Bridging the Protection Gap: Strategic Approaches, Barriers, and Inclusive Market Growth in Tanzania’s Insurance Sector

by

Manasseh Kawoloka

DISSERTATION

Presented to the Swiss School of Business and Management, Geneva

In Partial Fulfilment

Of the Requirements

For the Degree

DOCTOR OF BUSINESS ADMINISTRATION

SWISS SCHOOL OF BUSINESS AND MANAGEMENT GENEVA

April, 2025

Bridging the Protection Gap: Strategic Approaches, Barriers, and Inclusive Market Growth in Tanzania's Insurance Sector

By

Manasseh Kawoloka

Supervised by

Dr. Prateek Modi

APPROVED BY

Dissertation chair

Vasiliki Grougiou

Renee Goldstein Osmic

RECEIVED/APPROVED BY:
Admissions Director

Acknowledgment

This dissertation marks the culmination of an enriching academic and personal journey, and I am deeply grateful to all those who have supported and contributed to this work.

First and foremost, I want to sincerely thank GOD for the favour granted to me to undergo the Executive DBA Programme.

Above all, I extend my sincere gratitude to **Dr. Prateek Modi**, my academic supervisor, for your unwavering support, insightful feedback, and thoughtful guidance throughout every stage of this research. Your expertise and patience were invaluable in helping me navigate the complexity of the study and maintain academic rigour and relevance. I am very grateful beyond measure.

I am equally thankful to the faculty and administrative team at **SSBM, Geneva,** whose commitment to academic excellence and encouragement provided a solid foundation for my doctoral journey. I am also grateful to my fellow DBA colleagues and research peers for their camaraderie, constructive discussions, and moral support along the way.

A special thank you goes to **Heritage Insurance Tanzania**, my employer, for the support rendered during my studies and to all the professionals, insurance executives, insurance brokers, community agents, policyholders, and regulatory representatives across Tanzania who generously gave their time and insights during interviews and surveys.

To my family, thank you for your unconditional love, encouragement, and patience. Your belief in me gave me the strength to keep moving forward even during the most demanding times. A special word of appreciation to my wife, **Nora,** and our daughters**, Tiyamike, Tamanda** and **Thandizo**, who stood by me through every late night and challenging draft.

Finally, I dedicate this work to the countless individuals across Tanzania who remain uninsured or underinsured, not due to choice but to barriers beyond their control. I hope this research contributes meaningfully to the conversation on inclusive financial access and becomes a small part of the journey toward building a more equitable insurance ecosystem.

Abstract

Despite sustained regulatory reform and increasing policy focus on financial inclusion, Tanzania's commercial insurance sector continues to exhibit low penetration and limited engagement with underserved populations. The protection gap, defined as the difference between insured and total economic losses, remains wide in Africa, including Tanzania. According to Swiss Re Institute (2021), nearly 70 per cent of global economic losses are uninsured, with Africa representing one of the most underinsured regions globally. This doctoral study investigates how insurance companies in Tanzania strategically respond to structural constraints, socio-cultural barriers, and regulatory frameworks in their efforts to increase market penetration and foster inclusive growth. Employing a mixed-methods approach, the research combines semi-structured interviews with 371 participants across the insurance ecosystem and a quantitative survey of 187 general public and MSME respondents. The findings reveal that while insurers are making incremental progress through digital innovations and partnership models such as bancassurance, these approaches often lack contextual adaptation and fail to address critical consumer concerns, particularly trust, product comprehension, and cultural acceptability.

The study identifies a deep misalignment between regulatory intent, provider strategy, and end-user experience. Logistic regression and correlation analyses confirm that psychological and informational factors; rather than purely economic constraints; are the most influential predictors of insurance uptake. The research integrates these findings through a conceptual synthesis aligned with Institutional Theory and the Dynamic Capabilities framework, culminating in an actionable, stakeholder-informed model for strategic realignment. It recommends community-based outreach, culturally tailored products (including Takaful), digital distribution enhancement, and policy co-creation as key levers for bridging the protection gap. The thesis contributes to academic theory and policy practice by presenting an integrated framework for inclusive insurance development in low-penetration markets.

