

THE INSURANCE ACT
(CAP.394)

REGULATIONS

(Made under sections 167)

THE MICRO-INSURANCE REGULATIONS, 2013

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REGULATIONS

(Made under sections 167)

THE MICRO-INSURANCE REGULATIONS, 2013

PART I

PRELIMINARY PROVISIONS

Citation **1.** These Regulations may be cited as the Micro-Insurance Regulations, 2013.

Application **2.** These Regulations shall apply to micro-insurance agent and insurer dealing in general micro-insurance product or life micro-insurance product.

Interpretation
Cap. 394 **3.** In these Regulations, unless the context requires otherwise:
“Act” means the Insurance Act;
“Commissioner” means the Commissioner of Insurance appointed pursuant to the provisions of section 7 of the Act;
“general micro-insurance product” means any contract covering the

belongings, such as, hut, livestock, fishing gear, agricultural products, small business tools or instruments or any personal accident, either on individual or group basis;

“insurer” has a meaning ascribed to it in the Act;

“life micro-insurance product” means any insurance contract with or without return of premium, an endowment insurance contract or health insurance contract, education, credit life, group life, family life, funeral insurance contract, with or without an accident benefit rider or accidental death only covers either on individual or group basis;

“low-income household” means the low-income earning segment of the population working in the informal sector;

“micro-insurance” means insurance that is accessed by low-income population by which risk is insured under a policy managed based on insurance, insurance principles and funded by premiums;

“micro-insurance agent” means an individual person or Company or a Non-Government Organisation (NGO), a Self-Help Group (SHG) or a Micro-Finance Institution (MFI), who is appointed by insurance registrant to act as a micro-insurance agent for distribution of micro-insurance products;

“micro-insurance policy” means an insurance policy sold under a plan which has been specifically approved by the Authority as a micro-insurance product;

“micro-insurance product” includes general micro-insurance product or life micro-insurance product, proposal form and all marketing materials in respect to them.

PART II

PRINCIPLES AND OBJECTIVES OF MICRO-INSURANCE

Principles

4.-(1) Micro-insurance shall be funded by premiums relating to

of micro-
insurance

the risks and benefits that are paid out of a pool of funds that is managed based on insurance and risk principles.

(2) For the purpose of sub-regulation (1), micro-insurance business shall provide:

- (a) risks pooling instruments for the protection for low-income households;
- (b) products which are available, accessible and affordable to low income households;
- (c) insurance with small benefits;
- (d) insurance involving low levels of premiums; and
- (e) insurance for persons working in the informal sector or economy.

Objectives

5.-(1) The objectives of micro-insurance business shall be to provide insurance access to low-income households.

(2) For the purpose of sub-regulation (1), these Regulations provide insurers and micro-insurance agents an avenue to foster an environment for making micro-insurance sustainable and feasible in an integrated manner.

(3) Under the framework of micro-insurance business, these Regulations are intended to provide avenue for:

- (a) developing a micro-insurance policy and promoting its implementation;
- (b) facilitating the availability of key information or statistical data on micro-insurance business;
- (c) promoting learning processes and dialogue among relevant sectoral stakeholders;
- (d) promoting consumer education and raising awareness to instill an insurance culture among low-income households;
- (e) enacting clear laws and regulations in accordance with internationally accepted standards that encourage insurance

coverage for low-income households and its compliance while limiting regulatory arbitrage;

- (f) contributing to the policy dialogue with government so that social insurance schemes are working in conjunction with micro-insurance;
- (g) developing clear policies for enhancing access to financial services with a view to eradicating poverty; and
- (h) limiting moral hazard and fraud by promoting awareness, and putting in place controls and incentive systems.

Micro-insurance product

6.-(1) It shall be sufficient to an insurer to notify the Commissioner on the type of micro-insurance products, which that insurer wishes to distribute.

(2) Where the Commissioner is satisfied with the type of micro-insurance products referred to in sub-regulation (1), he shall approve and allow the insurer to distribute such products.

PART III

REGISTRATION OF MICRO-INSURANCE AGENTS

Qualifications of Micro-insurance agent

7.-(1) A person shall not act as a micro-insurance agent unless that person is registered in accordance with the provisions of these Regulations.

(2) No person shall be registered as a micro-insurance agent unless he is a holder of the Ordinary Secondary Education Certificate with at least three passes including one in the English language and or holder of a Certificate of Proficiency in Insurance.

(3) An individual or a person shall qualify for registration as a micro-insurance agent if he-

- (a) is a citizen and resident of Tanzania;
- (b) has attained the age of eighteen;

- (c) has not been convicted in any court in any country of an offence involving dishonesty or any other crime of a serious;
 - (d) nature; or
 - (e) has not been adjudged insolvent or bankrupt.
- (4) The minimum amount of money to be maintained by a micro-insurance agent shall be shillings five hundred thousand.

Application for registration

8. Every application for registration and renewal of registration as a micro-insurance agent shall be submitted to the Commissioner in Form No. 1 specified in the Schedule to these Regulations.

Certificate of registration

9.-(1) Registration of a micro-insurance agent shall be for a period of one year.

(2) The Commissioner shall issue a certificate of registration to every successful applicant.

(3) Notwithstanding sub-regulation (1) and (2), the Commissioner may cancel or suspend registration of a micro-insurance agent if it is established that the business of the micro-insurance agent is not being conducted in accordance with sound business principles.

Registration fees

10. Registration fees for micro-insurance agent shall be shillings fifty thousand and a fee of shillings ten thousands payable upon renewal.

