

**“TANZANIA INSURANCE LANDSCAPE: A DIAGNOSTIC
OF THE CHALLENGES AND OPPORTUNITIES FOR
MICRO INSURANCE DEVELOPMENT”**

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AGENDA

- The state of Insurance in Tanzania:
 - Socio-Economic Highlights
 - Insurance Market Highlights.
- Objectives of Insurance Regulation in Tanzania.
- Aspirations of the Government for social and economic Development.
- Key Regulation and Policy issues for consideration.
- Commitment for extending Micro-insurance to low income people.
- Conclusion

The state of Insurance in Tanzania:

(i) Socio-Economic Highlights:

- The economy is based on Agriculture.
- Main exports are Cashewnuts, Coffee, Cotton, Tea and Tobacco.
- Total population 34.4 million people of which 48.9% were male and 51.1% female (year 2002 population and Housing census).
- About 32% of the population are Urban dwellers.
- Life Expectancy at birth (in 2002) was estimated to be 50.8 years for men and 52.7 years for women.
- Over the past 5 years, GDP growth has averaged 5%.

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(ii)

Insurance Market Highlights:

- Gross written premium in 2011 amounted to USD 220 million
- Only 3 out of 27 registered Insurers are specialized Medical Insurance providers.
- Average Annual Market Growth Rate is 20%.
- Penetration Ratio (Gross Premium as % of GDP) was 1% in 2011.

Objectives of Insurance Regulation in Tanzania:

- Promotion and maintenance of efficient, fair, safe and stable insurance market in Tanzania.
- Protection of policyholders.
 - Section 6 of Insurance Act 2009

Aspirations of the Government for Social & Economic Development:

- **By year 2025-**
 - Tanzania society will be substantially developed with a High quality livelihood.
 - Abject poverty will be a thing of the past.
 - Tanzania will have graduated from a least developed country to a middle income country with a high level of human development.
 - The Economy is transformed from a low productivity Agricultural economy to a semi industrialized one.
 - Modernized and highly productive Agricultural activities which are supported by industrial and service activities in the Rural and Urban areas.
 - Tanzania Development vision 2025.

Key Regulator & Policy issues arising from TIRA's mandate and Diagnostic Study.

- Lack of Micro-insurance Law and Regulatory framework. (i.e. Existing insurance Act does not define Micro-insurance).
- Lack of insurance products designed with the poor people in mind (i.e. Insurance for the poor needs to be widely inclusive with few exclusions and premium rates based on mutualism).
- Lack of Government Subvention Program for Rural Insurance Premium.
- No Flexibility on Premium Payment for Micro-insurance Products.
- Policies not designed with straight forward conditions.
- Lack of Alternative channels of selling insurance which would guarantee that Micro-insurance products reach low income people. e.g. MFIs.
- Absence of vibrant Micro-finance Industry
(A vibrant micro-finance system will provide loans, savings and insurance).

Commitment for extending Micro-insurance to low income Tanzanians:

- Studies are currently undertaken to establish the following:
 - The adequacy of the legal and regulatory framework for the promotion of Micro- insurance sector.
 - The range of products that are currently being provided in the market.
 - Need for Micro-insurance products.
 - Any gaps in the provision of such products.
 - Efficiency of the current distribution channels for insurance products.
 - Level of insurance penetration in formal and informal sector.
 - The optimal arrangement for the insurance of government assets.
 - Effectiveness of existing programs to increase insurance awareness.
 - Current impediments to the further development of the insurance market.

Conclusion

- There is need for conducting studies in the market to determine specific strategies to address the challenges the market faces before introduction of Micro-insurance.
- The most imperative strategy which the study would come up with is formulation and adoption of a National policy on insurance to guide development of Micro-insurance industry in the country.