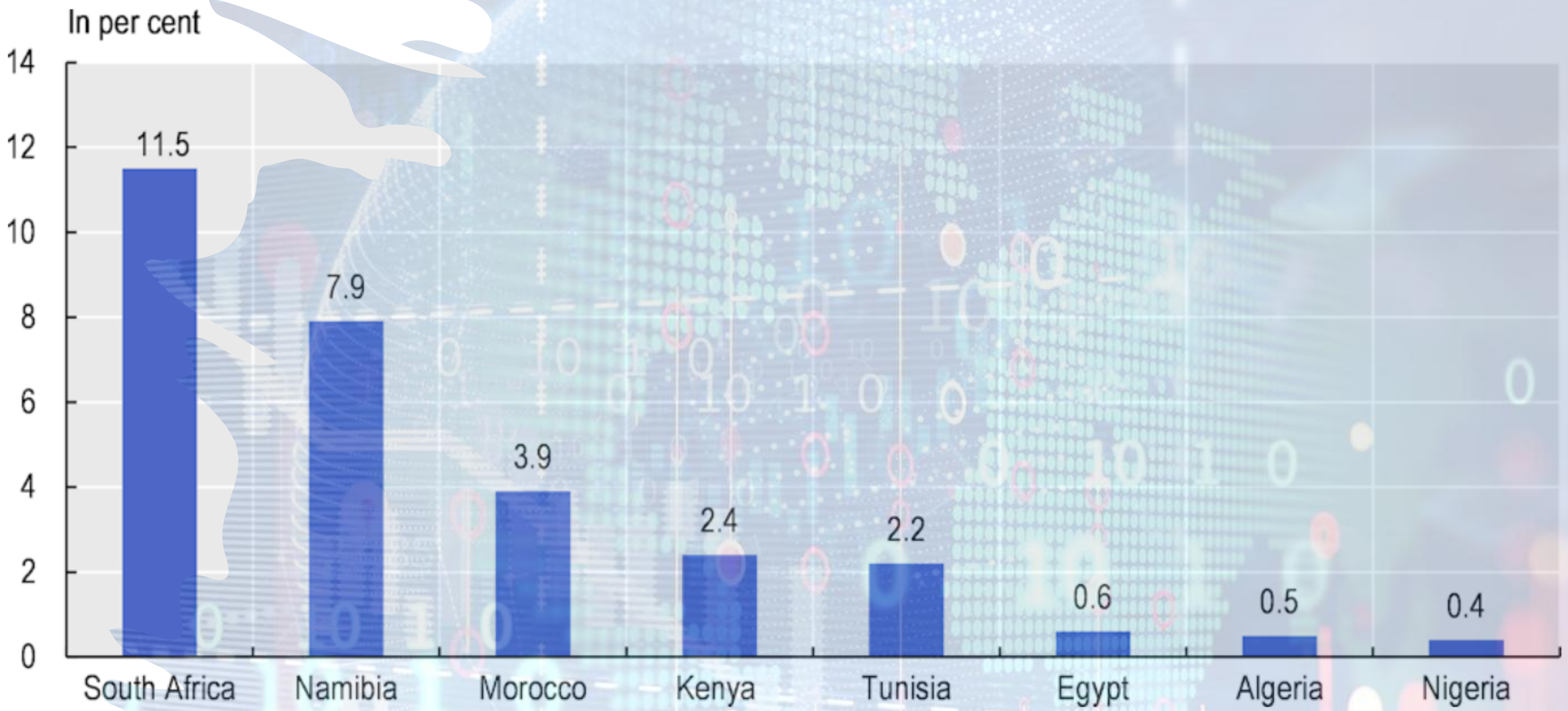
1. Governance
2. Risk management
3. Digital data
4. Sustainability

