

“CIRCULAR LETTER NO. 040/2016 (INSURER’S BRANCH OFFICES)”

Mr. Sam Kamanga
Managing Director
National Insurance Corporation of Tanzania Limited
P.O. Box 9264
DAR ES SALAAM

18th March, 2016

Dear Mr. Kamanga,

**SUBJECT: MINIMUM CONDITIONS FOR ESTABLISHMENT OF
INSURERS’ BRANCH OFFICES.**

It has come to the attention of the Tanzania Insurance Regulatory Authority (TIRA) that some Insurance Companies (“**Insurers**”) have opened Branch Offices/ business outlets in various parts of the country without putting in place proper operational systems that enable such offices to effectively render the desired services to the public and other stakeholders. This contradicts sound business practice and is an impediment to development of an acceptable business image for the industry.

This Circular Letter therefore serves to require the following:

1. That **an Insurer’s Branch Office** must at all times observe, at the minimum, the operational conditions set out under **Annex I** to this Circular.

2. That all insurers that are currently operating branch offices which **do not** meet the minimum required conditions set out under this Circular must submit to the Commissioner of Insurance their respective plans (including timelines) for achieving the minimum requirements for establishment of such offices.

3. That, as part of its on-site inspection activities, TIRA shall carry out periodic on-site visits of insurers' branch offices for purposes of satisfying itself that the said branch offices are being operated in line with regulatory requirements.

4. That nothing in this Circular shall preclude the Commissioner of Insurance from conducting on-site inspections of insurance registrants as provided under Section 142 of the Insurance Act 2009.

Please be so advised.


I. L. Kamuzora

Commissioner of Insurance

Encl.

**Cc: Chairman, Association of Tanzania Insurers (ATI)
All Insurance Companies in Tanzania.**

**ANNEX I: MINIMUM OPERATIONAL CONDITIONS FOR AN
INSURER'S BRANCH OFFICE**

The **minimum operational conditions to be observed by a Branch Office of an insurer** authorized to transact insurance business in the United Republic of Tanzania shall be as follows:

1. Branch Employees:

- 1.1 An insurer's branch office shall be headed by a Full Time Employee (hereinafter referred to as "Branch In-Charge") who possesses the appropriate academic and professional qualifications prescribed under Insurance Regulation 8(2);
- 1.2 An insurer's Branch In-Charge must pass the "Proper-and-Fit Test" of the Commissioner of Insurance prior to being engaged by an insurer as Branch In-Charge;
- 1.3 An insurer shall employ adequate staff members (hereinafter referred to as "Branch Employees") to handle the various key functions of the Branch Office, including, in the least, underwriting, claims, and accounting functions;
- 1.4 An insurer's Branch Employee handling branch underwriting function or claims function must possess at least a National Form IV Certificate Qualification (or equivalent) plus a basic professional insurance certificate issued by a reputable training institution;

- 1.5 An insurer's Branch Employee handling branch accounting function must possess at least a National Form IV Certificate Qualification (or equivalent) plus a basic professional accounting certificate issued by a reputable training institution recognized by the National Board of Accountants and Auditors (NBAA);
- 1.6 Each insurer's Branch Employee shall be served with an appropriate letter/ contract of appointment which shall specify, at the minimum, the employee's terms and conditions of employment as well as duties and responsibilities associated with relevant post.

2. Branch Office Set-Up:

- 2.1 An Insurer's Branch Office shall be set-up in an adequate commercial neighbourhood, preferably within a Central Business District of a city, municipality, or town in which it operates, and shall afford the necessary accessibility to clients and other stakeholders;
- 2.2 An Insurer's Branch Office shall have sufficient office space to enable comfortable mobility of staff, clients, and other stakeholders who visit the office from time to time for official errands or other business-related activities;
- 2.3 An Insurer's Branch Office shall observe appropriate hygiene requirements, including but not limited to, adequate ventilation for persons working in or visiting the office and clean washrooms;

- 2.4 An Insurer's Branch Office shall contain appropriate office infrastructure that enable effective discharge of services to clients and other stakeholders.

