THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE

ISO 9001:2015 Certified

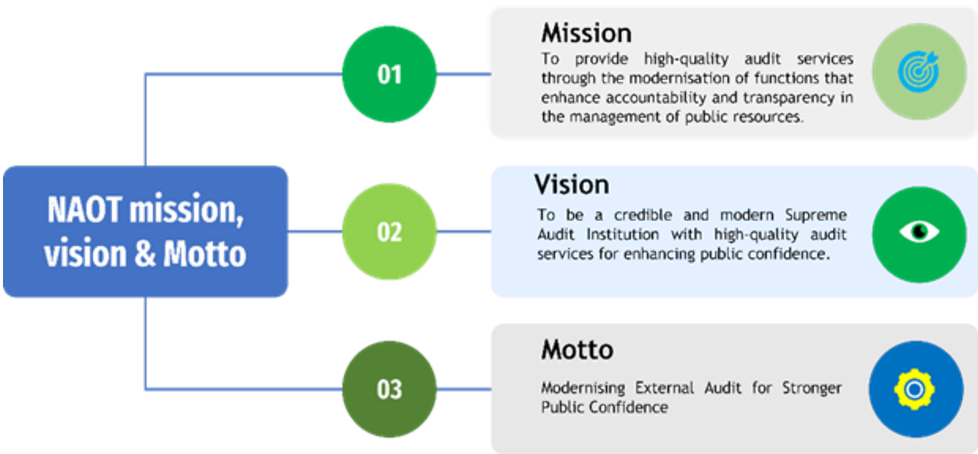
PERFORMANCE AUDIT REPORT ON THE SUPERVISION AND MONITORING OF INSURANCE SERVICE PROVIDERS

CONTROLLER AND AUDITOR GENERAL
MARCH, 2024

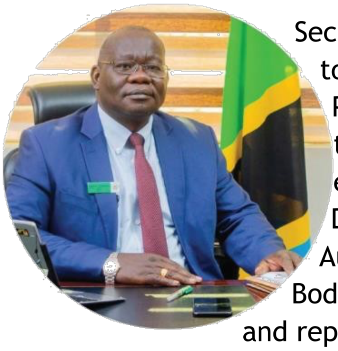
About the National Audit Office

Mandate

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the United Republic of Tanzania of 1977, and in Section 10 (1) of the Public Audit Act, Cap 418.



PREFACE



Section 28 of the Public Audit Act, CAP 418 gives mandate to the Controller and Auditor General to carry out Performance Audit (Value-for-Money Audit) to establish the economy, efficiency and effectiveness of any expenditure or use of resources in the Ministries, Departments and Agencies (MDAs), Local Government Authorities (LGAs) and Public Authorities and Other Bodies which involves enquiring, examining, investigating and reporting, as deemed necessary under the circumstances.

I have the honour to submit to Her Excellency, the President of the United Republic of Tanzania, Hon. Dr. Samia Suluhu Hassan, and through her to the Parliament, the Performance Audit Report on the Supervision and Monitoring of Insurance Service Providers as Implemented by Tanzania Insurance Regulatory Authority (TIRA).

The report contains findings, conclusions, and recommendations directed to the Tanzania Insurance Regulatory Authority (TIRA).

Tanzania Insurance Regulatory Authority (TIRA) had the opportunity to scrutinise the factual contents of the report and comment on it. I acknowledge that discussions with the Tanzania Insurance Regulatory Authority (TIRA) have been valuable and constructive.

My Office will conduct a follow-up audit at an appropriate time regarding actions taken by the Tanzania Insurance Regulatory Authority (TIRA) in implementing the recommendations in this report.

I would like to thank my staff for their commitment to preparing this report. I also acknowledge the audited entities for their cooperation with my Office, which facilitated the timely completion of the audit.

Charles E. Kichere
Controller and Auditor General
United Republic of Tanzania
March, 2024

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LIST OF ABBREVIATIONS AND ACRONYMS

ATI	:	Association of Tanzania Insurers
COI	:	Commissioner of Insurance
CSP	:	Corporate Strategic Plan
DLS	:	Directorate of Legal Services
DPRMD	:	Directorate of Planning, Research and Market Development
FIU	:	Financial Intelligence Unit
GDP	:	Gross Domestic Product
IAAT	:	Insurance Agents Association of Tanzania
IFRS	:	International Financial Reporting Standard
INTOSAI	:	International Organization of Supreme Audit Institutions
ISSAIs	:	International Standards for Supreme Audit Institutions
KPI	:	Key performance
LATRA	:	Land Transport Regulatory Authority
MRO	:	Minimum Premium Rates Order
MTEF	:	Medium Medium-Term Expenditure Framework
PRCU	:	Public Relations and Communication Unit
SML	:	Safety Margin Level
TIBA	:	Tanzania Insurance Brokers Association
TIO	:	Tanzania Insurance Ombudsman
TIRA	:	Tanzania Insurance Regulatory Authority
TPF	:	Tanzania Police Force
TR	:	Treasury Registrar

DEFINITION OF TERMS

General Insurance business	General business is defined under Part B of the second schedule of the Insurance Act No. 10 of 2009 ***(herein after referred to as the Insurance Act)*** to mean and include the following classes of business: accident, sickness, land vehicles, railway rolling, aircraft, ships, goods in transit, fire and natural forces, damage of property, motor vehicle liability, aircraft liability, liability for ships, general liability, credit, suretyship, miscellaneous, legal expenses, and assistance.
Insolvency	Is when an individual or company can no longer meet their financial obligations to lenders as debts become due[1]
Insured	Is defined under Section 3 of the Insurance Act to mean a person affecting a contract of insurance with an Insurer.
Insurer	Is defined under Section 3 of the Insurance Act to mean a person carrying on insurance business other than a broker or agent and includes an Association of Underwriters, which is not exempt from the provisions of the Insurance Act, 2009 in terms of Section 2.
Life Insurance	Is defined under Section 3 of the Insurance Act to mean the business of assuming the obligation of an insurer of transacting long-term business; Part B of the Second Schedule of the Insurance Act, 2009 mention the list of classes as Life Assurance business includes life and annuity business, marriage and birth business, linked long-term business, permanent health insurance business; tontines, capital redemption, and deposit administration scheme and pension.
Premium	An insurance premium is the amount of money an individual or business pays for an insurance policy. Insurance premiums are paid for policies that cover healthcare, auto, home, and life insurance[2].
Registrants	According to Section 3 of the Insurance Act, registrant refers to a person registered to conduct insurance business;
Solvency Margin	It refers to the level of technical provisions for actuarial liabilities measurement. Excess of admitted assets against liabilities. Total Admitted Assets less admitted Liabilities.

[1] Insolvencies: Definition, How It Works, and Contributing Factors (investopedia.com)
[2] https://www.investopedia.com/terms/i/insurance-premium.asp

Undercutting	The practice where an insurance company secretly offers clients unrealistically low premiums to gain a competitive advantage. It's unethical conduct.[3]
Underwriting	Underwriting is the process insurers use to assess the risk and accept or reject it. It also involves the insurance company calculating a fair price for the coverage of the risk if that risk is accepted.[4]
Ombudsman	This means an Insurance Ombudsman referred to under Part IX of the Insurance Act, 2009, established to resolve disputes between insurance consumers and insurance registrants' businesses in Tanzania.
Malpractice	Refers to an act of negligence or incompetence committed by a professional[5].
Insurance Intermediaries	Is a broker, agent etc. who represents a consumer in an insurance transaction[6].
Transmittal letters	Is a short cover letter that accompanies a more complex document to explain its purpose[7].
CARAMELS Model	As per the Inspection Procedural Manual,2009, is an acronym for capital adequacy, asset quality, reinsurance, actuarial liabilities and technical provisions, management and corporate governance, earnings and underwriting, liquidity and asset/liability matching and self-sealing and related parties, which is used as a tool to analyse risk.
Security deposit	As per Guidelines on Investment and Solvency Margin Management, a security deposit means an amount of not less than fifty per cent of the prescribed minimum paid-up capital as stipulated under Regulation 18 of the Insurance Regulations 2009.
Recapitalization plan	Is the process of restructuring a company's debt and equity mixture, often to stabilize a company's capital structure[8].
Salesforce executives	As per Sales Force Executives (SFE) Guidelines, 2022, it refers to an individual authorized under these Guidelines who reach out to consumers directly for marketing, selling and/or providing other insurance-related services.
Takaful operations	Takaful Operational Guidelines, 2020 refers to a Shariah-compliant contractual system aiming at attaining cooperation

[3] https://www.graphic.com.gh/business/business-news/premium-undercutting-compromising-standard-practice.html
[4] https://www.insureon.com/insurance-glossary/underwriting
[5] What is Malpractice? - Definition from Insuranceopedia
[6] What is an Intermediary? - Definition from Insuranceopedia
[7] What Is a Letter of Transmittal? (With Template and Example) | Indeed.com
[8] Recapitalization: Meaning, Purposes, and Types (investopedia.com)

	between a group of participants to cover specific risks whereby each participant pays a certain contribution that leads to the formation of the Takaful Fund.
Market penetration	Is measured as the ratio of premiums paid in a particular year to the GDP[9].

[9] Insurance Penetration Meaning: Reasons, Rate – PPT Available (thegkeducation.com)

EXECUTIVE SUMMARY

Background

The insurance sector in Tanzania is governed by the Insurance Act. This Act established the Regulatory Authority responsible for overseeing the insurance industry and repealed the former Insurance Act 1996. The regulatory authority, known as the Tanzania Insurance Regulatory Authority (TIRA), ensures that insurance companies are solvent and operate fairly and transparently.

Despite government initiatives that include developing the legal framework in the insurance sector, such as the Insurance Act and its Regulations of 2009, to create a conducive investment environment, challenges and areas of concern exist within Tanzania's current supervision and monitoring system of insurance service providers. These include inadequate inspections and enforcement action, insurance companies operating below the required solvency margin, delays in claims processing, and low public awareness about insurance services.

These weaknesses, therefore, called for the need to conduct a performance audit on the supervision and monitoring of insurance service providers with the main objective of assessing whether the Tanzania Insurance Regulatory Authority (TIRA) was effectively supervising and monitoring Insurance Service Providers to ensure that the operating Insurance Companies have the required legal, technical and financial soundness.

The audit covers four financial years, from 2019/20 to 2022/23. This period was selected to allow the audit team to obtain sufficient evidence regarding TIRA's supervisory and monitoring role to the insurance service providers.

Main Audit Findings

The audit acknowledges the efforts made by TIRA in continuing to supervise and monitor insurance service providers. Despite these efforts, the audit noted various weaknesses, as summarised below:

(a) Ineffective Insurance Claims Management in the Country

The audit noted that the Tanzania Insurance Regulatory Authority (TIRA) did not adequately ensure that insurance companies properly handled insurance claims, as there was evidence of an increase in outstanding claims by these companies, failure to adhere to the 45-day settlement period after the issuance of the discharge voucher by Insures as mandated by the Insurance Act of 2009, resulting in substantial delays in settling claims. This non-compliance not only adversely affects policyholders but also poses the risk of legal disputes between the insured public, policyholders and players in the insurance sector.

(b) TIRA Ineffectively Inspected Insurance Service Providers to Determine Qualifications and Adherence to the Code of Conduct

The audit noted that TIRA did not adequately utilize the Guide to Risk-Based Monitoring and Supervision during the preparation of inspection plans. As a result, TIRA could not establish the basis for selecting insurance intermediaries for market conduct onsite inspections or by TIRA's head office or zonal offices. The inspections conducted by TIRA were also not conducted to align with the Inspection Plans covering all categories of Insurance Service Providers.

Furthermore, there were no reports prepared by TIRA indicating follow-up of recommendations from the onsite inspection reports were conducted to insurance companies for the period under review. Furthermore, through its Legal and Enforcement Committee (LEC), TIRA did not sufficiently discuss and decide on the directives regarding non-compliance with laws and regulations issued based on the results of the onsite inspection of insurance companies. Inadequate on-site inspections of insurance companies and intermediaries may result in an increase in non-compliance with the regulatory framework by the insurance industry players.

(c) Inadequate Monitoring of the Financial Soundness of Insurance and Reinsurance Companies

The audit noted that TIRA did not adequately conduct a solvency analysis of insurance companies. As a result, some insurance companies kept operating below the statutory and prudential level of solvency margin. For example, as of June 2022, 48% of general insurers and 40% of life insurers were operating at a negative statutory solvency margin level. Consequently, the General Insurers were required to inject a capital of at least TZS 56.8 billion. In contrast, Life insurers were required to inject capital of at least TZS 6.2 billion to achieve the statutory level as per the requirements of Section 20(1) of the Insurance Act No. 10, 2009.

Furthermore, TIRA did not ensure that all registered insurance companies maintained a security deposit of at least 50% of the company's prescribed minimum paid-up capital at the Bank of Tanzania in compliance with Regulation 20 (1) of the Insurance Regulation 2009. As a result, 31% of registered insurers had securities deposits below the minimum requirement, while 23% of registered insurers did not hold securities deposits with the Bank of Tanzania as of 31 December 2023. Consequently, TZS 12.5 billion were not held by the insurance companies as a security deposit with BoT as of December 2023.

(d) Inadequate Evaluation of the Level of Awareness and Satisfaction of Insurance Customers on Insurance Services

The audit noted that TIRA unsatisfactorily implemented its Corporate Strategic initiative of enhancing public awareness of insurance services, establishment and utilisation of market sensitisation guidelines/framework at TIRA Zonal Offices, implementation of strategies to ensure market penetration of insurance services increase in the country and adequate promotion of education and awareness programs to insurance consumers.

The unsatisfactory implementation of the corporate events management plan was caused by the failure of TIRA to prepare an annual calendar or program for Authority Events. TIRA also inadequately implemented insurance public events and outreach programs. For instance, for the financial years 2021/22 to 2022/23, TIRA reported that the public event and outreach activities implemented stood at 30% and 20%, respectively.

Furthermore, the targets for registration of new registrants were not achieved. For instance, for the Financial Years 2021/22 and 2022/23, new registrants registered were 39% and 64% of the set targets, respectively.

Consequently, the insurance uptake in terms of people reporting that they have insurance cover decreased from 15% in 2017 to 10% in 2023, equivalent to a nominal decrease of 0.7 million people, as indicated in the Finscope Report of 2023.

Audit Conclusion

It is concluded that TIRA has not effectively supervised and monitored insurance companies to ensure that the interests of policyholders are well protected. This implies that more interventions are still needed to improve TIRA's supervision and monitoring activities for insurance companies further because our findings revealed that there is still an increase in outstanding claims. This indicates that TIRA has not ensured that insurance companies settle claims in a timely manner.

The audit also noted some deficiencies, such as inadequate inspection of insurance companies, the presence of insurance companies operating below the required level of solvency margin, insufficient enforcement actions taken against insurance companies premium undercutting, inadequate claims management by insurance companies and inadequate evaluation of the level of insurance awareness creation, awareness sensitisation, and satisfaction of policyholders on insurance services.

Audit Recommendations

TIRA is argued to:

(i) Strengthen and integrate risk assessment procedures by adopting a risk-based approach during planning to cover all insurance service providers to have the basis for the selection of insurance service providers to be inspected;

(ii) Conduct follow-up on the implementation of recommendations and directives issued to insurance service providers from the onsite/offsite inspections and periodically produce follow-up reports;

(iii) Strengthen the mechanisms to ensure insurance companies maintain sufficient capital to meet statutory and prudential solvency margin levels; and

(iv) Strengthen the mechanisms for monitoring the insurance–claims settlement processes by Insurers to ensure claims are settled promptly, transparently, and fairly.

CHAPTER ONE

INTRODUCTION

1.1 Background

Insurance is designed to protect against risks that could result in significant financial loss, such as damage to property, liability for injury or damage caused to others, or unexpected medical expenses. Insurance policies can cover different types of risks, such as life insurance, property insurance and liability insurance.

The Insurance Act of 1996 paved the way for private entrants to the market, which was a government monopoly sector held by the National Insurance Corporation. The changes attracted foreign and domestic investment to the Tanzanian insurance sector.

The insurance sector in Tanzania is governed by the Insurance Act No.10 of 2009[10], which establishes the regulatory authority responsible for overseeing the insurance industry and repealed the former Insurance Act of 1996.

In Tanzania, insurance can be broadly categorized into two main types: life insurance and general insurance. Life insurance is the type of insurance that protects against the financial risks associated with death, disability or illness. Life insurance policies may include benefits and critical illness benefits. At the same time, general insurance is the type of insurance that protects against financial losses that are not related to life, such as fire and theft insurance, motor vehicle insurance, liability insurance, and marine insurance. There are several sub-categories of insurance within these two main types, including but not limited to health, travel, crop, education, workers' compensation and property insurance (home, business, and professional liability insurance).

Tanzania's insurance industry has experienced growth and development since market liberalization, with increasing insurance service providers operating in the market. The Insurance Gross Premium Written increased from TZS 554.4 billion in 2014 to TZS 637.1 billion in June 2019, representing an increase of 14.9% and insurance service providers increased from 665 in 2014 to 802 in 2018, representing an increase of 22.6%. These service providers offer a wide range of

[10] https://www.tira.go.tz/pages/who-we-are

insurance products, including life and general insurance business[11], catering to the diverse needs of individuals and businesses. As the insurance sector expands, it becomes crucial to ensure that adequate oversight and supervision mechanisms are in place to maintain the stability and soundness of the industry[12].

A well-functioning system for supervising insurance service providers is essential to identify potential risks, detect non-compliance, and mitigate the impact of fraudulent activities within the insurance sector. It protects policyholders from unscrupulous practices, inadequate coverage, and financial instability. By conducting regular supervision and monitoring and implementing robust supervisory mechanisms, regulatory authorities can play a vital role in maintaining a fair and competitive insurance market that inspires public confidence.

However, challenges and areas of concern exist within the current system of supervision and inspection of insurance service providers in Tanzania. These could include limited resources for self-regulatory bodies, inadequate enforcement actions, coordination gaps among different agencies, or outdated regulations that adequately address emerging risks[13].

1.2 Motivation for the Audit

The audit was motivated by various reported weaknesses/challenges related to the supervision and monitoring of insurance service providers. These challenges necessitated the Controller and Auditor General to plan and conduct the performance audit on the supervision and monitoring of insurance service providers operating in Tanzania. Those reported challenges are as presented below:

a) Customers' Complaints Cases and Fraudulent Practices

According to the Insurance Market Performance Reports for 2019 to 2020 from the Tanzania Insurance Regulatory Authority, there are reported customer complaints that mostly emanated from delays in claims settlement,

[11] https://www.tanzaniainvest.com/finance/insurance/tanzania-insurance-sector-report
[12] The role of Tanzania insurance regulatory authority (TIRA) on insurance industry development in Tanzania. Francis T. Kamwambia. The open University of Tanzania, 2013.
[13] Challenges facing the success of insurance services provision in Tanzania. Philip K. Nthenge. UoN Digital Repository, University of Nairobi, 2013.

unsatisfactory offers in terms of quantum of compensation or indemnity and unjustified repudiation of claims. Other cited complaints were delays in handling claims, non-compliance with legal requirements such as remaining with unsettled claims for more than 45 days after execution of discharge vouchers, malpractices in the business area by some unfaithful players and unethical handling of clients such as use of abusive language, soliciting corruption and others.

Also, the Annual Insurance Market Performance Report for the year ended 31 December 2018 reported through the performance of the Tanzania Insurance Ombudsman (TIO) that several complaints were reported against insurers whereby fraudulent claims such as fake documentation were noted to be among the complaints.

Further, the Insurance Market Performance Report for the years 2019/20 to 2020/21 reported that the delivery of insurance services was noted to have been inflicted with malpractices involving fraudulent practices posing potential financial losses. For instance, in 2021, 171 cases were detected and reported by the insurance companies, 207 cases were noted in 2020, and 135 cases were reported in 2019.

b) Inadequate Enforcement of the Existing Laws by TIRA

The Controller and Auditor General Annual General Report on the Audit of Public Authority of the financial year 2020/21 reported that the Tanzania Insurance Regulatory Authority does not adequately enforce existing laws to ensure that the Insurance Service Providers comply with existing insurance laws and regulations. Hence, there are risks of losing or delaying the collection of government revenues from the insurance businesses.

For instance, 17 insurance companies delayed submitting their returns for a period ranging from one to 99 days, while 68 brokers delayed for 2 to 58 days contrary to Section 40(1) and 78(1) of the Insurance Act, 2009, which attracted a penalty of TZS 108.25 million. However, contrary to Section 78(5) of the Insurance Act, 2009, no demand notes were issued for the delay in submitting the returns.

c) Eight Insurance Registrants were Hosting Data Centers Outside the United Republic of Tanzania

The Review of the Status on Maintenance of Insurance Data Centre at TIRA found that 8 out of 28 Insurance companies were hosting their data centres (primary, secondary or both) outside the United Republic of Tanzania. This is contrary to Section 24 (1) (b)of the Insurance Act, which requires every insurer to have its principal office in Tanzania, and Circular No. 085/2020 from TIRA, which requires insurance companies to host their data centres in the United Republic of Tanzania[14]. As a result, there is a possibility that TIRA will not be able to verify the company's stored business data.

d) Inadequate Awareness of What the Insurance Business is All About

The annual Insurance Market Performance Report for the Year ended 31 December 2018 indicates that insurance is seen as a product that is not necessary. The report indicated that the insurance industry had not put enough resources into educating the general public on the role of insurance so that they could appreciate the need for insurance. The role of insurance in any economy is to provide peace of mind, capital reserve, identification and measurement of risk, etc. Most Tanzanians hold third-party covers for their motors, which is the basic cover required by law since they lack the knowledge of various important covers that are available and at competitive prices.[15]

Low levels of public education and awareness of insurance products and services lead to low insurance uptake by members of the public. For instance, the industry's contribution to national GDP has largely remained at approximately 0.5 per cent from 2013 to 2023, compared to the average contribution of emerging markets, which is 3 per cent.

e) Inadequate Cooperation from Insurance Companies and other Stakeholders

Effective supervision and monitoring of insurance service providers often require collaboration and coordination among stakeholders, including other regulatory bodies, law enforcement agencies, and industry associations. Some insurance

[14] Annual General Report of the Controller and Auditor General of the United Republic of Tanzania on the Audit of Public Authorities for the Financial Year 2020/21.
[15] Challenges facing the success of insurance services provision in Tanzania." Philip K. Nthenge. UoN Digital Repository, University of Nairobi, 2013.

companies are reluctant to cooperate with TIRA's supervision and inspection activities[16]. Challenges can arise due to coordination gaps, differing priorities, or inadequate information-sharing mechanisms among these entities, leading to fragmented oversight efforts.

1.3 Design of the Audit

This section explains the main audit objective, specific audit objectives, scope of the audit, sampling, methods for data collection and analysis, and assessment criteria.

1.3.1 Overall Objective

The main objective of the audit was to assess whether the Tanzania Insurance Regulatory Authority (TIRA) effectively supervises and monitors insurance service providers to ensure that the operating insurance companies have the required legal, technical, and financial soundness.

1.3.2 Specific Objective

Specifically, the audit focused on assessing whether:

a) Inspections to determine qualifications and adherence to the code of conduct for insurance service providers are performed periodically;

b) The financial soundness of insurance and re-insurance companies is adequately assessed and monitored;

c) Claims are handled in a timely, fair and transparent manner by Insurance Companies; and

d) Levels of awareness and satisfaction of customers on the insurance services provided by insurance companies are periodically evaluated.

To address the audit objective and its specific objectives above, five main audit questions supported by sub-questions were developed. **Appendix Two** presents the audit questions and their respective sub-questions.

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[16] The State of the Insurance Industry in Tanzania by The World Bank (2019)

1.3.3 Scope of the Audit

The main audited entity was the Tanzania Insurance Regulatory Authority. TIRA is responsible for regulating the insurance industry in Tanzania and ensuring that insurance companies are solvent and operate fairly and transparently.

The audit mainly assessed whether TIRA was efficiently supervising and monitoring insurance companies to ensure that the operating insurance companies had the required legal, technical, and financial soundness.

The audit specifically assessed the inspection activities of insurance service providers to determine their qualifications and adherence to the code of conduct. Under this aspect, the audit assessed if TIRA maintains a functioning risk-based supervision plan for insurance service providers, adequately inspects insurance companies as per plan, and, if adequate, makes follow-up on implementing recommendations made to the insurance companies during inspections.

The audit checked how TIRA effectively assesses the financial soundness of insurance companies, taking enforcement actions against the identified insurance companies with financial unsoundness challenges and the underwriting functions of insurance companies. It also included an assessment to determine if TIRA took any enforcement measures against insurance companies practising undercutting, established mechanisms to ensure premiums required to be submitted to reinsurance companies were done adequately and timely, and if TIRA ensured that insurance companies maintained the required minimum security deposit with the Bank of Tanzania.

Furthermore, concerning the timely and transparent handling of claims by the insurance companies, the audit assessed if TIRA ensures the insurance claims filed by claimants were being managed in a timely, fair, and transparent manner by the insurance companies. It also assessed whether the observations made during the monitoring of the insurance claims process filled by claimants were affected promptly and whether disputes resulting from unsettled claims were effectively resolved.

Regarding the management of public awareness creation on insurance services, the audit assessed the extent to which TIRA implements its corporate strategic initiative on enhancing public understanding of insurance services, adequate application of sensitization framework at zonal offices and strategies to ensure Market Penetration of insurance services, increase in the country.

The audit covered four financial years, from 2019/20 to 2022/23. This period was selected to enable the Audit Team to obtain sufficient evidence regarding TIRA's supervisory and monitoring role to insurance service providers registered and operating in the country.

Moreover, this period—was selected because the financial services industry, including insurance, contributed TZS 5,720.8 billion to the GDP during this period, representing 3.6% of the total GDP in 2021. In contrast, in 2020, the said sector contributed TZS 5,259.8 billion to the GDP, equivalent to 3.5% of the total GDP during the same period. In 2019, insurance and financial services accounted for TZS 4,927.6 billion, representing 3.5% of the total GDP for the same period. Meanwhile, in the rest of the years spanning from 2014 to 2018, the market penetration measured as total premium written over GDP has been approximately 1% only[17].

1.3.4 Assessment Criteria

The assessment criteria were drawn from various sources, giving respective audited entity mandates and guidance to perform their functions. The sources of criteria include Legislation, Guidelines, Manuals, Policies and Strategic plans.

The criteria are described below:

The Extent of the Problem of Insufficient Supervision and Monitoring of Insurance Companies Exists in the Country

Para 3.1 of the Insurance Claim Management Guideline, 2022, requires the settlement of claims to adhere to the stipulated Industry. TIRA must publish insurer claims settlement statistics annually, as guided by the Circular. TIRA is required to develop and implement a communication strategy. Also, set the strategic objective to ensure insurance consumers are protected and supported (According to CSP 2019/20-2023/24).

[17] TIRA’s Five Years Corporate Strategic Plan July, 2019/20 – June, 2023/24

Section 122(1) & (2) of the Insurance Act No.10, 2009 also requires the establishment of an Ombudsman Service to resolve disputes arising between insurance consumers and insurance registrants' businesses in Tanzania.

Moreover, Section 5(1) of the Insurance Act No.10, 2009 requires the Minister responsible for Finance, in consultation with the National Insurance Board, to appoint a person with adequate knowledge and experience in legal matters and dispute resolution to be the Ombudsman.

Inspections to Determine Qualifications and Adherence of Code of Conduct for Insurers Periodically

Section 142 (1) & (2) of the Insurance Act No.10, 2009 states that the Commissioner may, to ensure compliance with the provisions of the Act and after issuance of three days' notice, conduct an onsite inspection of any person registered.

Also, the Tanzania Insurance Regulation Authority Corporate Strategy 2019/20-2022/23 indicates that insurance companies and intermediaries (agency, broker, and bank assurance) must be inspected annually.

Moreover, TIRA'S Annual Action Plans of 2019/20-2022/23 provided for performing its Legal and Regulatory framework objective through conducting inspections.

Monitoring of Financial Soundness of Insurance and Reinsurance Companies

Section 20 (1) of the Insurance Act requires an insurer not to carry on business as an insurer unless he always maintains in Tanzania, during which he carries on insurance business, a margin of solvency of not less than the amount prescribed by the Minister responsible for finance. Additionally, Section 21 (1) of Insurance Regulations 2009 requires that an insurer's assets transacting classes of general business should exceed the insurer's total liabilities by greater than 20% of the net premium written or the minimum amount specified in the regulation.

Also, Section 20(3) of the Insurance Act states that the contravention of Section 20(1) commits an offence and shall, in addition to any penalty prescribed by the Act, be liable for license cancellation.

Moreover, in Para 2 & 5 of the Guideline on Actuarial Function 2018, the authority requires all insurers to have a robust, well-positioned, resourced, and properly authorized and staffed internal Actuarial function. Internal actuarial functions have access to and produce periodic reports, also evaluate and provide advice on the prospective solvency positions of the insurer, the insurer's actuarial and financial risks, the insurer's solvency position; underwriting policies, reinsurance arrangements and the adequacy of the technical provisions and other liabilities.

Furthermore, Section 50(1) & 31(2) of Insurance Act No. 10 of 2009 directs the board of directors of a reinsurer to formulate a prudent and comprehensive underwriting policy and review it annually. That means a prudent and comprehensive policy deals with the size and nature of the risks the reinsurer intends to underwrite, the type of product the reinsurer intends to offer, and carrying on of all arrangements for reinsurance and the insurance business shall be subject to the control of the Commissioner.

