GOVERNMENT OF ZAMBIA

STATUTORY INSTRUMENT NO. 59 OF 2019

The Insurance Act, 1997
(Act No. 27 of 1997)

The Insurance (Fidelity Fund) Regulations, 2019

In exercise of the powers contained in sections 109, 111 and 113 of the Insurance Act, 1997, and on the recommendation of the Board, the following Regulations are made:

1. These Regulations may be cited as the Insurance (Fidelity Fund) Regulations, 2019.

2. In these Regulations, unless the context otherwise requires —
   “beneficiary” means a person who holds a beneficial interest in a policy, other than the holder of a policy;
   “Board” means the Pensions and Insurance Authority Board established under the Pensions Scheme Regulation Act, 1996;
   “claim” means an application for payment from the Fund as provided in regulation 4;
   “Committee” means the Policy Holder’s Protection Committee constituted under Section 106 of the Act;
   “court” means a court of competent jurisdiction; and
   “Fund” means the Insurance Fidelity Fund established in regulation 3.

3. (1) There is established the Insurance Fidelity Fund for the purposes of indemnifying or otherwise protecting holders or beneficiaries of a policy held with an insurer that is unable to meet that insurer’s liabilities.
   (2) An insurer shall, on being registered and licensed under the Act, pay into the Fund contributions as the Board may determine.

4. (1) The Committee shall administer and manage the Fund.

Copies of this Statutory Instrument can be obtained from the Government Printer, P.O. Box 30136, 10101 Lusaka. Price K 20.00 each.
(2) The Committee shall establish prudent controls for the Fund, especially relating to—

(a) fiscal controls and accounting procedures governing the Fund;

(b) reporting procedures for matters relating to the Fund; and

(c) investment of the monies of the Fund.

(3) The Committee shall cause to be kept proper books of account and other records relating to the account of the Fund.

(4) The Fund shall be audited annually by the Auditor-General or an auditor appointed by the Auditor-General.

(5) The Auditor-General’s fees shall be paid by the Board.

5. Subject to the Public Finance Management Act, 2018, the Committee shall open and operate an account for purposes of the Fund at a commercial bank that the Board may determine, in which the money received for the purposes of the Fund shall be deposited and kept.

6. (1) The monies shall be paid from the Fund monies as specified under section 112 of the Act.

(2) The expenses incurred in the administration of the Fund and payable out of the Fund shall not exceed fifteen percent of the total amount of the Fund.

(3) The total amount payable out of the Fund under these Regulations to a person who is entitled to compensation shall not exceed the amount due to the claimant.

7. The Committee shall insure the Fund with an insurer registered under the Act in order to provide indemnity to the Fund against grants made under these Regulations.

8. (1) A person who suffers pecuniary loss caused by an insurer or broker licensed under the Act or an employee of the insurer or broker in the course of a licensed activity, may apply to the Committee for a grant out of the Fund to compensate the applicant for the loss incurred in Form I set out in the Schedule.

(2) The Committee shall, within thirty days of receipt of the application under subregulation (1) grant the application in Form II set out in the Schedule.

(3) The Committee may grant a claim under this regulation despite the fact that after the commission of the act giving rise to the claim—

(a) the insurer or broker has died or ceased to carry on the licensed activity under the Act; or
(b) the registration of the insurer or broker has been cancelled or the insurer or broker has been suspended from carrying on the licensed activity under the Act.

9. The Committee shall, where it requires more information in relation to a claim made under regulation 6, notify the applicant in Form III set out in the Schedule.

10. (1) The Committee shall not authorise the payment of a claim out of the Fund where —

   (a) the applicant is or was a shareholder, executive director or executive officer who has previously been in the employment of the insurer or broker which is in default for a period of three years immediately preceding the claim;

   (b) the insurer or broker in default has not been declared insolvent by the Registrar at the time of application;

   (c) the liquidation process of the insurer or broker in default has not been completed and, on the findings of the Committee, the liquidator confirms that the assets of the insurer or broker are sufficient to settle the holders’ or beneficiaries’ claims; or

   (d) the applicant makes a claim more than three years from the date the insurer or broker defaulted or from the date of liquidation of the insurer or broker, whichever is later.

   (2) The Committee shall notify the applicant of the rejection in Form IV set out in the Schedule.

11. (1) The Committee shall where it grants a claim under regulation 8, pay the grant out of the Fund within thirty days of the date of approval of the claim.