# Global Landscape – Insurance

Total insurance premiums as a share of GDP by region, end-2023



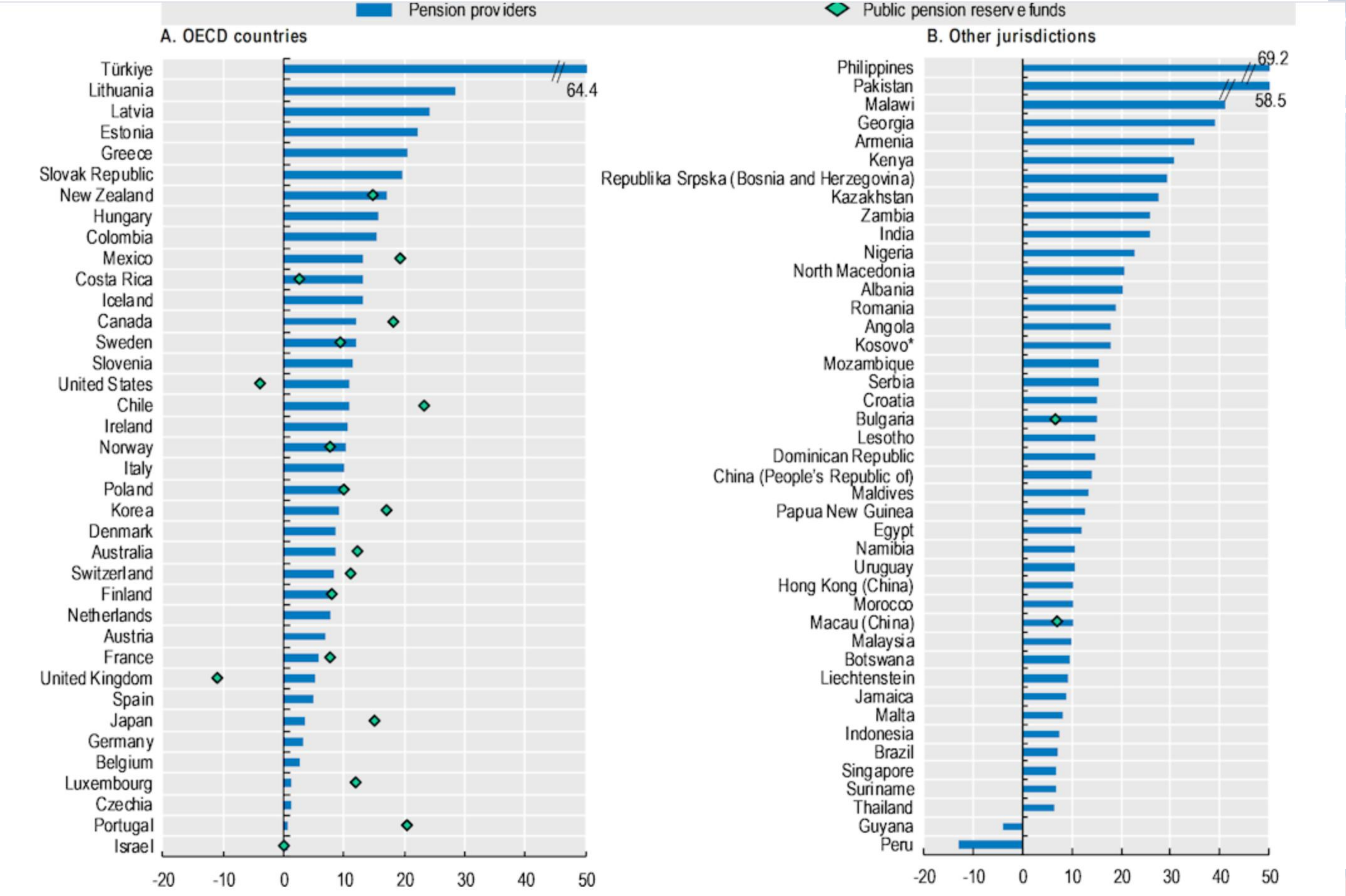

Total insurance premiums as a share of GDP by country, end-2023



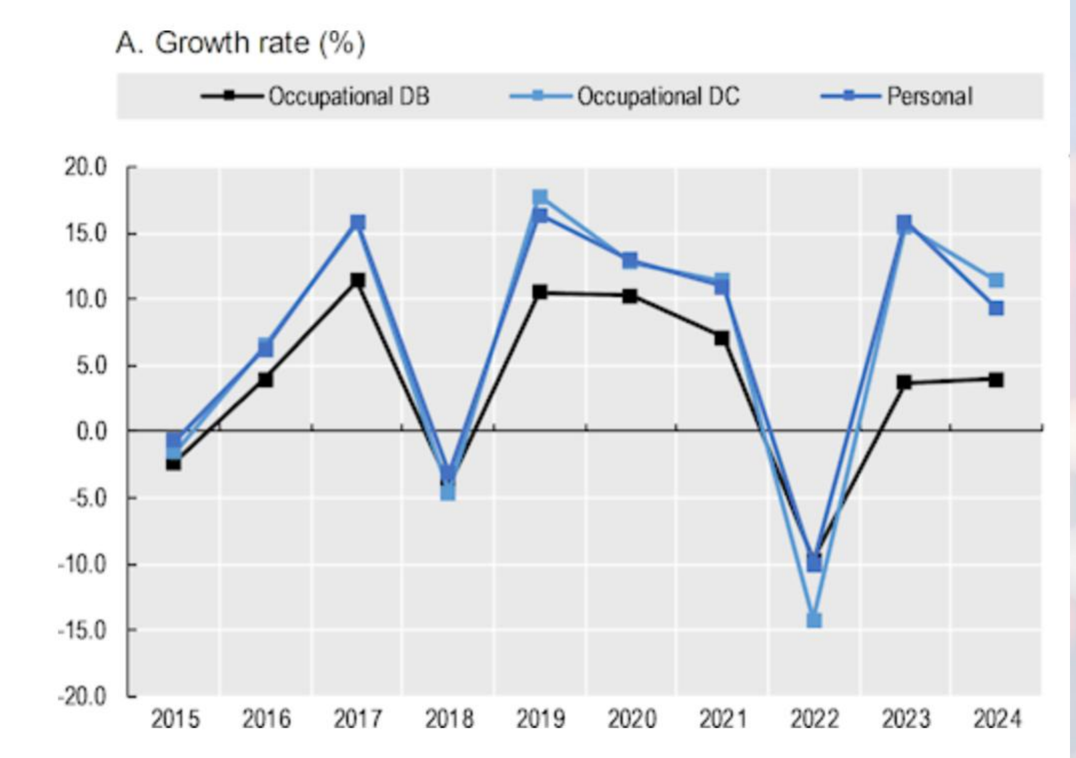

Source: Swiss Re Institute (2024[2]), *Sigma 3/2024-World insurance: strengthening global resilience with a new lease of life*, https://www.swissre.com/dam/jcr:2d26776f-20e4-4228-8ee0-97cec2ddb3c4/sri-sigma3-2024-world-insurance.pdf

# Global Landscape – Pension

**Nominal growth rate of pension assets in local currency in 2024 In per cent**




- Pension assets recovered strongly after 2022 decline
- Reached record levels in 2024 - USD 69.8 trillion (OECD countries) and USD 2.9 trillion (non-OECD countries)
- Growth observed across all pension plan types




Source: https://www.oecd.org/en/publications/pension-markets-in-focus-2025_b095d0a0-en/full-report/component-3.html

# Global Insurance & Pensions Context (2019–2026)

| Macro Volatility | Private Capital Flows | Climate & Social Risks | Regulatory Tends |
|---|---|---|---|
| • Insurers globally report stable solvency/profitability, but cite inflation, interest-rate swings, and climate/cyber disasters as top vulnerabilities.<br>• The IAIS notes insurers' "resilience and stability" but warns of new uncertainties (geopolitics, digital/AI risks, inflation) | • Alternative capital (insurer-linked securities, private credit/equity) is now mainstream in mature markets, pressuring traditional insurers to specialise in niche products and hedges | • International bodies emphasize insurance's role as a social stabilizer against NatCat, pandemics, etc.<br>• 2024 data shows rising frequency/severity of climate events, underscoring the need for better risk models.<br>• Aging populations are driving demand for guaranteed-income annuities (life companies) | • Globally, supervisors are implementing risk-based capital (e.g. ICS under IAIS) and pushing toward IFRS 17 for comparability.<br>• The OECD highlights that sound governance (board accountability, risk management, disclosure) is central to insurer resilience.<br>• Regulatory fragmentation persists, with diverging solvency regimes and emerging standards (AI governance, ESG metrics). |

