



KIZ

Klaption
Insurance
Zambia



NEWSLETTER

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Kelvin Sinkamba
Chief Financial Officer

Introduction

The 6th edition of the Klapton Newsletter comes at a pivotal moment for Zambia's insurance industry, as recent regulatory developments reshape the operating landscape and signal a clear policy shift toward stronger governance, enhanced local capacity, and long-term market sustainability. This edition focuses on unpacking the implications of the Insurance (Reinsurance) Regulations, 2025 and related financial sector directives, highlighting what these changes mean for insurers, reinsurers, intermediaries, and policyholders alike.

The Insurance (Reinsurance) Regulations, 2025 introduce a transformation framework aimed at strengthening the sector through enhanced local retention, structured reinsurance governance, and reduced external dependency. Insurers are now required to submit comprehensive annual reinsurance programmes to the Registrar, detailing underwriting strategies, risk management frameworks, reinsurer credit ratings, retention limits, and reconciliation statements. A strong policy emphasis has been placed on exhausting local capacity before foreign placements, supported by mandatory cessions to national and regional reinsurance entities, reinforcing domestic market stability and regulatory oversight.

Key reforms include compulsory cessions to the National Reinsurance Company, the Reinsurance Corporation, and the Reinsurance Company, tighter controls on fronting arrangements and alternative risk transfer structures, and clearly defined rules governing co-insurance arrangements and reinsurance risk

pools. Capital-based thresholds for foreign facultative placements and restrictions on excessive offshore risk transfer without regulatory approval further underscore the intent to improve financial resilience, transparency, and protection of local market capacity, while positioning Zambia's insurance industry on a more sustainable and globally credible footing.

The regulatory environment has been further shaped by complementary directives from the Bank of Zambia on currency denomination and settlement practices. Importantly, these Currency Directives expressly exempt insurance policies denominated in, or structured with, a foreign currency component from strict domestic currency settlement requirements. This exemption allows insurers to continue issuing, servicing, and settling such policies without disruption, recognising the nature of insurance liabilities linked to foreign reinsurance, imported assets, and cross-border risks, while maintaining alignment with the Insurance Act, 2021.

To support our readers in navigating these developments, this edition is complemented by 2 articles diving deeper into regulation and the impact on business, a dedicated FAQ section addressing practical compliance considerations and common market questions. We also continue our regular Slice of Life feature, where our CEO, Cynthia Simeza, shares personal insights and leadership experiences drawn from her journey in the insurance industry, offering perspective on resilience, growth, and navigating change in an evolving regulatory landscape.



Mutinta Maswabi Chiseyeng'i
Senior Underwriting Manager

Reinsurance Regulation and the Long-Term Transformation of the Zambian Insurance Market

The Insurance (Reinsurance) Regulations, 2025 represent a defining moment for Zambia's insurance industry, introducing a structured and forward-looking regulatory framework that elevates reinsurance governance while laying the foundation for long-term market transformation. At the core of the Regulations is a shift from ad-hoc reinsurance placement to a disciplined, transparent, and well-supervised approach. Insurers are now required to submit comprehensive annual reinsurance programmes to the Registrar, detailing underwriting strategies, risk appetite, retention limits, reinsurer selection and credit ratings, as well as reconciliation of premiums and recoveries. This embeds reinsurance firmly within enterprise risk management and strengthens regulatory oversight across the sector.

A central policy objective of the Regulations is enhanced local retention and reduced external dependency. Mandatory cessions to the National Reinsurance Company, the Reinsurance Corporation, and the Reinsurance Company institutionalise domestic and regional participation in risk absorption, while the requirement to exhaust local capacity before offshore placements reinforces the development of local reinsurance capability. The framework further introduces strict controls on fronting arrangements and alternative risk transfer structures, limiting excessive offshore risk transfer unless approved by the regulator following demonstrated exhaustion of local capacity.

Capital-based thresholds for foreign facultative placements ensure that reinsurance decisions remain aligned with insurers' financial strength, improving solvency discipline and counterparty risk management. Beyond immediate compliance, the Regulations, together with complementary Bank of Zambia Currency Directives, signal a broader and lasting transformation

of the insurance market. The coordinated regulatory approach aims to strengthen market discipline, improve liquidity and capital management, and reduce systemic vulnerabilities associated with foreign currency mismatches and offshore risk concentration. Importantly, while the Currency Directives reinforce domestic currency settlement for local transactions, they expressly exempt insurance policies denominated in, or structured with, a foreign currency component. This exemption recognises the international nature of insurance and reinsurance obligations, preserving insurers' ability to manage cross-border risks linked to imported assets, foreign liabilities, and international reinsurance arrangements.

