



**BANCASSURANCE GUIDELINES FOR BANKS AND
FINANCIAL INSTITUTIONS, 2019**

BANK OF TANZANIA

PART I PRELIMINARY PROVISIONS	
Citation	1. These guidelines shall be cited as “ <i>Bancassurance Guidelines for Banks and Financial Institutions, 2019</i> ”.
Authorization	2. These Guidelines are issued under Section 71 of the Banking and Financial Institutions Act, 2006.
Application	3. These guidelines shall apply to all banks and financial institutions.
Definitions	4. In these Guidelines, unless the context otherwise requires: “Act” means the Banking and Financial Institutions Act; “Bank” means the Bank of Tanzania; “Bank” has the same meaning ascribed to it in the Act; “Bancassurance” means a mechanism by which banks or financial institutions and insurers collaborate to distribute and market insurance products; “Bancassurance Business” means provision of insurance products or services by a bank or financial institution on behalf of an insurer; “Bancassurance Agency Agreement” means a legal contract between the bank or financial institution and the insurer, under which the former acts as the insurance agent of the latter; “Bancassurance Products” means insurance products as specified under the second schedule of the Insurance Act that are marketed and sold by banks and financial institutions under a Bancassurance agency agreement; “Financial Institution” has the meaning ascribed to it in the Act; “Insurer” shall have the meaning ascribed to it under the Insurance Act No 10 of 2009; “Tanzania Insurance Regulatory Authority” means the Authority established by section 5 of the Insurance Act No 10 of 2009.
Objectives	5. The objectives of these guidelines are to: (i) Provide a framework for regulation and supervision of Bancassurance business; (ii) Increase insurance penetration by allowing banks and financial institutions to distribute insurance products using their branch network and customer base; (iii) Enhance financial inclusion by increase accessibility of insurance services to the public; (iv) Enhance consumer protection; (v) Provide one stop shop for banking and insurance services.
PART II ELIGIBILITY CRITERIA	
Approval to engage in Bancassurance business	6. A bank or financial institution shall not engage in Bancassurance business unless it has obtained an approval of the Bank and a license from Tanzania Insurance Regulatory Authority.

Supporting documentation	<p>7. When seeking for approval under guideline 6, a bank or financial institution shall submit to the Bank the following, alongside its application:</p> <ul style="list-style-type: none"> (a) An extract of a Board resolution approving the conduct of Bancassurance business; (b) The Bancassurance business plan including description on how Bancassurance business will be organized; (c) A Draft Bancassurance Agency Agreement between the bank or financial institution and an insurer; (d) The bank or financial institution’s assessment of risks that may arise from carrying on Bancassurance business and mitigants put in place; (e) Bancassurance policy; and (f) Any other information the Bank may deem necessary.
Issues to consider in granting approval	<p>8. In granting an approval under guideline 6, the Bank shall take into consideration-</p> <ul style="list-style-type: none"> (a) Whether the bank or financial institution meets the minimum legal and regulatory capital requirements; (b) Viability of the Bancassurance business plan; (c) Adequacy of risk assessment and mitigants put in place; (d) The ability of the bank or financial institution to conduct Bancassurance business in a prudent manner; (e) That the approval will not prejudice public interest; and (f) Any other issues the Bank may consider necessary.
Amendment, renewal, and termination of Bancassurance agreement	<p>9. (1) Any amendment to the Bancassurance agreement shall be subject to approval of the Bank. (2) Upon expiration, the bank or financial institution shall notify the Bank of the renewal of the Bancassurance agreement. (3) Upon termination of the Bancassurance agreement, the bank or financial institution shall notify the Bank stating the reason(s) for the termination.</p>
Underwriting of insurance	<p>10. A bank or a financial institution may, through a separately incorporated subsidiary, underwrite insurance.</p>
<p>PART III OPERATIONAL REQUIREMENTS AND CONSUMER PROTECTION</p>	
Operational requirements	<p>11. Every bank or financial institution engaged in Bancassurance shall -</p> <ul style="list-style-type: none"> (a) ensure that it has suitably trained members of staff capable of explaining the key attributes of the insurance products to customers; (b) ensure that its members of staff selling insurance products do not make any misrepresentation or misleading statements to the prospective customer on policy benefits and returns available under the policy; (c) give adequate pre-sale and post-sale advice to the prospective insured in respect of the insurance product it transacts;

	<ul style="list-style-type: none"> (d) extend all possible assistance and cooperation to an insured, nominee or beneficiary in completion of all formalities and documentation in the event of a claim; (e) ensure that the customer is informed that the product is underwritten by the insurer and that the insurer shall wholly be liable for payment of claims that may arise from the risk covered; (f) give due publicity to the fact that the bank or financial institution does not underwrite the risk or act as an insurer; (g) indicate the premium to be charged by the insurer for the insurance product offered for sale; (h) render such assistance to the policyholder, claimant or nominee, as may be required in complying with the requirements for settlement of claims by the insurer; and (i) put in place Operational Guidelines to guide conduct of Bancassurance business.
Consumer protection	<p>12. For the purposes of ensuring consumer protection, a bank or financial institution engaged in Bancassurance business shall-</p> <ul style="list-style-type: none"> (a) ensure that no customer is coerced to buy an insurance product of its Principal; (b) not debit the client’s bank account for premium without prior written authority or consent of the client; (c) comply with the code of conduct and ethics for intermediaries and insurers contained in the Insurance Regulations issued under the Insurance Act; (d) ensure the confidentiality of consumer data and information; (e) not offer different rates, benefits, terms and conditions other than those offered or agreed by the insurer; (f) not brand the insurance products, that is, including the bank’s or financial institution’s name, logo or corporate colors in any of the insurance documents; and (g) put in place an appropriate complaints redress mechanism to ensure that client’s complaints are appropriately attended to.
	<p>PART IV GENERAL PROVISIONS</p>
Reporting requirement	<p>13. (1) A bank or financial institution engaged in Bancassurance business shall submit to the Bank quarterly returns on the performance of the Bancassurance business.</p> <p>(2) The returns under guideline 13(1) shall be submitted within one month after end of the quarter, in a format to be prescribed by the Bank.</p> <p>(3) A bank or financial institution engaged in Bancassurance business shall promptly inform the Bank of pertinent issues and concerns encountered in carrying on the businesses under these Guidelines that would have a material impact on the bank or financial institution, as and when these arise.</p>

Annual Disclosures	14. Every bank or financial institution engaged in Bancassurance business shall separately disclose in their notes to annual financial statements the income and expenses associated with provision of Bancassurance business.
Administrative sanctions	<p>15. Without prejudice to the other penalties and actions prescribed by the Act, the Bank may impose one or more of the following sanctions where any of the provisions herein are contravened: -</p> <ul style="list-style-type: none"> (a) Money penalty in such amounts as may be determined by the Bank on the bank or financial institution or directors, officers or employees responsible for non-compliance; (b) Suspension from engaging in Bancassurance business; (c) Suspension of access to the credit facilities of the Bank; (d) Suspension of lending and investment operations; (e) Suspension of capital expenditure; (f) Suspension of the privilege to accept new deposits; (g) Suspension from office of the defaulting director, officer or employee; (h) Disqualification from holding any position or office in any bank or financial institution in Tanzania; and (i) Revocation of banking licence.

Prof. Florens D. A. M. Luoga

Governor, Bank of Tanzania

Dar Es Salaam, Tanzania