# The Global Paradigm Shift

**The global insurance sector is undergoing structural transformation driven by:**

- Persistent macroeconomic volatility and inflation
- Rising geopolitical risks and fragmentation
- Growth in private capital and alternative risk transfer markets

**Volatility is now structural rather than cyclical, requiring:**

- Agile governance frameworks
- Stronger risk culture and execution capacity

# The Global Paradigm Shift …

## Shift in pension structure…

- Declining importance of Defined Benefit (DB) plans
- Strong growth in Defined Contribution (DC) plans and personal pension plans
- DB share declined from 39.7% (2014) → 31.9% (2024)

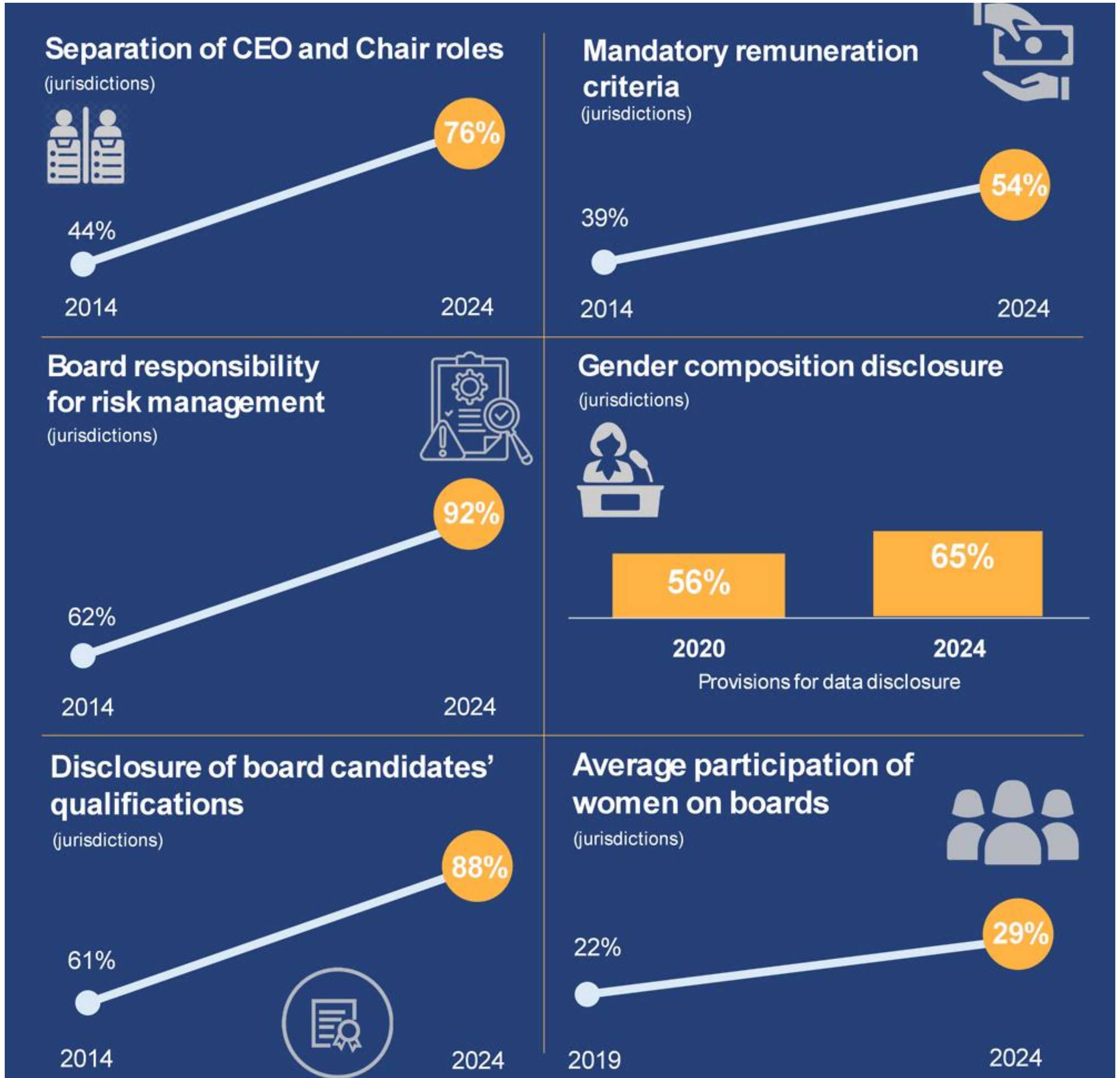
## Emerging trends

- Greater reliance on capital markets
- Rising importance of investment and risk management capacity
- Greater exposure to market volatility and asset price fluctuations

Source: Pension Markets in Focus 2025

# Global Outlook on Governance vs Africa

Countries are strengthening governance globally




Source: OECD Governance factbook 2025

## African countries face significant corporate governance challenges

- Weak board independence and effectiveness
- Limited transparency and disclosure practices
- High ownership concentration risks
- Related-party transactions
- Weak enforcement of regulations

# Zimbabwe: Resilience Through Crisis


- Impact of 2019 currency reforms and subsequent hyperinflation (new peak in 2020).
- Legislative response: Allowing USD policies to preserve value and restore confidence.
- Digitalisation surge: 59% internet penetration driving the adoption of mobile money and Insurtech.
- Asset growth: Dramatic increase in equity investments by pension funds to hedge against inflation.

- Restoring trust through the Justice Smith Commission compensation framework.
- Transitioning from rule-based to Risk-Based Supervision (RBS) via the ZiCARP framework.
