



THE UNITED REPUBLIC OF TANZANIA
TANZANIA INSURANCE REGULATORY
AUTHORITY



13th January 2025

REMINDER NO. 2 TO CIRCULAR NO. 074/2019

TO: ALL INSURANCE COMPANIES, INSURANCE BROKERS, INSURANCE AGENTS, AND BANCASSURANCE AGENTS

RE: PAYMENT OF EXCESS COMMISSIONS AND UNDERCUTTING OF INSURANCE PREMIUMS

Pursuant to Section 37(1) of the Insurance Act, Cap 394, the Commissioner is mandated to determine the minimum and maximum commission rates payable by insurers to other insurance registrants for all or any class of insurance or reinsurance. Further, Circular No. 29 of 2015 (revised version No. 02), Circular No. 74 of 2019, and its reminder issued on 18th February 2021, establish clear limits on maximum commissions and explicitly prohibit the overpayment of commissions.

Despite these legal requirements, the Authority has observed with great concern that some insurance registrants are exceeding the prescribed commission limits set by the Authority and continue to charge premiums below the minimum rates prescribed in Government Notice No. 251 of 2018.

Moreover, the Authority has noted that some insurers are engaging in the financing of Insurance Premium Financing (IPF) arrangements, a cost that should rightfully be borne by the insured, further jeopardizing the liquidity of the insurers involved.

TAKE NOTICE THAT:

- i. Any overpayment in the form of overriding commissions, administrative fees, or any other form of commission paid under any other name is strictly illegal and constitutes a violation of the Act;
- ii. Charging premiums below the prescribed limits as per GN 251 is prohibited;
- iii. Financing IPF arrangements or interest thereof instead of having them borne by the insured is not allowed.
- iv. External Auditors of insurance registrants are required to verify compliance during the annual audit and submit the report to the Authority.
- v. The Authority will conduct inspections of both insurance companies and intermediaries to ensure adherence to this requirements and to the Act.

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Your hereby reminded to fully comply with requirements. Otherwise immediate and appropriate regulatory measures will be taken against the offending entities for the purposes of protecting policy holders interest, enhance sustainability and integrity of the Insurance sector at larger.

Please take note and act accordingly.



Dr. Baghayo A. Saqware

COMMISSIONER OF INSURANCE