

CIRCULAR LETTER NO. 029/2015 (REVISED VERSION 02)

TO: ALL INSURANCE REGISTRANTS

ISSUE DATE: 23RD DECEMBER 2024

EFFECTIVE DATE: 1ST JANUARY 2025

**SUBJECT: MAXIMUM COMMISSION RATES PAYABLE BY INSURERS
IN RESPECT OF ALL CLASSES OF INSURANCE &
REINSURANCE**

1. Background:

The Tanzania Insurance Regulatory Authority ("TIRA" or "the Authority") hereby issues the Second Revision of Circular No. 29/2015, initially issued on 11th March 2015 and revised on 10th June 2024, concerning Maximum Commission Rates payable in the Tanzanian insurance market. The revised version has considered and incorporates feedback from stakeholders and aligns commission rates with market dynamics to enhance the sustainability of the insurance sector. The existing maximum commission rates were issued by the Authority on 11th March 2015 and have been in use for nine (9) years.

2. Objectives of the Revision:

The Revised Circular aims to:

- a). Reflect current market conditions and ensure competitiveness within the sector.
- b). Reduce excessive underwriting expenses to improve efficiency and profitability.
- c). Encourage growth in the insurance market by fostering mutually beneficial relationships between insurers and intermediaries.

3. Maximum Commission Rates:

The commission rates are capped in line with provisions of Section 37(1) of the Insurance Act, 2009 which state as follows: "The Commissioner may, by notice published in the Gazette, determine the minimum and maximum commission rates payable by insurers to other insurers, brokers or agents in respect of all or any class of insurance or reinsurance."

4. Payment of Lower Rates:

It should be noted that, all insurance companies or reinsurance companies may pay **commissions lower than the stipulated Maximum Commission Rates** based on factors such as portfolio risks, performance, claims experience, profitability and other underwriting considerations.

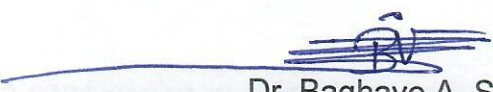
5. Scope of the Circular:

This Circular therefore, serves to require insurance registrants to adhere and comply with Maximum Commission Rates payable in Tanzania Insurance Market for direct insurance business (by General Insurance Companies, Life Insurance Companies, Health Insurance Schemes and Takaful Operators) and TanRe on (Mandatory Policy cessions), respectively.

6. This Circular supersedes all previous versions issued by the Authority

7. **Circular Effective Date:** The provisions of this Circular shall take effect from **1st January, 2025**

Class of Business	Maximum Commission Rates Payable on Direct Insurance Business by all Insurers	Maximum Commission Payable by TAN-RE on Mandatory Policy Cessions (Including the 2.5% over-rider)
Fire Insurance	20.00%	22.50%
Fire Commercial	20.00%	22.50%
Engineering Insurance	20.00%	22.50%
Motor Insurance	12.50%	15.00%
Individual Personal Accident	17.50%	20.00%
Group Personal Accident	17.50%	20.00%
Aviation Insurance	15.00%	17.50%
Marine Insurance	17.50%	20.00%
Health Insurance	17.50%	20.00%
Liability Insurance	17.50%	20.00%
Public Liability Insurance	17.50%	20.00%
Workmen's Compensation	17.50%	20.00%
Bond Insurance	17.50%	20.00%
Theft Insurance	17.50%	20.00%
Professional Indemnity	15.00%	17.50%
Money Insurance	15.00%	17.50%
Goods in Transit	15.00%	17.50%
Agriculture Insurance	17.50%	20.00%
Miscellaneous and Other General	17.50%	20.00%
Individual Life assurance	30.00%	32.50%
Group life assurance (including group credit policies)	15.00%	17.50%
Annuities and Pensions	30.00%	32.50%


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COMMISSIONER OF INSURANCE