- Prioritising agricultural index-based insurance for climate resilience.
- Expanding microinsurance to reach the 70% of MSMEs in the informal sector.

# Risk management for insurers and pension funds: a simple operating model

The same risk cycle can be adapted to insurers, pension funds and the supervisor.

**1 Identify**
Map underwriting, investment, operational, liquidity, climate and cyber risks.

**2 Measure**
Use exposure limits, capital metrics, reserving assumptions and asset-liability views.

**3 Stress test**
Run scenarios for inflation, FX shocks, defaults, claims spikes and sponsor distress.

**4 Act**
Reprice, de-risk, hedge, strengthen reinsurance or recover contributions.

**5 Monitor**
Track early warning indicators and escalate when thresholds are breached.

### Insurance priorities

- Reinsurance quality and concentration limits
- Claims reserving and liquidity
- Market and operational risk controls

### Pension priorities

- Contribution collection discipline
- Asset-liability matching and longevity risk
- Sponsor covenant monitoring and member communications

### Supervisor priorities

- Trigger-based intervention
- Targeted reviews
- Cross-border coordination

**Capacity building required at each level of the cycle; transition from siloed risk handling to an enterprise-wide approach; demand aggregate risk reporting**

# Governance reforms that build trust and resilience

Best practice from IAIS and OECD/IOPS points to stronger boards, stronger controls and stronger accountability.

**Board independence and fit-and-proper standards**
Clearly defined roles, independent oversight, and expertise in actuarial, investment and risk matters.

**Conflicts of interest and related-party controls**
Tight rules on insiders, connected transactions, procurement and governance of sponsor-linked funds.

**Transparent reporting and member communications**
Timely actuarial, investment and solvency disclosures with plain-language member information.

