

TANZANIA INSURANCE REGULATORY AUTHORITY



AN OVERVIEW OF INSURANCE MARKET IN TANZANIA

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AN OVERVIEW

- ✘ Tanzania Insurance Regulatory Authority (“TIRA”) is a government agency responsible for supervision of insurance players.
- ✘ TIRA registers insurers, insurance brokers, insurance agents, insurance surveyors, loss assessors and adjusters.
- ✘ Monitoring of insurance registrants is done by means of inspections and processing of applications for registration/renewal of the same.

AN OVERVIEW...

- ✘ There are 30 insurance companies (4 Life companies, 25 general companies and 1 composite insurer) and 1 reinsurance company. These players accept risk (i.e. settlement of claims).
- ✘ Also, there are 158 insurance brokers, 51 insurance surveyors, loss assessors and adjusters and 640 insurance agents.
- ✘ Insurance premium contributes approximately 0.7% of the gross domestic product (GDP).

FINANCIAL INCLUSION

- ✘ In Tanzania, insurance products are provided by insurers.
- ✘ Intermediaries are engaged to distribute products to consumers (policyholders).
- ✘ Besides insurers sell products directly to customers.
- ✘ Insurers have been designing products to cater for needs of low-income consumers. They are mostly Health insurance products and are offered to individual policyholders and institutions e,g, football clubs and other associations.

FINANCIAL INCLUSION...

- ✘ The coverage is still unsatisfactory as the largest part of population remains uncovered.
- ✘ Insurers are still coming up with new ideas on product designing to meet insurance needs of rural customers. Ideas being worked upon are related to agriculture, health and accident.

REGULATIONS ON INSURANCE TAILORED PRODUCTS FOR SMES

- ✘ In Tanzania, we do not have specific law provisions that facilitate the creation of insurance tailored products for SMEs.
- ✘ Instead micro-insurance products are considered as conventional insurance under current insurance laws.
- ✘ They are NOT provided with special treatments in the Insurance Act & Regulations.
- ✘ However, insurance laws are currently under review to enable incorporation of micro-insurance products in the laws.

CHALLENGES ON DISTRIBUTION OF INSURANCE PRODUCTS

- ✘ *Low awareness within the country.* Majority of the people still do not realize the importance of insurance in their dealings. They incur losses which would have been covered by insurance.
- ✘ *Negative attitude towards insurance services amongst the majority of the population.* Untimely payment and defaulting settlement of claims have adversely impacted on the confidence of the public. Some insurers accept low premium rates, therefore when claims arise they fail to settle appropriately. TIRA has intervened by setting minimum rates for some classes of business to resolve this matter.
- ✘ *Capital barriers.* Distribution of insurance products requires investment of adequate capital. Products are not approved by the relevant authority if the insurer does not maintain sufficient capital.
- ✘ Other factors include *geographical barriers, low income, informal sector/activities (where there is no adequate information for pricing insurance products).*

USE OF TECHNOLOGY IN DISTRIBUTION OF INSURANCE PRODUCTS

- ✘ Mobile technology has been widely accepted in the insurance industry. There are insurance products which are mobile-based. Insurance covers may be issued on phone. Mobile phone companies serve as a intermediary in connecting insurers and policyholders.
- ✘ Most of the insurance companies have adopted computer systems which are connected to their upcountry regional offices, therefore effectively providing services in those areas.
- ✘ TIRA has launched an online system whereby policyholders can verify authenticity of the their motor insurance covers. The system is called TIRA MIS (motor insurance sticker verification).

NATURAL DISASTER

- ✘ Tanzania has been recently hit by an earthquake in North Western part (i.e. on 10th September, 2016). Magnitude of the earthquake reached 5.9.
- ✘ 20 deaths were reported (13 adult, 7 children), 269 people injured, 905 houses totally destroyed, 1124 houses heavily to partially damaged (deep cracks) – *According to assessments done by Tanzanian Red Cross Society (TRCS).*
- ✘ SMEs were affected as well.
- ✘ Because majority of the people who were affected by the earthquake were not covered, as a result they did not receive any compensation from insurance companies. The government provided support to some extent.

REGULATIONS TO EXPLORE IN DEALING WITH NATURAL DISASTER

- ✘ This aspect requires formulation of specific regulations by setting minimum insurance covers to be purchased by individuals and entities.
- ✘ Also, by requiring insurers to compensate losses arising from damages caused by natural disasters within the country. Use of insurance pools may be effective in addressing the matter.
- ✘ As stated out previously, insurance laws are currently being under review. These aspects will be incorporated in the forthcoming law amendments.

CONCLUSION

- ✘ The government of Tanzania plays a significant role in ensuring that there is a harmonious insurance market for SME.
- ✘ The government promotes availability of insurance covers to SME by creating awareness to the public.
- ✘ Laws are being reviewed to cater for the needs of SMEs with regard to insurance services.

THE END