According to Regulation 20(1) of Insurance Regulation 2009, Every insurer should establish and maintain, at the Bank of Tanzania, a security deposit of at least 50% of the prescribed minimum paid-up capital of the company. The deposit should form part of the assets regarding the insurer's capital.

Also, on undercutting issues, the Authority established the Insurance Minimum Rates Regulations (MRO), 2018, which directs the minimum rates to be paid for different classes of insurance used as criteria.

Additionally, Section 165 (1) (a), (g) and (j) of the Insurance Act No.10 of 2009 impose measures on insurers and brokers regarding their business conduct on the issues related to registrants who do not carry out their business in accordance with the sound business principles–acting in contravention of the provision of the Act and therefore failed to comply with terms and condition of registration.

Claims are handled Timely, Fairly, and Transparently by Insurance Companies.

Section 131 of the Insurance Act requires an insurer to pay claims within forty-five (45) days of receipt of the executed discharge voucher. Insurance Claims Management Guidelines, 2022 stipulate time limits for other stages of claim management and the processes to be followed in handling inadmissible claims. Para 3.1 to 3.6 of the Guidelines on Insurance Claims Management Guidelines, 2022 outlines all the processes and timelines to be followed in handling claims, from the initial stage of claim notification to the final stage of claim payment.

Also, Para 2.1 of the Guidelines on Insurance Claims Management Guidelines, 2022 stipulates Principles to be observed in claims management, which requires;

- insurers to handle claims in a timely, fair and transparent manner,
- Insurers to have fair and transparent claims handling and claims dispute resolution policies and procedures in place,
- Insurers are to inform claimants about the status of their claims in a timely and fair manner.

Awareness and Satisfaction of Customers on the Insurance Services Provided by Insurers are Periodically Evaluated

According to TIRA's five-year Corporate Strategic Plan of 2019/20 – 2023/24, TIRA has the strategic initiative to improve consumer advocacy, awareness, and Insurance literacy and implement insurance market sensitization programs.

Furthermore, Para 4.1.1 and 4.1.2 of the TIRA's Zanzibar Office and Zonal Offices Operational Manual requires the Commissioner of Insurance to formulate policies, procedures, and guidelines for the operations of Zonal Offices.

Also, the TIRA Strategic Plan for 2019/20 – 2023/24 establishes the strategic objective of widening and deepening the insurance market. Strategies to achieve this objective include expanding distribution channels, increasing the insurance industry's contribution to the National GDP, enhancing insurance uptake, and meeting the demand for insurance products and services. The outcome indicators for this objective include the approval of new distribution channels, constant upward growth of the insurance penetration rate, and the number of insurance products introduced to the market.

1.4 Sampling, Methods for Data Collection and Analysis

Different methods were used for sampling, data collection and analysis. Below are detailed explanations for sampling techniques, methods of data collection and data analysis:

1.4.1 Sampling Techniques

The audit team used purposive sampling to select TIRA, insurer, and re-insurance offices to ensure that sufficient and appropriate data was collected.

Insurance and Re-insurance Companies Covered

Insurance companies were selected to assess the extent of management of insurance claims, the extent of inspection conducted by TIRA, the level of financial soundness, the level of premium undercutting and the establishment of underwriting functions.

Re-insurance companies were selected to assess levels of financial soundness and the extent of inspection conducted by TIRA, as well as the externalization of risks by insurance companies and remittance of premiums to reinsurance companies.

Insurance companies were selected based on the categories of insurance services they provide, including general and life insurance. The audit assessed all business classes in the general insurance category, including medical insurance, Motor insurance, Fire insurance, Livestock insurance, Cyber insurance, Crop insurance and Agriculture insurance. The life insurance category has not been broken down into its business classes.

Purposively, Gross Premium Written was used to select insurers and re-insurance companies. After all, it allowed auditors to assess different performance levels and the capacity to manage insurance claims. To make a good representative sample selection based on General and Life insurance companies, insurance companies covered were those with high, medium and lower gross premiums written.

Since there are two categories of insurance companies, General Insurance Companies (26 companies) and Life Insurance Companies (6 companies), the Audit Team used ratios to determine the number of insurance companies for each category. Based on this, the results were 8 General Insurance Companies and 2 Life Insurance Companies.

From the criteria above, the selected General Insurance Companies are Jubilee Insurance Company, Strategies Insurance Company, Alliance Insurance Company, National Insurance Corporation, Assemble Insurance Company, Mayfair Insurance Company, Zanzibar Insurance Corporation, and UAP Insurance Company. On the other hand, the selected life insurance companies are Sanlam Life and Alliance Life (**Refer to Appendix Three**).

Additionally, of the two categories of reinsurance companies, namely foreign and local re-insurance companies, the audit team purposely covered local re-insurance companies to allow data accessibility.

Under local re-insurance companies, one was covered out of 3 available, namely Tan-Re, because it has more than 85% of the total Gross premium written by local re-insurance companies, as indicated in **Table 1.1.**

Table 1.1: Selected Re-Insurance Companies and Reasons for Selecting

No.	Name of Reinsurance Company	Reinsurance Gross Premiums (2021) (TZS MILLIONS)	Category of premium	Selected Company
1	TAnRe	110,066	High	✓
2	GrandRe	20,232	medium	
3	Panafrique RE	-	Small	

Source: *Auditor's Analysis from Insurance Market Performance Report of 2019*

TIRA Zonal Offices and Regions Covered

TIRA has five Zones: Eastern, Northern, Central, Southern Highland and Lake Zones. Purposely, all Zones were visited to test the level of performance in each zone, including supervisory and monitoring activities of Insurance Companies, to ensure that the operating Insurance Companies have the required legal, technical and financial soundness.

The regions to be visited were selected purposely based on the presence of TIRA's zonal offices. TIRA insurance operations are centred on Zonal offices since no regional offices exist. This allowed the audit team to assess the activities implemented by the respective Zonal Officers and those implemented by insurers. **Appendix Four** shows the selected regions for each zone. Dar es Salaam, Arusha, Mwanza, Mbeya and Dodoma were visited in these regions. Since Insurance is a matter of union, the Zanzibar Office was also included.

1.4.2 Methods for Data Collection

Two methods were used for data collection: interviews and document review. Detailed information for each method used is presented hereunder.

Document Review

The Audit Team reviewed documents within and outside TIRA prepared during the financial years 2019/20 to 2022/23 for various purposes, as shown in **Appendix Five**. These documents included Plans and strategies, Performance Reports and Monitoring Reports.

Interviews

The Audit Team interviewed Officers from TIRA headquarters, TIRA zonal offices and the Zanzibar office. Moreover, the Audit Team interviewed Officers from the selected insurance and reinsurance companies in the identified areas. Interviews were conducted to gain insights and clarifications on the information regarding effective supervision by TIRA to ensure covered insurance risks are settled when losses are incurred (Claim management) and to validate the information from the reviewed documents. The details of the Officers involved in the audit are presented in **Appendix Six.**

1.4.3 Methods for Data Analysis

The obtained quantitative and qualitative data from interviews, document review and noted information from observations were analysed using different methods, which are not limited to:

a) Descriptive analysis whereby the obtained data were presented using pie charts, bar graphs and tabulated in tables;

b) Trends analysis whereby the audit team analysed the trends of the given data in different years and checked whether the issue analysed was decreasing or increasing between the four years of assessment, i.e. 2019/20-2022/23;

c) Qualitative data obtained from interviews and document reviews were analysed by compiling and comparing them and then related to draw concrete conclusions; and

d) In addition, the obtained qualitative data were transformed into quantitative data by analysing the interviews with respect to different correlations of similarities of pointed out issues against document review and seeing their occurrences or frequency. After the contented analysis from interviews, the data were presented in percentages or descriptive statistics.

1.5 Data Validation

The management of the Tanzania Insurance Regulatory Authority was given the opportunity to go through the Draft Performance Audit Report and comment on the figures and information presented. The management of the Tanzania Insurance Regulatory Authority confirmed the accuracy of the information and figures presented in this report.

Furthermore, the information on the supervision and monitoring of the insurance service providers in the country was cross-checked and discussed with experts to ensure validation of the information obtained and presented.

1.6 Standards Used for the Audit

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) on performance audits issued by the International Organization of Supreme Audit Institutions (INTOSAI). These standards require that the audit is planned and performed to obtain sufficient and appropriate evidence that provides a reasonable basis for the findings and conclusions based on the audit objectives.

1.7 Structure of the Report

The remaining parts of this report are presented as follows:

Chapter Two	Provides the description of the audited area, various actors and processes involved in the supervision and monitoring of insurance service providers.
Chapter Three	Presents the audit findings related to supervision and monitoring of insurance service providers
Chapter Four	Provides overall and specific conclusions of the audit based on the main audit objective and specific audit objectives.
Chapter Five	Provides recommendations that are directed to theTanzania Insurance Regulatory Authority in order to improve supervision and monitoring of insurance service providers

CHAPTER TWO

SYSTEM FOR SUPERVISION AND MONITORING OF INSURANCE SERVICE PROVIDERS IN TANZANIA

2.1 Introduction

This chapter presents a description of the system for supervising insurance service providers in Tanzania. It covers the legal framework, roles and responsibilities of the key players overseeing insurance service providers. A description of how the system's processes and activities are functioning to ensure proper supervision of insurance service providers in Tanzania is also covered in this chapter.

2.2 Legal Framework Governing Supervision of Insurance Services in Tanzania

Acts and Regulations

i) The Insurance Act, No.10 of 2009
ii) The Finance Act, No.5 of 2022
iii) The Insurance Regulations of 2009;
iv) The Insurance Ombudsman Regulations, 2013;
v) The Insurance (Minimum Rates) Regulations, 2018;
vi) Bancassurance Regulations, 2019;
vii) The Micro-Insurance Regulationss 2013.

Guidelines for Supervision of Insurance Services

i) Guidelines on Investment and Solvency Margin, 2022
ii) Guidelines on Insurance Claims Management, 2022
iii) Guidelines on Minimum Benefit Structure for Motor Third Partly Bodily Injury and Death Claims, 2022
iv) Takaful Operational Guidelines, 2022
v) Guidelines on the Implementation of International Financial Reporting Standards on Insurance Contracts (IFRS 17) 2022
vi) Sales Force Executives (SFE) Guidelines 2022
vii) Guidelines for Insurance Digital Platforms, 2022
viii) Guidelines to the Insurance Industry on the Actuarial Function, 2019
ix) Banc assurance (Conduct of Business) Guidelines, 2022
x) Guide to Risk-Based Monitoring and Supervision, 2011

Manuals	i) Inspection Procedure Manual, 2022 ii) The Zanzibar Office and Zonal Offices Operational Manual
Circulars and Directives	• The Circulars sought to introduce and enforce certain standards in line with the Insurance Act regulating and supervising insurance business

2.3 Roles and Responsibilities of Key Players

The key stakeholders involved in the supervision of insurance service providers in Tanzania include the Ministry of Finance (MoF), the Tanzania Insurance and Regulatory Authority (TIRA), Insurance service providers, the Treasury Registrar (TR) and Policy holders (customers). Their roles and responsibilities are explained below:

Roles and Responsibilities of Key Players

- The key stakeholders involved in the supervision of insurance service providers in Tanzania include the Ministry of Finance (MoF), the Tanzania Insurance and Regulatory Authority (TIRA), Insurance service providers, the Treasury Registrar (TR) and Policy holders (customers). Their roles and responsibilities are explained below:

A) Minister of Finance

- Section 4(1) of Insurance Act No 10 of 2009 gives the Minister responsible for Finance to formulate, develop and implement the National Policy on insurance in the United Republic of Tanzania. The functions of Minister are as detailed hereunder.
- Section 4(2) of Insurance Act to Establish and maintain a system of close consultation and cooperation with the Minister responsible for Finance in the Revolutionary Government of Zanzibar with the view of ensuring the evolution of an effective and sound administration of insurance business in the United Republic; and
- Appointing not more than seven members of National Insurance Board as per Section 13(2) of Insurance Act No. 10 of 2009.

B) Tanzania Insurance Regulatory Authority (TIRA)

- TIRA is the government authority responsible for regulating the insurance industry in Tanzania, and it was established by section 5(2) of Insurance Act No 10 of 2009. It ensures that insurance companies are solvent and operate fairly and transparently.
- Section 6 of Insurance Act No. 10 of 2009 defines the main functions of TIRA, which include:

i. Coordinate and implement policies on insurance matters;
ii. Regulate and coordinate activities of insurers, brokers and agents;
iii. Specify the code of conduct for members of the insurance industry;
iv. Effect supervision and monitoring of insurers, brokers and agents;
v. Formulate standards in the conduct of the business of insurance, which insurers, brokers and agents shall observe;
vi. Ensure proper observance of the code of ethics and practice by insurers, brokers and agents;
vii. Protect the interests of policy-holder;
viii. Specify requisite qualifications for members of the insurance industry;
ix. Prescribe levies on premiums and commissions to ensure adequate funding for the Authority; and
x. Recommend a detailed revenue and expenditure budget of the Authority before the commencement of the fiscal year and cause it to be submitted to the Minister for approval.

C) The Insurance Service Providers

- These include insurance companies, insurance brokers, insurance companies, banks, and other entities involved in the insurance industry. The functions of Insurance Service Providers are explained below:

i. Offering Insurance Products and Services
ii. Risk Assessment and Underwriting
iii. Policy Administration and Documentation
iv. Premium Collection and Accounting
v. Compliance with Regulatory Requirements
vi. Customer Service and Support
vii. Risk Management and Solvency
v. Claims Handling and Settlement

D) The Treasury Registrar

- Section 10(2) of the Treasury Registrar (Powers and Functions) Act, CAP. 370 of 2002, as amended by section 37 (h, j & l) of The Written Laws (Miscellaneous Amendments) (No.2) Act, 2010, mandates the Treasury Registrar (T.R) office with the responsibility of supervising, monitoring, and evaluating the performance of Public and Statutory Corporations. The Treasury Registrar is mandated to:

i. Review the financial performance of public and statutory corporations to recommend measures of improvement on their performance;

ii. Consider, recommend or approve corporate and annual plans of public statutory corporations before submission to the government for incorporations;

iii. Set financial targets and other performance criteria to be pursued by any public statutory corporations and recommend to the government remedial or improvement measures; and

iv. Evaluate from time to time the performance of and effectiveness of Boards and Management Committees of public and statutory corporations.

E) Policyholders

- Policyholders are individuals or organizations that purchase insurance policies from insurance service providers. They are interested in effectively supervising and inspecting insurance providers to protect their rights and receive fair treatment and claims settlement. The main roles and responsibilities of policyholders are:

i. Provide Accurate Information
ii. Pay Premiums
iii. Understand Policy Terms and Conditions
iv. Maintain Insurable Interest
v. Notify Claims Promptly
vi. Cooperate with the Claims Process

F) Other stakeholders

- Apart from the key players mentioned above, other stakeholders are integrated into the insurance service, either partially or fully. The following are those stakeholders:

i. Association of Tanzania Insurers (ATI); A self-regulating body of the insurers in Tanzania, representing the members before any authority or the government on any matters or issues which affect the interest of the members or the insurance industry.

ii. Tanzania Insurance Brokers Association (TIBA); Addresses the interests of members and including fair play in the market and self-regulations of its members as per the TIBA constitution.

iii. Insurance Agents Association of Tanzania (IAAT); An organization representing insurance agents in Tanzania that brings together insurance agents to promote their interests, provide support, and advocate for the development of the insurance industry in Tanzania

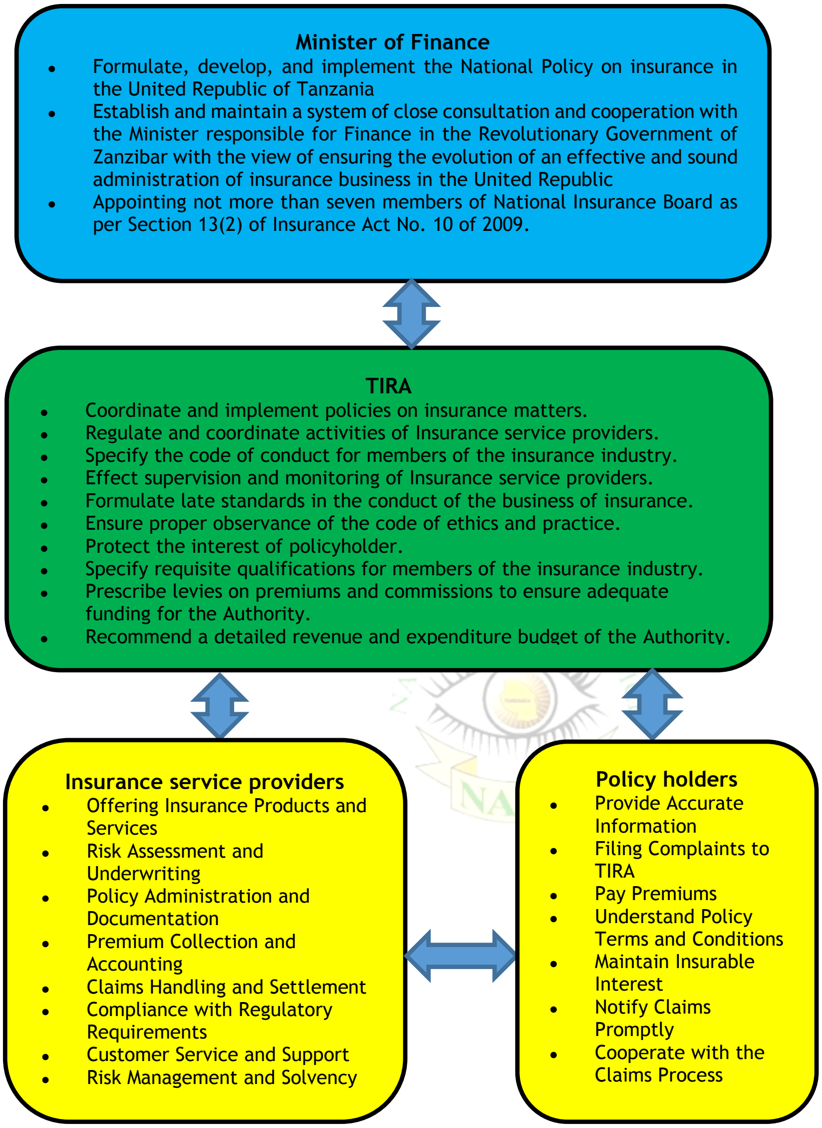
iv. Tanzania Police Force; It is responsible for maintaining law and order and enforcing the law throughout the country

v. Land Transport Regulatory Authority (LATRA);Tanzania Revenue Authority (TRA); A government agency responsible for administering and collecting taxes in Tanzania.

vi. Tanzania Revenue Authority; government agency responsible for administering and collecting taxes in Tanzania

vii. Bank of Tanzania (Bot) and Financial Intelligence Unit (FIU); It responsible for issuing the national currency.

Figure 2.1: Relationship between Key Stakeholders Responsible for Supervision and Monitoring of Insurance Service Providers in Tanzania



Source*: Review of Organization Structures of MoFP, TIRA Insurance Act No. 10 of 2009 and the Insurance Regulations of 2009.*

2.4 System and Processes Description for Supervision of Insurance Services in Tanzania

The supervision process of Insurance Services Providers by TIRA is as explained below:

2.4.1 Regulation Process of Insurance Services by TIRA

The Tanzania Insurance Regulatory Authority (“TIRA” or “the Authority”) pursues its mandate of regulation of the insurance industry by carrying out Licensing activities, Inspection, Actuarial and Statistics. The aim is to undertake the registration and licensing of insurance registrants, monitor the business conduct, and ensure fair treatment of insurance customers and policyholders. This is done as follows:

(a) Registration and Licensing of Registrants

Registration and licensing are the first stages for an insurer to operate in the country, performed under the Registration and Licensing section at TIRA.

Registration processes pass through various stages before granting registration and license issuance. Each insurance service provider category must submit the required documents through the Online Registration System (ORS) at TIRA for scrutinization and registration. The lodged documents by applicants are reviewed and approved by the analysts, manager, and director responsible for registration and licensing. They are sent to the Commissioner of Insurance for final review and approval.

The registration processes also involve approval of new products and accreditation of foreign re-insurance companies to transact insurance businesses in Tanzania. Registrations and approval of new products and accreditation of foreign re-insurance companies follow similar scrutinization procedures from the receiving officer until approval by the Commissioner of Insurance.

The renewal of licenses is conducted every three financial years. However, each insurance registrant must maintain licenses through annual document updates.

(b) Conducting Actuarial and Statistics Analysis

Supervision of insurance services is further executed through actuarial and statistics analysis through the Actuarial and Statistics Analysis Section established by TIRA per the TIRA's Approved Organization Structure. The actuarial and analysis activities involve the following:

i) Conduct financial analysis and monitor the margin of solvency of insurers;

ii) Carry out risk assessment;

iii) Carry out statistics and actuarial analysis;

iv) Appraise the Audited Annual Financial Statements and periodic returns of Insurance Companies and Brokers;

v) Prepare various statistical data & reports;

vi) Monitor solvency and financial condition of domestic insurers;

vii) Review product-related Actuarial Certifications for compliance with prescribed laws and regulations;

viii) Evaluate the reasonableness of premiums for insurance plans;

ix) Advise on the impact to the public and others on acquisitions, demutualization, and mergers; and

x) Manage rehabilitation or liquidation process for troubled insurance companies.

(c) Inspection of Insurance Registrants

TIRA's Inspection Procedural Manual of 2022 states that inspections must be risk-based, whereby inspection must apply generally accepted concepts and techniques while prioritizing efforts whereby higher risk or a lower level of control is perceived within the inspected area or activity. There are two broad types of inspections: routine and special as follows

Routine Inspection

The TIRA staff regularly conducts this inspection every quarter. Inspection is done after issuance of a prior notice of three days to the insurer. Routine inspection, as specified under Section 142 of the Insurance Act, may be either comprehensive, covering all business aspects of an entity or targeted inspection, focusing on specific areas of business operations. The purpose is also to ensure compliance with the provisions of the Insurance Act.

According to TIRA's Inspection Procedural Manual of 2022, inspections are coordinated by the inspection section and conducted by the designated team in the Authority. Inspections are carried out using two methods, as explained below.

i) **On-site inspection:** It is a kind of inspection carried out by an official from TIRA on the insurer's premises and enables access to information not statutorily submitted to the Regulator's office. It also enables information verification. Onsite inspection is categorized according to its objective, prudential, and market conduct supervision. These two objectives are explained as follows:

   Prudential aims to assess the Capital Adequacy (Solvency ratio) Asset Quality, Reinsurance, Actuarial Liabilities and Technical Provisions, Earnings and Underwriting, Liquidity and Asset/Liability Matching and Self-Dealing and Related Parties of the insurance companies.

   Market Conduct Supervision: This is all about inspecting registrants' compliance with market conduct rules. This includes, for example, generally checking on the fair treatment of consumers in the insurance industry.

ii) **Desk (or Off-site) inspection:** The Regulator conducts an inspection at a place other than the insurer's premises. It entails a review of information submitted by the insurer, such as returns and various correspondences. During the offsite inspection, the analyst prepares risk-based supervision monitoring tables.

Special Inspection

It is a focused inspection reviewing a specific aspect(s) of an entity's operations. It is specific to the area that raises concern and may be carried out by the Authority formulated team without notice, depending on the circumstances. Special inspection is conducted to assess the following:

i) Level, nature and features of the inherent risks to which the entity is exposed, also taking into account its risk culture;

ii) appropriateness and quality of the inspected entity's corporate governance and internal control framework in light of the nature of its business and risks;

iii) inspected the entity's control systems and risk management processes, focusing in particular on detecting weaknesses or vulnerabilities that could have an impact on its capital and reserves;

iv) quality of items of statement of financial position and the financial situation of the inspected entity;

v) business model of the inspected entity; and

vi) Inspected entity's compliance with Insurance Act, Insurance Regulations, Circulars, Guidelines and Directives.

All conducted inspection findings obtained should undergo the following:

(d) Follow up on Conducted Inspections

The Reporting Officer from the inspection Team is responsible for progressively monitoring the implementation of directives and recommendations in the transmittal letter to the inspected entity (ies). The reporting officer must also produce a quarterly internal progress report on the implementation of directives the Authority gives. The progress report shall be communicated to senior levels within the Authority for noting, directives, and further action.

(e) Monitoring and Evaluation of Inspection Activities

The TIRA's Inspection Procedural Manual of 2022 requires the Inspection Unit to monitor and evaluate inspection activities of insurance registrants carried out during the particular fiscal year. Monitoring and evaluation reports shall indicate a summary of inspection findings in a specific aspect (for instance, solvency, capital, asset, reinsurance) and implementation status by the number of entities. The effectiveness of inspection shall be determined by improvement in compliance level amongst entities. Also, the budget utilisation shall be incorporated in the monitoring and evaluation report, along with challenges encountered during inspections and recommendations.

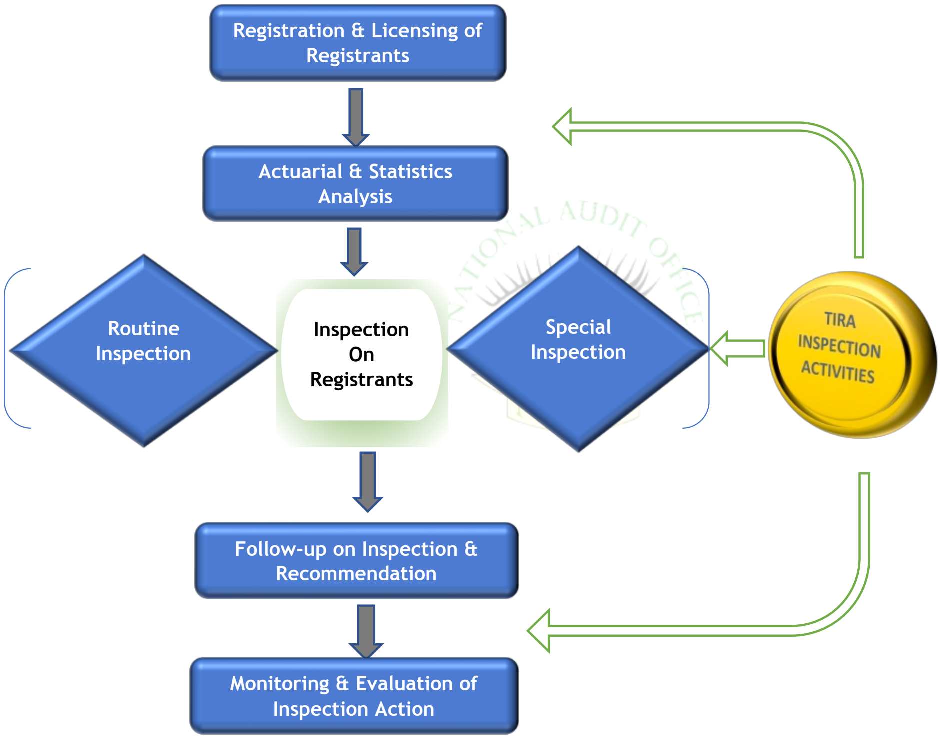


Figure 2.2: The Supervision Process of Insurance Service Providers by TIRA

Source*: Auditors' Analysis from Insurance Act, TIRA's operations Guideline and Manuals.*

2.4.2 Management of Insurance Claims by Insurance Companies

The Guidelines on Insurance Claims Management of 2022 outline the stages of the claims management process for insurance services in Tanzania. It begins with the insured party notifying the insurance company about a claim, then registering the claim and submitting supporting documentation. The insurance company then assesses the claim's validity, conducts investigations if necessary, and evaluates the extent of the loss or damage. If the claim is approved, the insurer proceeds with settlement, which may involve monetary compensation, repairs, or replacements. Resolution efforts are made through negotiations or alternative dispute resolution methods in cases of claim rejection or disputes. Once the claim is settled or resolved, the file is closed, and the necessary documentation is provided. Throughout the process, adherence to regulatory requirements and industry standards ensures the fair and efficient handling of claims, maintaining customer satisfaction and the credibility of the insurance Industry. These processes are further explained below:

i. *Claim Notification*

Para 3.1 of the Guideline on Insurance Claims Management, 2022, requires the insured party to inform the insurance company verbally about an event covered by the insurance policy within 48 hours. Subsequently, it provides written notification (through a letter, email, or other acceptable means) within seven days to initiate the claims process. The notice should include details such as the loss's date, time, nature, location, and circumstances.

ii. *Claim Acknowledgment*

Para 3.2 of the Guideline on Insurance Claims Management, 2022, requires upon receiving the notification, the insurance company should promptly provide a written acknowledgement of receipt within forty-eight (48) hours. They should also make available an appropriate claim form and provide a list of specific documents required for filing a claim within forty-eight (48) hours of receiving the written notification.