**Independent assurance**
Internal audit, external audit, actuarial review and where needed, forensic review.

**Prompt corrective action**
Escalation ladder for capital, liquidity and governance breaches before they become failures.

**Supervisory accountability**
Risk-based supervision with clear intervention triggers and public confidence-building actions.

**Governance is not a compliance checklist; it is the operating system of sustainability**

Governance Pillar: The Board's role in setting the "Tone from the Top" and overseeing ORSA.

Addressing the "Funding Crater": Moving toward domestic resource mobilization for health and social security.

Nature-Related Risk: Integrating environmental concerns into long-term financial stability mandates.

The Social Contract: Rebuilding health and retirement security as public rights, not privileges.

Anchor frameworks: IAIS ICPs, OECD pension governance work, IOPS Principles of Private Pension Supervision.

# Data Governance as a Foundation for Trust and Risk Management

## Why Data Governance Matters

Data is now a core supervisory and strategic asset

Poor data → weak supervision, mispriced risk, loss of trust

Critical for:

- Risk-based supervision
- Stress testing & early warning systems
- Consumer protection

## Key Data Governance Pillars

- Data Quality & Integrity – accuracy, completeness, timeliness
- Data Security & Privacy – protection against cyber risks
- Data Standardisation – consistent reporting frameworks
- Data Accessibility & Sharing – across regulators and institutions
- Accountability – clear ownership and governance structure

# Data Governance as a Foundation for Trust and Risk Management…

## Digital supervision and data analytics

### Move from periodic reporting to early warning

The goal is a shared data spine that helps regulators, firms and members make faster and better decisions.

### Data capture

- Single reporting taxonomy
- e-returns and automated validation
- Member and policyholder registry linkage

### Analytics

- Dashboards and anomaly detection
- Solvency / liquidity / contribution alerts
- Climate, cyber and concentration flags

### Action

- Supervisory prioritisation
- Targeted inspections
- Public communication and remediation

**Better data means earlier intervention and lower failure costs.**

# Priority Considerations increasing Market Penetration

## Policy 1

### Scale Inclusion and Resilience

- Emulating the South African microinsurance framework: Simplified licensing and lower capital.
- Leveraging mandatory schemes: National Health Insurance (NHI) launch scheduled for June 2026.
- "Partner-Agent" models: Using mobile operators and MFIs as low-cost distribution channels.
- Focusing on "low-margin/high-volume" philosophies for financial inclusion.

## Policy 2

### Addressing Grievances & Restoring Confidence

- Full operationalisation of SI 162 of 2023 for 2009 conversion compensation.
- Issuance of inflation-indexed prescribed assets to protect real portfolio value.
- Implementation of the IPEC Market Conduct Framework for fair consumer outcomes (April 2025).
- Enhanced public disclosure through transparent dashboards tracking claims and compliance.

## Policy 3

### Strengthening Industry Robustness

- ZiCARP Pillar implementation: Aligning capital with actual risk exposure.
- Addressing skills gaps in IFRS 17 implementation, especially in funeral assurance.
- Institutionalising "bottom-up" stress testing to identify systemic vulnerabilities.
- Reducing asset concentration in non-liquid operational properties.

## Policy 4

### Strengthening sustainable capacity building

- Collaborate with reputable regional institutions such as MEFMI
- Get international support - The World Bank and IMF A2ii, IAA, IAIS can fund high-level or specialised workshops (e.g. on IFRS 17, governance codes, climate risk).
- Collaborate with private sector including Zimbabwean diaspora professionals

**Bottom line**

- Sustainability improves when governance is visible, risk is measured early, and supervision acts before the loss crystallises.

# Policy: Sustainable Capacity Building (MEFMI's Role)

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- Utilization of the "Fellows Development Programme" for low-cost, high-impact regional expertise.
- Adoption of cost sharing mechanisms to mitigate budget constraints.
- Focus on e-learning and virtual platforms for training junior to middle-level staff.
- Strategic partnerships with global bodies (World Bank, IMF, IAIS) for technical assistance.

# Thank You

Insurance & Pensions Commission
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