



**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF FINANCE AND PLANNING**

**SPEECH BY HON DR. PHILIP I. MPANGO (MP), MINISTER FOR
FINANCE AND PLANNING DURING THE OFFICIAL OPENING OF
THE 21st ANNUAL INSURANCE DAY ON 27th OCTOBER, 2018**

**TANGA BEACH RESORT
TANGA**

Hon. Martine Shigella, Regional Commissioner – Tanga,
Hon. Anne Semamba Makinda, Rtd. Speaker of the Parliament of United
Republic of Tanzania,
Dr. Yamungu Kayandabila, Chairman of the National Insurance Board and
Deputy Governor of the Bank of Tanzania,
Deputy Principal Secretary, Revolutionary Government of Zanzibar,
Dr. Baghayo A. Saqware, Commissioner of Insurance,
Mr. Bosco Bugali, President of the Insurance Institute of Tanzania,
Mr. Khamis Suleiman, Chairman of the Association of Tanzania Insurers
(ATI),
Mr. Mohammed Jaffer, President of the Tanzania Insurance Brokers
Association (TIBA),
CEO's of Insurance Companies and Insurance Intermediaries,
Financial sector representatives from Tanzania and beyond,
Distinguished Participants,
Members of the Media Fraternity,
Ladies and gentlemen,
A very Good Morning to you all,

The insurance fraternity is convening here at the Tanga Beach Resort for the auspicious 21st Annual Insurance Day, exactly Seven days after the MV Nyerere ferry capsized off Ukala Island in Lake Victoria, which robbed Tanzania of 227 of its sons and daughters, most of whom if not all were without life insurance! May I therefore kindly ask all delegates to rise and observe a minute of silence in honor of the departed. May the Almighty God rest their souls in eternal peace. Amen.

Let me also say at the outset that, I am privileged and humbled to have been invited to grace the opening of this year's Insurance day. I sincerely thank the organiser for considering my name to perform this function.

Ladies and gentlemen,

As we have all heard, the theme of this year's Insurance Day is, **"BUILDING SUSTAINABLE FINANCIAL STABILITY IN INSURANCE THROUGH PARTNERSHIPS"**. I commend highly the choice of this theme because it resonates very well with the direction of the Fifth Phase Government to industrialize Tanzania. The insurance practitioners gathered here today know better than me that insurance is a critical catalyst to the Industrialization Agenda considering the fact that there are many types of risks throughout the industrial value chain which can best be mitigated by insurance cover. A vibrant banking and insurance sector is widely acknowledged to be a major stimulant of economic growth and Development.

Distinguished Delegates,

I also find the theme of this annual insurance day to be attractive because it prompts pertinent questions relating to the current state and performance of the insurance industry, related challenges and the way forward. For example:

- Why is the insurance penetration rate in the country low? (It is estimated that only about 15% of the Tanzania adult population has access to insurance services)
- Why is it that finance and insurance activities combined still account for only 4.4% (2017) of GDP?
- When will smallholder farmers and livestock keepers in Tanzania begin to benefit from crop or livestock insurance?
- What is it that needs to be done to provide every Tanzanian citizen with life insurance or health insurance?
- What options are available to boost the capital adequacy of local insurance companies to be competitive alongside foreign insurance companies?
- How can local insurance companies and the regulator position themselves better in order to make a larger contribution to Tanzania's industrialisation drive and overall quest to transit to a middle income country by 2025?
- What is the potential role of technology in all this?

- To my mind this barrage of questions and many more in store, strongly indicate that partnerships are imperative in the search for innovative hands on/answers.

Distinguished Delegates

I have noted from the program of this event that a number of papers are lined up for discussion. It is my hope that all delegates will share their thoughts, expertise and experience to revitalise the insurance industry in Tanzania and enable us leapfrog toward the goal of ensuring at least 50% of the adult population has access to a least one insurance product by 2028. In this regard, I implore you to reflect on how we in Tanzania can effectively capitalize on the emerging technologies such as digital business platforms and mobile payment systems to offer insurance products and services to our population of about 55 million people. Creativity, and partnership in accessing the new markets and use of new instruments is what I expect from both the insurance players and the insurance market regulator.

Ladies and gentlemen,

One challenge that I see relates to how to enable the local insurance market to increase its capacity in retaining and absorbing more and more risks internally, instead of offloading the risks to foreign markets. Resolving this challenge will not only increase the market retention rate and premium revenues, but will also enhance the sector's contribution to GDP. In this regard you may have to re-examine the conduct as well as rules and regulations governing the reinsurance business. But I will leave this to you - the insurance and reinsurance gurus.

Ladies and gentlemen

I would like to assure you that the Fifth phase Government places high priority on the insurance sector. However, as I already indicated, I wish to see a quantum jump in the contribution of insurance services in GDP. In this regard, I would urge TIRA to devote time and effort on scrutinising financial and human capital requirements of insurance players.

I need not belabor the point about the importance of insurance companies maintaining acceptable capital and solvency levels that are capable of withstanding shocks (economic or business). I guess some of the companies may wish to consider merging or the establishing Consortiums and/or Pools for specialized subsectors or those with large risks so as to enjoy economies of scale.

Ladies and gentlemen

Let me take this opportunity to reaffirm the Government commitment to continue playing enabling role and ensure that access to insurance products and services is widened and deepened to reach the majority of Tanzanians. Extension of Insurance coverage to the uncovered population is an important objective of the Government. One critical intervention which I urge TIRA and all insurance players to put more effort on **public education**. I think you will agree with me that less than 1% insurance sector contribution to GDP, among other factors, is attributed to low visibility of insurance business to the general public. Public awareness and education on formal insurance schemes today remain very limited in Tanzania.

Ladies and Gentlemen

You may recall in July 2017 Insurance Act of 2009 was amended informed by the need to strengthen local market capacity in retaining risks emanating from Tanzania and need to check capital flight through imported goods which were insured through foreign insurance companies. Following this amendment, all imported goods into Tanzania (by road, rail, air or sea) have to be insured by a locally registered insurance company. I wish to encourage the general public to use this opportunity to engage in the insurance value chain by registering insurance agencies, brokerage firms Insurance companies and Reinsurance Companies.

I wish to assure Insurance sector that, I have taken note of the issues which needs ministerial intervention. These include the need to fast track endorsement of the National Insurance Policy (NIP); and review of the Bancassurance and Takaful regulations.

Distinguished participants, Ladies and Gentlemen

To conclude, I would like once again to express my appreciation to the organizers, namely Insurance Institute of Tanzania (IIT) and Tanzania Insurance Regulatory Authority (TIRA) and specifically the secretariat for inviting me to this august assembly. I also commend them for the excellent arrangement for this conference would not have been possible.

With these remarks, I declare the 21st Annual Insurance Day 2018 officially opened.

THANK YOU