

The Voice Of **Life.**

LOAZ NEWSLETTER

**Life Assurance as a
Tool for Estate
Planning**



www.loa.co.zw



**Life
Offices
Associations**
of Zimbabwe



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01

A Word From The Secretary General

"This year, LOA members commit to achieving 11% compliance out of a target of 15%. This commitment is significant"



MAVUKENI RUFAI
SECRETARY GENERAL

Dear esteemed members, stakeholders, and industry enthusiasts,

I am happy to welcome you to the second edition of the **The Voice of Life** as the industry grapples with a very hostile environment. Several factors continue to create a challenging environment. Firstly, the industry continues to be a victim of an unstable currency. Long term products offered by our industry require a stable currency to facilitate long term planning. Successive loss of value in 2009, 2018 and 2023 have made the situation worse and completely eroded trust from our prospects. **The Voice of Life** hopes that efforts being made to compensate those who lost value in 2009 should raise a hope of trust in the concept of insurance as it is known worldwide. **The Voice of Life** applauds every life office and pension administrator making an effort to compensate lost values as this should set the spring board for the industry to thrust forward. **The Voice of Life** also applauds the Government for its contribution in alleviating the plight of our pensioners by setting aside some money to pay pensioners. **The Voice of Life** would like to recognise the sterling service members of the Actuarial Society are rendering our industry in order to meet the compensation deadlines. The industry is dedicated to meeting the requirements for prescribed assets. This year, LOA members commit to achieving 11% compliance out of a target of 15%. This commitment is significant, especially considering the challenges posed by currency fluctuations, which create a moving target. Ideally, if there were ample prescribed asset instruments available, compliance would be a natural -

outcome without concern. Therefore, it is essential for both the government and the industry to work together to create prescribed assets that retain their value.

The Voice of Life would like to recognise the efforts being made in response to the issuance of the Funeral Directive. The funeral business has opened up a pathway for our industry to continue its growth, and it is crucial that we support its success.

I am pleased to welcome Waica Reinsurance to the Association. Together, we can build a stronger future for the insurance sector.

Lastly, the Voice of Life would like to commend the work being conducted by LOAZ, other associations, and IPEC in raising public awareness about the **insurance need**.

We would like to acknowledge that irrespective of the mishaps that have lost our policies, retirement and investments savings the insurance need remains and we would like our stakeholders to know that **Hatirase mbereko nekufirwa/Akulahlwa mbeleko ngokufelwa**. We don't throw away the baby with the bath water. One way or the other we need to insure against the unknown, save for retirement and bury our dead in a decent manner.

I believe the responsibility lies with both the government and the industry to advance the insurance sector into its next chapter. As Nelson Mandela once said, "It always seems impossible until it's done." Together, we can make meaningful progress.

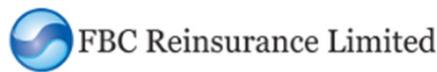
Thank you for supporting and engaging with us.

LIFE OFFICES ASSOCIATION OF ZIMBABWE



02 OUR MEMBERS

“Our goals are ambitious and can only be met in partnership with others. We work with a range of partners that help us achieve change on a global scale.”





03 Zeroing in on the Inaugural Insurance Agents Conference: A Turning Point for the Life Insurance Industry

By Tsitsi Sandra Kawenda
Stakeholder and Public Relations Officer, Life Offices Association of Zimbabwe

On July 17 and 18 2024, the Life Offices Association of Zimbabwe hosted the inaugural Insurance Agents Conference, a landmark event that illuminated the indispensable role of insurance agents in the life insurance landscape. Often working behind the scenes, these dedicated professionals are the driving force of the industry, connecting companies with clients and facilitating the sale of essential policies. The conference attracted over 100 agents from various life insurance companies, marking a significant step forward in recognising their contributions. Attendees expressed overwhelming enthusiasm, highlighting the event as a transformative opportunity for learning and professional growth. Expert speakers delivered compelling insights on navigating the complex regulatory challenges that face the industry today, emphasising strategies for compliance and success in an ever-evolving environment.

