



THE UNITED REPUBLIC OF TANZANIA
TANZANIA INSURANCE REGULATORY
AUTHORITY



March 27, 2025

ADDENDUM TO CIRCULAR NO: 029/2015 (REVISED VERSION 02)

TO: ALL INSURANCE, REINSURANCE COMPANIES AND INTERMEDIARIES IN TANZANIA INSURANCE MARKET

SUBJECT: ADDENDUM TO CIRCULAR NO: 029/2015 (REV. VERSION 02)

1.0 BACKGROUND

The Tanzania Insurance Regulatory Authority ("TIRA" or "the Authority") hereby issues this addendum to Circular No. 029/2015 (Revised Version 02), which was issued on 23rd December 2024, regarding the Maximum Commission Rates payable by insurers for all classes of insurance and reinsurance. The Circular established the maximum limits that insurance companies must not exceed when making commission payments to intermediaries providing insurance services. The Circular became effective on 1st January 2025, and all insurance registrants were required to fully comply with the stipulated maximum commission rates.

2.0 PURPOSE

The purpose of this addendum is to clarify and provide implementation guidelines for the commission structure for Maximum Commission Rates for life insurance businesses, which previously had no defined limits.

3.0 CLARIFICATION

3.1 Maximum Commission Rates: Maximum Commission Rates set in this addendum represent the highest allowable percentage of the premium that can be paid in Life Insurance as commission to intermediaries. Life Insurance Companies are permitted to pay a lower commission but must not exceed the stipulated Maximum Commission Rate.

3.2 Commission Rates for Policies Underwritten Before 1st January 2025:

3.2.1 If the commission is payable over an extended period, any payments due after 1st January 2025 must comply with the new commission structure.

TIRA HEAD OFFICE:

LAPF HOUSE, 5th Floor, Makole Street, P.O. Box 2987 DODOMA, Tanzania, Tel: +255 26 2321180, Fax: +255 26 2321180, Website: www.tira.go.tz, Email: coi@tira.go.tz

Dar es salaam Sub-Office:

TIRA House Block 33 Plot No: 85/2115, Mtendeni Street, P.O.BOX 9892, Dar Es Salaam, Tel: +255222132537/2110120/2110131, Email: Coi@tira.go.tz

Zanzibar Office:

TIRA House, Kilimani Street, P.O. Box 133 Zanzibar, Tel: +255 24 2237271, Fax: +255 242237272, Email: dcoi@tira.go.tz

Lake Zone

5thFloor, PPF House, Kenyatta Road
P.O.Box 114, Mwanza,
Tel: +255282506000
Email: lake@tira.go.tz

Northern Zone

NSSF Building Kaloleni, 5th Floor,
P. O. Box 15468, Arusha,
Tel: +255272520017,
Email: northern@tira.go.tz

Southern Highlands Zone

NHIF Building, Karume Avenue, 4th Floor,
P.O.Box 1618 Mbeya,
Tel: +255 252957324
Email: southern@tira.go.tz

3.2.2 Outstanding commission payments for policies underwritten before year 2025 may be settled based on the previous rates. However, for policies whose coverage extends beyond year 2024, commission payments for 2025 and beyond must adhere to the new Maximum Rates set by this circular.

3.2.3 The applicable commission rate shall be determined based on the timing of premium payment rather than the policy inception date. This means that, any premiums payable in year 2025 and beyond shall be subject to the commission rates set forth in this circular, regardless of when the policy was originally issued.

3.2.4 The insurer shall submit to the Commissioner of Insurance all existing Individual Life Insurance contracts entered into before January 2025, where the agreed commission rates exceed the limits set by the new Circular. These contracts must be presented to request approval for the continuation of commission payments as per the original contractual agreements.

3.3 Tax Inclusion in Commission Payments: The maximum commission rates stipulated in the circular include all applicable taxes. Insurers must ensure that commission payments remain within the stated limits after accounting for any taxes.