The insurer shall ensure that the policyholder completes the claim–form and submits any required documents within seven days of receiving the claim form. If applicable, the insurer may contact any other insurers within 72 hours. Additionally, the insurer should appoint a surveyor/Assessor–licensed by the Authority, if necessary, within fourteen (14) days. They should also take any other necessary actions to expedite claim processing.

iii. Admissibility of Claims

Para 3.3 of the Guideline on Insurance Claims Management, 2022 requires that when a claim is deemed admissible, it can be settled without further assessment. In that case, the insurer must issue a discharge voucher to the claimant within seven (7) days from the claimant's final document submission date. However, suppose the claim is determined to be inadmissible. In that case, the insurer is required to notify the claimant in writing within seven (7) days, clearly stating the reasons for the claim's inadmissibility from the date of the claimant's final document submission.

iv. Appointment of Service Provider

Para 3.4 of the Guideline on Insurance Claims Management, 2022 requires that in cases where the claim necessitates additional assessment by an independent party to verify and quantify the loss, the insurer must appoint a service provider within forty-eight (48) hours of receiving all documents from the claimant or their representative. The appointed service provider must then submit the assessment report within thirty (30) days from their appointment. Suppose the insurer is dissatisfied with the assessment report and decides to appoint another service provider. In that case, they must notify the Commissioner in writing and complete the assessment within fourteen (14) days.

An insurer must provide remuneration to the service provider not later than fourteen (14) days after receiving the assessment report. It is important to note that the assessment report must meet the conditions specified in the relevant engagement contract to ensure clarity and understanding of the terms and requirements.

v. Issuance of Discharge Voucher

Para 3.5 of the Guideline on Insurance Claims Management, 2022, requires that upon receiving the assessment report and recommendations from the service provider, if the claim is deemed admissible, the insurer must issue a discharge voucher within seven (7) days of receiving the assessment report. However, if the claim is inadmissible, the insurer must notify the claimant within seven (7) days, providing written reasons for the claim's inadmissibility.

vi. Payment of the Claim

Para 3.6 of the Guideline on Insurance Claims Management, 2022, requires that, where a discharge voucher has been issued to the claimant, the insurer must ensure that the claimant has signed the discharge voucher or declined the offer within seven (7) days. Where the claimant has signed the discharge voucher, payment shall be effected within forty-five (45) days from the date of signature.

In cases where the discharge voucher has been issued but the claimant declines the offer, the insurer should negotiate with the claimant to explore a revised offer. If negotiations do not yield a resolution, the insurer must provide written advice to the claimant regarding the procedures for addressing their grievances, or the claimant must appeal to either the TIRA or the Ombudsman Office for further resolution.

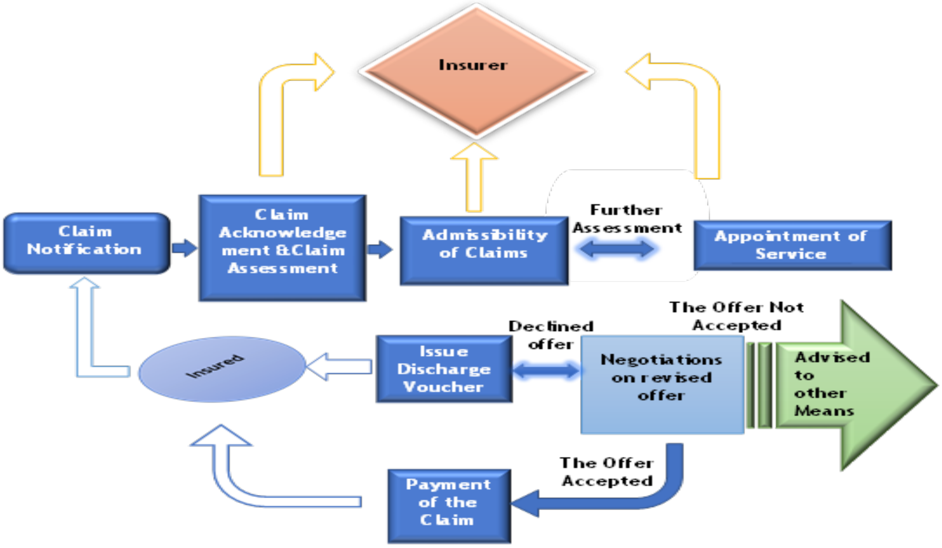
vii. The Tanzania Insurance Regulatory Authority and the Tanzania Ombudsman Office (TIO)

Following the dissatisfaction with the decisions of insurance companies by policyholders, TIRA is responsible for regulating the claim management processes of insurance companies through issuing guidelines and circulars relating to claim management. The Authority is also responsible for enforcing and monitoring the applicability of insurers' issued directives on claim management. It further manages the policyholders' complaints when dissatisfied with the decision by insurance companies on the determination of processed claims. This is done by resolving the claims appeals policyholders have raised to TIRA.

On the other hand, the Tanzania Insurance Ombudsman Office is also mandated to resolve policyholders' claims from the claimants raised as guided by the Insurance Ombudsman Regulations of 2013.

Depiction of the process is shown in **Figure 2.3** below

Figure 2.3: Claim Management Process



Source*: Auditors' Analysis from Guidelines on Insurance Claims Management (2023)*

2.4 Resources for Managing Supervision of Insurance Services Providers

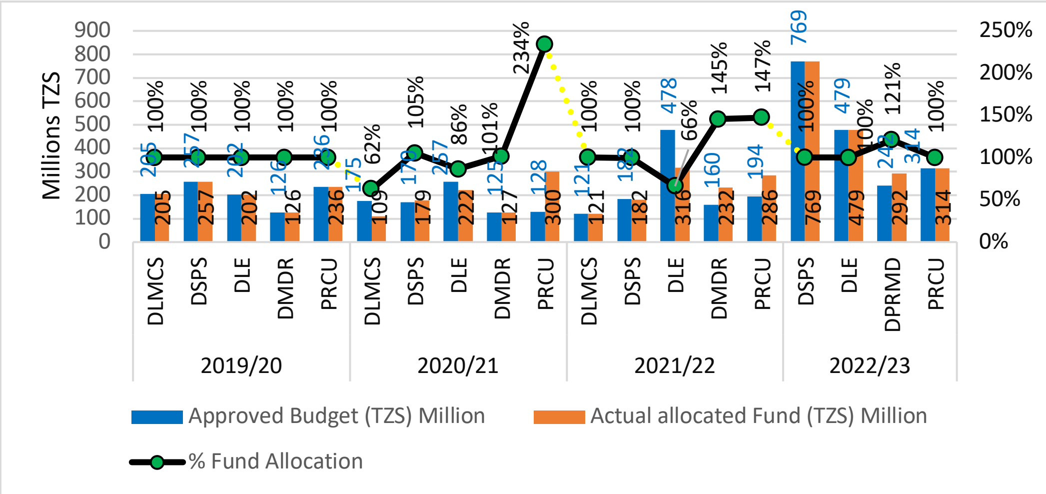
i) Financial Resources

According to Section 127(1) of the Insurance Act, the funds of the Tanzania Insurance Regulatory Authority consist of such sums of money as may be appropriated by parliament, money derived from levies on premiums and commissions as prescribed by the Authority, funds or assets which may vest in or accrue to the authority from other sources by way of fees, grants or in any other way; and any sum which the Board may borrow for its purposes.

Reviewed funding information revealed that TIRA's main sources of revenue are mainly internal sources, including premium levies, accreditation fees, fines and penalties, application fees, registration fees, annual license fees, motor insurance stickers sales, and other incomes. For the reviewed period, TIRA has not been appropriated with funds from the Parliament.

The TIRA's total approved budget and actual allocated to the Directorate/ unit responsible for supervision and monitoring of Insurance Service providers for the reviewed four financial years from 2019/20 to 2022/23 are described in **Figure 2.4.**

Figure 2.4: TIRA Directorate/Section Approved versus Actual Allocated Fund for Supervision of Insurance Activities for the year 2019/20-2022/23



Key Legend

DS	Directorate of Supervision	DPRMD	Directorate of Planning, Research and Market Development
DSPS	Directorate of Surveillance & Prudential Supervision	DMDR	Directorate of Market Development & Research
DLMCS	Directorate of Licensing & Market Conduct Supervision	PRCU-	Public Relations and Communication Unit
DLE	Directorate of Legal Enforcement		

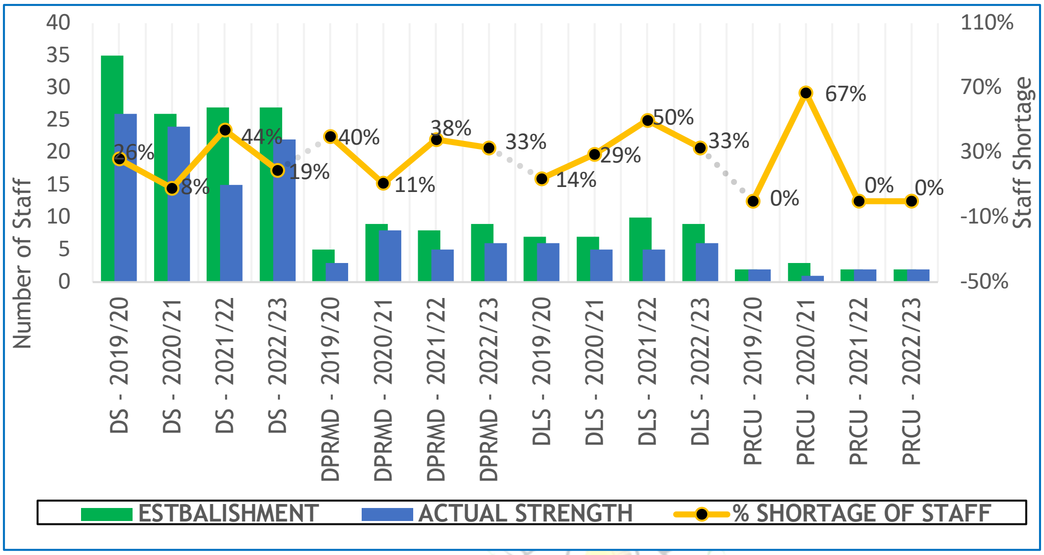
Source*: Auditors' Analysis from TIRA Action Plans, Annual Performance Reports and TIRA BUDGET MTEF (2023)*

Figure 2.4 indicates that, in the Financial Year 2019/20, the allocated budget was equal to the approved budget at 100%. The percentage of allocated funds against the approved budget ranged from 62% to 234% for the Financial Year 2020/21, 66% to 147% for the Financial Year 2021/22, and 100% to 121% for the Financial Year 2022/23. This indicates that each year, the budget allocated to directorates either equals or exceeds the approved budget. However, in the Financial Year 2019/20, the Directorate of Licensing and Market Conduct Supervision (DLMCS) and Directorate of Legal Enforcement (DLE) received allocated funds equivalent to 62% and 86% of the approved budget, respectively, which is less than the required budget.

ii) Human Resources

The TIRA human resources status level in the Directorates and Units related to the supervision of insurance services providers is detailed in **Figure 2.5** below:

Figure 2.5: Staffing levels Status at TIRA as of June 2023



Source*: Schedule of Approved Personal Emoluments-Annual Estimates 2022/2023 (Establishment and Strength for Period Ending 30 June 2023*

Figure 2.5 indicates TIRA experienced a shortage of staff ranging from 8% to 44% at the Directorate of Supervision (DS), 11% to 40% at the Directorate of Planning, Research and Market Development (DPRMD), 14% to 50% at the Directorate of Legal Services (DLS) and 67% at the Public Relations Unit (PRU) for the reviewed period from 2019/20 to 2022/23.

CHAPTER THREE

FINDINGS ON THE SUPERVISION AND MONITORING OF INSURANCE SERVICE PROVIDERS IN TANZANIA BY TIRA

3.1 Introduction

This chapter presents findings on how effectively the Tanzania Insurance Regulatory Authority (TIRA) has supervised and monitored insurance service providers to ensure they possess legal, technical, and financial soundness. In particular, the findings focus on the supervision and monitoring of insurance service providers in relation to the specific audit objectives outlined in Section 1.3 of this report. Below are the detailed audit findings:

3.2 Ineffective Insurance Claim Management in the Country

Section 6(2) d of the Insurance Act of 2009 requires the Authority to supervise and monitor insurers, brokers, and agents.

Supervising and monitoring insurance companies should aim to ensure the interests of policyholders are protected. Thus, through implementing its functions of supervising and monitoring insurance companies, TIRA was expected to ensure that insurers effectively handle the insurance claims and that there is proper communication between the insurance consumers and registrants.

However, the audit noted increased outstanding claims by these companies and a communication gap between the registrants, policyholders, and the Authority as detailed below:

3.2.1 Increasing Outstanding Claims by Insurance Companies

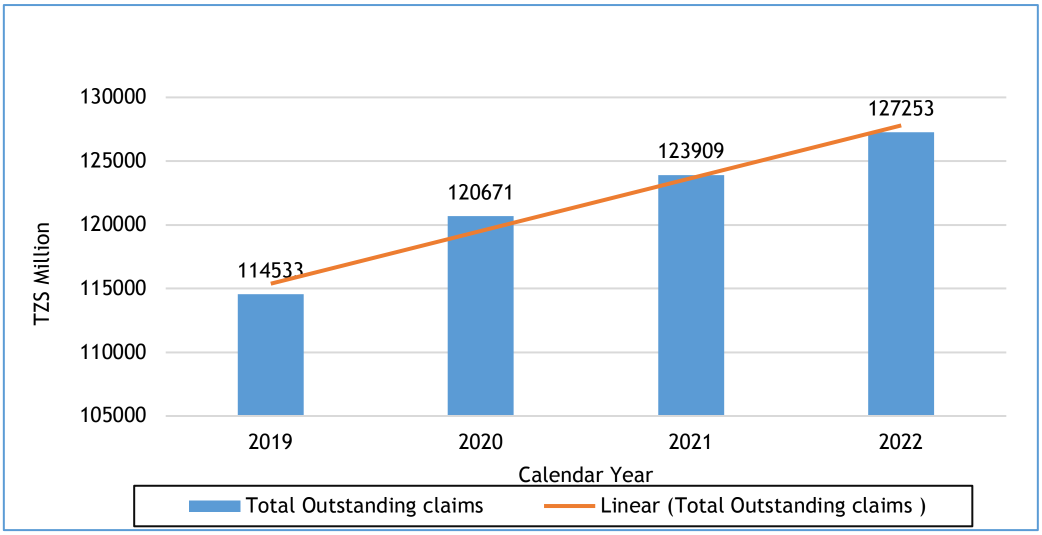
According to Section 131(1) of the Insurance Act, 2009, every insurer shall pay claims within forty-five days of the date of receipt of the executed discharge, and where the insurer cannot settle claims within that time, he may apply to the Commissioner for an extension of time, and the Commissioner may grant an extra time of not more than forty-five days within which the claim is settled. Guidelines on Insurance Claims Management, dated September 2022, also seek to address the market's need for improving insurance claims management services, which is necessary to enhance public confidence in insurance services.

Furthermore, the TIRA Corporate Strategic Plan of 2019/20 – 2023/24 required the Authority to publish insurer claims settlement statistics annually. However, during the period covered by the audit, TIRA published the Annual Market Performance Reports, which include insurance claims settlement statistics, only twice. In August 2022, the Annual Market Performance Report was published, covering the Calendar Years 2019 to 2021; in October 2023, the Annual Market Performance Report was published, covering the calendar year 2022.

The reviewed Insurance Market Performance Reports issued in August 2022 covered the calendar years from 2019 to 2021. Annual Returns for the calendar year 2022 indicated a significant amount of outstanding claims across various classes of business transacted by the insurance companies at the end of each calendar year. Outstanding claims at the end of each calendar year represent the total number of claims received by an insurance company that have not yet been resolved or paid out to claimants for various reasons.

Figure 3.1 details the increase in the amount of cumulative outstanding claims pending at the end of the calendar year for respective insurers of both general and life insurance companies for the calendar years from 2019 to 2022.

Figure 3.1: Amount of Outstanding Claims for both General and Life Insurance Companies for the Period from 2019 - 2022



Source: *Auditors' Analysis of Insurance Market Performance Report for 2019 - 2021 and Insurers' Annual Returns for the Calendar Year 2022.*

Figure 3.1 shows that the amount of outstanding claims increased from TZS 114.532 billion in 2019 to TZS 127.253 billion in 2022, equivalent to 11% for the four calendar years under review.

The figure further depicts an increase in total outstanding claims from TZS 114.533 billion to TZS 120.671 billion, equivalent to a five per cent increase from 2019 to 2020. From 2020 to 2021, the outstanding claims increased from TZS 120.671 billion to TZS 123.909 billion, equivalent to a three per cent increase. The figure further indicates that, from 2021 to 2022, the increase in outstanding claims was from TZS 123.909 billion to TZS 127.253 billion, equivalent to a three per cent increase.

The audit noted that the following factors mainly attributed to the existence of outstanding claims:

Existence of COVID-19 Pandemic

The Insurance Market Performance Report reported that the COVID-19 pandemic caused an increase in life assurance claims. This was because with the COVID-19 impact on the economy, claims on life assurance business were noted to increase, with the benefits ratio reaching 67.6% in 2021 compared to 58.6% in 2020. While life assurance experienced an increase of 9% in policyholders' benefits payment, general insurance experienced only a 3.3% increase in loss ratio to reach 47.4% in 2021.

Interviewed Officers from TIRA also stated a similar scenario: The COVID-19 pandemic had a negative impact on the life assurance class of business, leading to an increase in outstanding claims. The crisis negatively impacted life assurance companies' cash flows, resulting from an abnormal rise of claims requiring settlement.

Delayed Settlement of Approved Claims by Insurance Companies

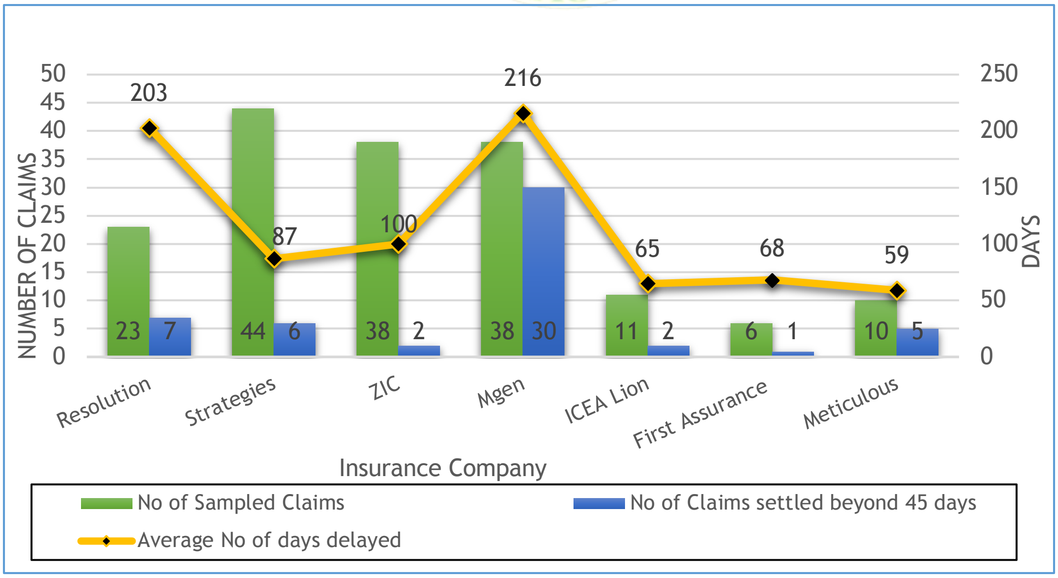
Section 131(1) of the Insurance Act, 2009 states that every insurer shall pay claims within forty-five days of the date of receipt of the executed discharge, and where the insurer is unable to settle claims within that time, he may apply to the Commissioner for an extension of time. The Commissioner may grant an extra time of not more than forty-five days for the claim to be settled.

Moreover, Para 3.6.1 and 3.6.2 of the Guideline on Insurance Claims Management of 2022 provides that where the claimant has signed the Discharge Voucher, payment shall be effected within 45 days from the date of signature per Section 131 of the Insurance Act, 2009. Para 2.3.1 of Guidelines on Insurance Claim Management of 2022 also requires insurers to maintain written documentation on their claims handling procedures, which include all steps from the claim being raised to its settlement.

However, upon reviewing the Claims Registers of insurance companies and TIRA's Inspection Reports for the financial year 2019/20 to 2022/23, the audit observed that some of the insurance companies delayed the settlement of claims for more than 45 days after receipt of fully executed of the discharge vouchers from the claimants without extension of time from the commissioner in accordance with stipulations of-Section 131 of the Insurance Act, 2009.

Figure 3.2 illustrates claims from sampled insurance companies that remained unsettled for more than 45 days after receiving the discharge vouchers from claimants.

Figure 3.2: Analysis of Delayed Settlement of Approved Claims by Insurance Companies from 2019-2023



Source*: Auditors' Analysis based on TIRA's Inspection Reports of 2019/20-2022/23*

Figure 3.2 illustrates instances of delayed claim settlements from the sampled insurance companies with claims that remained unsettled for more than 45 days after issuing the discharge voucher (DV) without an extension of time from the commissioner. The average number of days taken ranged from 59 to 216 days spent by Meticulous and MGen Tanzania insurance, respectively.

The total percentage of delayed claims was 30% for the reviewed Inspection Reports of the insurance companies. Consequently, claims amounting to TZS 442.30 Million were not settled in a timely manner by insurance companies, as reflected in the TIRA's Inspection Reports from the financial year 2019/20 to 2022/23. Hence, it denies policyholders the right to be compensated by insurers in a timely manner.

Physical verification and review of inspection reports by the Audit Team to the visited insurance companies revealed delayed claims settlement, as shown in **Table 3.1**.

Table 3.1: Delayed Settlement of Approved Claims in Visited Insurance Companies from 2019/20 to 2022/23

Name of visited company	Assessed period	Number of sampled claims	Number of Claims settled beyond 45 days	Amount of delayed claims (TZS Million)	Average days taken	% of Delayed Claims (%)
Jubilee	2019-2023	10	0	0	0	0
Strategies		10	4	29.87	108	40
Alliance General		10	No DV data	0	0	0
NIC		10	0	0	0	0
Assemble		10	0	0	0	0
UAP		10	2	4.10	101	20
Mayfair		10	No DV data	0	0	0
ZIC		10	2	18.84	100	20
Sanlam life		10	1	14.35	274	10
Alliance life		10	0	0	0	0
Total		**100**	**9**	**67.16**	**73**	**11.25**

Source: *Auditors' Analysis of the Claims Settlement Statistics Reports and inspection reports from visited Insurance Companies (2023)*

Table 3.1 illustrates delayed claim settlements from the visited insurance companies with claims that remained unsettled for more than 45 days after issuing the discharge voucher (DV) without an extension of time from the commissioner. The average number of days taken ranged from 100 to 274 days spent by ZIC and Sanlam Life, respectively.

The total percentage of delayed claims was 11.25% for the reviewed Claims Settlement Statistics Reports from visited insurance companies. Moreover, the audit noted that some companies, including Alliance General and Mayfair, failed to provide data on the timely issuance of the discharge vouchers to their customers since their respective claim registers did not adequately record claims information. Generally, TZS 67.16 million that was approved for payment following the issuing of discharge vouchers was not settled in a timely manner by five out of 10 assessed insurance companies.

Delayed settlement of approved claims by insurance companies has several effects. Firstly, policyholders often face financial hardship as they experience delays in accessing their insurance payouts. Legal issues, such as disputes and regulatory penalties, can also increase litigation costs to insurers and policyholders. These consequences highlight the importance of efficient and timely claims settlement processes within the insurance industry.

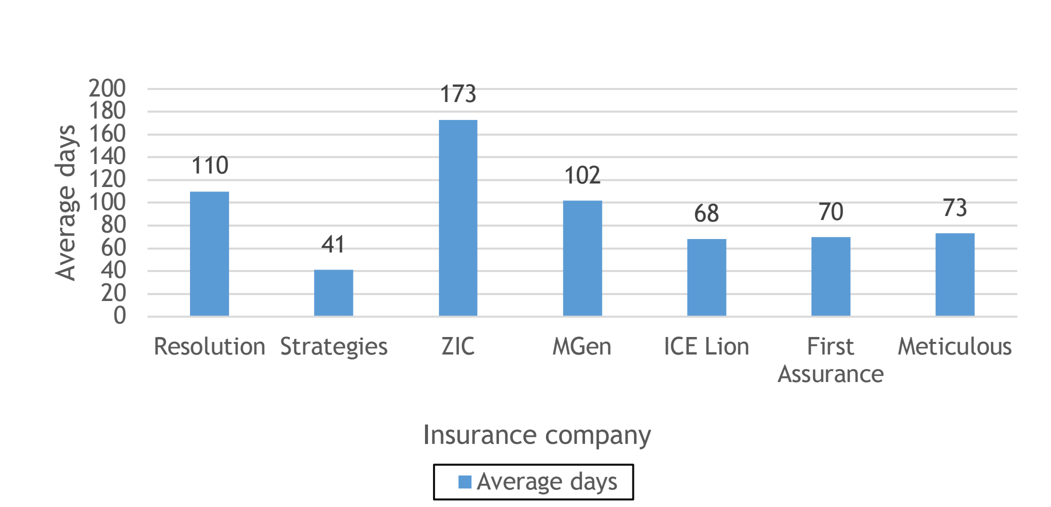
Absence of Claims Processing Timelines Before Issuance of Discharge Vouchers by Insurance Companies from Financial Year 2019/20 to 2021/22

Through a review of TIRA's Inspection Reports from 2019/20 to 2022/23, the Audit noted that, no set timelines are required for Insurance Companies to adhere to, from the claims reporting date to the date of issuing discharge vouchers, for the financial year 2019/20 to 2021/22 covered by the audit. However, TIRA issued the Claim Management Guidelines, which became effective on 1 October 2022, and explained procedures, including timelines to be followed from the claim reporting date to the date of issuance of the discharge voucher.

Interviewed senior Officers from TIRA stated that the absence of specific claims processing timelines was mainly attributed to the complexity of procedures involved in claim processing because different risk levels characterize many classes and natures of claims. These classes and nature of claims include but are not limited to medical insurance, Motor insurance, Fire insurance, Livestock insurance, Cyber insurance, Crop insurance and Agriculture insurance; hence, different timelines may be required to process different claims.

Consequently, Insurance companies took several days to process the claims before the issue of discharge vouchers, as illustrated in **Figure 3.3:**

Figure 3.3: Average Days Taken to Issue Discharge Vouchers from the Reporting Date by Insurance Companies

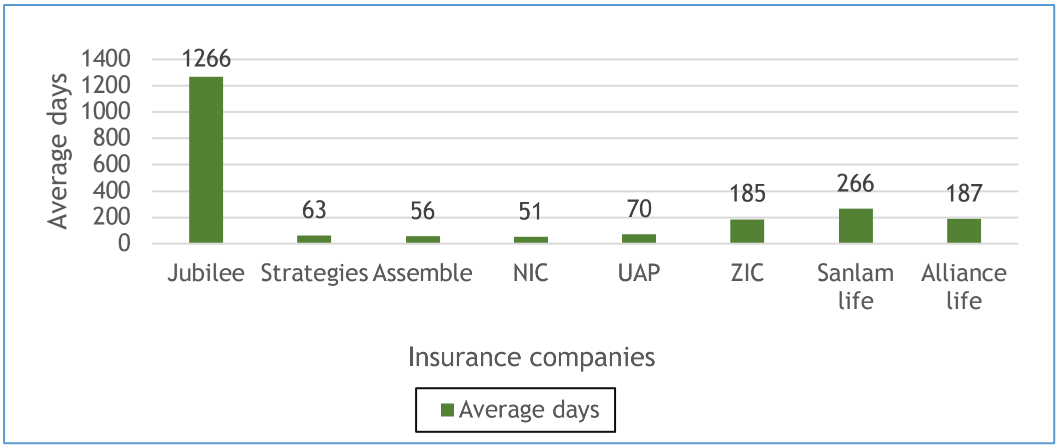


Source*: Analysis of TIRA's Inspection Reports 2019/20-2022/23 (2023).*

Figure 3.3 indicates that, from sampled claims from each insurance company, the average number of days taken to issue discharge vouchers ranged from 41 to 173 days for Strategies and ZIC, respectively.

The audit noted similar cases of prolonged claims processing time from visited Insurance Companies, as indicated in **Figure 3.4.**

Figure 3.4: Assessment of Claims Processing Timeline before Issuance of Discharge Vouchers to the Visited Insurance Companies



Source: *Auditors' Analysis Claims Settlement Statistics and inspection reports from Insurance Companies (2023)*

Figure 3.4 indicates that from 10 sampled claims from each visited insurance company, the average number of days taken to issue discharge vouchers ranged from 51 to 1,266 days for NIC and Jubilee, respectively.

Moreover, the Alliance General and Mayfair Insurance companies failed to provide data on the timely issuance of the discharge vouchers to claimants since their claims register did not adequately record claims information. As a result, the auditors could not conduct similar assessments of the timelines taken to process the discharge vouchers.

Through interviews with Officers from Insurance Companies, the Audit revealed that insurance companies' delayed issuance of discharge vouchers was attributed to the process of conducting extended investigations, especially for complex claims.

Other factors include legal disputes and challenges related to policyholder cooperation in promptly providing required information and documents.

The Management of TIRA further indicated that the Authority is aware of the factors contributing to the increase in outstanding claims and has taken various initiatives, including monitoring of insurers' solvency margin position on a quarterly basis, enforcement of compliance with Section 131 of the Insurance

Act Cap 394 regarding the time limit for payment of claims and development of Claims Management Guidelines, 2022 as described in Section 3.2.2 of this report.