Keywords

Insurance Penetration; Financial Inclusion; Tanzania; Strategic Adaptation; Trust; Takaful; Dynamic Capabilities; Institutional Theory; Mixed Methods; Inclusive Growth.

Table of Contents

List of Tables

List of Figures

Chapter 1: Introduction

1.1 Introduction

Insurance is widely recognised as a critical component of modern financial systems, particularly in mitigating risk, enhancing socio-economic resilience, and promoting long-term economic development. As both a financial instrument and a mechanism of social protection, insurance enables households, enterprises, and national economies to absorb shocks, recover from adversity, and engage in productive economic activities with greater security. In developing economies (Fig. 1), the integration of insurance into broader financial inclusion agendas has received increasing attention from policymakers, financial sector stakeholders, and development agencies alike (World Bank, 2021; Swiss Re Institute, 2017).

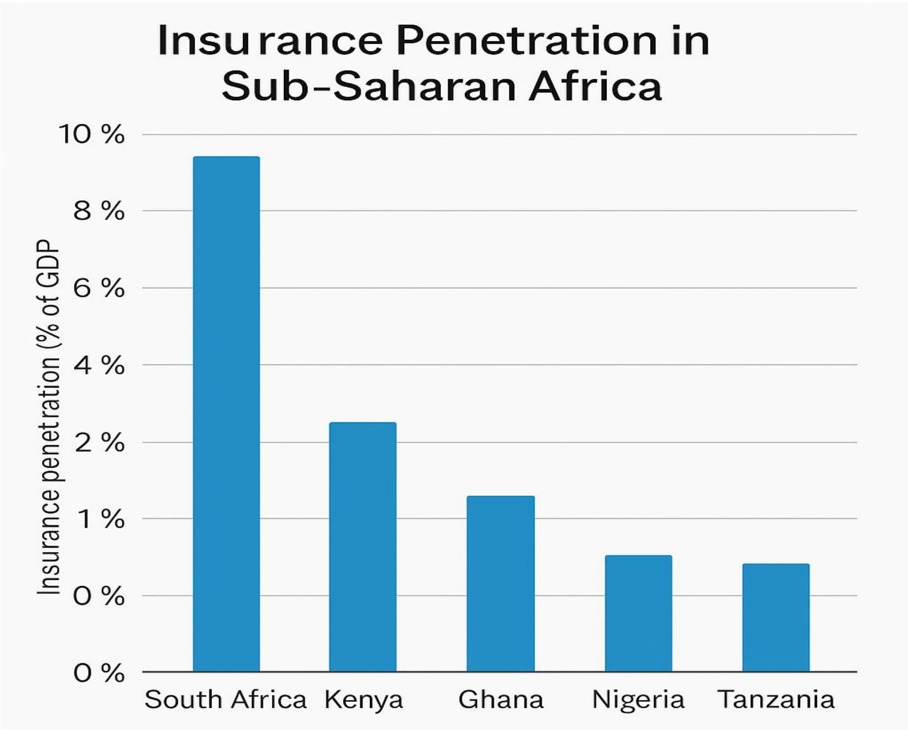

Figure 1 Insurance Penetration

In Sub-Saharan Africa, however, insurance penetration remains among the lowest globally. Despite the recognised importance of insurance for economic growth and individual welfare, much of the continent's population continues to rely on informal or state-subsidised mechanisms of risk management, leaving vast segments of the economy vulnerable to shocks such as illness, property loss, natural disasters, or business interruption.

The situation in Tanzania exemplifies this trend. While the country has undertaken substantial financial sector reforms and established regulatory institutions such as the Tanzania Insurance Regulatory Authority (TIRA), the overall reach of insurance services remains limited. According to the Tanzania Insurance Regulatory Authority (2024) report, the insurance industry covered 23.5 million individuals, representing 37.2% of the country's population, leaving the majority without coverage. Tanzania's insurance market penetration information indicates that as of 31 December 2023, the insurance industry in Tanzania recorded 7.7 million policyholders. During the same period, 15.8 million beneficiaries nationwide were insured. This total figure includes both commercial and public insurance services. The total population of Tanzania is close to 63.2 million people, with about 21 million living in urban areas and above 40 million living in rural areas.