Discussions ranged from optimising commission structures, to mastering the intricacies of managing lapses and minimising clawbacks. The art of effective prospecting took center stage, with participants exploring innovative techniques for managing pipelines and closing deals with greater efficiency. Elevating customer experience emerged as a vital theme, underscoring the need for agents to adapt and innovate in a competitive marketplace.

Understanding customer needs was another focal point, with sessions dedicated to unveiling the power of customer needs analysis. In an era increasingly influenced by technology, the conference also addressed how artificial intelligence is revolutionising prospecting and customer acquisition, encouraging agents to embrace modern methodologies.

The dynamic landscape of insurance broking in Zimbabwe was thoroughly examined, alongside strategies to maximise business acquisition through call centers. Participants left with a deeper appreciation for the power of multi-selling and the importance of analysing regional pricing variations for insurance products.

The two-day event was expertly moderated by Andy Hodges, whose engaging style enriched the discussions and inspired attendees to think critically about their roles in the industry. As the conference concluded, it was clear that participants walked away not just with knowledge but with a renewed sense of purpose and commitment to excellence. For those who missed this pivotal gathering, the conference served as a clarion call for greater engagement within the life insurance community. This event will become an annual fixture on the calendar, and next year promises to be even grander and more impactful. Don't let the opportunity pass you by—join us next year to be part of a movement that is shaping the future of the insurance industry in Zimbabwe.

Together, let's create a legacy of innovation, strategy, and success that not only benefits us today but also paves the way for generations to come.





04 MANAGING LIFE INSURANCE IS DIFFERENT: WHY MANAGERS FAIL

By Gilbert Mwanza - Claims Manager Econet Life

Introduction

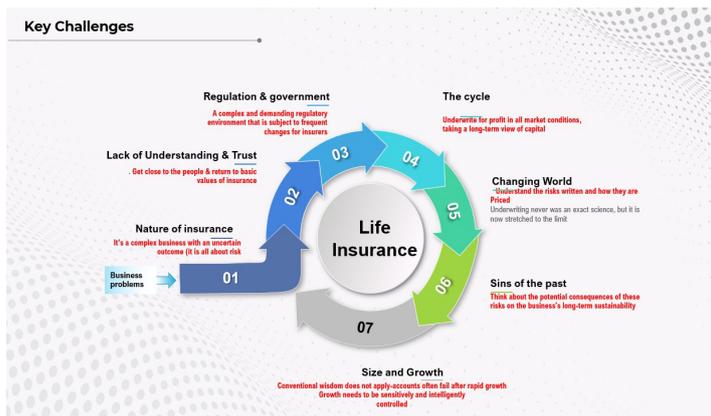
The insurance industry, often characterized by its complex nature and long-term implications, presents a unique set of challenges for its managers. While the underlying concept of risk transfer may seem straightforward, the reality is far more intricate, influenced by a myriad of factors, including regulatory environments, market dynamics, and the extended time horizon of insurance contracts.

Navigating this complex landscape requires a deep understanding of the industry's intricacies and a strategic approach to risk management. Given the long-term consequences of insurance decisions, managers must adopt a forward-thinking perspective and avoid short-term decision-making.

This article will explore the key challenges faced by insurance managers and provide insights into effective strategies for overcoming these obstacles. By understanding the unique characteristics of the insurance industry and adopting a prudent approach to risk management, managers can ensure the long-term sustainability and success of their organizations.

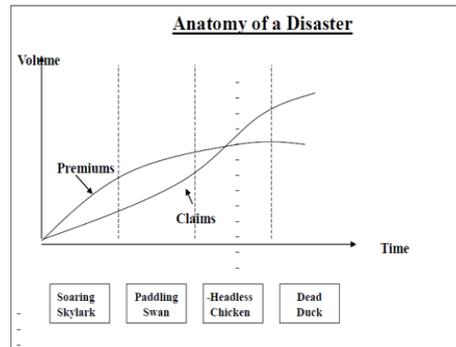
Handle with Care!