TIRA added that the increase in outstanding claims is a normal practice and standard in the insurance business and does not indicate any inefficiencies or deficiencies in TIRA's overseeing claims management. However, reviews by the Audit Team noted that TIRA did not adequately monitor insurers' solvency margin position as detailed in **Section 3.4.1.** The Authority has also insufficiently ensured the insurance claims are settled by insurers in a timely manner, as presented under **sections 3.2.1** and **3.5.1** of this report.

3.2.2 The Strategic Initiative to Enhance the Claims Settlement Management Process was Partially Achieved by 75%

According to TIRA'S CSP 2019-2024, in implementing strategic objective number four of Insurance Consumer Protected and Supported, TIRA has set the strategic initiative to enhance the claims settlement management process within the industry.

To ensure proper claims management by insurance companies, in September 2022, the Authority developed Guidelines on Insurance Claims Management, which became effective on 1 October 2022.

However, a review of TIRA's CSP and Monitoring and Evaluation Report of June 2022 noted that the Authority has achieved its strategic initiative to enhance claim settlement management processes by insurance companies in the country by 75%. This situation is illustrated in **Table 3.2.**

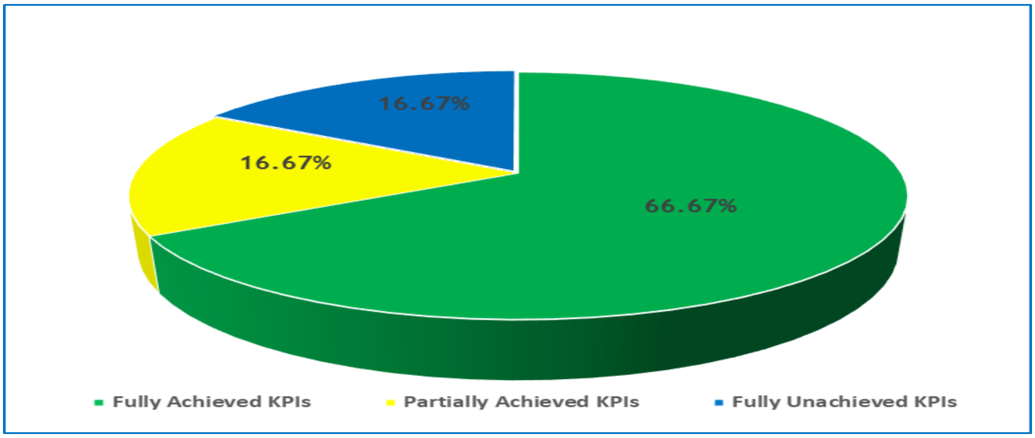
Table 3.2: Status of Achievement of TIRA Strategic Initiative on Enhancing Claim Settlement Management Processes by Insurance Companies

Target Description	Key Performance Indicator	Timeframe	Progress Towards Achieving KPI (%)
Claim Settlement management guidelines developed and implemented	Guidelines developed and approved	Annually by June 2024	100%
	Guidelines implemented	Annually by June 2024	100%
Insurer claims settlement statistics published.	Circular to operationalize publication of statistics.	Annually by June 2024	0%
Semi-annual Workshops with insurers' claims departments were conducted.	Workshop Reports	Annually by June 2024	50%
Develop a template for regular reporting on Court cases from the industry and their potential impact on the market.	Template developed	Annually, by June 2024	100%
	Industry case reports	Annually by 2024	100%
Average performance			**75%**

Source: *TIRA Corporate Strategic Plan 2019/20 - 2024/25 and TIRA's M&E Report, June 2022 and Specified Reports, 2023.*

Table 3.2 reveals that as of June 2023, TIRA had implemented an average of 75% of its strategic initiative to enhance the industry claims settlement management process. Further detailed status on the achievement of those KPIs is as illustrated in **Figure 3.5**:

Figure 3.5: Status of Achievement of TIRA Key Performance Indicators (KPI) regarding Implementation Strategic Initiative on Enhancing Claim Management Process



Source: Analysis of *TIRA Performance Evaluation Report as of June 2022 (2023)*

Figure 3.5 shows that TIRA did not achieve 16.67% of the KPIs, which includes issuing circulars to operationalize the publication of claim settlement statistics. Additionally, 16.67% of the KPIs were partially achieved. This included conducting semi-annual workshops with insurers' claims departments, of which only three of the six planned workshops were conducted. According to TIRA Officers, the unimplemented workshops are planned to be implemented before the end of June 2024.

It was further noted that 66.67% of the KPIs were fully achieved. For instance, the Claims Settlement Management Guidelines were developed and approved. The Template for regular reporting on court cases from the industry and their potential impact on the market and Industry case reports were also developed in the year 2022.

Consequently, partial achievement by TIRA regarding strategic initiative towards enhancing claim settlement management processes by insurance companies in the country has led to the non-publication of Claim Settlement Statistics Reports by Insurers, which contributed to low transparency in claim settlement processes by Insurers. The management of TIRA stated that claims statistics are published in the annual market performance reports prepared by the Authority.

3.2.3 Communication Challenges were noted between TIRA, Insurance Registrants and Consumers

Section 6 (1) and (2)b of the Insurance Act states that the functions and duties of the Authority are to promote and maintain an efficient, fair, safe and stable insurance market for the benefit and protection of policyholders, regulate and coordinate activities of insurers, and other registered insurance players.

The audit noted initiatives made by TIRA to improve its relationship with key stakeholders in the insurance sector, including registrants, policyholders, and law enforcement organs, through conducting meetings to listen to and receive complaints and opinions regarding insurance services in the country. TIRA conducted six meetings in 2023 in Northern Zone(1), Lake zone(1), Zanzibar Office(2), Central zone(1) and Southern highlands(1).

However, through a review of the TIRA Action Plans for the period of four financial years from 2019/20 to 2022/23, the audit noted no plans for the conducted insurance meetings. Therefore, the planned number of insurance meetings to be conducted by TIRA with various stakeholders remained unknown.

Moreover, the Audit noted that there were communication and relationship challenges among key stakeholders within the insurance industry, notably involving TIRA, registrants, and policyholders. This is evident by several factors, as elaborated below:

Delay in Issuing Social Media Visibility Plan

According to TIRA's CSP of 2019 - 2024 on implementing strategic initiative number five of authority visibility enhancement, TIRA set a strategic initiative to improve its internal and external communication activities, with its target being communications strategy development and implementation. The Key Performance Indicator (KPI) was the Social Media Visibility Plan developed and implemented annually by June 2024.

The audit noted that the Authority did not manage to develop and implement the Social Media Visibility Plan for the reviewed period of the audit of four financial years from 2019/20 to 2022/23.

The absence of a Social Media Visibility Plan within the audited period as an initiative to improve internal and external communication within TIRA has several effects. Firstly, it limits the public's awareness of TIRA's activities, regulatory updates and key information related to the insurance industry. Secondly, TIRA struggles to engage effectively with the public, insurance companies, and other stakeholders, impeding the flow of information and feedback.

However, the audit noted that TIRA managed to develop the Social Media Visibility Plan, which was approved on 5 December 2023, beyond the reviewed period of the audit (from financial years 2019/20 to 2022/23). Therefore, its implementation was still at an early stage, although the Authority started to engage officially in using social media platforms in 2017.

Inadequate Communication between Insurance Companies and Policyholders

Additionally, through interviews with Officers from Insurance Companies and a review of the Complaints Register for the financial years 2019/20 to 2022/23, it was noted that there was inadequate communication between Insurance Companies and Policyholders, especially during claim processing and complaints handling.

Further review of Complaints Registers revealed that complaints resulted from inadequate communication between Insurance companies and Policyholders. At the same time, noted complaints were a result of deliberate refusal to settle after issuing a discharge voucher by the Insurer, neglect/refusal to pay the negotiated amount for compensation by the insurer, policyholder disagreeing contract with the insurer, Policyholder dissatisfaction with how the claim was handled, mishandling of the claim by the insurer and unfair compensation by Insurer. Status of complaints are detailed in **Table 3.3.**

However, to improve the observed situation of the presence of complaints, the Authority initiated issuing the Claims Management Guidelines in September 2022 and the Complaints Handling Guideline in December 2023, which provided for how Insurance Companies were required to handle claims and complaints.

Consequences of Ineffective Claim Management in Insurance

Presence of Complaints Regarding Submitted Claims

TIRA's Strategic Plan of 2019/20 – 2023/24 set the strategic objective to protect and support insurance consumers. Among the strategies was to improve the effective, independent and accessible complaints-handling mechanism in the industry. Also, the target was to develop industry complaints guidelines, establish dedicated complaints desks at each insurance company, develop and automate the Operations and Procedures Manual, develop and implement the e-complaints management system, develop and implement all insurer complaints handling statistics, and monitor capacity building on complaints handling.

Reviewed TIRA's Complaints Register from 2019-2023 revealed that by 2023, there were 1,287 complaints registered, as shown in **Table 3.3**:

Table 3.3: Status of Complaints Admitted by TIRA from 2019 to June 2023

Sn	Complaints Status	Number of complaints			Total Complaints	% for each complaint status
		Jan-Dec. 2019	Jan 2020-Dec 2021[18]	Jan 2022-March 2023		
1	Complaints settled	41	245	134	420	33%
2	Complaints rejected	13	54	24	91	7%
3	Complaints forwarded to TIO	16	59	15	90	7%
4	Complaints pending	71	319	243	633	49%
5	Courts	5	21	2	28	2%
6	Partially Settled	0	21	4	25	1.9%
	Total	**146**	**719**	**422**	**1287**	**100%**

Source: *Reviewed TIRA Complaints Register from 2019-2023*

Table 3.3 shows that for the period from January 2019 to March 2023, 1,287 complaints were registered. Of the 1,287 registered complaints, 520 were settled, equivalent to 40%, while pending complaints were 633, equivalent to 49%. The presence of pending complaints was mainly attributed to various reasons, including the presence of fraudulent practices, failure to submit required documentation, judicial procedures, failure to turn up by complainants, investigation processes, unsatisfactory customer service and delays in claims settlement.

Table 3.3 further shows that 90 complaints, equal to 7% of the registered complaints, were sent to the Ombudsman. 28, which is 2% of complaints, proceeded to the courts, 25, equivalent to 1.9%, were partially settled, and 91, equivalent to 7%, were rejected.

The audit noted that the existence of problems related to the supervision and monitoring of insurance companies in the country was caused by the following factors:

[18] There was absence of data of complaints from July to September 2021

(a) In adequate conduct of periodic inspections to determine qualifications and adherence to the code of conduct for insurers;

(b) Inadequate conduct, assessment and monitoring of financial soundness of insurance and reinsurance companies;

(c) Failure to adequately ensure claims are handled in a timely manner, fairly and transparently by Insurance Companies; and

(d) Failure of TIRA to adequately evaluate the level of awareness and satisfaction of customers on insurance services provided by insurers periodically.

These causes are further detailed below:

3.3 Inadequate Inspections Conducted by TIRA to Insurance Companies

Section 142 (1) & (2) of the Insurance Act states that the Commissioner may, to ensure compliance with the provisions of the Act and, after issuance of three days' notice, conduct an on-site inspection of any person registered and all expenses of inspection carried out shall be borne by the Regulatory Authority.

The audit noted that the inspections conducted by TIRA were inadequate due to the noted gaps, which include inadequacy of the Risk Based Inspection Plans, inadequately conducted inspections, and insufficient follow-up on implementation of recommendations issued to insurance service providers during inspections.

The noted gaps are further explained below:

3.3.1 Inadequacy of Risk-Based Inspection Plans

A Guide to Risk-Based Monitoring and Supervision (second edition) of July 2011 provides a supervisory technique called compliance-based supervision. It is claimed that with risk-based supervision, the analyst is assessing risk, which is the true measure for assessing the financial health of insurers from a supervisory perspective. The guide further indicated that TIRA uses a CARAMELS tool to select insurance companies to undergo risk analysis. Analysis obtained through the CARAMELS model revealed risk scores, ultimately providing an overall risk for an entity to be inspected.

The Audit analysed the adequacy of available risk-based inspection plans to both registered insurance companies and intermediaries as detailed below:

A. Risk Analysis of Registered Insurance Companies

The TIRA's Inspection Procedural Manual (Version 2) of October 2022 requires the Manager of Inspection to develop a program for onsite inspection, which was to be carried out in the future based on an analysis of the entity's strengths and weaknesses.

Interviews conducted with TIRA's Officers indicated that TIRA had developed a Guide to Risk Based for Monitoring and Supervision (Second Edition) in July 2011 to serve the purpose of a Risk-based Inspection Plan.

A review of a Guide to Risk Based for Monitoring and Supervision (second edition) of July 2011 indicated that there is a CARAMELS[19] tool which TIRA was using to select insurance companies to undergo risk analysis. Analysis obtained through the CARAMELS model revealed risk scores, ultimately providing an overall risk for an entity to be inspected. The risk rating was noted to be categorized into three main clusters, namely, Low, Moderate and High risk.

However, analysis by the Audit Team revealed that the conducted risk analysis was not comprehensive due to the following reasons:

i. Not All Registered Insurance Companies were Subjected to Risk Analysis

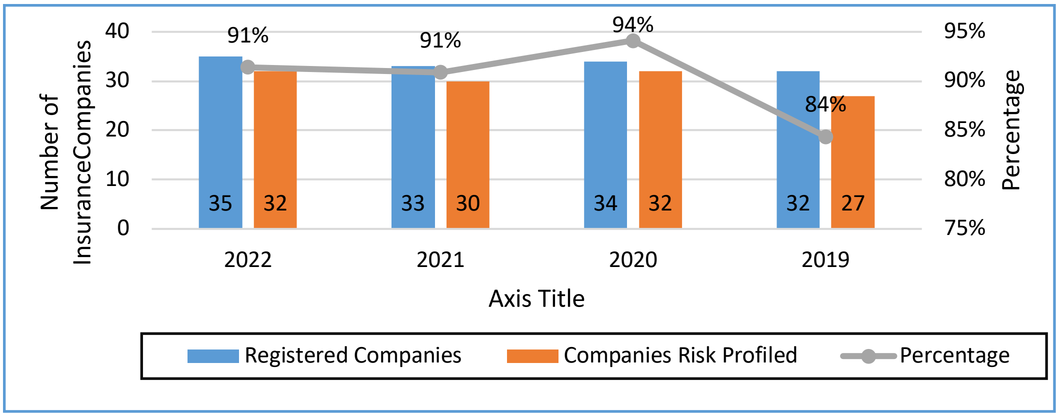
According to the TIRA's Guide to Risk Based Monitoring and Supervision, para 2, page 17, the Preliminary Risk Assessment Reports should be prepared for each insurance company as soon as practical after the date on which the filing/return is received. The analysis of this information is completed at the office of TIRA,

[19] CARAMEL stands for; Capital adequacy, Asset Quality, Reinsurance, Actuarial Liabilities and Technical Provisions, Management and Corporate Governance, Earnings and Underwriting, Liquidity and Asset/Liabilities, Matching and Self-dealings and Related Parties.

with the output being a Preliminary Risk Assessment Report based on the CARAMELS model.

However, reviews on the conducted risk analysis profile of the registered insurance companies for the calendar years 2019-2022 the audit noted that TIRA did not conduct risk analysis on all registered insurance companies to select companies to be considered for inspection by being included in the inspection plan. **Figure 3.6** presents the extent of risk analysis conducted for the registered insurance companies from 2019 to 2022.

Figure 3.6: Extent of conducted risk analysis on the registered insurance Companies



Source*: Analysis from TIRA's Risk Analysis 2018-2022 (2023)*

Figure 3.6 shows that TIRA did not conduct a risk analysis of all registered insurance companies over the reviewed periods from 2019 to 2022. For instance, for 2021 and 2022, 83% to 88% of the registered insurance companies were subjected to risk analysis. Consequently, there is a risk that some companies were not considered for inspection while carrying risks that TIRA could analyse.

B. Risk analysis for the Intermediaries

In addition, during the audit, TIRA's written comment responded that risk analysis for intermediaries was conducted based on the business volume and compliance to market conduct on the licensed business since the nature of the risk posed by intermediaries differs from those of insurers, which are insurance risk carriers.

The Authority added that the selection of Intermediaries starts at zonal levels, where Zonal Managers select registrants during the annual budget compilation to check market conduct issues among registrants in their locality.

However, the audit did not obtain the basis and evidence that TIRA applied in selecting the insurance intermediaries[20] for onsite inspections by either TIRA's Head Office or Zonal Offices.

Non-conducting of risk analysis to insurance intermediaries was mainly attributed to the inadequacy of risk-based inspection plans and the statement that the insurance agents are inspected through their principals, which led to the failure of TIRA to indicate the basis for selecting the insurance intermediaries to conduct on-site inspections. Consequently, the intermediaries were not adequately inspected by TIRA for the reviewed period of 2019/20 to 2022/23, as detailed under Section 3.3.2.

3.3.2 Inadequate Inspection Conducted by TIRA

According to Five Years Corporate Strategic Plan 2019/20-2021/2014, Strategic objective (F), Strategic initiative and target require an on-site inspection to be conducted annually.

The Inspection Procedural Manual (Version 2) of 2022 requires the Manager of inspection to develop and maintain an inspection plan in accordance with the budget, entity size, complexity and change in risk profile.

Also, a review of TIRA Annual Actions Plan 2019/2020 - 2023/2024 indicated that TIRA planned for onsite inspection of insurance companies and intermediaries. However, TIRA did not conduct inspections based on the number of insurance companies and intermediaries it had planned.

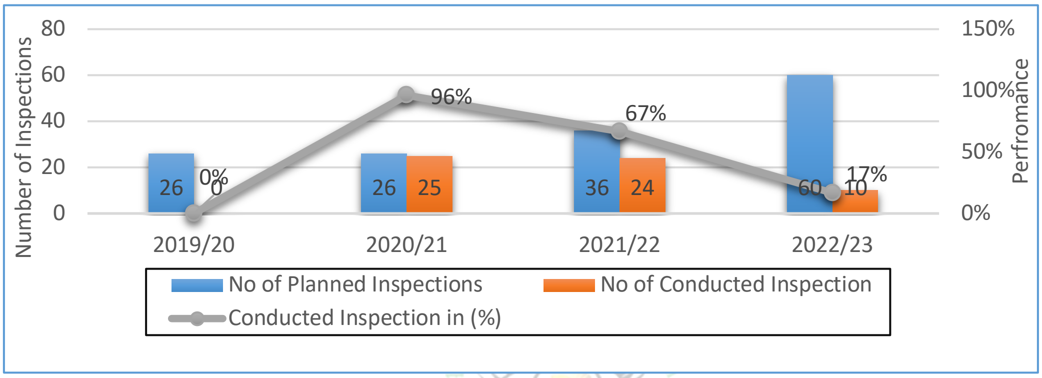
Reviewed TIRA's Performance and Inspection Reports of 2019/20 - 2022/23 indicated that inspections of insurance companies and intermediaries were inadequately conducted, as further detailed below:

[20] As per the Annual Insurance Market Performance Reports for the Year Ended December 2022; intermediaries include; Insurance Agents, Insurance Brokers, Re-insurance Brokers, Loss Adjusters/Assessors, Private Investigators, Bancassurance Agents, Actuarial Firms and Insurance Digital Platforms (Mobile Network Operators).

(a) Inadequate Inspection of Insurance Companies

The audit noted that TIRA conducted inspections of insurance companies through risk-based inspection analysis. The performance of the insurance companies' conducted inspections is explained in **Figure 3.7.**

Figure 3.7: Performance of Conducted Inspection by TIRA to Insurance Companies from 2019/20 - 2022/23



Source: *Analysis of TIRA Medium Term Expenditure Framework (MTEF) and Inspection Reports from 2019/20-2022/23*

Figure 3.7 indicates inadequate conduct of planned inspection by TIRA. The Figure indicates that the conducted inspection ranged from 0% to 96% of planned targets. A worse situation was indicated in the financial year 2019/2020, whereby 26 insurance companies were planned to be inspected, but no inspection was conducted. Response from TIRA Management indicated the main challenge faced by inspection activities was the outbreak of COVID-19 in the financial years 2019/20 and 2020/21.

On the other hand, the figure indicates a decrease in the number of insurance companies inspected from 96% in 2020/21 to 17% in 2022/23, equivalent to a 79% decrease. The declining rate of inspections conducted on the insurance companies by TIRA was attributed to the inadequacy of TIRA in implementing the onsite inspection as per the plans. Consequently, TIRA ended up conducting fewer inspections than planned.

(b) *Inspection of Insurance Intermediaries was Inadequately done*

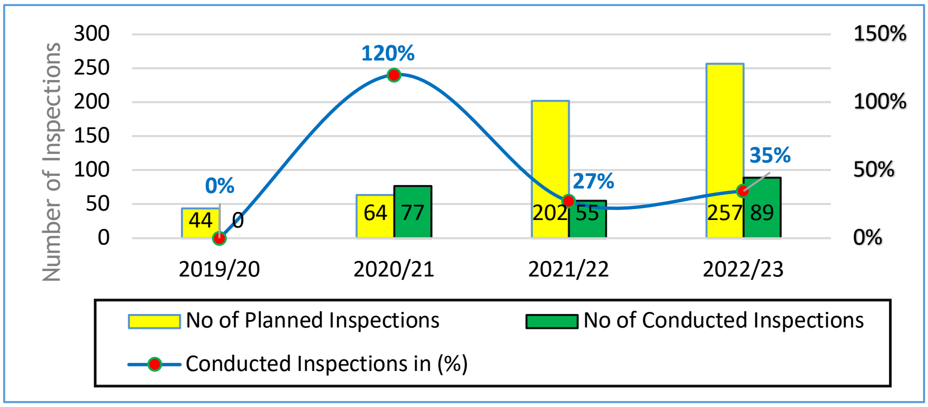
*Section 1*42 (1) of the Insurance Act states that the Commissioner may, for the purpose of ensuring compliance with the provisions of this Act and after issuance of three days' notice, conduct an on-site inspection of the registrants.

TIRA CSP and Action Plans 2019/20-2022/23 established annual inspection plans for insurance intermediaries (including insurance Brokers, Agents and Bancassurance Agents).

The audit noted that among the areas examined during on-site inspection for insurance agencies include possession of valid registration license, office disposition, qualification of principal officer, underwriting practices, banking of collected premium, principal-agency relationship, facilitation of claims process, complaints handling, letters of appointment from respective Insurer(s), volume of business transacted with insurers and proof of maintenance of professional indemnity[21].

Figure 3.8 presents the performance of the inspection of insurance intermediaries (brokers, insurance agencies and banc) conducted by TIRA versus what was planned for the period of the financial year 2019/20-2022/23.

Figure 3.8: Performance of Conducted Inspection by TIRA to Insurance Intermediaries 2019/20 - 2022/23



Source: *Analysis of TIRA's MTEFs and Inspection Reports from 2019/20 to 2022/23*

[21] TIRA's On-Site Inspection on Insurance Intermediaries (Insurance Agencies) dated December, 2022.

Figure 3.8 shows that TIRA did not inspect the Insurance Intermediaries in the financial year 2019/20. In 2020/21, 120.3% of the planned number of inspections were inspected. This fell to 27% in 2021/22 and slightly increased to 35% in 2022/23.

Insufficient inspections of insurance intermediaries were also contributed by inspection plans that do not address the need for TIRA to plan and allocate resources for inspections of insurance intermediaries.

However, TIRA stated that the insurance agents were inspected through their principal (Insurance Companies) during inspections and that the inspection plans were in place for the inspection of brokers depending on the identified issues.

However, the Audit Team reviewed the Checklist for inspection of the Insurer's Head Office on the Management and Corporate Governance component within the Inspection Procedural Manual (Revised Edition 2022). It was noted that while TIRA was inspecting, the insurance company was also required to cover the aspect of the agent relationship between the insurer and the insurance agents. When assessing the principal agency relationship, TIRA was required to analyse the number of agents that transact business with the insurer, the presence of agreement between the principal and agents, the collection of funds from the agents, etc. The required inspection procedures while assessing the principal-agent relationship during the onsite inspection are further detailed under **Appendix Seven.**

Despite the stated practice by TIRA that the insurance agents were inspected through the principal and that the inspection plans were only available for the inspection of insurance brokers, the audit noted that it was a requirement of the Inspection Procedural Manual that TIRA should also inspect the insurance agency using the provided checklist on the areas and procedures for inspection of insurance agents. The checklist that provides areas and procedures for the inspection of insurance intermediaries, including the insurance agents, is presented in **Appendix Eight.**

Further reviews of the TIRA's action plans for the financial years 2021/22 and 2022/23 noted that through its Zonal Offices, the Authority planned to conduct on-site market inspections to 55 and 190 insurance agencies by June 2022 and 2023, respectively.

Inadequate on-site inspections of insurance companies and intermediaries may result in increased non-compliance with the existing legal framework in the insurance sector by the players.

3.3.3 Insufficient Follow-up on Implementation of Recommendations Issued to Insurance Service Providers During Inspections

The TIRA's Inspection Procedural Manual of 2022 provides that a Reporting Officer from TIRA is required to progressively monitor the implementation of directives and recommendations in the Transmittal Letters. The same manual further provides that a matrix indicating issues raised during the inspection and implementation status shall be maintained and updated regularly by the reporting officer to monitor the implementation levels of the inspected entity. The same shall be used during subsequent inspections for validation.

The management of TIRA also stated that follow-up on the implementation of recommendations issued to inspected entities was done through a matrix that indicated issues raised against responses provided and was updated progressively based on the level of implementation by the inspected entity. The follow-up matrix was validated during subsequent inspections.

However, reviews of TIRA's Inspection Reports noted that TIRA did not conduct follow-ups on the implementation of previously issued recommendations during the subsequent inspections for validation on the level of implementation contrary to the requirement of the TIRA's Inspection Procedural Manual. For example, in 2022 and 2023, TIRA issued 140 recommendations from the onsite inspections to insurance companies; however, no follow-ups were done by the Authority.

Similarly, the Management of TIRA stated that the directives/recommendations given in the Inspection Reports pertaining to non-compliance with laws, regulations and guidelines or circulars were discussed in the Legal Enforcement Committee (LEC) Meetings, and their deliberations/decisions were included in the Matrix, indicating matters arising from each LEC meeting. Thereafter, a follow-up on the deliberations by LEC was made by the Legal Unit.

During the audit, it was revealed that a matrix indicating issues raised during LEC meetings was prepared. However, the reviews of the Matrices on Matter

Arising from the conducted LEC meetings revealed that not all recommendations pertaining to non-compliance with laws, regulations and guidelines or circulars issued from each Inspection Report were discussed, decided and included in the Matrices on Matters Arising from LEC meetings. **Table 3.4** indicates the extent to which the LEC meetings were discussed and decided, including the proposed directives/recommendations from the inspection reports in the Matrices on matters arising from LEC meetings.

Table 3.4: Number of Directives Decided by LEC Meetings

Year of on-site Inspection	Number of non-compliance Directives issued by Inspection Reports	Number of non-compliance Directives Decided by LEC	% of Directives Decided by LEC
2020	19	3	16
2021	24	1	4
2022	81	9	11
2023	11	0	0
Average	34	3	8

Source*: Inspection Reports, LEC Minutes and Matrices on Matters arising from LEC meetings.*

Table 3.4 shows that, on average, the number of directives pertaining to non - compliance with laws, regulations and guidelines or circulars issued from Inspection Reports was 34, and decided by LEC was 3, resulting in an average performance of only 8 per cent. During the audit, it was noted that most of the directives included on the matrices on matters arising from LEC meetings did not match the proposed directives/recommendations pertaining to non-compliance issued from the reviewed conducted Inspection Reports from 2020 to June 2023.

Insufficient follow-up and reporting on the implementation status of issued directives/recommendations during the inspection may lead to inadequate evaluation and impact assessment of TIRA's recommendations issued to the insurance companies. Hence, the risks of repetition and malpractices conducted by insurance companies in the insurance market may remain high.

3.4 Inadequate Monitoring of Financial Soundness of Insurance and Reinsurance Companies

This section presents audit findings on how TIRA assesses insurance and re-insurance companies' financial soundness, taking enforcement actions against the identified insurance companies with financial unsoundness challenges while ensuring insurance companies establish the proper underwriting functions.

It also includes the findings on the assessment of enforcement measures taken by TIRA to insurance companies practising undercutting, the established mechanism to ensure premiums required to be submitted to reinsurance companies are done adequately and timely, and if TIRA ensure that insurance companies maintain the required minimum investment with the Bank of Tanzania.

The noted observations are as detailed below:

3.4.1 Assessment of the Financial and Solvency Analysis of Insurance Companies was not conducted for the last quarter of 2022 and the Whole of the Year 2023

The Approved Organization Structure of TIRA provides that among the key functions of the Directorate of Supervision is to undertake financial analysis and solvency of insurance companies. The Directorate of Supervision and Inspection implements this function through the Actuarial and Statistics Analysis Section.

The TIRA's Five-Year Corporate Strategic Plan from July 2019/20 to June 2023/24 sets the target that requires the Authority to conduct quarterly reviews of the insurer's Own Risk and Solvency Assessment (ORSA) submitted reports.