Tanzania Insurance Regulatory Authority (2024) report expounds that in the commercial insurance sector, 4.7 million individuals were policyholders, while 10.0 million were beneficiaries. Meanwhile, public insurance accounted for 3.0 million policyholders and 5.8 million beneficiaries. The general insurance segment registered 4.4 million policyholders and 2.8 million beneficiaries nationwide, whereas life insurance registered 247 thousand policyholders and 7.3 million beneficiaries. These figures underscore the critical role of insurance in offering financial security and risk management for individuals and businesses across Tanzania.

This demonstrates that a significant portion of the population has neither been covered nor benefited from insurance services. According to the Tanzania Insurance Regulatory Authority (2024), Tanzania's insurance penetration can be explained in two categories: by the business transacted by commercial companies and the public sector. The Insurance penetration for the business transacted by the commercial insurance companies for 2023 was 0.71%. However, insurance penetration increases dramatically when we include the public insurance sector, like NHIF, WCF, NSSF, and ICHF, to about 2.01% in the same year of 2023. As can be seen, a few public sector companies increased their penetration a lot, while commercial companies contributed less than half the total penetration level. The total penetration has increased to 2.01% in 2024 but still lags Kenya at 2.5% (Citizen Reporter, 2024). This disparity highlights a persistent protection gap that has significant implications for economic stability, poverty alleviation, and social equity.

The critical role that insurance can play in development is well-established in academic and policy literature. Insurance facilitates investment by protecting against loss, enhances labour productivity by securing healthcare and income continuity, and contributes to macroeconomic stability by supporting risk diversification at a societal level (Arena, 2008; Liedtke, 2007; Outreville, 2012). Furthermore, insurance is increasingly recognised as a pillar of financial inclusion, particularly when aligned with innovations such as mobile platforms, microinsurance products, and inclusive regulatory frameworks (World Bank, 2018; Schmidt, 2018). In Tanzania, these potentials are reflected in strategic policy documents such as the Financial Sector Development Master Plan (2020/21–2029/30), which sets out a national goal of achieving 5 per cent insurance penetration and expanding service access to 50 per cent of the adult population by 2030 (Ministry of Finance and Planning, 2020).

However, the Tanzanian insurance landscape continues to face multifaceted challenges that inhibit broader uptake. These include limited public awareness, cultural reservations about insurance, affordability constraints, and low levels of trust in both insurers and the regulatory environment (Nthenge, 2012; Guan et al., 2020). Technological limitations, fragmented distribution networks, and insufficient innovation among insurers further compound the issue. Recent regulatory efforts by TIRA, including the promotion of digital insurance platforms, takaful insurance guidelines, and industry consortia such as the Tanzania Agriculture Insurance Consortium (TAIC), signal a commitment to transformation. Yet the operationalisation of these reforms within insurance companies remains inconsistent and under-examined in both academic and industry literature.

The urgency of the problem is illustrated by recent events such as the December 2023 floods in Hanang District, Manyara Region. The disaster resulted in over 85 fatalities and the displacement of more than 1,300 households. While a few insured individuals; mostly those who had accessed insurance through bancassurance arrangements with institutions such as NMB Bank and Reliance Insurance; received compensation, the majority remained uncovered and dependent on government and humanitarian relief (Citizen Reporter, 2023; Guardian Daily News, 2024). This event underscores the societal cost of underinsurance and the need for systemic solutions that address both demand- and supply-side barriers.

This study is situated within this critical policy and business landscape. It focuses on the commercial insurance sector and investigates how insurance companies in Tanzania can expand their strategic, operational, and technological capacity to drive inclusive market penetration. The emphasis is not only on identifying constraints but also on understanding how insurers respond to regulatory directives, engage with innovation, and adapt to the socio-economic conditions of underserved markets. In doing so, the research seeks to contribute to both academic literature and practical policy debates, offering a framework for enabling insurers to participate more fully in Tanzania's financial inclusion agenda.