Collectively, these Statutory Instruments position Zambia's insurance industry on a stronger, more resilient, and more credible footing. By combining robust governance standards, local capacity development, and pragmatic flexibility for foreign-linked risks, the regulatory framework supports sustainable growth while safeguarding policyholder interests. Over time, the reforms are expected to deepen domestic reinsurance markets, enhance transparency and confidence, and enable the insurance sector to play a more stable and strategic role in Zambia's broader financial system and economic development agenda.





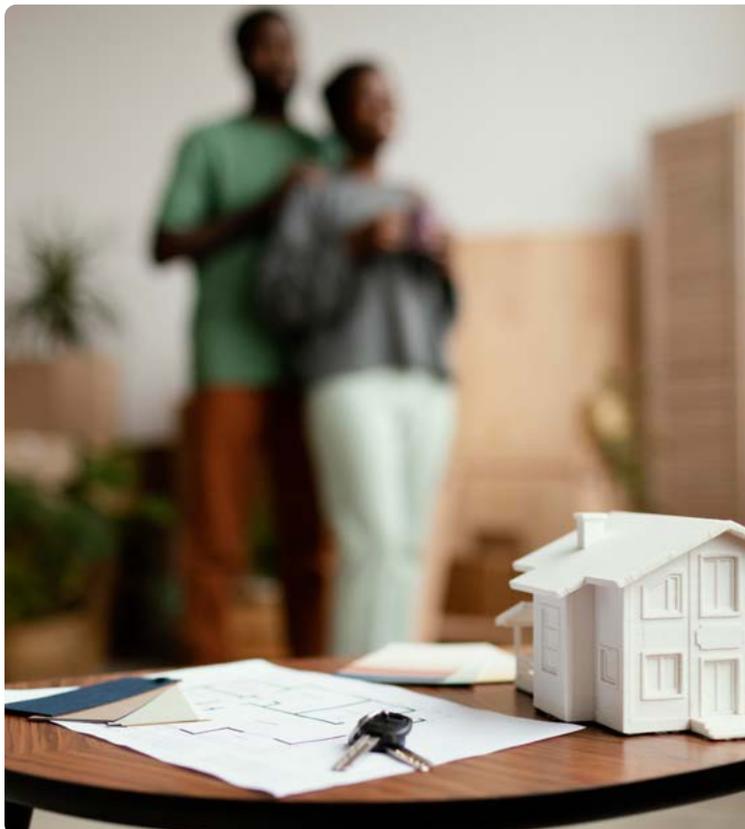
Insurance Tips

with Jeremiah Nkatwe

- Avoid driving when fatigued rest keeps you alert. Pair good habits with dependable coverage.

- Accidents don't only happen on the road. Slips, falls, and work-related incidents can happen anywhere. Get Liability insurance to help reduce financial impact when they do.

- Keep your liability policy active even during low activity periods. Risks don't take holidays.



- Traveling soon? Secure windows, unplug electronics, and review your insurance policy before you go.

- Review your cover annually; new furniture, gadgets and upgrades deserve protection too.

- During the rainy season, ensure roofs and gutters are cleaned to prevent leaks and avoid water damage.

- Unplug electronics when away. Reduce risk, save energy, stay safe.



Jeff Graham Chanda
Financial Controller

De-Dollarisation and Its Long-Term Impact on Local Business in Zambia

The Bank of Zambia Currency Directives, 2025 represent a decisive step in Zambia's broader de-dollarisation agenda, aimed at reinforcing the primacy of the Zambian Kwacha in domestic transactions and strengthening monetary policy effectiveness. By requiring that most domestic transactions be quoted, settled, and accounted for in local currency, the Statutory Instrument seeks to reduce currency substitution, improve price transparency, and limit systemic risks arising from widespread foreign currency use within the domestic economy. Over the long term, this policy direction is expected to enhance exchange rate stability and deepen confidence in the local currency.