PART IV

PROVISION OF MICRO-INSURANCE POLICIES

General micro-insurance

11.-(1) An insurer carrying on general micro-insurance business following approval by the Commissioner shall offer general micro-insurance products.

(2) Subject to sub-regulation (1), the insurer offering general micro-insurance products shall design a simple insurance policy in

Kiswahili language in a manner that is easily understandable by the policy holder.

Life micro-insurance products

12.-(1) An insurer carrying on life micro-insurance business following approval by the Commissioner shall offer life micro-insurance products.

(2) The insurer offering life micro-insurance products, shall design a simple insurance policy in Kiswahili language in a manner that is easy to the policy holder to understand.

Distribution of micro-insurance products

13. Micro-insurance products shall be distributed through micro-insurance agents.

Agreement for offering micro-insurance products

14.-(1) A micro-insurance agent shall enter into an agreement with an insurer which shall clearly specify the terms and conditions including the duties and responsibilities of both the micro-insurance agent and the insurer.

(2) The agreement referred to in sub-regulation (1) shall authorize the micro-insurance agent to perform the following additional functions:

- (a) collection of proposal forms;
- (b) collection of self declaration form from the proposer that he is in good health;
- (c) collection and remittance of premium;
- (d) distribution of policy documents;
- (e) maintenance of a register of all those insured and their dependants covered under the micro-insurance scheme together with details of name, sex, age, address, nominees and thumb impression or signature of the policy holder;
- (f) assistance in the settlement of claims;
- (g) ensuring nomination to be made by the insured;

(h) any policy administration service.

(3) A micro-insurance agent shall remit to the insurer all premiums due to the insurer within fifteen (15) days of the day in which cover under the policy was incepted or the date on which the policy is renewable or in which an endorsement was made.

Condition to
underwrite micro-
insurance
products

15.-(1) All micro-insurance products intended to be under-written shall require prior authorisation by the Commissioner and shall bear the words: “micro-insurance product”.

(2) Any micro-insurance product which is not authorized by the Commissioner and does not bear the words: “micro-insurance product” shall not be offered to the policy holders.

(3) A person who contravenes sub-regulation (2) commits an offence.

Training of
officers

16. Every insurer carrying on micro-insurance business shall be required to train at insurer’s expense all designated officers carrying on day to day operations of micro-insurance business.

Commission for
services rendered

17.-(1) A micro-insurance agent shall be entitled to a commission for services rendered.

(2) Where the agreement between the micro-insurance agent and the insurer is terminated for any reason, no future commission shall be payable.

PART V

SUBMISSION OF INFORMATION AND HANDLING OF COMPLAINTS

Compliance with
the law

18. Every insurer carrying on micro-insurance business shall ensure that all transactions of micro-insurance business are in compliance with the provisions of the Act.

Furnishing
information to
Commissioner

19. Every insurer carrying on micro-insurance business shall furnish to the Commissioner all information in respect to micro-insurance business in such form and manner as may be required by the Commissioner from time to time.

Determination of
complaints

20.-(1) The insurer shall determine and dispose complaints from micro-insurance policy-holders with speed and promptitude.

(2) Every insurer shall send a quarterly report to the Authority regarding disposal of complaints from micro-insurance policy-holders.

Settlement of
claims

21.-(1) Every insurer shall settle a micro-insurance claim within a period of three working days from the date of receipt of the claim.

(2) For purposes of calculating the period referred to in sub-regulation (1), shall begin on the day next to the date on which a policy holder completed submission of required documents.

(3) The insurer shall be required to obtain an extension of time of not more than five days from the Commissioner if more time is needed to settle the claim.

(4) Where there is a delay in settling the claim an interest at bank's rate plus a penalty of not less than two percent of the principal amount shall be chargeable in favour of the policy-holder.

(5) When there is further delay or non-compliance to settle the claim, the policy-holder of micro-insurance shall petition or seek indulgence of the Commissioner for appropriate action.

PART VI

MONITORING AND INSPECTION

Inspection

22. The Commissioner may cause inspection of the office and records of any micro-insurance agent upon issuing a notice of at least two

days.

Code of conduct
GN No. 372
of 2009

23. A micro-insurance agents shall adhere and observe the Code of Conduct and Ethics for Tanzanian Insurance Industry stipulated under the Insurance Regulations, 2009.

Penalty

24. The Commissioner may impose a penalty of shillings one million to a micro-insurance agent upon being satisfied that such micro-insurance agent is conducting business contrary to law, Regulations and governing principles of micro-insurance business.

SCHEDULE

FORM NO. 1

APPLICATION FOR REGISTRATION AS A MICRO-INSURANCE AGENT

(Made under regulation 8)

Address of the Micro-Insurance Agent

.....
.....
.....

Date:

To: The Commissioner of Insurance,
P.O. Box 9892,
Dar es Salaam.
TANZANIA

1. I/We apply for registration of the¹.....under Regulation 8 as a Micro-insurance agent.
2. The registered office of the Micro-insurance agent will be at².....
3. The person/persons dealing with distribution of micro-insurance products will be
4. The Principal Officer of the company/NGO/CBO/Organized group is
5. The following information and documentation is attached to this application.
 - (1) Registration Certificate (where applicable).
 - (2) Constitution of the NGO/CBO (where applicable).
 - (3) MEMATS (where applicable).
 - (4) Organization structure.

Notes

¹ Full registered name of the Insurer/Agent/NGO/CBO/Organized group.

² This must be both physical address and postal address of the Insurer/Agent/NGO/CBO/Organized group.

Dar es Salaam,
....., 2013

WILLIAM A. MGIMWA
Minister for Finance