'Insurance should be simple –you pay a premium to cover a risk or you put aside some money for the future. From the point of view of the consumer, nothing could be easier. This apparent simplicity, however, masks a highly complex industry, driven by a wide range of different issues.' (KPMG 2007)



With all the challenges highlighted, it is critical to note that the major thing that separates insurance from other industries is that there can be a long period between a decision and its consequences hence it is important to know that, There are no quick wins in insurance. If you are taking business from your competitors, ask yourself why? Rapid growth should ring alarm bells, especially if clients will be coming from competition, your business should not celebrate too early but self-introspect on the compelling reasons driving clients to move over considering in many cases there are switching cost.

We shall borrow a leaf from a study which has stood the test of time done by Professor Derrick Artikins from Cass Business School which revealed an anatomy for disaster for insurance companies came up with graph which shows and anatomy for disaster for many insurance managers and we shall break it down into



Applies Both to companies + individual accounts

Stage 1 – Soaring

Management either, enter a completely new area or, aggressively attack an area, that they believe is overpriced by the competition, and where they have not had a significant presence previously.

Year on year compound growth exceeding 20% is achieved in premiums, as business is stripped away from the competition.

The hysteresis effect on claims means that claims growth lags premium growth, with very high levels of premium growth the gap between the two lines grows, appearing to demonstrate super profitability.



04 MANAGING LIFE INSURANCE IS DIFFERENT: WHY MANAGERS FAIL

- continued

Stage 2 – Padding Swan

As the premium growth rate starts to fade, as inevitably it must, the claims curve heads towards the premium line, as claims come through on previously written business. Management will start to look at ways to reinvigorate premium growth, through diversification, acquisition, further price reductions, or other means. Only by maintaining high premium growth can they stay ahead of the hysteresis curve. At this point existing management might seek to sell the business (based on past super profits) or, collect their management incentives and move on before things get worse. Management may seek 'growth at any cost', or take other high risk actions.

Stage 3 – Headless Chicken

The movement of the claims line can no longer be ignored and is becoming apparent to outsiders. The movement of the claims line can no longer be ignored and is becoming apparent to outsiders.

Stage 4 – Dead Duck

Claims growth can no longer be denied or hidden; it now becomes an issue of crisis management. All policies must be re-priced on renewal at an acceptable level to cover expected claims, or not renewed. Policy count drops, though total premiums may not. The management who initiated the growth plan would no longer be involved in running the business.



Conclusion

The insurance industry, often perceived as simple, is a complex landscape fraught with unique challenges. The long-term nature of insurance products and the potential for significant delays between policy inception and claim settlement make it imperative for managers to adopt a long-term perspective.

As the study by Professor Derrick Artikins highlights, the anatomy of disaster for insurance companies often involves a cycle of rapid growth, followed by a decline as claims catch up with premium income. This cycle underscores the importance of sustainable growth strategies that prioritize long-term profitability over short-term gains.

To avoid falling into the trap of unsustainable growth, insurance managers must exercise caution and avoid making decisions solely based on short-term metrics. By understanding the unique characteristics of the insurance industry and adopting a prudent approach to risk management, managers can navigate the complexities of this challenging sector and ensure the long-term success of their organizations.



Welcome to the Life Offices Association of Zimbabwe!

We are excited to announce that Waica Re is now a member of the Life Offices Association of Zimbabwe!

As a leading re-insurance company, Waica Re brings valuable expertise and insights to our community. We look forward to collaborating and strengthening the life insurance sector together.

WAICA Re
WAICA REINSURANCE CORPORATION PLC



05

Life Assurance as a Tool for Estate Planning

Imagine a world where your legacy lives on, where your loved ones are protected, and where your hard-earned assets continue to nurture the dreams you've built. This is the essence of estate planning—a vital journey that every individual should embark upon, ensuring that your story doesn't end with you.

Why Estate Planning Matters

What is an estate? It's not just a collection of assets; it's the very fabric of your life's work—your home, your investments, your dreams. Yet, many face daunting indicators that signal the urgent need for a solid estate plan. High debt liabilities, unpredictable socio-economic climates, and the responsibility of caring for young family members all underscore the necessity of being proactive. Are you prepared for the unexpected?

Understanding Estate Planning

At its core, estate planning is about arrangement, management, and securing your legacy. It's the thoughtful orchestration of your assets, ensuring that your family and beneficiaries can savor the fruits of your labor during your lifetime—and beyond.