1.2 Evolution and Current Landscape of the Insurance Sector in Tanzania

The insurance sector in Tanzania has evolved (Fig. 2) through several regulatory and institutional phases, transitioning from a state-monopolised system to a liberalised, market-driven model. Historically, the foundation of formal insurance in Tanzania was shaped during the colonial period, primarily serving expatriate and elite segments of the population. The sector remained rudimentary during the early post-independence years, characterised by limited product lines and centralised administration. With the enactment of liberalisation policies in the early 1990s, Tanzania initiated substantial reforms aimed at fostering competition, encouraging private sector investment, and modernising the regulatory framework (Ministry of Finance, 2009).

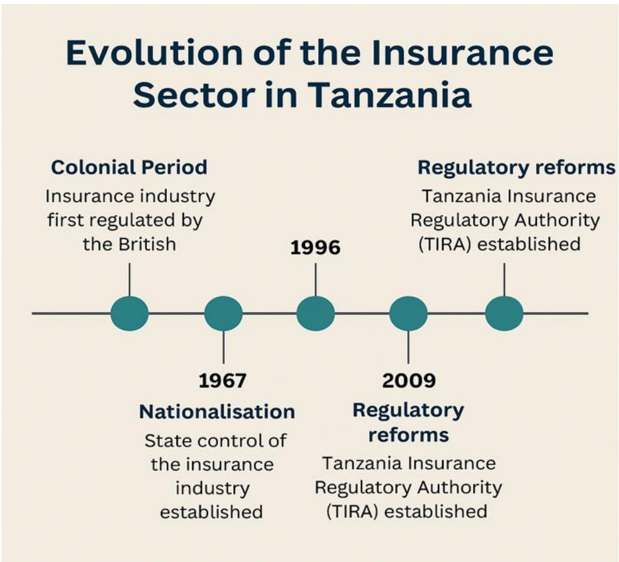

Figure 2 Evolution of Insurance Sector

The pivotal moment in this transformation was the enactment of the **Insurance Act No. 18 of 1996**, which laid the groundwork for opening the market to private insurers and intermediaries. The Act also established the **National Insurance Corporation (NIC)** as a key player while enabling the entry of foreign firms and domestic investors. This policy shift was further consolidated through the **Insurance Act No. 10 of 2009**, which provided for stronger supervisory oversight and formalised the establishment of the **Tanzania Insurance Regulatory Authority (TIRA)** as an autonomous regulator under the Ministry of Finance. TIRA's mandate includes licensing, market supervision, policy development, and consumer protection, making it a central actor in the sector's growth and governance (TIRA, 2022; Saqware, 2022).

As of 2023, Tanzania's insurance industry comprises over 30 licensed insurance firms, 130 brokers, 660 agents, and a growing number of alternative distribution channels such as bancassurance agents and digital platform operators (TIRA, 2023). However, despite this institutional infrastructure, the industry remains relatively small. Total insurance penetration stood at **2.01 per cent in 2023**, with **commercial insurance accounting for only 0.71 percent**; a figure well below regional peers such as Kenya (2.5 percent) and South Africa (13.7 percent) (Citizen Reporter, 2024; Swiss Re Institute, 2021).

The market is heavily skewed toward **general insurance**, which comprises approximately **74 per cent** of gross written premiums, with **life insurance contributing only 26 percent**, according to TIRA's Annual Insurance Market Performance Report (2023). Within general insurance, motor, health, and fire remain the dominant classes of business. The sector also demonstrates high levels of urban concentration, with Dar es Salaam accounting for more than half of all insurance activity. In contrast, rural areas; home to nearly 70 per cent of the national population; continue to face access constraints due to inadequate distribution infrastructure, low financial literacy, and a lack of tailored products (Nthenge, 2012; Malambo and Qutieshat, 2024).

The lack of trust in insurance institutions remains a critical barrier to growth. According to Zeleke et al. (2018), perceptions of delay in claims settlement, lack of transparency in policy wording, and poor after-sales service have contributed to consumer scepticism, particularly in lower-income segments. This has been further compounded by limited enforcement of compulsory insurance requirements, weak institutional accountability, and sporadic public engagement by insurers themselves. Trust-building and customer-centric approaches have thus emerged as key imperatives for market development.