3.4 Remittance of premium to insurer: All premiums should be remitted to insurers in full and not net of commission.

3.5 Duration of Commission Payments;

The Maximum Commission Rate does not mean that, the intermediary must receive the same rate throughout the policy term. Instead, for policies with premiums paid over an extended period, the prevailing industry practice of a declining commission structure shall continue to apply. The first-year commission must not exceed the maximum set in this circular, while commissions for the second, third, and subsequent years shall follow the prescribed maximum commission rates outlined in the circular.

3.6 Acquisition Costs and Other Payments to Intermediaries: Payments to intermediaries under different labels, such as "acquisition costs, overriding commissions, profit share" must not be used as means to bypass the commission limits established in this Circular. As such, intermediaries' remuneration must strictly adhere to the stipulated range of commission rates.

3.7 Administrative fees (Admin fee): An administrative fee is a cost-based charge paid to an intermediary to cover specific operational expenses incurred during distribution and servicing of insurance products. Unlike a commission, which serves as compensation for business acquisition, an administrative fee is intended to reimburse intermediaries for necessary support functions such as infrastructure usage, system maintenance, training, marketing and customer service. While some administrative fees require prior approval from the Commissioner of Insurance, others may be permitted up to a specified limit, provided that a formal notification is submitted to the Commissioner.

4.0 LIFE INSURANCE COMMISSION RATES

4.1 Individual Life;

| Year | Maximum Commission rate | Admin Fees |
|----------------|-------------------------|--|
| Year 1 | 0% - 30% | Plus administrative fees ranging from 0% - 15% subject to prior approval from the Commissioner of Insurance. |
| Year 2 | 0% - 25% | |
| Year 3 Onwards | 0% - 10% | |

4.2 Group Life Insurance

The Maximum Commission Rate for Group Life Insurance, excluding Credit Life Insurance, shall be **0% - 15%**, ensuring fair compensation for intermediaries while maintaining affordability and sustainability of the product. In addition to this commission, intermediaries may also receive an administrative fee ranging from **0% - 15%**, subject to prior approval from the Commissioner of Insurance.

4.3 Credit life insurance

The Maximum Commission Rate for Credit Life Insurance shall be **0% - 15%** to ensure equitable remuneration for intermediaries, while maintaining the affordability and long-term viability of the product. Additionally, intermediaries may be eligible for an administrative fee ranging from **0% - 30%**, considering the operational costs associated with managing high-volume policy portfolios under Credit Life Insurance. Any application of this fee must be formally notified to the Commissioner of Insurance upon which may direct otherwise.

5.0 COMMISSIONS ON REINSURANCE TRANSACTIONS

5.1 Insurance companies shall not be entitled to recoveries from reinsurers for any administrative costs incurred;

5.2 Commissions for any class of business shall be strictly governed by the terms and conditions stipulated in the treaty programs for the respective year; and

5.3 Tanzania Reinsurance Company shall be obligated to pay an overriding commission of 2.5% to ceding insurance companies, in accordance with policy cessions arrangements.

6.0 GENERAL PROVISIONS

6.1 The Authority (TIRA) expects all insurers and intermediaries to comply fully with Circular No 029/2015 revised version 2 and its addendum.

6.2 External Auditors in the insurance sector are required to assess compliance with the stipulated maximum commission and administrative fee rates as part of their audit process. The findings of this assessment must be submitted to the Tanzania Insurance Regulatory Authority (TIRA) annually and will form part of the regulatory compliance assessment process.

6.3 The Authority (TIRA) will conduct inspections and investigations on all insurance players to ensure compliance with the stipulated commission rates. Any violation of these regulations may result in penalties, license revocation, or other regulatory measures as prescribed by the Insurance Act and its applicable Regulations.

7.0 REVIEW OF THE CIRCULAR

The revised Circular No. 029/2015 (Version 2), together with its accompanying Addendum, shall be subject to review within three (3) years from the date of their implementation, which commenced on 1st January 2025.


.....
Dr. Baghayo A. Saqware
COMMISSIONER OF INSURANCE