# ROLE OF SUPERVISORY AUTHORITY IN FOSTERING CONSUMER PROTECTION: PENSIONS AND INSURANCE AUTHORITY OF ZAMBIA

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# INTRODUCTION

- The Pensions and Insurance Authority (PIA) is a statutory regulatory authority for the pensions and insurance industry in Zambia.
- Created by the Pensions Scheme Regulations Act No. 28 of 1996 ( amended by Act No. 27 of 2005)
- Prior to enactment of Act No. 27 of 2005 PIA existed as a department in the Ministry of Finance but now a statutory body.

# PIA AND CONSUMER PROTECTION

- Section 5(1) d of the Act gives the protection of pension scheme members as one of the functions of PIA
- Section 5(1) j of the Act provides that PIA in consultation with the Competition and Consumer Protection Commission shall encourage healthy competition and eliminate unfair practices in the pensions industry.
- Section 7 (5) h which relates to the functions of the Registrar who is CEO of PIA tasks the Registrar to ensure that written affiliation agreements are in place for multi-employer trusts to adequately protect pension members.
- Further under Section 7(6) directs that the Registrar shall at all times protect the rights of benefits and attendant benefits as prescribed in the pension scheme rules.

- Section 8(2) provides that other than statutory pension schemes all pension schemes shall be established under an irrevocable trust which entrenches rights of pension scheme members.
- The composition of Trustees requires only persons of integrity and excludes persons deemed detrimental to the scheme as per Section 8(4)
- It is a serious criminal offence for any person to establish or manage a pension scheme in contravention of the Act and attracts a fine of about 500 000 penalty units (1 penalty equivalent 0.20n) and or 3 years imprisonment
- Section 18 requires every pension scheme to make adequate arrangements for the preservation of pension rights so as to protect the interests of its members. Members are equally entitled to a benefit statement annually.
- Pension schemes are required to have investment policies that meets thresholds stipulated in PIA issued Investment Guidelines

# COMPLAINTS PROCEDURES

- No statutory procedures in the Act
- Reliance on administrative process
- Aggrieved member encouraged to utilise internal mechanisms ie Trustees, Service providers before reverting to PIA
- Complaints made to PIA (verbal or written)
- Complaints Register
- Where unresolved member advised on possible further action eg litigation etc

# TYPES OF CONSUMER RELATED PROBLEMS

- Alleged underpayments/Non payment
- Unattended requests for information
- Interpretation of pension scheme rules
- Malpractice by service providers

# PROTECTION MECHANISMS

- Section 27 gives a contributor the right to sue a Trustee who contravenes the Act or pension scheme rules so as to safeguard the contributions.
- Section 30 safeguards a member's contribution against attachment or execution even in bankruptcy proceedings.
- Section 30A imposes a penalty on Employers who delay to remit contributions within 30 days

# PROTECTION MECHANISMS 2

- Service providers required to take up liability insurance cover against negligence or dishonesty and copy to be deposited with Registrar.
- PIA can only deregister a pensions scheme if satisfied that such an action will not be to the detriment of a contributor to the scheme.
- Provision for appointment of a Curator on the advise of an actuary and auditor to restore pension scheme to sound financial and operating condition.

# PROTECTION MECHANISMS 3

- The deregistration of a pension scheme shall not prejudice the rights of a member to a payment in full of a claim against the scheme
- Where assets of deregistered scheme are not sufficient to discharge obligations to members the Registrar is mandated to take over the distribution and supervision of the fund so as to protect the interest of members ( Section 36) and such distribution to be done after approved distribution plan.

# PROTECTION MECHANISM 4

- A member aggrieved with deregistration may appeal to the Minister (of Finance) within 30 days of the decision
- Further appeal lies to the High Court and where appeal disallowed by either the Minister or High Court the Board of PIA duty bound to take steps to safeguard interests of members.

# PROPOSED BILL

- Provided for Pensions Protection Fund which seeks to protect interests of members in the event pension failure
- Pensions Tribunal/Ombudsman for pension related grievances
- Pensions Bill has remained a Bill since

# THANK YOU ALL!