

MESSAGE BY:

**HON. SAADA MKUYA SALUM (MP) - MINISTER FOR
FINANCE OF THE UNITED REPUBLIC OF TANZANIA
DURING 18TH ANNUAL NATIONAL INSURANCE DAY**



**Minister for Finance
Hon. Saada Mkuya Salum (MP)**

This year's Annual National Insurance Day gives us yet another opportunity to celebrate the transformation that the insurance industry in Tanzania has undergone since the 1990'S when in line with market economy principles, the government liberalized the sector, permitting private entry into the business and embracing international best practices. I can say with confidence that the sector has continued to make progress from year to year, transforming itself into a vibrant and a sound industry, and making significant contributions to financial stability and economic development in Tanzania. This could obviously not have been possible without the

contributions of all the key industry players both in government and in the private sector. However, whilst we take stock of our achievements, it is also a time to reflect upon the work ahead of us of building a more resilient insurance industry that responds to the growing demand for more complex and varied kinds of risk mitigation. The challenges of the insurance sector in Tanzania are well documented in the draft National Insurance Policy and in summary include: low consumer demand and uptake especially in the rural areas; low savings culture; low level of public awareness on insurance products and services; low financial literacy by members of the public; and lack of a legal and regulatory framework for emerging insurance products such as Bancassurance and Takaful. The government is working with stakeholders to address these challenges and will deploy resources where necessary, including research funding and policy development to improve uptake and inclusion. Private sector stakeholders on the other hand are committed to embracing innovation and efficiency and have shown willingness to become more responsive to the changing needs of their customers.

This year's Insurance day focusses on the role of the industry in fostering sustainable economic development through Risk Management. The insurance industry is globally being relied upon to help identify future challenges related to sustainable development and to mitigate systemic risks, including the highly complex 'natural resources crisis' arising from the unsustainable use of natural resources such as the climate, biodiversity, ecosystems, and water. Tanzania is one of the countries in Africa that have suffered from damage

due to the environment or from loss of natural resources, and we cannot afford to be left out of step with global developments in this area. I am glad to note that the government and insurers have recognized the critical linkages between insurance, and sustainable development. In the areas of mining & exploration, energy, and gas, which tend to be prone to unsustainable development, and which Tanzania is now heavily exploiting, environmental concerns will increase in the future. Tanzanian insurance companies are grouping together to create an oil and gas insurance pool that will enable the companies to support claims in the sector. Insurers and other industry players will also need to work with the concerned sectors to address sustainability issues. There is obviously need for strong sector knowledge, and more research in these areas in order for the insurance industry to develop capabilities in tackling the systemic risks posed by environmental, social and governance issues. I however believe that our collective efforts will help the insurance industry in Tanzania play a more effective role in creating a more sustainable economic development that invests in inclusive long-term growth. As we are all reminded, risks are socially constructed and therefore require regulatory priorities and policies that emerge from the processes of debate and consultation. Today, as we mark the National Insurance Day in Tanzania, I wish the industry, a healthy debate on how best we should double our efforts in managing risks through insurance mechanisms.

I wish you all a happy Insurance Day.