Who is the Planner?

The planner is you—the architect of your future, the visionary who decides how your legacy unfolds. But this journey isn't just about numbers; it's deeply personal. Your wishes, experiences, and desires shape the very structure of your estate plan.

Navigating the Estate Planning Environment

To navigate this intricate landscape, you must understand its three divisions:

- 1. The Legal Environment:** Here lies the framework of laws and regulations that govern inheritance and the administration of estates. A sound plan must adhere to these legalities to be truly effective.
- 2. The Economic Environment:** Your financial position and the broader economic factors play a -

crucial role. Are your assets secure? How do external forces influence your wealth?

- 3. The Personal Environment:** This is where your heart meets your plan. Your individual circumstances and aspirations significantly impact your estate planning journey.

The Objectives of Estate Planning

What do you hope to achieve? Minimizing taxes, ensuring liquidity, fulfilling your wishes—these are just a few of the goals that drive estate planning. It's about creating a safety net for your loved ones, protecting them from the unexpected twists of life.

The Crucial Role of Life Assurance

Enter life assurance—a powerful ally in your estate planning arsenal. It offers more than just financial support; it provides peace of mind. Imagine covering estate duty taxes, settling debts, and managing final expenses without a second thought. Picture your dependents receiving the income they need, even in your absence. Life assurance allows you to leave a larger estate for your beneficiaries and create a cash pool for equitable distribution among them.

The Consequences of Inaction

But what happens if you neglect this vital planning? Without a strategy, your loved ones might face severe hardships. Valuable assets could be sold at a loss to cover debts, leaving your family to navigate financial turmoil. Don't let your hard work fade into uncertainty—take control of your legacy!

The Time to Act is Now

Remember, the only guarantee in life is death. Planning ahead ensures you avoid potential crises in your estate, empowering both you and your loved ones for the future. Take the first step today. Embrace the power of life assurance in your estate planning, and secure a legacy that reflects your values and aspirations.

06 Annual Golf Day Success: A Day of Networking and Celebration

The Life Offices Association of Zimbabwe (LOA) proudly hosted its Annual Golf Day on August 2, 2024, at the Country Club. This event proved to be not only a fantastic day on the greens but also an excellent opportunity for networking among industry professionals.

We were honored to have Dr. Grace Muradzikwa, the Insurance and Pensions Commissioner, grace the occasion. Her presence added a significant touch to the event, culminating in a vibrant Prize Giving Ceremony where she awarded prizes to the winners. The excitement and camaraderie among participants were palpable, reflecting the spirit of collaboration that our industry thrives on.

We extend our heartfelt gratitude to our sponsors, whose support was instrumental in making this event a success. A special thank you goes to:

- ZB Life
- CBZ Life
- Old Mutual Life
- Fidelity Life
- Zimnat Life
- FBC Re
- Emeritus Re
- Nyaradzo Life
- Contrive Designs
- Insurance Institute of Zimbabwe

Their commitment to supporting the LOA and its initiatives demonstrates a shared vision for the growth and sustainability of the life insurance sector in Zimbabwe.

The Annual Golf Day not only highlighted the importance of networking in our industry but also provided an enjoyable platform for engaging with colleagues and fostering new relationships. We look forward to continuing this tradition and hope to see even more participants next year!

Thank you to everyone who participated and contributed to the success of the day. Together, we are building a brighter future for the life insurance industry in Zimbabwe.





07

Snippets of the Inaugural Insurance Agents Conference and Golf Day



Inaugural Insurance Agents Conference in Images



LOA Annual Golf Day 2024 in Images



08 Call for Articles and Advertisements

We invite authors, industry experts, and thought leaders to submit well-researched and insightful articles. In addition to the call for articles, we are also offering advertising opportunities to life insurance providers, service providers, and relevant technology companies. This is an excellent platform to showcase your products, services, and thought leadership to a highly engaged audience of life insurance professionals and decision-makers.

ADVERT	DESCRIPTION
Full Page	USD 250
Half Page	USD 125
Quarter Page	USD 80
Custom Package	Tailored to your specific marketing and branding objectives.



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