



## ZEP-RE (PTA Reinsurance Company)

Programme Leaders

The UNEP FI Principles for Sustainable Insurance Initiative (PSI)

United Nations Environment Programme Finance Initiative

International Environment House

15 chemin des Anémones

1219 Châtelaine, Geneva

Switzerland

### ZEP-RE (PTA Reinsurance Company) Progress Report for 2022

#### **About ZEP-RE**

ZEP-RE (PTA Reinsurance Company) is a specialised institution of the Common Market for Eastern and Southern Africa (COMESA), founded in 1990 by the Heads of State and Government to strengthen regional integration, trade, and development through insurance and reinsurance. Over the past three decades, ZEP-RE has played a pivotal role in deepening reinsurance capacity, enhancing financial stability, and supporting sustainable economic growth across the continent. In 2021, ZEP-RE became a signatory to the UNEP FI Principles for Sustainable Insurance (PSI), reinforcing its commitment to embedding environmental, social, and governance (ESG) considerations into all areas of its operations. This milestone shows the Company's dedication to advancing sustainable insurance practices, fostering responsible growth, and strengthening the long-term resilience of Africa's insurance and reinsurance markets.

ZEP-RE became a signatory and member of the Nairobi Declaration on Sustainable Insurance in 2021, showing our commitment to advancing responsible, inclusive, and environmentally sustainable practices across the African insurance and reinsurance industry. We are guided by professionalism, integrity, and accountability and our broad ownership comprising COMESA member states, regional institutions, private insurers, and development finance partners embodies its mission of shared prosperity and sustainable development. These efforts continue to uphold our commitment to the UN Sustainable Development Goals (SDGs), enhance accountability in ESG performance, and drive continuous improvement through benchmarking and collaboration.

#### **Principle 1 - We will embed in our decision-making environmental, social and governance issues relevant to our insurance business.**

ZEP-RE recognises that effective governance and effective Enterprise Risk Management (ERM) framework are essential foundations for embedding Environmental, Social and Governance (ESG) considerations into all decision-making processes. Our ERM framework supports the achievement of our strategic objectives while ensuring long-term financial strength, sustainability, and resilience. ZEP-RE, across all its operations, seeks to adhere to best practices and laws and regulations in the various jurisdictions as a good corporate citizen. In 2022, ZEP-RE engaged a consultant to assist with the development of procedures to support the integration of ESG in decision making across all business operations.

**Principle 2: Working together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk, and develop solutions.**

In 2022, ZEP-RE strengthened its partnerships and collaborative initiatives to enhance awareness, capacity, and innovation in support of sustainable insurance across the region. Guided by our mission to provide first-class security and quality services to our clients, we expanded the impact of the ZEP-RE Academy, which trained clients and stakeholders across the various African markets that we operate in. Working with Insurance Institutes, Insurance Associations, and other Training Institutions, the Academy delivered programs tailored to the needs of each market. Together with ACRE Africa Ltd, we also provided capacity building for regulators from Uganda, Zimbabwe, Tanzania, and Rwanda, focusing on key aspects of agriculture insurance and equipping them to better promote this line of business in their jurisdictions.

During the year, we launched the ZEP-RE Innovation Hub in partnership with the Westerwelle Startup Haus Kigali. Through a hackathon and six months of incubation, the Hub supports innovators in developing Insurtech solutions aimed at increasing industry-wide adoption of digital insurance and expanding access to insurance products across the region. Our collaboration with Planet Labs (USA) further enhanced our technological capabilities, allowing us to utilize satellite imagery and data within our agricultural insurance programs. This supports the monitoring of weather indices that support our products and improves the accuracy and responsiveness of insurance solutions for smallholder farmers.

As a COMESA founded institution, ZEP-RE continued working closely with regional governments and regulators to advance shared mandates for growing and deepening insurance markets. With insurance penetration in the region remaining below 3%, our partnerships aim to enhance financial inclusion and build resilience among vulnerable communities. In 2022, we supported the development and strengthening of national agriculture schemes in Tanzania, the Democratic Republic of Congo, and Malawi. Through our subsidiary ACRE Africa, we leveraged technology and digital platforms to further extend the reach and accessibility of agriculture insurance to smallholder farmers. ZEP-RE also joined the InsuResilience Global Partnership for Climate and Disaster Risk Finance and Insurance, affirming our commitment to protecting vulnerable communities from climate-related shocks.