The assessment of financial and solvency analysis of insurance companies undertaken by the Actuarial and Statistics section was generally done off-site based on the quarterly returns submitted to TIRA by the insurance companies every quarter.

Interviewed Officials from the Actuarial and Statistics Analysis Section stated that TIRA assesses all insurance companies' financial and solvency analysis every quarter. After that, the results of the analysis are communicated to the assessed insurance companies. The Officers added that solvency analysis does not involve intermediaries because they don't carry risks like insurance and reinsurance companies.

Reviewed Financial and Solvency Analysis Reports from 2019/20 to 2022/23 prepared by TIRA revealed that the Authority managed to assess licensed insurance companies' financial and solvency analysis from 2019 to 2022. However, TIRA did not conduct a solvency analysis for the last quarter of 2022 and the whole of 2023. **Table 3.5** presents a detailed analysis of the solvency assessment conducted by TIRA for insurance companies.

Table 3.5: Extent of Assessment of Financial and Solvency Analysis of Licensed Insurance Companies by TIRA from 2019 to 2023

Calendar year	Number of registered companies	Number of registered companies assessed				% of Registered companies assessed			
		1rst quarter	2nd quarter	3rd quarter	4th quarter	1rst quarter	2nd quarter	3rd quarter	4th quarter
2019	32	32	32	32	32	100	100	100	100
2020	34	34	31	33	30	100	91	97	88
2021	33	33	33	32	33	100	100	97	100
2022	35	33	31	35	0	94	89	100	0
2023	36	0	0	0	0	0	0	0	0

Source: *Analysis of TIRA's Reports on Solvency Margin Status for Insurance Companies from the Calendar year 2019 to 2023.*

Table 3.5 shows that TIRA conducted the financial soundness (solvency analysis) of insurance companies of up to 90% of registered insurance companies for the calendar year 2019 to 2022. However, TIRA did not assess solvency analysis in the 4th quarter of 2022 and the whole of calendar year 2023.

Inadequate conduct of off-site financial and solvency analysis has resulted in the following:

(a) The presence of Insurance Companies Operating below the Required Level of Solvency Margin

Section 20(1) of the Insurance Act, 2009 requires an insurer not to carry on business as an insurer unless he always maintains in Tanzania, during which he carries on insurance business, a margin of solvency of not less than the amount prescribed by the Minister responsible for finance. Also, according to Section

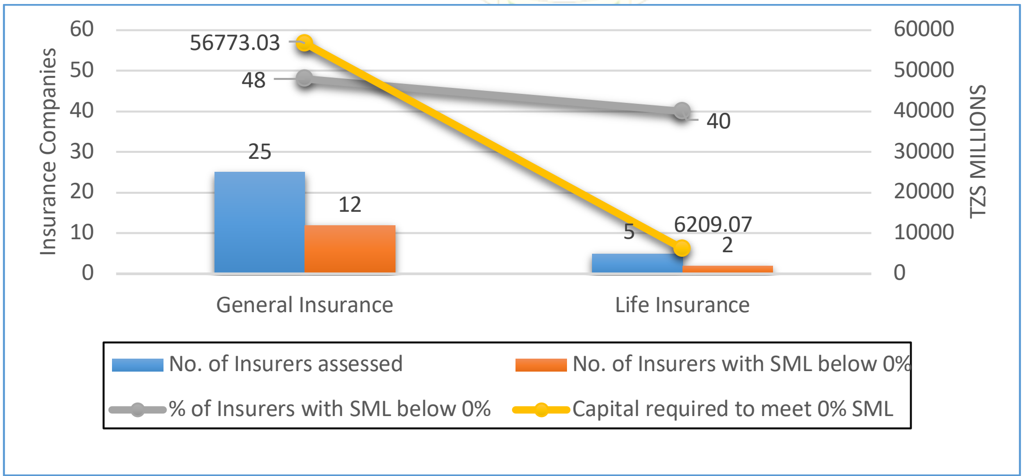
20(3) of the same Act, contravention of the above section is an offence and shall, in addition to any penalty prescribed by the Act, be liable for cancellation of the licence.

Further, Regulation 21(1) of Insurance Regulation 2009 requires an insurer's assets transacting classes of general business to exceed the insurer's total liabilities by 20% of the net premium written or the minimum amount specified in that Regulation.

Thus, insurers were required to maintain the safety margin level (SML) above 0%, while prudential requirements require companies to meet at least 50% of the ratio.

However, from the analysis[22] made by TIRA regarding the status of the solvency margin maintained by both general and life insurance companies as of 30th June 2022, the Audit noted 48% and 40% of both life and general insurance companies, which were operating with the solvency margin level below the statutory level of 0% SML is illustrated on **Figure 3.9** below;

Figure 3.9: Extent of Compliance with Statutory Levels of Solvency Margin by both General and Life Insurance Companies as of 30th June 2022



Source*: Analysis of TIRA's Status of Insurers Solvency Margin Report as of 30th June 2022*

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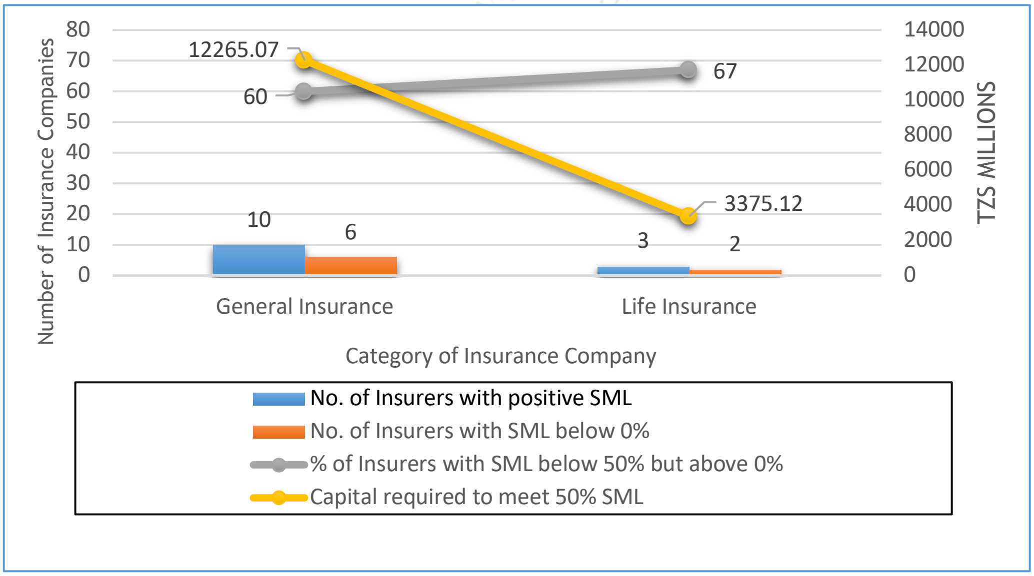
22 Report on the Status of Insurers Solvency Margin as at 30 June 2022 dated September, 2022.

Figure 3.9 shows that 48% of General Insurers and 40% of Life Insurers were operating below the statutory solvency margin level of 0%. Consequently, those insurers were operating with a negative solvency margin. As a result, the General Insurers were required to inject a capital of TZS 56.77 billion. In contrast, Life Insurers were required to inject capital of TZS 6.21 billion to achieve the statutory level as per the requirement of Section 20(1) of the Insurance Act, 2009.

Further analysis of the Solvency Margin Report conducted by TIRA as of September 2022, also noted that general and life insurance insurers are operating with a required statutory solvency level of above 0% (positive solvency margin level). Still, it was operating below the prudential requirement of at least 50% of the ratio, as presented in **Figure 3.10**:

Figure 3.10: Insurance Companies Operating with Solvency Margin Levels above the Statutory Level but below the Prudential Level (0% To 50%) as of 30th June 2022



Source*: Analysis of TIRA's Status of Insurers Solvency Margin Report as of 30th June 2022*

Figure 3.10 shows that 6 out of 10 General Insurers and 2 out of 3 Life Insurers were operating below the prudential solvency margin level of 50%. As a result, the General Insurers were required to inject a capital of TZS 12.27 billion. In contrast, life insurers were required to inject TZS 3.38 billion in capital to achieve a prudential level of 50%.

It was also noted that, as of 30th June 2022, the Tanzania Reinsurance Company Ltd. (Tan Re) had a solvency deficit of TZS 3.99 billion to achieve a minimum Safety Margin Level of 0%. Hence, the company was out of compliance with solvency requirements stipulated under regulation 21 and was required to inject capital of TZS 3.99 billion to meet statutory solvency requirements.

Furthermore, the Public Insurance Companies, the National Insurance Corporation (NIC) and Zanzibar Insurance Corporation (ZIC) were noted to operate below the statutory solvency margin level. Meanwhile, the life business of the NIC had a safety margin level of -636.1%, below the minimum statutory level of 0%. Therefore, the company was required to inject TZS 74.31 billion to meet a minimum statutory level. At the same time, ZIC had a Safety Margin Level of -104%, below the statutory requirement by TZS 3.59 billion as of June 2022. In response to the SML challenge, the NIC submitted the recapitalization plan to TIRA one year later through a letter with Ref. No. AB.51/147/01G/96 dated 26th October 2023, indicating actions taken and planned strategies to resolve the revealed insolvency of the life assurance business.

Following further analysis by the Audit Team, the audit noted insurance companies operating below the required margin of Solvency were attributed by:

i) ***Absence of Sufficient Capital Required to Meet the Insurance Obligations.***

As can be observed from **Figure 3.9**, 48% of the General Insurers were required to inject capital of TZS 56.77 billion. In comparison, 40% of Life Insurers were required to inject capital of TZS 6.21 billion to meet the statutory level of solvency as per the requirement of Section 20 of the Tanzania Insurance Act of 2009. Consequently, in the long run, the risks that the insurance companies would fail to meet their liabilities remain high.

ii) ***Increase in Management Costs and Decrease in Gross Written Premiums***

Reviewed TIRA's Onsite Inspection Report for MAXINSURE (TANZANIA) LIMITED dated July 2022, noted that the Company's management expenses as a per cent of net premiums earned increased from 79.1% in 2020 to 110.1% in 2021, above the maximum prudent standard of 25% and higher than the industry average of 44.3% in 2020. The report also revealed that, during the interim period ending

31st March 2022, the company recorded a combined management expense ratio of 83.3%. This implies that the company was incurring losses.

Furthermore, reviewed TIRA's Report on Risk Assessment for the year ended 31st December 2021 and the Interim Period ended 30th September 2022 for the INSURANCE GROUP OF TANZANIA LIMITED (IGT) noted that the company's gross premium written decreased by 34.3% from TZS 10,474 million in 2020 to TZS 6.88 billion in 2021. Furthermore, during the interim period that ended 30th September 2022, the company recorded underwriting losses of TZS 1.93 billion.

iii) *Limited Number of Actuarial Professional Firms in the Country*

A review of the Study on Inclusive Insurance and Risk Financing in the United Republic of Tanzania (2023) noted that only six actuarial firms were registered to operate in the country as of June 2023. The audit noted a shortage of fully qualified and experienced insurance professional actuaries, represented by the presence of only six actuarial firms, which ultimately affected the quality of insurance companies' premiums' underwriting. Hence, there was a risk of charging incorrect premiums, which would ultimately contribute to the insolvency of the insurance companies.

Insolvency of insurance companies indicates that they do not maintain sufficient cash flows to meet their liabilities, thus affecting the company's financial health.

As a result of inadequate supervision by TIRA, Insurance companies were not sufficiently monitoring their financial health through the maintenance of accepted solvency margin levels, and they were mismanaging their financial status. Insufficiency solvency margins result in a cash flow crisis and diminishing financial capacity to settle insurance claims when they arise. On the other hand, this may lead to the total collapse of the insurance companies.

3.4.2 Insufficient Enforcement Actions to Insurance Companies with Financial Unsoundness Status

As per Section 20(3) of the Insurance Act, an insurer who doesn't maintain the required margin of solvency commits an offence and shall, in addition to any penalty prescribed by the Insurance Act, also be liable for cancellation of licence.

Reviewed TIRA's Status of Insurers Solvency Margin as of 30 June 2022 issued on September 2022 and Correspondences Letters between TIRA and Insurance Companies noted that 16 out 35 registered insurance companies' equivalent to 46% of registered insurance companies, suffered from financial difficulties. That means those companies were found operating below the statutory solvency margin level (below 0%) as per the TIRA's assessment done in September 2022.

Interviewed Officers from TIRA stated that following solvency analysis of insurance companies conducted by TIRA either through offsite or onsite inspection, the Authority has been taking necessary enforcement actions against insurers found to be insolvent. These actions include instructing the insurers to submit the recapitalization and claim payment plans, following up on the company's recapitalization plan, and taking enforcement action when necessary.

However, the Audit noted that TIRA did not adequately take actions to ensure the insurance companies with financial unsoundness rectified their status as per the requirement of Section 20(3) of the Insurance Act, No. 10, 2009.

Table 3.6 summarises the number of assessed companies, solvency deficit, action taken by TIRA, the status of submission of recapitalization plans, and follow-up made by TIRA to ensure the insurance companies suffered from financial unsoundness problems do the required corrective actions. **(**For detailed assessment, refer to **Appendix Nine**.

Table 3.6: Summarized Actions taken by TIRA on Insolvent Companies as of 30th September 2022

Insurers with negative solvency	Cumulative solvency deficit (TZS Million)	Number of actions taken by TIRA (i.e. Letters demanding recapitalization and claims payment plan)	% of action taken out of assessed companies	Number of responses on recapitalization plan	% of responses out of assessed companies	Follow-up made by TIRA on Rectification of the solvency challenge	% of follow-ups made by TIRA
16	(63,230.04)	7	44	9	56	6	38

Source: *Analysis of TIRA's Status of Insurers' Solvency Margin as of 30 June 2022 and Correspondence Letters between TIRA and Insurance Companies, 2022/23, 2023.*

The key to **Table 3.6** is that () represents the negative sign.

Table 3.6 indicates that 16 insurance companies were operating with negative solvency margins with a cumulative deficit of TZS 63.230 billion as of September 2022. TIRA was required to ensure those companies injected additional capital of TZS 63.230 billion to meet the statutory capital requirement as per Section 20 of the Insurance Act No. 10 of 2009.

However, as indicated in **Table 3.6,** TIRA issued directives requiring recapitalization to only 7 out of 16 companies, equivalent to 44% of assessed companies. 56% of assessed insurance companies submitted their recapitalization plans to TIRA. Furthermore, TIRA made follow-ups on the recapitalization plans or responses submitted by the assessed insurance companies by only 38%.

Further details of action taken by TIRA to the visited insurance companies as per the 30th September 2022 solvency analysis are shown in **Table 3.7.**

Table 3.7: Summarized Actions taken by TIRA to the Visited Insurance Companies

S/no.	Name of assessed Company	Available solvency deficit (TZS Million)	Action taken by TIRA (i.e. requesting recapitalization and claims payment plan)	Status of Submission of Recapitalization plan submission	Follow-up by TIRA on Rectification of the solvency challenge
1	Sanlam General Insurance (T) Limited	(238.24)	No action	Not submitted	No follow-up
2	National Insurance Corporation	(74.31)	Letter with Ref.No.AB.81/105/19/84 dated 22/11/2022	NIC letter with Ref. No. AB.51/147/10-E/73 dated 06th Dec. 2022 stated the company had a positive solvency margin of TZS 50.2 billion	TIRA followed up on the letter with Ref. No. AB.81/105/19/9 dated 31st Jan.2023 requiring NIC to inject a fresh capital of TZS 18,123
3	Zanzibar Insurance Corporation	(3,081)	Letter with Ref. No. AB.81/105/30/40 dated 22nd Nov. 2022	The Revolutionary Government of Zanzibar committed to bear the responsibilities of ZIC when it was deemed unable to pay its debts through a letter with Ref. No. BA.26/199/07/35 dated 07/12/2022	The Revolutionary Government of Zanzibar committed to bear the responsibilities of ZIC
4	Assemble Insurance (T) Limited	(19,273.34)	No action	The recapitalization plan was submitted through a letter dated 31 May 2023.	No follow-up
5	Tan-Re	(3,992)	Letter with Ref. No. AB.81/105/27/22 dated 22nd Nov. 2022	Letter Ref. No. TAN-RE/TIRA/INS-0/12/22 dated 06 December 2022	TAN-RE injected TZS 11,677.5 million

Source*: Analysis of TIRA's Status of Insurers' Solvency Margin as of 30 June 2022 and Correspondence Letters between TIRA and Insurance Companies, 2022/23, 2023.*

The key to **Table 3.7** is that () represents the negative sign.

Table 3.7 shows that TIRA did not take follow-up action on three out of five insurance companies with insolvency problems as per the TIRA's comprehensive solvency assessment dated 30th September 2022. It can also be noted that three out of five companies submitted their recapitalization plans.

Insufficient enforcement actions taken by TIRA to insurance companies with insolvency problems were mainly contributed to by inadequately established tracking mechanisms following the assessment of the solvency status of insurance companies. This is because TIRA lacks documented procedures for taking enforcement actions, including follow-up issues. As a result, TIRA was found issuing directives to some insurance companies while leaving others unattended. Also, the follow-up efforts did not rectify the insolvency challenge.

Consequently, some insurance companies kept operating insolvently, risking policyholders' compensation rights to the covered risks. This situation also led to insufficient recovery to statutory solvency by insolvent insurers. For example, following the solvency assessment, the correspondences made by TIRA to the insurance companies were found successful only for TAN RE-insurance company, which injected at least TZS 11.678 billion[23]. The amount was sufficient to recover the existing deficit of negative TZS 3,992 available as of 30th September 2022.

3.4.3 Inadequate Established Actuarial Functions by Insurance Companies

Section 6(1)(e) of the Insurance Act,2009 requires TIRA to formulate standards in the conduct of the insurance business, which insurers, brokers, and agents shall observe. Section 11(b) of the same Act also requires the Commissioner of Insurance to formulate and enforce standards in the conduct of the insurance business.

In implementing this vested mandate under the Insurance Act No. 10 of 2009, the Commissioner of Insurance issued a Guideline to the Insurance Industry on the Actuarial Function of 2018, Para 4 of the Guideline requires Insurers to set up a robust actuarial function that is well positioned, resourced, properly

[23] TAN-RE Letter with Ref. No. TAN-RE/TIRA/INS-0/12/22 dated 06th Dec.2022

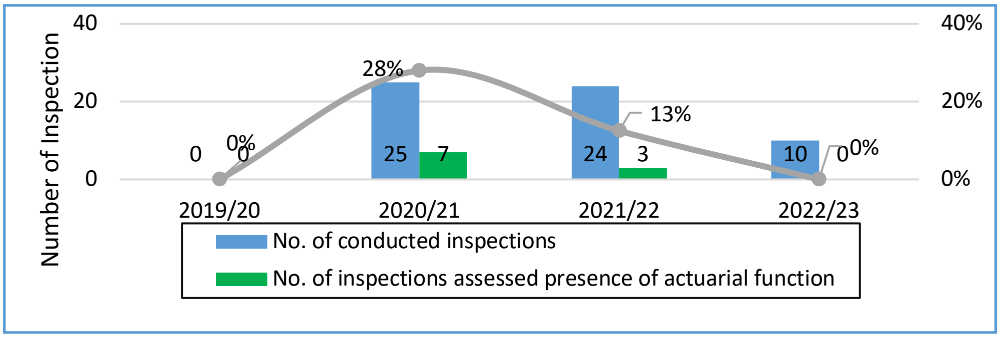
authorized (by the Authority) and staffed for proper operation. Para 5 of the same Guideline also requires the actuarial function to produce periodic reports on various matters pertaining to the insurers' business. The effective date for establishing the actuarial function was 1st January 2019.

Regarding the effective date for implementing the Guideline on Actuarial Function, the management of TIRA responded that the effective date for implementation of the Guideline was deferred from 1 January 2019 to 1 January 2021.

However, a review of the Letter with Reference No. EA.28/81/01/34 dated 28 September 2021 from TIRA addressed to the Chairman of the Association of Tanzania Insurers (ATI) noted that TIRA directed all insurers to submit the status of implementation of the actuarial guidelines (appointing a statutory actuary) and whoever is seeking an extension should submit their request independently. In that regard, the implementation of the Guideline on Establishment of Actuarial Function did not differ; rather, TIRA allowed insurers to submit independent requests for extension of appointment of a statutory actuary.

The interview with Officials from TIRA stated that verifying the establishment of actuarial function was done by reviewing insurer organizational structures, which were filed along with quarterly, semi-annual and annual returns. The Official added that onsite inspections were carried out to confirm the filed information through returns. Reviewed Onsite Inspection Reports conducted by TIRA to the Insurance Companies noted that TIRA assessed whether the insurance companies established the actuarial function to some of the inspected companies, as shown in **Figure 3.11.**

Figure 3.11: Extent of Verification on Establishment of Actuarial Function by Insurance Companies during the Onsite Inspections 2019/20 to 2022/23



Source*: Analysis of TIRA Onsite Inspection Reports conducted to Insurance Companies from the financial year 2019/20 to 2022/2023 (2023).*

Figure 3.11 reveals that TIRA did not assess the establishment of actuarial functions by the inspected insurance companies in the two financial years of 2019/20 and 2022/23. On the other hand, for the financial years 2020/21 and 2021/22, TIRA assessed the status of the establishment of actuarial functions by 28% and 13% of inspected companies. This situation indicates that 72% to 100% of the conducted onsite inspections on the insurance companies did not assess compliance by the insurance companies with the Guideline to the Insurance Industry on Actuarial Function, which was required to be implemented effectively from January 2019.

An inadequate assessment of the status of the establishment of actuarial function by the insurance companies was mainly attributed to the absence of initiative of the TIRA inspection team to include such an assessment among the parameters to be assessed while on the field.

As a result, interviewed Officers from TIRA stated that, up to the time of this audit, September 2023, some of the insurance companies had already established the actuarial function/unit while others had not.

Verification of the statement from Officers from TIRA was also confirmed through a review of the TIRA's Onsite Inspections Reports from the financial years 2019/20 to 2022/23, which indicates some of the insurance companies have not established the actuarial functions as per the requirement of the Guideline issued by the Commissioner of Insurance. **Table 3.8** presents the status of insurance companies' established actuarial functions from 2019 to 2023.

Table 3.8: Status of Establishment of Actuarial Functions by Insurance Companies from the Year 2019 to 2023

Calendar year	Number of registered insurance companies	Insurance companies with actuarial function/unit	% of insurance companies without actuarial unit
2019	32	0	100
2020	32	0	100
2021	33	2	94
2022	35	2	94
2023	36	11	69
Total	36	15	58

Source: *TIRA onsite inspection reports to the insurance companies from 2019/20 - 2022/23*

Table 3.8 shows that for the calendar years 2019 and 2020, there were no insurance companies with established internal actuarial functions/units. However, for the calendar years 2021 and 2022, the gap was reduced to 94%, while for 2023, it was further lowered to 69% of all registered insurance companies. Thus, throughout the reviewed period of four financial years, 58% of registered insurance companies did not establish the actuarial functions.

The audit further noted that insurance companies' inadequate establishment of actuarial functions was mainly attributed to avoiding management costs associated with establishing an actuarial unit and employing actuarial personnel. Instead, the insurance companies opted to have and use an external actuary in a hiring arrangement. At the same time, the Guideline on Actuarial Function directed them to have internal and external actuaries. This practice was revealed in all nine visited insurance companies.

According to the Management of TIRA, the Guidelines for Actuarial Function have positively impacted the industry and the insurance market. TIRA added that, initially, there were few actuarial graduates, but after the said guidelines, universities began offering actuarial courses, and these graduates contributed to the pool of actuaries. However, no evidence was submitted to prove this. The audit further assessed actuarial functions in the nine visited insurance companies and found that 89% of the companies have already employed an Internal Actuary. However, per the Guidelines on Actuarial Function requirements, they have not reviewed their organizational structure to reflect the Actuarial Unit, including its Head. A detailed presentation on the status of the establishment of actuarial functions in the visited insurance companies as of December 2023 is indicated in **Table 3.9.**

Table 3.9: Status of Establishment of Actuarial Function by the Visited Insurance Companies

Name of visited company	Availability of internal actuary	Approval of Internal Actuary by TIRA	Availability of appointed External Actuary	Appointed External Actuary approved by TIRA
Jubilee General	X	X	✓	X
Alliance General	✓	X	✓	X
Mayfair	✓	X	✓	✓
UAP	✓	✓	✓	✓
Assemble	✓	✓	✓	✓
Strategies General	✓	X	✓	✓
NIC	✓	X	X	X
Sanlam life	✓	X	✓	X
Alliance Life	✓	X	✓	X
Total complied	**8**	**2**	**8**	**4**
Percentage of visited companies complied	**89**	**22**	**89**	**44**

Source*: Analysis of Insurance Companies' Organization Structure, employee records and correspondences between TIRA and Insurers from 2019/20 - 2022/23, 2023.*

From **Table 3.9,** it can be seen that despite the established actuarial function in the visited companies, the physical verifications of certification by TIRA noted that 56% of the appointed external actuaries were not approved by TIRA as per the requirement of the Guideline on Establishment of Actuarial Function. Meanwhile, the Commissioner approved only four of nine internal actuaries, equivalent to 44%. This is contrary to the requirement of the Commissioner of Insurance, who requires both internally and externally appointed actuaries to be approved by the Commissioner as per the requirement of the Guideline for Establishment of Actuarial Function, 2018.

Consequently, insurers failed to produce the quarterly Solvency Statements Reports required to be submitted to the Board of Insurers by the internal actuary as per the requirement of the Guideline on the Actuarial Function of 2018. Six out of eight visited insurance companies failed to produce the solvency statements report due to inadequate establishment of actuarial functions contrary to the requirement of the Guideline for Establishment of Actuarial Function of 2018, as shown in **Appendix Ten.**

3.4.4 Insufficient Enforcement Measures Taken by TIRA to Insurance Companies Practicing Premium Undercutting

The Insurance Minimum Rates Regulations (MRO), 2018, directs the minimum rates to be paid for different classes of insurance. Section 162 of the Insurance empowers the Commissioner to compound offences by requiring a person to pay a sum of money for which the offence was committed. Section 165 (1) (a), (g) and (j) of the same Act also provides powers to the Commissioner to impose measures over insurers and brokers on the issues related to registrants who do not carry out their business in accordance with the sound business principal, acting in contravention of the provision of the Act and failed to comply with terms and condition of registration.

Interviewed Officers from TIRA stated that TIRA takes enforcement actions against insurance companies undercutting premiums contrary to the requirements of the Insurance Minimum Rates Regulations (MRO) Order 2018. The malpractices were noted to be identified either during onsite or offsite inspections.

The Officers added that the enforcement actions included issuing instructions to the insurer requiring it to provide a reason why it should not be penalized for contravening the laws' provisions and charging penalties for the noted malpractices.

However, reviewed Onsite Inspection reports revealed that TIRA inadequately took enforcement actions against insurers with premium undercutting weaknesses revealed from the conducted Onsite Inspections. For instance, the Onsite Inspection Report conducted by TIRA to Zanzibar Insurance Corporation (ZIC) noted the Corporation undervalued premium for 32 out of 99 sampled insurance cover notes. The undervalued premium was TZS 107.36 million. The Report included penalty notices stating that ZIC provided a reason why it should not be penalized for contravening provisions of the Insurance Minimum Rates Regulations (MRO) Order of 2018. Thereafter, the audit expected TIRA to have penalized the company for undervaluing the charged premium contrary to the Insurance Minimum Rates Regulations (MRO) requirement or provide evidence of a waiver notice for the penalty. However, TIRA did not take the required enforcement action.

Further reviews of TIRA Internal Audit Reports for the period ending 30th June 2021 and 2022, respectively, noted that TIRA conducted market conduct inspections on insurance covers issued on motor vehicles from the Central zone, Southern zone, and Northern zone at a number of places within the zones. The exercise found that some insurance companies underwrite premiums below minimum rates (premium undercutting). However, the Authority did not take the required regulatory measures for all non-compliant registrants contrary to Sections 162 and 165 of the Insurance Act, 2009.

Table 3.10 summarises the misconducts (premium undercutting) from the market conduct inspections conducted by TIRA in 2021 and 2022, respectively.

Table 3.10: Number of Insurers Practicing Premium Undercutting for the Years 2021 and 2022

Inspected zone	Reporting period	Total Number of Insurers Inspected	Total Required Minimum Premium (TZS)	Total Premium Paid (TZS)	Deviated premium (TZS)
Central zone	30th June, 2022	1	513,300	342,200	171,100
Northern zone		18	12,803,000	8,968,000	3,835,000
Central zone	30th June, 2021	8	9,221,700	6,112,220	3,109,480
Northern zone		8	12,658,750	8,737,900	3,920,850
Total			**35,196,750**	**24,160,320**	**11,036,430**

Source: *Analysis of TIRA's Internal Audit Report as of 30th June, 2021 and 2022 respectively, 2023.*

Table 3.10 shows that for 2021 and 2022, 35 insurers were found practising premium undercutting, with a total deviated premium approaching TZS 11 million. However, TIRA did not take enforcement actions against all the non-compliant insurers, as indicated in **Table 3.11.**

Table 3.11: Regulatory Actions Taken by TIRA to Insurers Practicing Premium Undercutting for the Years 2021 and 2022

Reporting period	Inspected zone	Total number of Insurers found with undercharged premium	Total number of Insurers penalised	Total number of unpenalised insurers	Total penalties charged (TZS)
30th June, 2022	Central and Northern Zone	19	9	10	45,000,000
June, 2021	Central and Northern Zone	15	1	14	2,000,000
Total					**47,000,000**

Source: *Analysis of TIRA's Internal Audit Report as of 30th June 2021 and 2022.*

Table 3.11 indicates that TIRA did not take regulatory actions against 10 out of 19 insurers in 2022, while 14 out of 15 insurers were not penalised in 2021, according to the reviewed Internal Audit Reports for 2022 and 2021.

