



THE UNITED REPUBLIC OF TANZANIA
**TANZANIA INSURANCE
REGULATORY
AUTHORITY**

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DIRECTIVE NO: 02

TO: ALL INSURERS

**SUBJECT: PRICING OF INSURANCE TRANSACTIONS IN LOCAL
CURRENCY AND PAYMENT THROUGH BANK**

DATE: 24TH FEBRUARY, 2020

1) BACKGROUND

As you will be aware, pricing of goods and services for Tanzanian residents in foreign currency is contrary to Government Directives issued in 2017 which required all local payments to be made in the local currency. Tanzania Insurance regulatory Authority (herein referred to as "TIRA" or "the Authority") has recently received complaints that, some of insurers are pricing and demanding payment of premiums in foreign currencies which is unfair and oppressive to the policyholders. Moreover, it is contrary to the Government Directives and there is a risk that foreign currencies received in cash may not enter into circulation.

2) OBJECTIVE

These Directives serve to remind and direct all insurers to price all insurance premiums paid locally in the local currency and through

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banking channels in compliance with the Government Directives and section 72(2) of the Insurance Act No. 10 of 2009 as amended by section 39 of the Written Laws (Miscellaneous Amendments) Act No. 7 of 2017.

3) COVERAGE

These Directives shall apply to insurance transactions conducted by insurers registered in Tanzania including Travel Insurance.

These Directives shall not cover insurance transactions not regulated by the Authority.

4) DIRECTIVES

Pursuant to Section 6(1), 6(2)(e), 6(2)(g), 6(2)(j), 11(d) (iii) and 11(d)(iv) of the Insurance Act No. 10 of 2009 (Cap 394), the following directives are hereby issued:

- i. All insurers are required to price and issue insurance policies in local currency and receive the respective payments through their bank accounts maintained in Tanzania.
- ii. The insurers may price and contract insurance transaction in local currency and clearly indicating the equivalent in foreign currencies.
- iii. Where the policyholder resident in Tanzania opt to pay the premium in foreign currency, the insurer shall not accept cash payments but shall direct the policyholder to deposit the same directly in the relevant foreign currency bank account maintained by the insurer in Tanzania.

iv. For the purposes of Directives number (ii) and (iii) above, the exchange rate to be applicable shall be that offered by the respective bank.

5) EFFECTIVE DATE: The provisions of these Directives shall take effect from **1st April 2020**.



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COMMISSIONER OF INSURANCE