3. Branch Underwriting Function:

- 3.1 An insurer's Branch Underwriting Function shall be operated by employee(s) with minimum academic and professional qualifications as per **Clause 1.4** above;
- 3.2 An insurer's Branch Underwriting Function shall observe certain company **documented Underwriting Guidelines** (deposited at the Branch Office) duly formulated at company level and approved by appropriate competent persons within the company;
- 3.3 An insurer's Branch Underwriting Function staff member(s) shall be conversant with the **Underwriting Guidelines** outlined under **Clause 3.2** above.

4. Branch Claims Function:

- 4.1 An insurer's Branch Claims Function shall be operated by employee(s) with minimum academic and professional qualifications as per **Clause 1.4** above;
- 4.2 An insurer shall **delegate certain claims handling powers to its Branch-In-Change.**

- 4.3 An insurer's Branch Claims Function shall observe certain company **documented Claims Handling Guidelines** (deposited at the Branch Office) duly formulated at company level and approved by appropriate competent persons within the company;
- 4.4 The Branch Claims Handling **Guidelines** referred to under **Clause 4.3** above **shall include a specification of claims handling powers delegated to the Branch-In-Charge**;
- 4.5 An insurer's Branch Claims Function staff member(s) shall be conversant with the **Claims Handling Guidelines** outlined under **Clause 4.3** above.

5. Branch Accounting Function:

- 5.1 An insurer's Accounting Function shall be operated by employee(s) with minimum academic and professional qualifications as per **Clause 1.5** above;
- 5.2 An insurer's Branch Accounting Function shall observe certain company documented accounting guidelines (deposited at the Branch Office) duly formulated at company level and approved by appropriate competent persons within the company;
- 5.3 An insurer's Branch Accounting Function staff member(s) shall be conversant with the accounting guidelines outlined under **Clause 5.2** above;

- 5.4 An insurer's Branch Office shall operate at least one bank account for purposes of Branch administrative expenses, subject to necessary controls and general oversight of company Head Office.

6. Branch Record Keeping and ICT:

- 6.1 An insurer shall prescribe written guidelines regarding the desired forms and manner of records to be maintained by its Branch Offices;
- 6.2 An insurer's Branch Office shall maintain certain business records in both manual and electronic form, in respect of its key functions including, at least, in respect of business underwritten, claims processed/paid, and premium collections;
- 6.3 An insurer's Branch Office shall be seamlessly connected to the Head Office to ensure accessibility of Branch records by company Head Office;
- 6.4 An insurer's Branch Records shall be regularly reconciled to Head Office Records to eliminate discrepancies that may arise.
- 6.5 An insurer's Branch Office shall maintain appropriate electronic back-ups of its records and shall have them secured against possible destruction by perils.

7. Branch Reporting to Head Office:

- 7.1 An insurer shall prescribe written guidelines regarding the desired forms and manner of reporting by its Branch Offices to the Head Office;
- 7.2 An insurer's Branch Office shall prepare and submit certain business reports in both manual and electronic form, in respect of its key activities including, at least, in respect of business underwritten, claims processed/paid, and premium collected and banked.

8. Branch External Audit:

- 8.1 An insurer's Branch Office shall be sufficiently subjected to the company's external audit processes;
- 8.2 The company's external audit shall demonstrate a sufficient on-site review of the Branch office's transactions for the period under audit;
- 8.3 Findings of an insurer's Branch external audit shall be adequately communicated to Branch In-Charge for reaction and necessary implementation of audit recommendations.

9. Branch Internal Audit:

- 9.1 An insurer's Branch Office shall be sufficiently subjected to the company's internal audit processes;

- 9.2 The company's internal audit shall demonstrate a sufficient on-site review of the Branch office's transactions for the period under audit;
- 9.3 Findings of an insurer's Branch internal audit shall be adequately communicated to Branch In-Charge for reaction and necessary implementation of audit recommendations.

10.Branch Business Targets and Budgets:

10.1 Business Planning & Sales Targets

- 10.1.1 An insurer's Branch Office shall effectively participate in formulating branch-level business targets to be incorporated in company-wide business plan;
- 10.1.2 An insurer's Branch business targets referred to under **Clause 10.1.1** above, shall be documented and used when assessing a Branch office's annual performance.

10.2 Branch budgets

- 10.2.1 An insurer's Branch Office shall effectively participate in formulating branch-level budgets to be incorporated in company-wide budget;
- 10.2.2 An insurer's Branch budgets referred to under **Clause 10.2.1** above, shall be documented and used when assessing a Branch office's annual performance.