Inadequate regulatory actions against insurance companies practising premium undercutting were mainly attributed to inadequate coordination between TIRA zonal offices and the Head Office in taking enforcement actions against insurance companies.

As a result, premium undercutting reduced the potential revenues that government and insurance companies were expected to collect due to statutory deductions from actual payments of premiums. Additionally, undercutting has been identified as the source of disputes between policyholders and policy issuers (insurers) when claims arise because the compensations are usually lower than what the policyholders expect.

3.4.5 Presence of Established Mechanism to Enhance Adequately Remittance of Premiums by Insurers to Re-Insurance Companies

Section 133(2) of the Insurance Act, 2009, when read together with Regulation (37(2) of the Insurance Regulations of 2009, provides where a class of insurance required to be placed with a Tanzanian insurer is not available to a person seeking insurance, that person may place that insurance with a non-resident insurer provided that he obtains the prior written approval of the Commissioner.

The audit noted that TIRA had established the Risks Externalization Committee to review and approve the requests from insurers regarding the placement and remittance of risks to non-resident insurers.

Interviewed Officers from TIRA also stated that TIRA approved the placement of risks with non-resident insurers through its monthly Risk Externalization Committee (REAC) meetings. The audit confirmed that TIRA conducted the REAC meetings monthly to review and approve the request from Insurers to place and remit insurance risks abroad concerning the provision of Section 133 of the Insurance Act.

Consequently, through REAC meetings, TIRA reviewed and approved the placement and remittance of risks to non-resident re-insurers from the submitted requests from insurance companies on time. TIRA has also managed to charge and collect the required risk externalization fees, including a premium levy of 1.5% and administrative charges of 1.5%, before insurance companies approve the remittance of risk externalization.

3.4.6 TIRA has Inadequately Ensured all Insurance Companies Maintain Required Security Deposit at the Bank of Tanzania

Regulation 20 (1) of the Insurance Regulation 2009, as amended in 2021, states that insurers should establish and maintain a security deposit of at least 50% of the company's prescribed minimum paid-up capital at the Bank of Tanzania. The deposit should form part of the assets regarding the insurer's capital. The Regulations added that the deposits made by the insurer shall be invested by the Bank of Tanzania in government securities as proposed by the insurer and approved by the Commissioner. The Bank of Tanzania shall issue a certificate of such investment.

Interviewed officers from TIRA stated that TIRA ensures that insurance companies maintain the required deposits with the Bank of Tanzania during offsite or onsite inspections of the insurer's information. The Management of TIRA added that as of December 2023, 94% of registered insurers held a minimum security deposit with BOT above the minimum requirement, and 6% had a security deposit below the minimum requirement. Therefore, there is an improvement in compliance with the requirement of Regulation 20. The Authority shall continue to monitor compliance with Regulation 20 of the Insurance Regulations of 2009 to ensure that all registrants comply with the Law.

However, the review of BoT's Statement of Securities Pledged against the Commissioner of Insurance as of 07 January 2024 regarding the compliance status to Regulation (20)(1) of the Insurance Regulations of 2009 noted that 54% of Insurance Companies were non-compliant. **Table 3.12** summarises the status of the maintenance of minimum-security deposits with BoT by insurance companies.

Table 3.12: Status in Maintenance of Minimum-Security Deposit with BoT for the Registered Insurance Companies

Number of Insurers	Number of Insurers with security deposit above minimum requirement	Number of Insurers with security deposits below the minimum requirement	Number of Insurers with no security deposits
35	16	11	8
Percentage of Insurers	46%	31%	23%

Source*: Reviewed Statement of Securities Pledged as of 07 January 2024 and Annual Insurance Market Performance Report of 31st December 2022.*

Table 3.12 shows that as of 31st December 2023, 46% of registered insurers held minimum security deposits with BoT above the minimum requirement, 31% had securities deposits below the minimum requirement, which is a total deficit of TZS 4.262 Billion, and 23% did not hold securities deposits with the Bank of Tanzania which is a total sum of TZS 8.262 Billion. A detailed assessment of the status of the security deposit held with BoT is presented in **Appendix Eleven** and **Appendix Twelve** of this report.

According to the Management of TIRA, auditors were supposed to consider balances in BoT statements and balances available on Trust Accounts since the Trust account temporarily holds funds meant for compliance with Regulation 20 while companies await an auction at BOT.

The Audit Team did not consider funds held with insurance companies in the trust as part of the security deposit/investment held with BoT because the balances held in the Trust account do not conform with Regulation 20 (1) of the Insurance Regulation 2009, as amended in 2021. The balances of insurers held in the Trust account should be invested by the Bank of Tanzania in government securities to be termed as an investment to comply with Regulation 20(1).

Insufficiency and non-holding of minimum-security deposit at BoT was mainly attributed to inadequate enforcement by TIRA on compliance by Insurers with Regulation 20(1) of the Insurance Regulations of 2009, which requires Insurance Companies to maintain a minimum of 50% of paid-up share capital as a security deposit at BoT.

Consequently, the Insurance Companies did not deposit more than TZS 12.5 billion at BoT as a security deposit. This means that if any of those companies fail or become liquidated, policyholders will be left without any compensation for their claims and no premium refund on their still-running policies, and this gives a high chance of market failure.

3.5 Inadequate Handling of Insurance Claims in a Timely, Fairly and Transparently Manner by Insurance Companies

Para 2.1 of the Guidelines on Insurance Claims Management, 2022, stipulates the principles to be observed: insurers shall handle claims fairly, transparently and timely.

This part elaborates on the gap identified during the audit of the claims settlement process in line with three factors: time, fairness and transparency.

These gaps are explained as follows:

3.5.1 TIRA has not Ensured Insurance Claims were Settled Timely

Section 131 of the Insurance Act requires an insurer to pay claims within forty-five days from receipt of the executed discharge voucher.

Para 3.1 to 3.6 of Insurance Claims Management Guidelines, 2022, stipulates a time limit for claim management stages and procedures to be followed in handling insurance claims.

During the review of inspection reports and claims settlement statistics from sampled insurance companies, the audit noted that Insurance Companies did not comply with timelines stipulated in the Claims Guideline.

Furthermore, a review of Inspection Reports from TIRA by the audit team noted that, among other things, TIRA was required to check the capacity and level of insurance companies handling claims, verify the status of insurance claims, and provide directives during onsite inspection.

During the review of inspection reports submitted by TIRA from insurance companies, it was noted not all claims were settled in a timely manner, as indicated in Figure 3.2, which shows an analysis of delayed settlement of approved claims by insurance companies from 2019 to 2023.

Further review of Inspection Reports, the audit noted delays had been contributed by the insurance policyholder not using the issued document with the required format, missing required documents before claim payment, delayed return of issued discharge vouchers and disagreement on the amount by policyholders. Consequently, claimants had their rights delayed contrary to what policy covers stipulate.

According to the Authority's responses, in ensuring timely settlement of claims, it carries out regulatory action against defaulters for each case of non-compliance that has come to its attention and is based on documentary evidence. Authority shall continue to follow up on claim settlements to ensure that they align with provisions of the Insurance Act. The TIRAMIS has fully completed its claims management module so that all insurers can register (intimate) claims to enhance transparency in claims management.

3.5.2 TIRA has not Adequately Ensured Insurers fairly manage Insurance Claims

Para 2.1 of the Guidelines on Insurance Claims Management, 2022, stipulates that an insurance company shall fairly handle claims.

During the review of the Complaints Register, the audit showed that not all Complaints were fairly managed. The audit noted that there had been a fluctuation in complaints. The complaints were lodged with the Tanzania Insurance Ombudsman (TIO), and others were sent to TIRA.

Below are details regarding registered complaints to various levels, indicating that these were not fairly managed.

i. Complaints Registered at TIO office by Claimants

During the audit, it was noted that there were complaints registered at TIO during the claims process settlement at the insurer. They have been given the option of sending their appeals to TIO, TIRA, or Court.

The audit revealed that the appeals sent to TIRA, TIO and the Court mostly resulted from repudiating claims, delays in processing claims and dissatisfaction with the amount paid/to be paid. **Table 3.13** provides more details on this:

Table 3.13: Indicating the Number of Complaints Sent to TIO

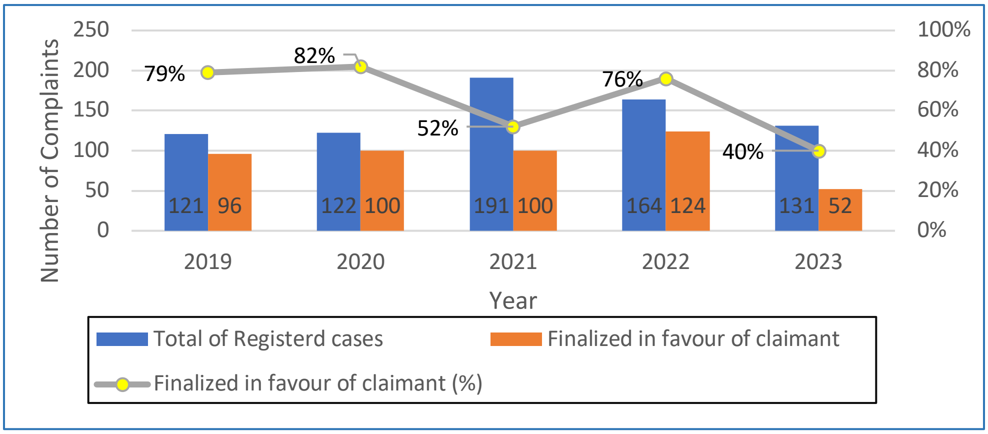
Year	Number of complaints at T.I.O	Nature of Complaints		
		Repudiation	Delays settlement of claims	dissatisfaction amount/quantum
2019	122	29	9	84
2020	133	27	15	91
2021	192	38	17	137
2022	120	54	15	54
2023	103	22	12	69
Total	673	170	68	435
Percentage of complaint		**25**	**10**	**65**

Source*: TIO Performance Reports, 2019/20-2022/23*

Table 3.13 indicates that more complaints were due to dissatisfaction with the amount, equivalent to 65% of the complaints registered at the Ombudsman Office.

A review of the resolution of complaints at the Ombudsman Office indicated that most of the resolution was in favour of the claimant during the resolution process. **Figure 3.12** explains more about the resolution finalised in the years 2019 to 2023 as follows:

Figure 3.12: Extent of Resolutions of Registered Complaints at TIO Office



Source: *Complaints Register at TIO office, 2019-2023*

Figure 3.12 indicates the extent of complaints registered and resolutions made at TIO. The data claimants were not informed by the respective insurers, which resulted in complaints. This was because more than 40% of the finalised complaints by TIO favoured claimants. For instance, in 2021, 52% of the resolved complaints by TIO were in favour of the claimants, while in 2022, 76% of complaints resolved by TIO were in favour of the claimant.

According to the Management of TIRA, the noted decrease in complaints finalised in favour of claimants at the TIO Office from 76% in 2022 to 40% in 2023 was attributed to the issuance of Guidelines on Minimum Benefit Structure for motor third party bodily injury and death claims on October 2022, which has set criteria and harmonized procedure for at compensation rates.

Nevertheless, TIRA is further required to take the initiative to ensure insurers fairly manage insurance claims to reduce the appeals to the TIO Office adequately.

ii. *Complaints Registered at TIRA Office by Claimants*

A review of the Complaints Register for the period under review indicated complaints registered by TIRA were managed unfairly. The status of registered complaints is shown in **Table 3.14** below;

Table 3.14: Extent of Complaints Registered by TIRA

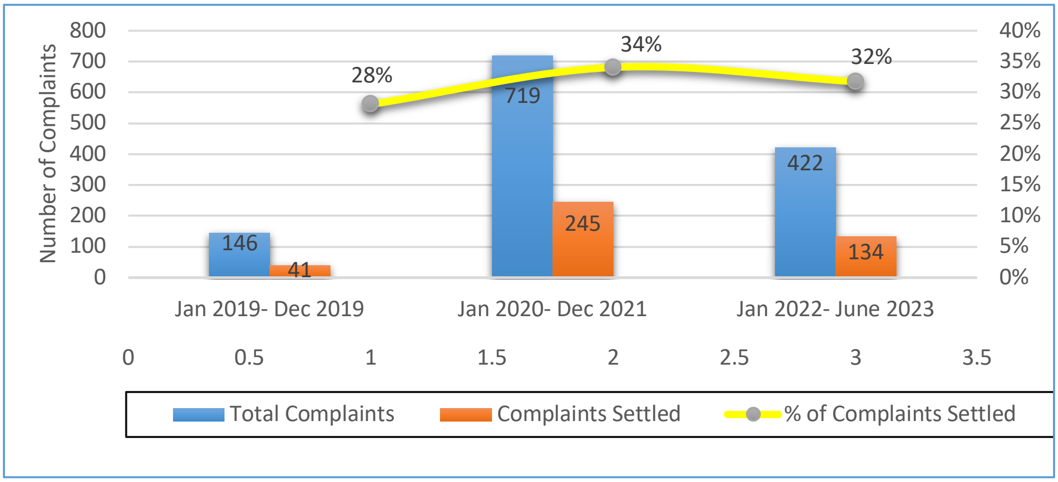
SN	Complains Status	2019	Jan 2020- Dec 2021	Jan 2022- June 2023	Total number of Registered Claims
1	Complaints settled	41	245	134	420
2	Claims repudiated	13	54	24	91
3	Complaints forwarded to TIO	16	59	15	90
4	Complaints pending	71	319	243	633
5	Forwarded to Courts	5	21	2	28
6	Partially Settled	0	21	4	25
	Total	**146**	**719**	**422**	**1,287**

Source: *Analysis of TIRA'S Complaints Register, 2019/20-2022/23, 2023*

Table 3.14 indicates that more complaints, i.e., about 633, remained pending from 2019/20 to 2022/23, while the settled claims were 420.

Again, a review of the resolution of complaints at the TIRA Office indicated that most resolutions favoured the claimant during the resolution process. **Figure 3.13** explains more about the resolution finalised in the years 2019 to 2023 as follows:

Figure 3.13: Extent of Registered Complaints Settled by TIRA



Source: ***Analysis of Complaints Register of TIRA, 2019/20-2022/23, 2023.***

Figure 3.13 indicates the resolutions handled by TIRA; about 28% to 34% of claims resolutions favour the claimants. Despite the number of complaints resolved in favour of the claimants, it still indicates that TIRA did not adequately ensure that insurance claims are fairly managed by insurers when conducting off-site or on-site inspections.

3.5.3 TIRA has not Adequately Ensured Insurance Claims were Managed Transparently by Insurers

According to Para 2.2.5 of the Guidelines on Insurance Claims Management, an Insurer should ensure that each policyholder is well informed on modalities for reporting insurance claims, including the availability of a claims desk officer and its toll-free number for claims reporting. This information shall be given at the commencement and renewal of an insurance cover. Also, Para 2.1 of the same Guidelines stipulates that the principle to be observed is for the insurers to handle claims transparently.

However, TIRA did not report the extent of compliance by Insurers regarding the establishment of a claims desk officer and toll-free number, contrary to the requirement of Para 2.2.5 of the Guidelines on Insurance Claims Management by Insurers.

Insurance companies' lack of transparency was verified from the TIO performance report for the period of 1 January 2019 to 31 December 2019. For instance, in the review of the complaints registered at the Tanzania Insurance Ombudsman, the audit noted that among other factors which led to unpaid claims was a lack of transparency because of the poor communication/dissemination of relevant information amongst policyholders, brokers, Agents and Reinsurance and insurance companies.

Further review of policyholders' covers, the audit found that the policies issued by insurance companies did not clearly state how the insurance company would notify policyholders about the progress of the claim settlement process.

Furthermore, the audit found no clear and transparent communication between insurance companies and claimants during the claim settlement process. It was noted that not all insurers had free toll numbers. Out of 10 visited insurers, only one had a free toll number.

It was noted that TIRA's failure to adequately ensure insurance companies managed the claims transparently was caused by inadequate enforcement of its

Guideline on Insurance Claims Management, regularly causing a series of claims-related violations.

3.5.4 Ineffectiveness of TIRA in Supervising the Handling of Complaints Arising from Unsettled Insurance Claims

From a review of the Insurance Act, the Insurance Ombudsman Regulation, 2013 and TIRA's Complaints Registers, the audit noted the performance gap in how TIRA was supervising the handling of complaints raised from unsettled insurance claims. The noted performance gaps are further detailed below:

Overlapping of function between TIRA and Ombudsman on handling complaints from unsettled insurance claims

Section 6 (2) of the Insurance Act specifies the function and duties of the TIRA to protect the policyholder's interest. Furthermore, Section 122(1) & (2) of the Insurance Act requires establishing an Ombudsman Service to resolve complaints arising between insurance policyholders and insurance registrants' businesses in Tanzania.

Also, Regulation 6 (1) of the Insurance Ombudsman Regulation, 2013 gives the Ombudsman power to administer all complaints filed by Insurance consumers with a maximum TZS 40 million monetary value and to conduct investigations to determine the viability of complaints.

A review of the TIRA complaint register from 2019/20 – 2022/23 indicated an overlap in function between the TIRA Office and the TIO office. This was because the audit noted that the status of the complaints registered by TIRA was similar to those registered by the TIO Office. This was despite the fact that the TIO was the one given the mandate to register and settle complaints.

Furthermore, on reviewing the TIRA Complaints Registers and TIO Complaint Registers, it was observed that complaints which were registered and settled at both TIRA and TIO Offices were on the dissatisfaction of amount offered, delay in processing claims and repudiation claims, as shown in **Table 3.3** under **Section 3.2.3.**

Table 3.14 under **Section 3.5.2** also shows the complaints filed at TIRA for a particular period. The Table shows that the claims were not consistently documented. Only the calendar year 2019 was recorded annually, while others were covering more than one year.

Analysis of complaints filed at the TIO office also found that they are similar to those filed at TIRA. This situation indicated an overlapping of activities between TIRA and TIO contrary to Section 122 of the Insurance Act, 2009 and Regulation 6 of the Insurance Ombudsman Regulation of 2013.

Interviews with senior officers from visited insurance companies indicated that the insured decided to register complaints with TIRA because the insurance policyholders have been given room to register their complaints where they believe they can get their rights.

The audit further noted that the reason for overlapping of the function between TIRA and TIO on handling complaints from unsettled insurance claims was due to the:

TIRA Implemented Complaints Handling Activity, which is out of its Mandate

Sections 122 and 123 of the Insurance Act provide that an Ombudsman Service shall be established to resolve disputes between insurance consumers and insurance registrants' businesses in Tanzania. Moreover, a complainant may file a complaint against an insurance registrant with the Ombudsman Service.

Furthermore, Section 6 of the Insurance Ombudsman Regulations, 2013 provides the powers and functions of the Ombudsman to administer and determine complaints admitted by the insurance consumers against the insurance registrants.

However, during the review of the TIRA's Annual Performance Report of 2020/21, an assessment of the milestones in conducting the particular activities showed that TIRA received and settled complaints from claimants against the Insurance Registrants. TIRA received and settled complaints directly from policyholders without mandate and contrary to the Insurance Act requirement and the Ombudsman Regulations, 2013.

The overlapping functions between TIRA and the ombudsman on handling complaints from unsettled insurance claims may delay the right of the policyholders to be compensated in a timely and fair manner. It also hinders the policyholder's knowledge of the proper office required to handle complaints from the dissatisfaction of services provided by the insurance service providers.

3.6 Inadequate Evaluation of the Level of Awareness and Satisfaction of Insurance Customers on Insurance Services

This section presents audit findings regarding the extent to which TIRA evaluated customers' awareness and satisfaction with insurance services. Specifically, the section assesses the adequacy of implementation of corporate strategic initiative on enhancing public awareness of insurance services, establishment and utilization of market sensitization guidelines/framework at TIRA Zonal Offices, development and implementation of strategies to ensure market penetration of insurance services increase in the country through the adequate promotion of education and awareness programs to the public.

From reviews of documents from both TIRA and insurance companies, the audit noted that TIRA has not adequately evaluated the level of awareness and satisfaction of insurance customers/policyholders on insurance services as detailed below:

3.6.1 Inadequate Implementation of Corporate Strategic Plan Initiative on Enhancing Public Awareness of Insurance Services

The fifth strategic objective of TIRA's Five-year Corporate Strategic Plan (2019/20 – 2023/24) indicated that the strategic initiative to be implemented by TIRA is to improve awareness of key stakeholders on the Authority function and insurance market. The target is to develop and implement the Corporate Events Management Plan and undertake public events and outreach programs.

However, the review of the TIRA Corporate Strategic Plan (2019/20 – 2023/24) noted inadequate implementation of the strategic plan target mentioned above. This is further detailed below:

(a) Inadequate implementation of the Corporate Events Management Plan

The review of the Performance Evaluation Report of the TIRA Corporate Strategic Plan as of June 2022 shows that the corporate events management plan has key performance indicators that were not adequately implemented, as shown in **Table 3.15**.

Table 3.15: Performance for the Strategy of Corporate Events Management Plan

S/N	KPIs	Time Frame	Performance Attained	Remarks
1	Authority Events annual calendar/programs drafted	By June, 2020	0%	Not in place
2	Annual Insurance Awards Conducted	Annually, by June 2024	50%	Done in 2019 and 2023
3	Quarterly Report on Public Awareness	Annually, by June 2024	100%	Done
4	Authority Branding Manual developed	Annually, by June 2020	0%	

Source: *Analysis of TIRA's Performance Evaluation Report as of June 2022 and the Insurance Awards Report of December 2023.*

Table 3.15 shows that drafting the Authority events annual calendar/programs was not achieved as planned. At the same time, the KPI for issuing annual insurance awards performed by 50% in 2019 and 2023. However, the performance fell short of the annual target. The TIRA Management responded that the outbreak of COVID-19 caused the inconsistency in implementing the annual insurance award.

On the other hand, it was noted that the Quarterly Report on Public Awareness was successfully achieved by meeting the target of 100%. TIRA did not achieve the fourth KPI, which requires the development of the Authority Branding Manual by June 2020. The audit noted that the TIRA eventually developed the Authority Branding Manual in February 2024.

The unsatisfactory implementation of the corporate events management plan was caused by the failure of TIRA to prepare an annual calendar or program for the Authority's Events. Despite lacking an annual calendar for the reviewed period of four financial years from 2019/20 to 2022/23, TIRA implemented various events. This means that the events were conducted without a documented plan. On the other hand, the audit noted that TIRA maintained a separate schedule of events that details the calendar for the Commissioner and Deputy Commissioner only and not for the Authority as a whole.

Additionally, the audit noted that TIRA approved no unified Awareness Plans to provide awareness activities at the level of insurance companies. Thus, TIRA had a gap in planning and conducting the monitoring of insurance awareness activities by insurance companies.

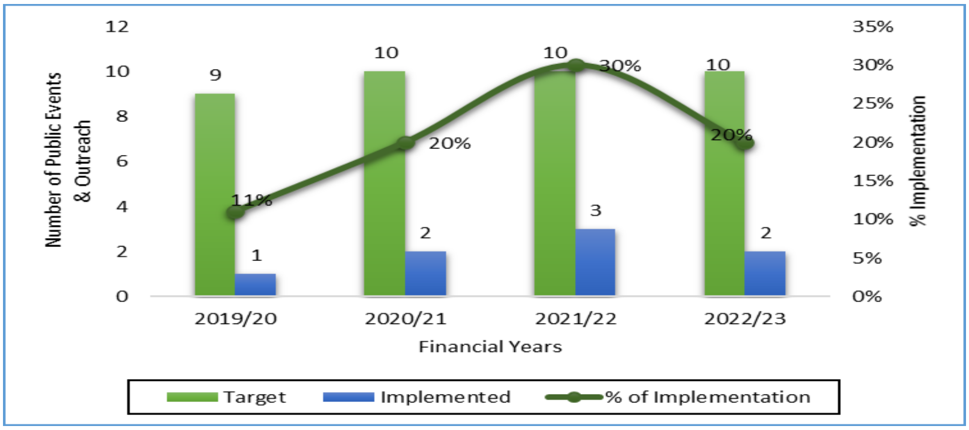
(b) Inadequate Implementation of Public Events and Outreach programs

According to the TIRA's Five-year Corporate Strategic Plan (CSP) of 2019/20 to 2023/24, the Authority had a target to ensure that public events and outreach programs are undertaken annually. The KPIs under this target require TIRA to produce reports on conducted public outreach programs.

Interviews conducted with senior Officers from the Public Relations and Communication Unit (PRCU) stated that the unit's activities were planned based on the Annual Action Plans provided for the PRCU. These plans were derived from the TIRA Corporate Plan.

However, reviews of TIRA CSP and Annual Performance Reports from 2019/20 to 2022/23 revealed that TIRA inadequately conducted and reported on the extent of implemented public events and outreach programs, as illustrated in **Figure 3.14**.

Figure 3.14: Extent of Implementation of Public Events and Outreach Programs from 2019/20 to 2022/23



Source: *Analysis of TIRA's Strategic Plan and TIRA's Public Events and Outreach Reports from Financial Years 2019/20 - 2022/23.*

From **Figure 3.14,** for the Financial Years 2019/20 to 2022/23, TIRA implemented 8 out of 39 planned public events and outreach activities, which is equivalent to about 21%. The annual performance ranged from 11% to 30%, whereas the highest percentage was achieved in 2021/22.

According to TIRA Management, the inadequate implementation of public events and outreach programs for the Financial Years 2019/20 and 2020/21 was mainly attributed to the outbreak of the COVID-19 Pandemic. However, the audit noted that no improvements were recorded in subsequent years of 2021/22 and 2022/23.

Consequently, inadequate implementation of public events and outreach programs limited the expansion of the insurance awareness and customer base, negatively impacting the growth of insurance services through market penetration. This impact was reported by the FinScope Report for 2023, which indicates a decrease in the usage of insurance services from 15% in 2017 to 10% in 2023. Among other factors that contributed to the downfall in insurance penetration was the low public level of education and awareness on insurance matters.

3.6.2 Market Sensitization Programs were not effectively implemented

Objective five of TIRA's Five Years Corporate Strategic Plan (2019/20 – 2023/24) on Authority Visibility Enhanced had a strategy to implement Insurance Market sensitization programs. The target was to develop and implement insurance market sensitization programs. The time frame of this strategy was to be developed annually within the timeframe of implementing the Corporate Strategic Plan.

Furthermore, Para 4.1.1 and 4.1.2 of TIRA's Zanzibar Office and Zonal Offices Operational Manual requires the Commissioner of Insurance to develop Policies, Procedures, and Operational Guidelines for Zonal Offices, which include Market Sensitization Guidelines. Moreover, market sensitization activities at the zonal level must occasionally adhere to the market sensitization guidelines issued by the COI.

A review of the TIRA's Action Plans and Implementation Reports from 2019/20 to 2022/23 revealed that TIRA had unsatisfactorily implemented market sensitization programs. It was indicated that the market sensitization programs planned were exhibitions, workshops, media conferences, outreach, and developing insurance clubs in various schools, and they were conducted in zones, as illustrated in **Table 3.16.**

Table 3.16: The extent of Implementation of Insurance Market Sensitization Programs by TIRA from Financial Year 2019/20 to 2022/23

Financial Year	Name of Zone	Planned activities	Target achieved	Target achieved (%)	Average Performance (%)
2019/20	Eastern Zone	4	0	0	5
	Lake Zone	11	3	27	
	Zanzibar Office	11	0	0	
	Southern Highland	20	0	0	
	Northern Zone	22	0	0	
	Central Zone	6	0	0	
2020/21	Zanzibar Office	6	3	50	28
	Eastern Zone	14	1	0	
	Lake Zone	14	3	21	
	Southern Highland Zone	17	0	0	
	Northern Zone	9	0	0	
	Central Zone	6	3	50	
2021/22	Zanzibar Office	5	5	100	66
	Eastern Zone	17	2	12	
	Lake Zone	22	18	82	
	Southern Highland Zone	14	0	0	
	Northern Zone	4	0	0	
	Central Zone	8	16	200	
2022/23	Zanzibar	8	8	100	83
	Eastern Zone	20	6	30	
	Central Zone	9	11	122	
	Lake Zone	25	24	96	
	Southern Highland Zone	7	0	0	
	Northern Zone	12	18	150	

Source*: TIRA Action Plans from Financial Year 2019/20 to 2022/23 and TIRA's Zanzibar Office and Zonal Offices Sensitization Report from Financial Year 2019/20 to 2022/23.*

From **Table 3.16**, The audit noted that for the financial year 2019/20, market sensitization activities conducted in the Lake zone reached 27% of the planned number. On the other hand, the Eastern zone, Zanzibar office, Southern highland zone, Northern zone and Central zone did not report on the extent of implemented market sensitization activities. Activities were not reported for the financial years 2020/21 and 2021/22 in the Eastern Zone, Southern Highland Zone, and Northern Zone. For the financial year 2021/22, TIRA Zonal Offices implemented an average of 66% of the planned awareness activities. For the financial year 2022/23, awareness activities were conducted by an average of 83% of TIRA Zonal Offices, including the Zanzibar Office. The detailed assessment of the implementation of market sensitization awareness programs at TIRA Zonal Offices is shown in **Appendix Thirteen.**

Moreover, the audit revealed that ineffective implementation of the market sensitization programs was attributed to the absence of the Market Sensitization Framework. It was mentioned that the Framework was still in the draft stage for the reviewed period of four financial years from 2019/2020 to June 2023. At the same time, it was required to be prepared to align with the Zonal Operational Manual, which has been in place since 2010. As a result, Zonal Offices conducted the sensitization program as per the Corporate Strategic Plan without having the Insurance Market Sensitization Framework during the reviewed period of four financial years from 2019/20 to 2022/23.