For local businesses, de-dollarisation introduces both structural adjustments and strategic opportunities. In the short to medium term, firms must realign pricing models, contracts, accounting systems, and treasury practices to ensure compliance, while improving local currency liquidity management and forecasting. However, over time, operating primarily in Kwacha is expected to reduce exposure to foreign exchange volatility, simplify domestic transactions, and improve comparability of prices across sectors. This shift supports a more predictable business environment, enabling enterprises to plan investments, manage costs, and access local financing with greater certainty.

Importantly, the Directives adopt a pragmatic approach by recognising sectors with inherent foreign currency exposure. Key exemptions—such as insurance policies with foreign currency components, exports and

imports, mining-related transactions, and cross-border obligations—ensure that de-dollarisation does not disrupt legitimate foreign-linked business activities. This balance allows the policy to achieve its macroeconomic objectives without undermining sectors that rely on international trade, foreign capital, or external risk transfer mechanisms. As a result, businesses operating across borders can continue to manage foreign obligations while progressively localising domestic cash flows.

In the long term, effective de-dollarisation is expected to strengthen domestic value chains, encourage the development of Kwacha-denominated financial products, and support local capital market growth. For businesses, this creates opportunities to innovate around local currency financing, pricing strategies, and risk management solutions. When combined with complementary reforms in insurance, banking, and capital markets, the Currency Directives position de-dollarisation not as a restriction, but as a strategic enabler of economic resilience, financial inclusion, and sustainable local enterprise growth in Zambia.



Key Must Know take aways on Insurance (Reinsurance) Regulation & De-dollarisation

①. What is the main objective of the Insurance (Reinsurance) Regulations, 2025?

The Regulations aim to strengthen Zambia's insurance market by improving reinsurance governance, increasing local risk retention, and reducing excessive dependence on offshore reinsurers. They introduce clearer rules on reinsurance placement, mandatory local cessions, and reporting, ensuring that insurers' risk transfer strategies are aligned with their capital strength and regulatory expectations.

②. How do the new Regulations affect reinsurance placement outside Zambia?

Insurers are now required to exhaust available local and regional reinsurance capacity before placing risks with foreign reinsurers. Offshore placements are permitted only where local capacity has been demonstrably exhausted or where capital-based thresholds require foreign facultative support, and in some cases, subject to regulatory notification or approval.

③. Are insurers still allowed to issue and settle policies in foreign currency?

Yes. The Bank of Zambia Currency Directives expressly exempt insurance policies that are denominated in, or structured with, a foreign currency component. This allows insurers to

continue issuing, servicing, and settling such policies in foreign currency where necessary, provided they are regulated under the Insurance Act, 2021 and supervised by the Pensions and Insurance Authority.

④. What restrictions apply to fronting arrangements and alternative risk transfer?

The Regulations prohibit insurers from transferring more than ninety percent of risk offshore through fronting or alternative risk transfer arrangements without regulatory approval. Such structures are only permitted where local capacity has been exhausted and the insurer has obtained the Authority's consent, ensuring that fronting is not used to bypass local retention requirements.

⑤. What do these regulatory changes mean for the long-term stability of the insurance market?

Collectively, the Reinsurance Regulations and Currency Directives promote stronger capital discipline, improved transparency, and deeper local market participation. Over the long term, they are expected to enhance financial resilience, protect policyholders, strengthen confidence in the insurance sector, and position Zambia's market as more sustainable and internationally credible.



Q4 2025 EVENTS

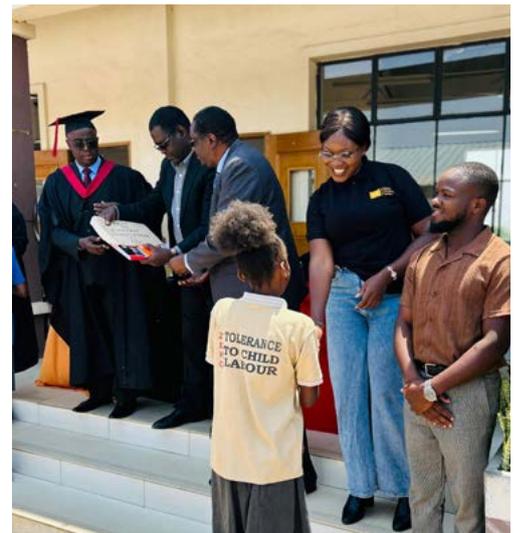
Gralix 2025

Klapton Insurance Zambia was delighted to attend Gralix 2025, connecting with industry leaders and partners driving innovation in insurance and financial services.