   (2) The amount payable to a claimant by the Committee in respect of a defaulting insurer or broker in any year shall not exceed ten percent of the value of the Fund as at 31st December of the previous year.

12. Where the amount at credit in the Fund is insufficient to pay the whole amount of the claims against it which have been allowed, the amount at credit in the Fund shall be apportioned among the claimants in a manner that the Committee considers equitable, and any claim that is unpaid shall be charged against future receipts of the Fund and paid out of the Fund when monies are available.

13. (1) A person aggrieved by the decision of the Committee may appeal to the Board within thirty days of receipt of the decision of the Committee in Form V set out in the Schedule.
The Board shall consider the appeal within thirty days and notify the person of its decision within fourteen days of the date of the decision.

A person aggrieved by the decision of the Board may appeal to the court.

14. (1) As soon as practicable, but not later than ninety days after the end of the financial year, the Committee shall submit to the Minister a report concerning its activities during the financial year.

(2) The report referred to in subsection (1), shall include information on the financial affairs of the Committee and there shall be appended to the report

(a) an audited statement of financial position;

(b) an audited statement of comprehensive income; and

(c) other information as the Minister may require.

(3) The Minister shall, not later than seven days after the first sitting of the National Assembly next after receipt of the report referred to in subsection (1), lay the report before the National Assembly.
### APPLICATION FOR CLAIM FOR PAYMENT

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<tr>
<th><strong>1. Names of Applicant:</strong></th>
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<tbody>
<tr>
<td>(a) Surname</td>
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<td>(b) Forename(s)</td>
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<th><strong>2. (a) Nationality</strong></th>
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<th>(b) Identity card –</th>
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<td>(i) NRC</td>
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<td>(ii) Passport No.</td>
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(Attach cert *ed copies)

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<th><strong>3. Notification address</strong></th>
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<tr>
<td>Tel No:</td>
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<td>Fax No:</td>
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<td>E-mail</td>
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<th><strong>4. Particulars of claim (attach supporting documents)</strong></th>
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<th><strong>5. STATUTORY DECLARATION</strong></th>
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<td>I……………………………………… do solemnly declare that the information provided in this Form is correct and true, and I make this solemn declaration conscientiously believing the same to be true to the best of my knowledge and belief.</td>
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**Applicant’s signature**

**Date**

**OFFICIAL STAMP**

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<td>Received by:</td>
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<td>Date:</td>
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<td>Serial No. of application</td>
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**The Insurance Act, 1997**

(Act No. 27 of 1997)

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**The Insurance (Fidelity Fund) Regulations, 2019**
NOTICE OF APPROVAL OF APPLICATION

To (1) ................................................................................................................
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IN THE MATTER OF (2)
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You are notified that your application for ......................... has been approved by the Committee on the following grounds:

(a) ........................................................................................................
(b) ........................................................................................................
(c) ........................................................................................................
(d) ........................................................................................................

Dated this ...................... day of ......................... 20 ...........

................................................................................

Director
REQUEST FOR FURTHER INFORMATION

To (1)

IN THE MATTER OF (2) …………………………………………..

You are requested to appear before the Committee, furnish the following information or documents in respect of the following claim:

(a) ..........................................................................................
(b) ..........................................................................................
(c) ..........................................................................................
(d) ..........................................................................................

within …………………… days. If you fail to furnish the requested information within the stipulated period, your claim will be treated as invalid and shall be rejected.

Dated this ……………. day of……………….. 20 …………..

--------------------------------------------------
Registrar

*Delete as appropriate
NOTICE OF REJECTION OF APPLICATION

To (1) .................................................................

IN THE MATTER OF (2) ...................................................

You are notified that your application for ............. has been rejected by the Committee on the following grounds:

(a) .................................................................

(b) .................................................................

(c) .................................................................

(d) .................................................................

Dated this ............. day of ........... 20 .............

.................................................................

Registrar
NOTICE OF APPEAL TO BOARD

IN THE MATTER OF ………………………………………………………………………………………………………

(Appellant’s reference and matter of appeal) I appeal, against the decision of the Committee on the following grounds:

(a) ………………………………………………………………………………………………………………………………….
(b) …………………………………………………………………………………………………………………………………
(c) …………………………………………………………………………………………………………………………………
(d) …………………………………………………………………………………………………………………………………

Dated this ………………… day of …………………. 20 ……………

……………………………………

Signature of appellant

*Attach brief if necessary

DR B. NG’ANDU,
Minister of Finance

LUSAKA
3rd September, 2019
[MFAL.102/9/4091]