Consequently, the lack of a Market Sensitization Framework for insurance awareness campaigns during the reviewed period led to inadequate implementation of zonal sensitization activities. This resulted in challenging insurance penetration in the country due to low awareness of insurance matters to consumers and the public.

The audit acknowledges the effort made by TIRA Management to ensure that the Guideline on the Procedures for the Provision of Insurance Education and Awareness was in place by August 2023.

3.6.3 Implementation of Strategies to Enhance the Market Penetration of Insurance Services

TIRA's Strategic Plan for 2019/20-2023/24 establishes the strategic objective two of widening and deepening the insurance market. The targets were developed and implemented to increase insurance market penetration. The intended Results were to increase distribution channels, insurance contribution to the national GDP, the number of demand-driven insurance products and services, and insurance uptake.

Interviews with Senior Officers from TIRA noted that to enhance market penetration, TIRA initiated efforts such as the preparation and implementation of the National Insurance Education and Awareness Strategy (NIES) for 2016/17 – 2019/20 (its ongoing reviews), National Inclusive Insurance Strategy (2020-2030), Tanzania Agricultural Insurance Scheme for 2023 (TAIS) and Launch of the Tanzania Agricultural Insurance Consortium (TAIC) at July 2023.

On the other hand, a review of the TIRA CSP, Annual Performance Reports and Insurance Market Performance Report noted that TIRA has not reported on implementing some of the targets regarding the objective of insurance market penetration. In contrast, other targets were mainly achieved, as shown in **Table 3.17**.

Table 3.17: Measures for the Strategic Objective of the Insurance Market Widened and Deepened

TARGET	2018/19	2019/20		2020/21		2021/22		2022/23	
	Baseline	Plan	Implemented	Plan	Implemented	Plan	Implemented	Plan	Implemented
Number of New Distribution Channels Approved	1	1	1	1	0	1	3	1	0
Insurance Penetration Rate	0.8	0.88	1.55	0.97	1.68	1.06	1.99	1.17	Not yet Published[24]
Number of Insurance Products Introduced to the Market	10	5	5	5	8	5	11	5	16
Number of New Registrants	80	88	123	96	65	105	41	110	70

[24] Waiting for the preparation of the Market Performance Report for the calendar year 2023

TARGET	2018/19	2019/20		2020/21		2021/22		2022/23	
	Baseline	Plan	Implemented	Plan	Implemented	Plan	Implemented	Plan	Implemented
Insurance per Capital (TZS'000) (2019=15.33, 2020=14.75, 2021=15.33)	12.7	14	14.75	15.4	15.334	16.9	18.42	18.6	Not Yet Published [25]

Source*: Analysis of TIRA CSP of 2019/20-2023/2024; TIRA Insurance Market Performance Report from 2019-2021 and 2022; TIRA Annual Performance Reports for 2020/21 - 2021/22; and the TIRA's 3rd Quarter Progress Report for 2022/23.*

Table 3.17 shows that for the financial year 2022/23, TIRA did not report on the achievement of the targets regarding insurance penetration rate. Similarly, Insurance per capital met the target as planned. However, TIRA did not report data for the Financial Year 2022/23.

Furthermore, targets for registration of new registrants were not achieved. For instance, for the financial years 2020/21, 2021/22 and 2022/23, new registrants registered were 68%, 39% and 63% out of the set targets, respectively.

The Management of TIRA indicated that the targets for market penetration and insurance per capital–were not implemented for the financial year 2022/23 because of awaiting the preparation of the Market Performance Report for the calendar year 2023 and Annual Return for 2023, respectively.

Furthermore, the audit noted the effort of TIRA to increase distribution channels, such as Bancassurance Agents, Digital Platforms, Takaful Operations, and Sales Forces Executive, as per set targets on the TIRA Strategic Plan for the Financial Years 2019/20 to 2022/23. Also, the audit acknowledges the effort to approve new insurance products for the market as per the planned target.

However, interviews conducted with insurance registrants revealed that, despite an increase in the registration of registrants, the market is slightly growing. It was further pointed out that the slight growth was also attributed to

[25] Awaits Annual return for 2023

the absence of an insurance policy in Tanzania, which resulted in a slight increase in the uptake of new investors in the insurance industry.

Consequently, a further review of the TIRA's Annual Performance Report for the Financial Year 2021/22 noted that TIRA acknowledged that one of the major challenges facing the insurance industry was low access and usage of insurance services countrywide.

Furthermore, limited access to insurance services was confirmed by reviewing the Finscope Report for 2023. The Report indicated that the Tanzanian Insurance sector, from a supply-side perspective, observed an increase of 82% of its total Gross Premiums Written (GPW) between 2017 (637,141 Million TZS) to 2023 (1,159,348 Million TZS). However, the insurance uptake in terms of people reporting insurance coverage decreased from 15% in 2017 to 10% in 2023, equivalent to a nominal decrease of 0.7 million people.

3.6.4 Inadequate Implementation of Consumer Education and Awareness of the Insurance Matters

TIRA's Five-year Corporate Strategic Plan (2019/20 – 2023/24) indicated that the strategic initiative to be implemented by TIRA includes improving consumer advocacy, awareness, and Insurance literacy. To implement this strategy, TIRA set various targets that involve preparing press releases and distributing them to target media, monitoring social media platforms, conducting consumer awareness programs on legal aspects, and communicating insurance consumer rights through TV programs, radio programs, and advertisements.

However, review of the TIRA CSP, TIRA Annual Action Plans, Performance Reports, PRCU Report for the Financial Year 2021/22 and TIRA's MTEFs, the audit noted that TIRA did not plan and implement several insurance awareness activities as required by TIRA CSP. On the other hand, other activities were planned, but no reports were made available to the auditors indicating those activities were conducted as per the established targets.

It was further noted that most of the planned activities did not specify the number of targets to be measured as described below:

(a) Press Release was inadequately Planned, Prepared and Distributed by TIRA

TIRA's Five-year Corporate Strategic Plan (2019/20 – 2023/24) had a target to ensure press releases were prepared and distributed to target media to improve consumer advocacy, awareness and insurance literacy.

From a review of TIRA Annual Performance Reports, PRCU Report for 2021/22, TIRA Action Plans and TIRA Budget MTEFs, the audit analysed the targets for preparation of press releases from the Financial Year 2019/20 to 2022/23.

The audit noted that TIRA planned four press releases for the 2019/20 financial year, but no reports showed that those activities were implemented as planned. For the Financial Year 2020/21, one press release was reported. TIRA also did not set targets for preparing and distributing press releases for the remaining financial years, despite the requirement stated in the TIRA CSPs that they should be conducted annually.

(b) TIRA Inadequately planned and Produced Social Media Content

The audit analyses the performance of TIRA in planning and producing social media content from the reviewed TIRA CSP, TIRA Annual Performance Reports, PRCU Financial Year Report 2021/22, TIRA Action Plans, and TIRA Budget MTEFs. The analysis of the number of social media content planned versus produced as per the TIRA's KPI to ensure the target of monitoring social media platforms is fulfilled.

The audit noted that for the Financial Year 2019/20, TIRA planned to produce and publish social media content by June 2020. Still, it did not provide targets for the required number of social media content–to be produced to assess its performance. TIRA also did not provide reports indicating activities were conducted as per the plans. For the Financial Years 2020/21 to 2022/23, it was noted that the activity for the production of social media content was not planned contrary to the requirement of the TIRA CSP that required to be planned and implemented annually. This means that TIRA did not plan and produce social media content annually for the reviewed period of Four Financial Years from 2019/20 to 2022/23.

(c) TIRA Inadequately Planned and Implemented its targets regarding the conducting of Consumer awareness Programs on the Legal Aspect

The Auditors conducted further analysis to assess the performance of the TIRA's Key Performance Indicator regarding the target on the conduction of the consumer awareness programs on legal aspects (including consumer rights) as specified in the TIRA's CSP of 2019/20 to 2023/24. The activities were to prepare programs, topics, and materials for a consumer awareness program on the legal aspects of insurance. Additionally, TIRA was required to conduct consumer awareness by identifying the audience, conducting seminars, and submitting an analysed report. This activity was required to be done annually.

However, analysis of TIRA CSP, TIRA Annual Performance Reports, TIRA Action Plans and TIRA Budget MTEFs noted that from the reviewed period of four financial years from 2019/20 to 2021/23, TIRA planned to implement the consumer awareness programme on legal aspects without clearly identifying the number of programmes to be implemented in each Financial Year. Also, TIRA did not prepare reports indicating the extent of prepared materials, nor did it conduct seminars and awareness on legal aspects conducted with insurance consumers.

(c) Inadequate Plans and Implementation of Insurance Consumer Rights through Media

The audit further assessed the performance of TIRA in implementing the Key Performance Indicators (KPIs) that require TIRA to ensure that insurance consumer rights were effectively communicated through TV, radio programs, and advertisements for the period from 2019/20 to 2022/23 as presented in **Table 3.18.** The activity aimed to ensure consumer education and awareness in insurance matters are implemented.

Table 3.18: Performance on the Communication of Insurance Consumer Rights through Media from 2019/20 – 2022/23

Financial Year	No. of TV Programs		No. of Radio Programs		Adverts	
	No. of TV Programs planned	No. of TV programs produced and aired	No. of Radio Programs planned	Number of Radio programs produced and aired	No. of planned advert	No. of advert prepared and published
2019/20	15	0	15	0	Number of adverts not specified	0
2020/21	Not planned	0	Not planned	0	Number of adverts not specified	Advert
2021/22	Not planned	9	Not planned	6	Number of adverts not specified	4
2022/23	Not planned	0	Not planned	7	Number of adverts not specified	4

Source: *Analysis of TIRA CSP, TIRA Annual Performance Reports, PRCU Financial Year Report 2021/22 and TIRA Action Plans, 2023.*

The analysis of **Table 3.18** illustrates that in the Financial Year 2019/20, TIRA planned to conduct 15 TV and radio programs. However, the target number for advertisements was not specified, and no reports from the responsible unit indicated that TV and Radio programs were implemented.

Furthermore, **Table 3.18** revealed that TIRA only planned advertisements on various insurance matters without specifying the number of adverts to be published. Additionally, TV and radio programs were not planned.

Moreover, **Table 3.18** indicated that, in 2021/22, nine TV programs were produced and aired, six radio programs were produced and aired, and four advertisements were published. In 2022/23, seven radio programs were produced, and four advertisements were published. This reveals that the activity was conducted without the outline in the Action Plan.

In that regard, consumer education and awareness of Insurance matters was inadequate, as depicted in **Table 3.18.**

Moreover, a review of the TIRA M&E Report as of June 2022 also revealed that TIRA reported that KPIs regarding improving consumer advocacy, awareness and insurance literacy were insufficiently performed by TIRA, as indicated in **Table 3.19.**

Table 3.19: Performance of Target on Improving Consumer Advocacy, Awareness and Insurance Literacy as of June 2022

S/no.	Performance targets	KPIs	Time frame	Performance attained
1	Consumer awareness Strategy Developed and Implemented	Consumer awareness Strategy Developed and Implemented	By June, 2020	0%
2	Press releases prepared and distributed to target media	Number of press releases prepared	Annually, by June 2024	17% (=3/18)
3	Social Media Platforms monitored	Number of Social Media content produced	Annually, by June 2024	50%
4	Insurance Consumer rights communicated	Number of TV programs produced and aired on mainstream media	Annually, by June 2024	38% (=14/36)
		Number of Radio programs produced and aired on mainstream media	Annually, by June 2024	50% (=24/48)
		Number of Adverts on Various insurance matters published	Annually, by June 2024	50%

Source*: Analysis of TIRA'S Performance Evaluation Report as of June 2022 (2023)*

Table 3.19 shows that TIRA reported that the development and implementation of the Consumer Awareness Strategy did not take place by the specified deadline. The target regarding communicating the insurance consumer's rights through TV and radio programs and advertisements was achieved by 38% to 50%. Generally, the performance of the activities ranges from 17% to 50%.

The interviews with TIRA Officers pointed out that TIRA has implemented awareness strategies using its National Insurance Education Strategy (2016/17-2019/20), which has already expired. Despite the initiative taken to revise the strategy for 2020/21 to 2025/26, which is currently a draft awaiting approval. Additionally, it was mentioned that the inadequate implementation and delay in revising the NIES were due to changes in top management and the insufficient budget allocated to prepare the awareness strategy, which relied on funding from donors, particularly the Financial Sector Deepening Trust.

Consequently, further review of the TIRA's Annual Performance Report for the Financial Years 2020/21 to 2022/23 noted that TIRA acknowledged that among the major challenges still facing the insurance industry is inadequate awareness of insurance matters by insurance consumers.

The observation by TIRA was further confirmed through interviews with officers from insurance companies, who stated that TIRA develops various guidelines, such as the Claim Management guideline. However, there was limited awareness among consumers, even though companies made use of it.

CHAPTER FOUR

AUDIT CONCLUSION

4.1 Introduction

This chapter presents the conclusion of the audit based on the audit objective and specific objectives provided in Chapter One of this report. The conclusion is categorised into two main parts: the overall and specific audit conclusions. These are detailed as follows:

4.2 Overall Conclusion

The Audit Team acknowledges the efforts made by the Tanzania Insurance Regulatory Authority (TIRA) in supervising and monitoring insurance service providers in the country. These efforts include registering 1,165 insurance service providers comprising 35 insurers, 6 Re-insurance Brokers, 922 Insurance Agents, 108 Brokers, 51 loss adjusters, 28 bancassurance agents, 5 Actuarial Firms, 5 Private Investigators, and 5 Insurance Digital Platforms[26].

Other efforts include establishing an Online Registration System (ORS) for registering insurance service providers, approving new insurance products, and carrying out various insurance awareness programs in Zones and the Zanzibar Office. In supervising and monitoring insurance companies, TIRA issues various specific Circulars and Guidelines to introduce and enforce various standards in line with the Insurance Act of 2009. These Circulars and Guidelines include but are not limited to the Circular on Product Registration (Circular No. 094/2021), the Circular on Supervision of Direct Sales Force (Circular NO. 085/2020), and the Guideline to the Insurance Industry requiring the establishment of the Actuarial Function, 2019, Guideline on Insurance Digital Platforms 2022 etc.

However, based on the data collected and analysed in the Finding Chapter, it is concluded that TIRA has not effectively supervised and monitored insurance companies to ensure the interests of policyholders are well protected. Consequently, more interventions are still needed to further improve the supervision and monitoring activities of TIRA to insurance companies because our findings revealed that there is still an increase of outstanding claims from

[26] TIRA, December 2022; Annual Insurance Market Performance Report.

TZS 114.533 billion in 2019/20 to TZS 127.253 billion in 2022/23 equivalent to 11% increase. This indicates that TIRA does not ensure claims are settled in a timely manner by insurance companies, as indicated in the Findings Chapter of this Report. The noted increase in outstanding claims at the year-end was caused by various factors, including consequences of the Pandemic in 2019/20, delays in handling claims and growth in written premiums. However, TIRA still considers the increasing number of outstanding claims to be normal in the insurance business, and it does not indicate any inefficiencies on the part of insurance companies in claims settlement. This implies that TIRA is unwilling to determine mitigation measures for challenges resulting from the noted growth of the outstanding insurance claims in the sector.

The Audit Team also indicates some deficiencies, such as inadequate conduct in the inspection of insurance companies, the presence of insurance companies operating below the required level of solvency margin, insufficient enforcement actions taken against insurance companies practising premium undercutting, inadequate claims management by insurance companies and inadequate evaluation of the level of awareness and satisfaction of policyholders on insurance services. Specifically, the audit concluded as follows:

4.3 Specific Audit Conclusions

The following are specific audit conclusions:

4.3.1 Inspections of Insurance Service Providers are not Adequately Conducted

The inspections of insurance service providers are not adequately done. Through the supervision directorate, TIRA's risk analysis does not cover all registered insurance companies and insurance intermediaries for planning and conducting on-site inspections. TIRA does not visit each insurance company and its branches. As a result, it has no information on the compliance of each insurance service provider.

Also, the planning and reporting of inspection activities are inadequately conducted by TIRA.TIRA does not conduct a risk analysis of insurance intermediaries such as brokers and agencies to be considered for inspection by being included in the TIRA's Annual Action Plans.

Inadequately conducting onsite inspections of insurance companies and insurance intermediaries may contribute to an increase in non-compliance with the regulatory framework in the insurance sector.

4.3.2 Inadequate Monitoring of Financial Soundness of Insurance and Reinsurance Companies

The audit concluded that TIRA inadequately ensures the insurance companies are financially sound by taking enforcement actions against the identified insurance companies with financial unsoundness challenges, insurance companies practising premium undercutting and ensuring insurance companies maintain required security deposits at all times with the Bank of Tanzania.

TIRA is also not taking satisfactory enforcement actions to ensure the insurance companies with financial unsoundness are rectifying their status as per the requirement of Section 20(3) of the Insurance Act, No. 10, 2009. Furthermore, TIRA inadequately makes follow-up on the recapitalization plans or responses submitted by the assessed insurance companies.

TIRA is also inadequate in ensuring insurance companies establish the actuarial function. This is because, for the reviewed period of four financial years, some of the registered insurance companies did not establish actuarial functions as per the requirement of the Insurance Guideline to the Insurance Industry on Actuarial Function issued by the Commissioner in November 2018, which became effective from January 2019.

Moreover, TIRA is not sufficiently taking enforcement measures for insurance companies that are practising premium undercutting. This situation is identified through market conduct inspections conducted by insurance companies, whereby some of them found underwriting premiums below minimum rates (premium undercutting). However, the Authority does not adequately take the required regulatory measures for those registrants contrary to Sections 162 & 165 of the Insurance Act, 2009.

4.3.3 TIRA does not Adequately Supervise the Claim Settlement Management and Ensure they are Handled Fairly, Transparently and Timely

TIRA does not ensure the public has adequate knowledge of insurance claim settlement procedures provided by the insurance service providers before commencing and signing the policy and cover note.

TIRA has not managed to bridge the gap to address the challenges faced by insurance policyholders on claim settlement, especially delays in claims settlement, lack of transparency on the claims settlement process, and inadequacy in communication between policyholders and insurance companies.

4.3.4 TIRA is not adequately Evaluating the levels of Awareness and Satisfaction of Customers on Insurance Services

The audit concludes that there are significant gaps in evaluating the awareness and satisfaction of customers on insurance services caused by the insufficiency of TIRA to develop and implement the Corporate Events Management Plan Document for conducting public events and outreach programs within the reviewed period from 2019/20 to 2022/23. Also, TIRA prepared a Market sensitization framework for the zone offices to harmonize the conduct of market sensitization between zone offices for the reviewed period of 2019/20 – 2022/23.

Furthermore, TIRA managed to register new registrants despite not achieving the planned target, increasing the distribution channels, and approving new insurance products. However, the insurance uptake in terms of people reporting insurance coverage has decreased from 15% in 2017 to 10% in 2023, equivalent to a nominal decrease of 0.7 million people. The absence of a national insurance policy is the major cause of the slight increase in the uptake of new insurance and new investors in the insurance industry. Furthermore, the policy would have guided various ministries, departments, and agencies on the development of the country's insurance industry.

Additionally, TIRA's planned activities on consumer Education and awareness of the insurance matter do not specify the target to be implemented, which hindered the performance assessment. It was noted that TIRA has not approved the National Insurance Education Strategy (NIES) to align it with the Financial

Sector Development Master Plan from 2020/21 to 2029/30. This strategy would have provided the objectives and targets to direct the Authority and stakeholders to focus on specific areas of awareness stage by stage to improve awareness and increase market penetration.

CHAPTER FIVE

AUDIT RECOMMENDATIONS

5.1 Introduction

The audit findings and conclusions pointed out observations in the monitoring and supervision of insurance service providers as implemented by TIRA.

The audit recommends improvements in this area to improve the identified observations in the monitoring and supervision of insurance service providers.

The National Audit Office expects that based on the 3Es of Economy, Efficiency and Effectiveness principles, these recommendations must be fully implemented to ensure improvements in the supervision and monitoring of insurance service providers.

The recommendations are addressed explicitly to the TIRA as shown below:

5.2 Audit Recommendations to the Tanzania Insurance Regulatory Authority

5.2.1 To improve Inspections to determine Qualifications and Adherence to Code of Conduct for Insurance Service Providers

To ensure adequate inspections are conducted for Insurance Companies in the Country, TIRA is argued to:

(i) Strengthen and integrate the risk assessment procedures by adopting a risk-based approach during planning to cover all insurance service providers to have the basis for the selection of insurance service providers to be inspected;

(ii) Conduct follow-up on implementation of recommendations and directives issued to insurance service providers from the onsite/offsite inspections and periodically produce the follow-up reports; and

(iii) Ensure the Management Responses from the Insurance Service Providers are accompanied by timelines for implementing the noted observations from the conducted inspections. The timelines for implementing the

TIRA's observations should enhance the effective implementation of revealed observations and follow-up by TIRA.

5.2.2 To Adequately Assess and Monitor the Financial Soundness of Insurance and Reinsurance Companies

(i) Strengthen the mechanisms to ensure insurance companies maintain sufficient capital to meet statutory and prudential solvency margin levels. The mechanism should also ensure insurance companies underwrite risks profitably while reducing their management expenses in relation to Net Premium Written;

(ii) Enforce the available mechanisms to ensure all the Insurance Companies establish the actuarial function and are properly functioning as per the requirement of the Guideline on the Actuarial Function of Insurance Companies;

(iii) Establish mechanisms to ensure effective coordination between TIRA zonal offices, the Zanzibar Office and the Head Office in taking enforcement actions against insurance companies practising premium undercutting. The mechanisms should enable TIRA to track, monitor and follow up on the required and issued enforcement actions to insurance service providers; and

(iv) Strengthen compliance by insurers with Regulation 20(1) of the Insurance Regulations of 2009 to maintain a minimum of 50% of paid-up share capital as a security deposit at BoT pledged with the Commissioner of Insurance to protect policyholders but also to function as an investment.

5.2.3 To Adequately Ensure Claims are Handled in a Timely, Fairly and Transparent Manner by Insurance Companies

TIRA is argued to:

(i) Strengthen the mechanisms for monitoring the insurance claims settlement processes by Insurers to ensure claims are settled promptly, transparently and fairly. The mechanism should facilitate

TIRA in monitoring the claims settlement processes by insurers prior to and after the issuance of the discharge vouchers.

5.2.4 To Periodically Evaluate the Level of Awareness and Satisfaction of Policyholders on Insurance Services Provided by Insurers

To improve the level of awareness, penetration and Satisfaction of Policyholders on Insurance Services provided by insurers, TIRA is urged to:

(i) Ensure the National Insurance Education Strategies is updated and is in line with the objective of the Financial Sector Development Master Plan on enhancing awareness strategies by TIRA in the insurance sector; and

(ii) In collaboration with the Ministry of Finance, develop, approve and disseminate the National Insurance Policy. The National Insurance Policy aim to create a favourable environment for private investments in the insurance sector and specify additional classes of compulsory insurance.

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APPENDICES

Appendix One: Responses from the Tanzania Insurance Regulatory Authority

This part provides responses to the Tanzania Insurance Regulatory Authority. The responses are divided into two, i.e., general and specific responses for each of the issued audit recommendations:

A: Overall responses

TIRA has noted the auditors' observations and recommendations and has reservations about some issues raised in the report. We promise to work on the auditors' observations that aim to improve the supervision and monitoring of insurance service providers in the country.

B: Specific Responses

No	*Recommendation*	*Comment (s)*	*Action(s) to be taken*	*Timeline*
1.	Strengthen and integrate the risk assessment procedures by adopting a risk-based approach during planning to cover all insurance service providers to have the basis for the selection of insurance service providers to be inspected.	The risk assessment procedures of the Authority are risk-based, cover all insurance service providers, and are carried out through the TIRA RBS System on a quarterly basis. The results of the risk-based assessment inform the selection of entities to be included in the inspection plans.	The integration of the risk assessment procedures through TIRA RBS is in place.	Implemented
2.	Conduct follow-up on implementation of recommendations and directives issued to insurance service providers from the onsite/offsite	Follow-up on the implementation of recommendations issued to inspected entities is conducted through a Legal Enforcement Committee (LEC)	To proceed with conducting follow-up on the implementation of recommendations and directives.	Ongoing

No	Recommendation	Comment (s)	Action(s) to be taken	Timeline
	inspections and periodically produce follow-up reports.	that indicates issues raised and their respective implementation status.	To periodically produce follow-up reports.	
3.	Ensure the Management Responses from the Insurance Service Providers are accompanied by timelines for implementing the noted observations from the conducted inspections. The timelines for implementing the TIRA's observations should enhance the effective implementation of revealed observations and follow-up by TIRA.	Responses from the insurance service providers and the implementation of recommendations issued to respective inspected entities will be improved and accommodated in the follow-up report.	The Authority will ensure the matrix with timeline and implementation status are in place.	30th June, 2024
4.	Strengthen the mechanisms to ensure insurance companies maintain sufficient capital to meet statutory and prudential solvency margin levels. The mechanism should also ensure insurance companies underwrite risks profitably while reducing their	The Authority carried out an assessment of the solvency margin position of insurers and reinsurers on a quarterly basis. The solvency margin position changes periodically according to the level of risks absorbed in the books from time to time. The	To continue monitoring and ensuring insurance companies maintain sufficient capital.	Ongoing

No	*Recommendation*	*Comment (s)*	*Action(s) to be taken*	*Timeline*
	management expenses in relation to Net Premium Written.	correct position is determined upon submission of the audited financial accounts.		
5.	Enforce the available mechanisms to ensure all the Insurance Companies establish the actuarial function and are properly functioning as per the requirement of the Guideline on the Actuarial Function of Insurance Companies.	The Authority has assessed the Guidelines and found it necessary to review them to address the challenges faced during its implementation.	The review will be carried out.	30th June,2025
6.	Establish mechanisms to ensure effective coordination between TIRA zonal offices, the Zanzibar Office and the Head Office in taking enforcement actions against insurance companies practising premium undercutting. The mechanisms should enable TIRA to track, monitor and follow up on the required and issued enforcement	The Authority has a mechanism to ensure effective coordination between TIRA zonal offices, the Zanzibar Office and the Head Office through its Zonal Operational Manual,2023. The manual stipulates how non-compliance and any irregularities revealed by Zonal Offices and the Zanzibar Office are submitted to the Legal and Enforcement Committee (LEC)	The Authority continues to adhere to the Zonal Operational Manual, 2023, for effective enforcement actions.	Ongoing

No	*Recommendation*	*Comment (s)*	*Action(s) to be taken*	*Timeline*
	actions to insurance service providers.	for deliberations and actions. Therefore, all undercutting issues reported from zonal offices and the Zanzibar office were submitted to LEC, and remedial actions were taken.		
7.	Strengthen compliance by insurers with Regulation 20(1) of the Insurance Regulations of 2009 to maintain a minimum of 50% of paid-up share capital as a security deposit at BoT to protect policyholders but also to work as an investment.	TIRA adequately ensures insurance companies maintain security deposits as required by Regulation 20 and Guideline on Investment and Solvency Margin Management, 2022. Based on the said Guidelines, the TIRA Trust Account has been introduced to ensure security deposits are effectively protected. Therefore, the funds available in the Trust Account form part of the security deposit for the purposes of safeguarding the interests of policyholders. These arrangements are safer and robust	The Authority continues to monitor and ensure insurers comply with Regulation 20(1) to protect policyholder's interests.	*Implemented in September, 2022*

No	*Recommendation*	*Comment (s)*	*Action(s) to be taken*	*Timeline*
		in enforcing Regulation 20 since upon maturity of BoT deposits, the funds are remitted to the Trust Account and remain inaccessible to the insurers for unauthorized expenditure.		
8.	Strengthen the mechanisms for monitoring the insurance claims settlement processes by Insurers to ensure claims are settled promptly, transparently and fairly. The mechanism should facilitate TIRA to monitor the claims settlement processes by insurers prior to and after the issuance of the discharge vouchers.	The Authority has mechanisms to monitor the insurance claims settlement process. These include: a. Claims Management Guidelines, 2022; b. Periodic and Special inspections; c. TIRAMIS Claims Management Module; and d. Guidelines on Minimum Benefit Structure for Motor Third Party Bodily Injury and Death Claims, 2022. Based on documentary evidence, the Authority carries out regulatory	The Authority continues making follow up to ensure Insurers follow claims settlement processes as stipulated in the Guidelines.	Ongoing.