Kaunda Square School Academic Award Ceremony

Our Sales & Marketing Executive, Namunza Shambweka, presented books to the school's top-performing pupils.



Insurance Week 2025

Insurance Week took us to Kaunda Square Secondary School, where we engaged students in an educative talk on the role of insurance in building financial resilience.



Q4 2025 EVENTS

INDEPENDENCE DAY 2025



DIAMOND TV PERSONALITY OF THE YEAR AWARDS 2025



TEAM BUILDING Q4 2025 CHAMINUKA LODGE





Cynthia Simeza
Chief Executive Officer & Managing Director



SLICE OF LIFE – 25 YEARS OF LESSONS

When people ask me how I got into insurance, I say – very honestly, “By accident!” It wasn’t planned—but it was meant to be. Like many in our profession in Zambia, I didn’t grow up dreaming of underwriting policies or leading a claims department. In contrast, I wanted to wear navy blue suits and work in a bank. But one step led to another, and over the last 25 years, what was supposed to be a short-term role has turned into a fulfilling and dynamic career (by the way, I did get to wear the navy-blue suits!).

Looking back on 25 years in this field, I’ve come to appreciate the distinct lessons that each stage of my journey offered—and the one common thread that connected them all: consistency in character. Whether you are just starting out or leading a team, who you are - your authentic self - will shape what you achieve. Let me take a few moments to share these lessons with those starting out in this career.

Graduate Trainee: Embrace the Unknown

I started as a graduate trainee with no real grasp of what the insurance world entailed. Everything was new—terminology, systems, client expectations. This was a time of pure learning. I asked questions, made mistakes, and slowly built confidence. I was fortunate enough to be mentored by brilliant professionals who instilled the basic principles of insurance in me and taught me the importance of meeting client expectations.

Lesson: Be curious. At this stage, your attitude matters

more than your experience. Learn widely and listen, listen, listen.

Assistant Manager: Find Your Voice

As an assistant manager, I began to take on more responsibility while still reporting to senior managers. It was the first time I was expected to contribute ideas, manage people, and make decisions. I quickly learned that technical competence alone isn’t enough—you also need emotional intelligence. The EQ needs to be applied to both the internal and the external customer for your job to get done effectively.

Lesson: Speak up with respect, listen actively, and take ownership of your work.



Manager – The Importance of Leadership and Accountability

Transitioning into a full management role was both exciting and humbling. I had to make decisions, lead teams, and own outcomes. It was no longer just about what I could do, but what I could inspire others to do. The team win was more important than individual accolades. Managing people taught me patience, listening, and the importance of aligning individual strengths with team goals.

Lesson: Your team is your greatest asset. Build trust intentionally and never forget to celebrate small wins.

Executive: Think Strategically, Act Decisively

At the executive level, the lens shifts. You move from operational delivery to strategic influence. If you love operations, this is a tough transition. The conversations around you are all now ‘big picture thinking’, ‘think of the greater good’. Every decision carries weight, and one has to learn to align business performance with the expectations of numerous stakeholders.

Lesson: Don’t be afraid of tough decisions. Develop strategic thinking and always link your actions to long-term goals. If you don’t have a mentor at this stage, find one quickly!!

Managing Director – Stewardship and Legacy

Today, as Managing Director of KIZ, I view my role through the lens of stewardship. It’s about developing the brand, resilience, and navigating uncertainty. A huge part of it is about empowering others, while staying grounded in the company’s mission and values. I’m constantly reminded that leadership is a privilege, that comes with incredible responsibility. The goal - to leave a solid foundation that will be built upon for decades to come.

A Common Thread: Character Counts

When I look back across all these stages, the one quality that has sustained me is character—being dependable, honest, and driven by purpose. Purpose is a big one – why do you do what you do? Skills can be taught. Roles will and should evolve. But who you are will always determine how far you go.

To anyone at the beginning or middle of their journey in insurance: keep learning, stay grounded, and remember why we do what we do. Insurance is about honouring promises, protecting people’s dreams and serving others with integrity.



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