**Principle 3: Working together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.**

In 2022, ZEP-RE deepened its engagement with governments, regulators, and regional institutions to advance shared priorities for growing sustainable insurance markets and enhancing financial inclusion across the COMESA region. As a COMESA founded institution, we aligned with public sector partners to address persistently low insurance penetration in many markets by:

- Supporting policy development;
- Strengthening regulatory frameworks; and
- Promoting inclusive insurance solutions across agriculture, livestock, and micro-insurance.

To support our resilience mandate, ZEP-RE serves as the implementing agent for the risk management and financial inclusion components of the Horn of Africa De-Risking, Inclusion and Value Enhancement of Pastoral Economies (DRIVE) Project on behalf of the governments of Kenya, Ethiopia, and Somalia. The project aims to strengthen resilience in pastoralist communities through Index-Based Livestock Insurance (IBLI) and a broader package of financial

services, including savings instruments designed to cushion households from climate-related shocks.

Across the broader region, ZEP-RE collaborated with governments in the Democratic Republic of Congo, Malawi, and Zambia on national financial inclusion priorities. These engagements focused on establishing and strengthening micro-insurance regulatory frameworks that can support the growth of inclusive insurance markets for both crop and livestock agriculture. In parallel, the Company continued to work with market players and government stakeholders in Ethiopia, Kenya, Uganda, Rwanda, Zambia, and Zimbabwe to roll out life micro-insurance products linked to outstanding loan balances.

The ZEP-RE Academy worked closely with Insurance Regulatory Authorities and training institutions to build technical capacity in local markets. Training programs were delivered to regulators, industry players, and aggregators in both the micro-insurance and agriculture insurance sectors. In line with resolutions from the 2022 East African Insurance Supervisors' Association (EAISA) Forum, the Academy provided the **"Introduction to Reinsurance for Regulators"** course in Zimbabwe to strengthen supervisors' understanding of reinsurance practices. Additionally, the Academy delivered capacity-building support to the insurance regulator in Somalia for the non-banking division of the Central Bank of Somalia. This enhanced technical knowledge on insurance and Takaful products as well as supporting the development of supervisory capabilities. The Company further demonstrated its commitment to regulatory collaboration by hosting the 4th Annual EAISA Regulators' Strategic Forum in May 2022. This platform facilitated dialogue on policies that promote premium retention, market development, and financial inclusion across the region.

**Principle 4: Demonstrating accountability and transparency in regularly disclosing publicly our progress.**

ZEP-RE remains committed to upholding the highest standards of accountability, transparency, and sound governance in all aspects of its operations. We continue to strengthen our internal control environment to ensure that business, operational, financial, and compliance risks are effectively identified, monitored, and managed. The Board maintains overall responsibility for the internal control system and for ensuring its effectiveness, while management is directly accountable for implementing and maintaining this system and for providing assurance on its performance.

Our commitment to transparency extends to external assessments of financial strength and operational soundness. In September 2022, A.M. Best affirmed ZEP-RE's financial strength rating of B++ and issuer credit rating of 'bbb', with both outlooks remaining stable. Similarly, in November 2022, Global Credit Ratings (GCR) affirmed the Company's national-scale financial strength rating of AAA, also with a stable outlook. These consistent affirmations by internationally recognized rating agencies shows ZEP-RE's strong financial position, strong governance practices, and operational resilience.

As a regional organization, ZEP-RE is not subject to the corporate governance requirements of any single jurisdiction, instead it draws from globally recognized principles and codes of best practice. The Company aligns its governance framework with the UK Corporate Governance Code, the Commonwealth Association for Corporate Governance (CACG) Guidelines, King IV Code of Corporate Governance, and the Kenya Code of Best Practice for Corporate Governance.

**Looking Ahead**

As we continue to strengthen our role as a regional reinsurer and development partner, ZEP-RE is committed to deepening the integration of Environmental, Social and Governance (ESG) principles across all our business operations. In the coming year, we will take significant steps toward enhancing our transparency and sustainability performance by publishing our first Sustainability Report. This report will be guided by globally recognized frameworks, including the Global Reporting Initiative (GRI), the United Nations Sustainable Development Goals (UN SDGs), and relevant international labour standards.