No	Recommendation	Comment (s)	Action(s) to be taken	Timeline
		action against defaulters in respect of each case of non-compliance that has come to its attention.		
9.	Ensure the National Insurance Education Strategies is updated and is in line with the objective of the Financial Sector Development Master Plan on enhancing awareness strategies by TIRA in the insurance sector.	The Authority started engaging key stakeholders to be part of the National Insurance Education Committee (NIEC) for the preparation of NIES 2023 - 2027. The draft NIES 2023 - 2027 awaits relevant approval, and awareness plan(s) will be annually prepared as an implementation tool of the strategy once approved.	The Authority will endeavour to ensure that NIES 2023 - 2027 is in place.	30th June, 2024.
10.	In collaboration with the Ministry of Finance, develop, approve and disseminate the National Insurance Policy. The National Insurance Policy aim to create a favourable environment for private investments in the insurance sector and specify	The observation is noted. The Authority collaborates with the Ministry of Finance to ensure that the National Insurance Policy is in place.	The Authority is making follow up to ensure that the National Insurance Policy is in place.	30th June,2025

No	*Recommendation*	*Comment (s)*	*Action(s) to be taken*	*Timeline*
	additional classes of compulsory insurance.			

Appendix Two: Audit Questions and Sub questions

Audit Question 1:	**To what extent does the problem of insufficient supervision and monitoring of insurance companies exist in the country?**
Sub-Audit Question 1.1	*To what extent do uncovered insurance claims exist in the country?*
Sub-Audit Question 1.2	*To what extent does TIRA effectively handle insurance claims?*
Sub-Audit Question 1.3	*To what extent does TIRA ensure proper communication between insurance consumers and registrants?*
Audit Question 2:	**Does TIRA adequately conduct inspections to determine to what extent qualifications and adherence to the code of conduct for insurers are periodically performed?**
Sub-Audit Question 2.1	*Does TIRA maintain functioning risk-based inspection plans for insurance service providers?*
Sub-Audit Question 2.2	*Does TIRA adequately inspect insurance companies as per established plans?*
Sub-Audit Question 2.3	*Does TIRA adequately follow up on the implementation of recommendations made to insurance companies during inspections?*
Audit Question 3:	**Does TIRA adequately conduct, assess and monitor the financial soundness of insurance and reinsurance companies?**
Sub-Audit Question 3.1	*Does TIRA assess the financial soundness of insurance companies?*
Sub-Audit Question 3.2	*Does TIRA take enforcement actions against the identified insurance companies with financial unsoundness problems?*
Sub-Audit Question 3.3	*Does TIRA ensure that insurance companies establish and maintain underwriting functions as per the guidelines for the Actuarial Function 2018?*
Sub-Audit Question 3.4	*Are there any enforcement measures taken by TIRA against insurance companies practising undercutting?*
Sub-Audit Question 3.5	*Does TIRA establish a mechanism to ensure that the premium required to be submitted to reinsurance companies is done adequately and in a timely manner?*
Sub-Audit Question 3.6	*Does TIRA ensure that insurance companies maintain the required minimum investment with the Bank of Tanzania?*
Audit Question 4:	**Does TIRA ensure claims are handled in a timely, fairly, and transparent manner by insurance companies?**
Sub-Audit Question 4.1	*Does TIRA ensure insurance claims filed by claimants are managed in a timely manner by insurance companies?*
Sub-Audit Question 4.2	*Does TIRA ensure Insurance Companies fairly manage insurance claims filed by claimants?*

Sub-Audit Question 4.3	*Does TIRA ensure that the management of insurance claims filed by claimants by insurance companies is transparent?*
Sub-Audit Question 4.5	*Does TIRA ensure disputes resulting from unsettled claims are effectively handled?*
Audit Question 5:	**Does TIRA periodically evaluate the level of awareness and satisfaction of customers on insurance services provided by insurers?**
Sub-Audit Question 5.1	*Does TIRA adequately implement corporate strategic initiatives to enhance Public Awareness of Insurance Services?*
Sub-Audit Question 5.2	*Does TIRA ensure that sensitization is conducted at zonal offices?*
Sub-Audit Question 5.3	*Does TIRA develop and implement strategies to ensure that the market penetration of insurance services increases in the country?*
Sub-Audit Question 5.4	*Does TIRA ensure education and awareness programs are adequately promoted to insurance consumers?*

Source: *Auditor's analysis, 2023.*

Appendix Three: Sampled Insurance Companies

General Insurance Companies				
SN	Name of the insurance company	General insurance gross premium written (2021) (TZS Million)	Category of premium written	Selected Company
1	Jubilee	93,495	High	✓
2	Strategies	82,967		✓
3	Alliance	76,233		✓
4	NIC	56,971	Medium	✓
5	Heritage	70,203		
6	Phoenix	36,194		
7	Britam	36,172		
8	Reliance	34,588		
9	Assemble	31,243		✓
10	Meticulous	28,922	Small	
11	Sanlam General	27,506		
12	Mayfair	27,081		✓
13	MO	20,633		
14	ZIC	20,325		✓
15	ICEA Lion	17,255		
16	UAP	16,016		✓
17	Bamako	14,450		
18	Tanzidia	13,060		
19	First	12,760		
20	GA	8240		
21	IGT	6884		
22	MGen	4137		
23	Milembe	4053		
24	Resolution	3796		
25	Maxinsure	3263		
26	Beema Star	-		
Life Insurance Companies				
	Name of the insurance company	Life insurance gross premium written(2021) (TZS MILLIONS)	Category of premium	Selected Company

1	Sanlam life	110,066	High	✓
2	Alliance life	20,232	Small	✓
3	Jubilee life	13,021		
4	NIC	10,933		
5	Metro life	10,483		
6	Bumaco life	154		

Key

A high premium is written: TZS 60 to 100 Billion

Medium premium is written: TZS 30 to 60 Billion

The low premium is written: TZS 0 to 30 Billion

Appendix Four: Selected TIRA's Operating Zonal Offices and Regions to be Visited

Name of TIRA's Zonal Offices	Regions Served by the respective TIRA's Zonal Offices	The region with headquarters of TIRA's Zonal Offices
Eastern Zone	Dar es Salaam	Dar es Salaam
	Lindi	
	Pwani	
	Mtwara	
Northern Zone	Arusha	Arusha
	Tanga	
	Kilimanjaro	
	Manyara	
Lake	Kagera	Mwanza
	Mwanza	
	Kigoma	
	Shinyanga	
	Geita	
	Simiyu	
	Mara	
Southern Highland	Mbeya	Mbeya
	Njombe	
	Katavi	
	Songwe	
	Rukwa	
	Iringa	
Central Zone	Dodoma	Dodoma
	Tabora	
	Morogoro	
	Singida	

Source*: Auditors' Analysis, 2023*

Appendix Five: List of Reviewed Documents and Reasons for Review

Category of the Documents	Title of the Documents	Reasons for Reviewing
Plans & Strategies	• TIRA Strategic Plan; • TIRA Annual Action Plans from financial year 2019/20-2022/23; • TIO Action Plans from 2019/20- 2022/23; • TIRA Combating plan from 2019/20- 2022/23; and • Inspection plans from 2019/20- 2022/23.	• To examine the extent of planned activities relating to claim management in the respective year and for the period under review from 2019/20 to 2022/23; and • To gain insights into regulatory objectives, alignment with strategic priorities, performance measurements, risk focus and mitigation strategies, resources allocation and efficiency, benchmarking, and recommendation alignment.
Performance Reports	• TIRA's Internal Audit Reports from 2019/20-2022/23 • TIRA Inspection Reports from 2019/20- 2022/23; • Quarterly and Annual performance report from 2019/20- 2022/23; • Ombudsman Reports from 2019/20- 2022/23 • TIRA'S Awareness and Training Reports from 2019/20-2022/23; • Complaint registers from 2019/20-2022/23; • TIRA Combating Reports from 2019/20- 2022/23; • Financial Condition Report (FCR) of the insurance companies from 2019/20 - 2022/23 and • TIRA Researches on the issues of penetration and awareness of insurance services.	• To examine the performance of TIRA in ensuring effective claim management to protect policyholders; • To gain valuable insights into the regulatory landscape, industry performance, compliance levels, risk assessment, enforcement actions, and regulatory updates; and • To gain access to reliable information on compliance levels, systemic issues, evidence for audit findings, basis for recommendations, and performance evaluation of TIRA.

Category of the Documents	Title of the Documents	Reasons for Reviewing
Monitoring Reports	• Monitoring and Evaluation Report of Corporate Strategic Plan for the planned activities for 2019/20-2022/23.	• To assess the effectiveness of monitoring conducted by TIRA to ensure planned activities are done to meet objectives.

Source*: Auditor’s Analysis, 2023*

Appendix Six: List of Officers Interviewed during the Main Study

Institution covered	Officers Interviewed	Reasons for Interviewing Them
TIRA HQ	• Deputy Commissioner of Insurance. • Director, Supervision Directorate; • Manager, Planning, & Research section; • Manager, Insurance Market Development Section; • Manager, Inspection Section; • Manager, Actuarial and statistics analysis section; • Manager, Legal enforcement, and Complaints handling section; and • Manager, Public Relations, and Communication unit.	To assess • The insurance registrants meet the insurance laws and guidelines; • TIRA adequately conducts assessments and monitors the financial soundness of insurance companies and reinsurance companies; • TIRA on the externalization of premium conducted on Time; • Adequate implementation of corporate strategic initiatives on enhancing public Awareness of Insurance Services; and • TIRA prepares adequate strategies to Ensure Market Penetration of insurance services.
TIRA ZONAL OFFICE	• TIRA Zonal managers; and • Senior Zonal officers conducting inspection and combating activities.	• To understand procedures followed during combating activities; • To understand the adequacy of plans and implementation in ensuring combating activities conducted to detect undercutting; • To assess the adequacy conduction of the sensitization framework at zonal offices; • To understand the adequacy of plans on the awareness of insurance service under zonal level; and • To assess adequate monitoring of the insurance claim process filled by claimants at the zonal level

Institution covered	Officers Interviewed	Reasons for Interviewing Them
Zanzibar office	• Deputy Commissioner of Insurance; and • Zonal Manager	• To understand the adequacy of plans and implementation in ensuring effective claim management of insurance companies; • To understand the adequacy of plans on the awareness of insurance service at Zanzibar and • To understand their planned daily activities and reporting processes.
Insurance and Reinsurance Companies.	• Official insurance and reinsurance companies deal with legal and claim management.	• To assess the efficiency and effectiveness of insurance companies on claim management; • TIRA on the externalization of premium conducted on Time; and • To assess the adequacy of insurance companies on underwriting functions to adhere to established insurance laws and guidelines.

Source*: Auditor's Analysis, 2023*

Appendix Seven: Checklist for the Required on-site inspection procedures while assessing the principal-agent relationship between insurer and insurance agents

Category of Intermediaries	Procedures to be undertaken on the Inspection of Insurers on Relationship with Intermediaries
Insurance Agents	• Number of agents that transact business with the insurer, including their names, addresses/locations, and volume of business; • The agreement between the insurer and agents; • Examine if each agent possesses an identity card issued by the insurer as required by section 64 of the Insurance Act; • Examine if the insurer has provided training to its agents; • He/she shall examine if there are steps that the insurer has taken to ensure that each of its agents is a person of integrity; • He/she shall identify the existence of any fraudulent practices or misuse of funds committed by the agent; • He/she shall examine if the company has ever taken any disciplinary action (including dismissal) against any of its agents during the period under review and establish the reason and actions undertaken; • They examine if the agents are registered with the Authority and if they are transacting with the approved principal insurers; and • He/she shall examine if the insurer reconciles its records with the agents' records periodically, as well as physical visits by the insurer

Source: *Appendix 1 to the TIRA Inspection Procedural Manual Version 2, October 2022 (2023)*

Appendix Eight: Required Checklist for Inspection of Insurance Intermediaries

Category of Intermediaries	Required Areas of Inspection of Intermediaries
Insurance Brokers	• Brokers staff compliment and Competence, • Broker's Office Set Up, • Brokers Underwriting Function, • Broker's claim function, • Brokers Record keeping and ICT, • Broker's External Audit, • Broker's Internal Audit, • Maintenance of Paid-Up Capital, • Accounting function, • Employment agents, • Product Development, Cash and carry S.72 of the Insurance Act, and • Compliance with Part D of the Second Schedule to the Insurance,
Insurance Agents	• Valid registration license, • Office disposition, • Maintenance of the required capital, • Qualification of the principal officer, • Agent's Underwriting practices, • Banking of collected premiums, • Facilitation of claims process, • agency relationship with principal insurers, • Complaint handling, Letter of appointment from respective Insurer(s), • The volume of business transacted with insurers; and • Proof of professional indemnity.
Loss Assessors, Surveyors, Adjusters and Private investigators	• Valid registration license, • Office disposition, • Promptness of assessment of losses, • Fee Payments, • Qualifications and competence of personnel, and • Returns submission.
Bancassurance Agents	• Staff Compliment and Competencies, • Capacity Building, • Office Set up,

Category of Intermediaries	Required Areas of Inspection of Intermediaries
	• Underwriting Function, • Claim Function, • Accounting Function, • Internal Audit, • External Audit, • Record Maintenance and ICT, • Product development, • Insurance Premium Financing (IPF), • Budget and Targets, and • Public awareness programs,
Insurance Digital Platforms (IDPS)	• Qualifications and competence of personnel Database, • System Audit, • List of insurers with which IDP tracts business, • Commission/ fee income, • IDP's Profile, • Premium remittance to insurers, • products offered, • claims facilitation, and • communication, advertisements,
Actuaries	• Valid registration license, • Qualifications, • office setup, and • Business Performance.

Source*: TIRA Inspection Procedural Manual Version 2, October 2022 (Appendix 4,6,7,8,9 and 10)*

Appendix Nine: Assessment of Action Taken by TIRA to Insurers Found Operating with Negative Solvency as per the September 2022 Assessment

S/no.	Name of assessed Company	Available solvency deficit (TZS Million	Action taken by TIRA (i.e. requesting recapitalization and claims payment plan)	Status of Submission of Recapitalization plan	Follow-up by TIRA on Rectification of the solvency challenge
1	Sanlam General Insurance (T) Limited	(238.24)	No action	Not submitted	No follow-up
2	Tanzindia Assurance Company Limited	(320.51)	No action	Not submitted	No follow-up
3	First Assurance Company Limited	(958)	Letter with Ref. No. BC.81/105/06/44 dated 22nd Nov. 2022	Not submitted	No follow-up
4	Ga Insurance Tanzania Limited	(39)	Letter with Ref. No. BC.81/528/01/04 dated 21st Nov. 2022 and letter Ref. No. BC.81/528/01/05 dated 05th Jan.2023	Letter Ref. GA/AS/TIRA/14/2023 dated 10th Feb.2023	Planned follow-up through letter Ref.No.BC.81/528/01/04 dated 28.02.2023
5	Maxinsure (Tanzania) Limited	(1,149.46)	No action	Not submitted	No follow-up

S/no.	Name of assessed Company	Available solvency deficit (TZS Million	Action taken by TIRA (i.e. requesting recapitalization and claims payment plan)	Status of Submission of Recapitalization plan	Follow-up by TIRA on Rectification of the solvency challenge
6	UAP Insurance Tanzania Limited	(2,185.08)	No action	Not submitted	No follow-up
7	National Insurance Corporation	(74.31)	Letter with Ref.No.AB.81/105/19/84 dated 22/11/2022	NIC letter with Ref. No. AB.51/147/10-E/73 dated 06th Dec. 2022 stated the company had a positive solvency margin of TZS 50.2 billion	Follow-up made by TIRA through a letter with Ref. No. AB.81/105/19/9 dated 31st Jan.2023 requiring NIC to inject a fresh capital of TZS 18,123
8	Zanzibar Insurance Corporation	(3,081)	Letter with Ref. No. AB.81/105/30/40 dated 22nd Nov. 2022	The Revolutionary Government of Zanzibar committed to bear the responsibilities of ZIC when it deem to unable to pay its debts through letter with Ref. No. BA.26/199/07/35 dated 07/12/2022	The Revolutionary Government of Zanzibar committed to bear the responsibilities of ZC
9	Milembe Insurance Compan	(2,055)	Letter with Ref. No. AB.81/105/15/18 dated 22nd Nov. 2022	Letter with Ref. No. MIC/TIRA/SLV/02/2023 dated 16th May 2023	TIRA held a meeting with Milembe Ins. Company Ltd on 16th May 2023,

S/no.	Name of assessed Company	Available solvency deficit (TZS Million	Action taken by TIRA (i.e. requesting recapitalization and claims payment plan)	Status of Submission of Recapitalization plan	Follow-up by TIRA on Rectification of the solvency challenge
	y Limited			stating initiatives done to improve the solvency status of the company	agreeing to the company's recapitalization plan
10	Insurance Group of Tanzania Limited	(4,828.77)	No action	Not submitted	No follow up
11	Mgen Tanzania Insurance Company Limited	(3,682.37)	Letter not availed	Letter dated 30th Sept.2022 requesting an extension for submission of recapitalization and claims payment plans Letter with Ref. No. TIRA/MGEN/IP/46/2022N demanding extra extension for submission of the recapitalization plan	TIRA Letters Ref.No.AB.81/104/15/65 dated 13th Sept. 2022 and Ref. No. AB.201/533/15/09 dated 14th Dec. 2022 granting an extension of time for submission of the recapitalization plan. TIRA Letter Ref. No. AB.81/104/15/75 dated 11th Jan. 2023 denying the requested extra extension of time for submission of the

S/no.	Name of assessed Company	Available solvency deficit (TZS Million	Action taken by TIRA (i.e. requesting recapitalization and claims payment plan)	Status of Submission of Recapitalization plan	Follow-up by TIRA on Rectification of the solvency challenge
					recapitalization plan
12	Assemble Insurance (T) Limited	(19,273.34)	No action	Recapitalization plan submitted through a letter dated 31st May, 2023	No follow-up
13	Resolution Insurance Limited	(17,907.30)	No action	Recapitalization plan submitted through a letter dated 10th January 2023	No follow-up
14	Tan-Re	(3,992)	Letter with Ref. No. AB.81/105/27/22 dated 22nd Nov. 2022	Letter Ref. No. TAN-RE/TIRA/INS-0/12/22 dated 06th Dec.2022	TAN-RE injected TZS 11,677.5 million
15	Bumaco - Life	(307.66)	No action	Letter Ref. BL/RC/2023/12/001 dated 06th Dec.2022	No follow-up
16	Metropolitan Tanzania Life Assurance	(3,138)	Letter with Ref. No. AB.81/105/14/26 dated 22nd Nov. 2022	Letter with Ref. No. TIRA/CRDB/AB/04/2023 dated 16th Jan. 2023 requesting an extension for submission of the recapitalization plan	TIRA letter with Ref. AB.81/105/14/30 dated 27th Jan.2023 granting extension for submission recapitalization plan at the time of submitting annual audited returns

Source*: Reviewed TIRA's Status of Insurers Solvency Margin as of 30 June 2022 dated September 2022 and Correspondences Letters between TIRA and Insurance*

Appendix Ten: Status of Establishment of Actuarial Function by Visited Insurance Companies

Name of the company	Date of visit	Status of employment of internal actuary
Jubilee	02.10.2023	x
National Insurance Corporation		✓
Strategies	03.10.2023	✓
Alliance General		✓
Mayfair	04.10.2023	✓
Assemble		✓
Sanlam General	05.10.2023	✓
UAP Insurance		✓
Alliance Life	06.10.2023	✓

Source: *Physical verification to the visited insurance companies (2023)*

Appendix Eleven: Insurers who Maintained Security Deposits below Minimum Requirement

Name of Insurer	Minimum Capital Required (TZS)	50% of Minimum Capital (TZS)	Status of Security Deposit (TZS)	Deficit (TZS)	Compliance status
Beema Star Insurance Company (formerly Star General)	2,360,870,000	1,180,435,000	950,000,000	230,435,000	Partially Complied
Bumaco Insurance Co. Ltd	2,360,870,000	1,180,435,000	1,144,900,000	35,535,000	Partially Complied
Bumaco Life Insurance Company	2,360,870,000	1,180,435,000	1,103,300,000	77,135,000	Partially Complied
Insurance Group of Tanzania Ltd	2,360,870,000	1,180,435,000	527,800,000	652,635,000	Partially Complied
Maxinsure (Tanzania) Ltd	2,360,870,000	1,180,435,000	1,143,200,000	37,235,000	Partially Complied
Mgen (T) Insurance Company	1,180,440,000	590,220,000	100,000,000	490,220,000	Partially Complied
Milembe Insurance Company Ltd	2,360,870,000	1,180,435,000	167,800,000	1,012,635,000	Partially Complied
Phoenix Of Tanzania Assurance Co Ltd	2,360,870,000	1,180,435,000	1,170,600,000	9,835,000	Partially Complied
Resolution Insurance Company	1,180,440,000	590,220,000	500,000,000	90,220,000	Partially Complied
Tanzania Reinsurance Company Ltd	9,522,240,000	4,761,120,000	3,365,000,000	1,396,120,000	Partially Complied
Tanzindia Assurance Company Ltd	2,360,870,000	1,180,435,000	950,000,000	230,435,000	Partially Complied
Total	**30,770,080,000**	**15,385,040,000**	**17,433,239,076**	**4,262,440,000**	

Source: *Reviewed Statement of Securities Pledged with the Commissioner of Insurance by the Insurance Companies as of 7th January 2024.*

Appendix Twelve: Insurers who do not maintain a Security Deposit at BoT

Insurers Name	Minimum capital required	Required investment (50% of minimum capital)	Invested amount (TZS)	Deficit (TZS)	Compliance Status
Assemble Insurance Tanzania Limited	2,360,870,000	1,180,435,000	-	1,180,435,000	Not Complied
Britam Insurance Tanzania Limited	2,360,870,000	1,180,435,000	-	1,180,435,000	Not Complied
Metro Tanzania Life Assurance Company Limited	2,360,870,000	1,180,435,000	-	1,180,435,000	Not Complied
MO Assurance Company Limited	2,360,870,000	1,180,435,000	-	1,180,435,000	Not Complied
Pan Afrique Re Limited	NO DATA	NO DATA	NO DATA	NO DATA	Not Complied
Sanlam General Insurance Company	2,360,870,000	1,180,435,000	-	1,180,435,000	Not Complied
Sanlam Life Insurance (Tanzania) Limited	2,360,870,000	1,180,435,000	-	1,180,435,000	Not Complied
UAP Insurance Tanzania Limited	2,360,870,000	1,180,435,000	-	1,180,435,000	Not Complied
Total	**16,526,090,000**	**8,263,045,000**	-	**8,263,045,000**	

Source*: Reviewed Statement of Securities Pledged with the Commissioner of Insurance by the Insurance Companies as of 7th January 2024.*

Appendix Thirteen: The Extent of Implementation of Market Sensitization Programs by TIRA

Year	Targets	Division	Planned Activities	Target achieved	Target achieved (%)
2019/20	Insurance Market sensitization programs developed and implemented by June 2020	Eastern Zone	4 Awareness programs	No report	
		Lake Zone	11 Awareness programs	3	27%
		Zanzibar Office	11 Awareness programs	No report	
		Southern Highland	20 Awareness programs	No report	
		Norther Zone	22 Awareness Programs	No report	
		Central Zone	6 Awareness Programs	No report	
2020/21	Insurance Market sensitization programs developed and implemented 2021	Zanzibar Office	To conduct outreach and sensitization programs through seminars and workshops to the rural area, including SACCOS groups/Special Department of SMZ and Bodaboda, by June	Six live TV Programs and six seminars conducted on TRAFIC Policy at Unguja and Pemba	50%
			One (1) Exhibition	No exhibition conducted	
			One (1) Insurance Day	Charity walks	
		Eastern Zone	Five sensitization workshops	No report	
			Two public exhibitions	No report	
			Three media conferences	No report	
			Four outreach & sensi	No report	
			meeting insurance clubs in schools	1	
		Lake Zone	Three workshops for Police officers	2	67%

Year	Targets	Division	Planned Activities	Target achieved	Target achieved (%)
			To organize two (2) school insurance clubs at secondary schools in the Lake zone	No report	
			To participate in the Agricultural and Livestock (Nane nane) public exhibitions	1	
			Five media conferences on consumer education	No report	
			Three outreach and sensitization programs in rural areas	No report	
		Southern Highland Zone	Two workshops for police officers	No report	
			One (1) workshop to bodaboda	No report	
			Two public exhibitions	No report	
			Four media conferences on consumer ed	No report	
			Six outreach and sensitization programs in rural	No report	
			Two meetings in insurance clubs in various school	No report	
		Northern Zone	Two workshops for police officers	No report	
			Two Workshops to a cooperative society, saccoss and Bodaboda	No report	
			Nane nane exhibition	No report	
			Two media conferences on consumer ed	No report	

Year	Targets	Division	Planned Activities	Target achieved	Target achieved (%)
			Two outreach and sensitization programs in rural		
		Central Zone	To carry out one public exhibition by June 2021 Nane Nane, Insurance Week, Road Safety Week, Fire Force Rescue Week and Public Service Week June 2021	1	20%
			Two media conferences and public in general on consumer education by June 2021	No report	
			Three outreach sensitization programs, i.e. members of Saccos, Bodaboda/Bajaj operators, Trade unions, TCCIA, transporters associations and Traffic police force, in the zone by June 2021	2	67%
2021/22	Insurance Market sensitization programs developed and implemented by June 2022	Zanzibar Office	Four outreach and sensitization programs through seminars and workshops to rural areas, including Sccos groups/Special Department of SMZ and Bodaboda, by June	Four seminars (100%) were conducted, 584 participants. Three radio programs were conducted to sensitize on insurance matters.	100%
			One (1) Insurance Day in Zanzibar involving Insurance stakeholders	The activity is scheduled for June 2022	
		Eastern Zone	Four (4) sensitization workshops for Police Officers	No report	
			To carry out two (2) public exhibitions	No report	
			Three (3) media conferences on consumer education	No report	

Year	Targets	Division	Planned Activities	Target achieved	Target achieved (%)
			Eight (8) outreach and sensitization programs in rural areas	No report	
			Meeting insurance established insurance clubs in various schools.	No report	
			Consumer education to the government and other institutions	2	
		Lake Zone	Three (3) sensitization programs in public academic institutions	0	0
			Five (5) sensitization programs in Regional Consultative Committees (RCC)	1	20
			Seven (7) workshops for Police and Fire Brigade officers	7	100
			Seven (7) media conferences on consumer education	10	142
		Southern Highland Zone	To conduct media conferences on consumer education in seven (7) regions	No report	
			To carry out outreach and sensitization programs in rural areas of seven (7) regions by	No report	
		Northern Zone	Four (4) outreach and sensitization programs in rural areas	No report	
		Central Zone	Five (5) media conferences with the public in general on consumer education	16	300%
			Three (3) outreach sensitization programs, i.e. collages and universities, members of Saccos, Bodaboda/Bajaj operators, Trade	No report	

Year	Targets	Division	Planned Activities	Target achieved	Target achieved (%)
			unions, TCCIA, transporters associations, Institutions Staff in the zone		
2022/23	Insurance Market sensitization programs developed and implemented by June 2023	Zanzibar	Four (4) outreach and sensitization programs through seminars and workshops to rural areas, including Sccos groups/Special Department of SMZ and Bodaboda	4 seminar/workshop were conducted in Unguja	100
			Exhibition awareness programs like Nanenane Trade Fair, Stone and any other one	Four (4) exhibitions attended	100
		Eastern Zone	Six (6) media conferences with the public in general on consumer education	No report	0
			Eight (8) consumer education to the government and other institutions	5	63%
			Six (6) outreach sensitization programs, i.e. police Officers, TABOA, CHAKUA, Bodaboda, Trade unions, TCCIA, Transporters	1	17%
		Central Zone	Two (2) media conferences with the public in general on consumer education	2	100%
			To conduct Annual meeting with Central Zone Insurance Registrants	Not Report	0
			Two (2) outreach and sensitization programs to Universities and Colleges in the zone	2	100
			Two (2) outreach and sensitization programs to AMCOS and Microfinance members in the zone	5	250
			One (1) outreach and sensitization program to TABOA and Bodaboda in the zone	2	200

Year	Targets	Division	Planned Activities	Target achieved	Target achieved (%)
			One (1) outreach and sensitization program to Community Groups in the zone	0	0
		Lake Zone	Three (3) sensitization programs in public academic institutions	24 PROGRAMS	96%
			Five (5) sensitization programs in Regional Consultative Committees (RCC)		
			Eight (8) workshops for Police and Fire Brigade officers by June 2023		
			Nine (9) media conferences on consumer education		
		Southern Highland Zone	Training on insurance matters to officers from government institutions	No report	
			To conduct media conferences on consumer education in seven (7) regions	No report	
		Northern Zone	Four (4) consumer education to the government and other institutions	No report	
			Four (4) media conferences on consumer education	8	200%
			Four (4) outreach and sensitization programs Police officers TABOA and Chakua Association members of SACCOs and bodaboda/bajaji operator, trade union, TCCIA Transporters associator	10	250%

Source*: TIRA Action plans from 2019/20 to 2022/23 and TIRA's Zanzibar office and Zonal office Sensitization Report from Financial Year 2019/20 to 2022/23.*

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