In response to these challenges, the Tanzanian government and regulatory institutions have introduced several initiatives to deepen market participation and enhance sectoral efficiency. These include the **Takaful Operational Guidelines (2022)** to promote Sharia-compliant insurance, the establishment of specialised consortia such as the **Tanzania Agriculture Insurance Consortium (TAIC)** and the **Tanzania Energy Co-Insurance Consortium (TECC)**, and policy reforms under the **Financial Sector Development Master Plan (2020–2030)** to grow insurance coverage to 5 per cent by 2030 (Ministry of Finance and Planning, 2020; TIRA, 2023).

Despite these developments, insurance penetration in Tanzania continues to exhibit slow and uneven progress. While the **number of total beneficiaries increased to 15.8 million in 2023**, the majority were covered under government schemes such as NHIF, NSSF, and ICHF, rather than private insurance companies (TIRA, 2024). The over-reliance on public mechanisms poses risks to fiscal sustainability and undermines the development of a competitive, innovation-driven private insurance market (Noordhoek et al., 2022).

In sum, the Tanzanian insurance sector reflects both progress and persistent gaps. On one hand, the industry has expanded its institutional base, regulatory oversight, and product range. On the other, it has failed to translate this growth into widespread consumer uptake, particularly among vulnerable and underserved populations. The sector's evolution highlights the need for a deeper understanding of the strategic, operational, and policy-related factors that influence insurance market performance in emerging contexts. It is within this complex and evolving landscape that the present study is situated.

1.3 Strategic Role of Insurance in Economic Inclusion and Risk Protection

Insurance plays a pivotal role in enabling financial inclusion, fostering macroeconomic stability, and enhancing the resilience of households and enterprises in the face of adversity. As a formal mechanism for risk pooling and mitigation, insurance facilitates economic activities by absorbing and redistributing the financial consequences of unforeseen events. In doing so, it reduces the vulnerability of individuals and institutions to external shocks and supports a more stable and equitable development process (Arena, 2008; Outreville, 2012).

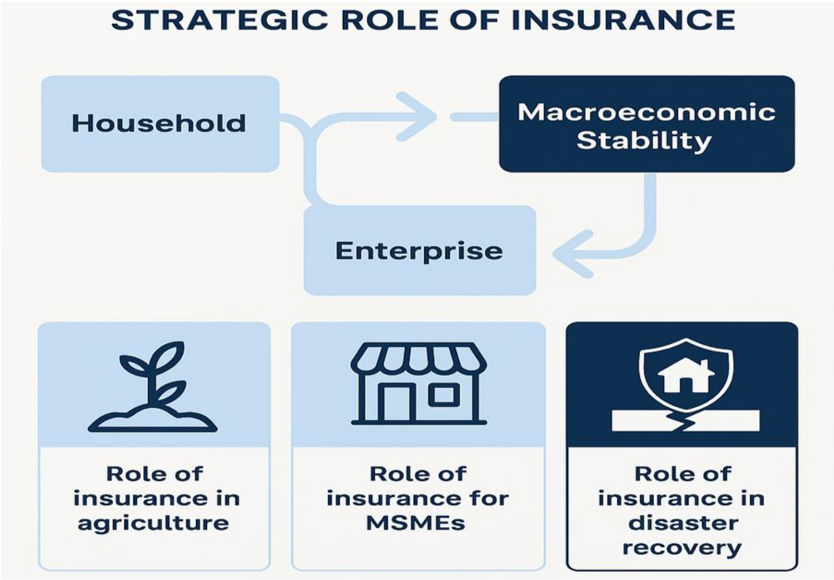

Figure 3 Strategic Role of Insurance

At the household level, insurance contributes to financial inclusion by protecting income, assets, and livelihoods (Fig. 3). This is particularly vital in low-income and informal sectors, where the absence of financial buffers renders individuals highly susceptible to economic distress. In agricultural economies, for instance, weather-indexed and crop insurance schemes have been shown to improve creditworthiness, stimulate investment in productive assets, and reduce reliance on negative coping strategies such as distress sales or child labour (World Bank, 2021; Malambo and Qutieshat, 2024). These dynamics also apply to Tanzania, where over 65 per cent of the population is dependent on agriculture and where climatic volatility has intensified the need for robust risk management tools (Tanzania Insurance Regulatory Authority [TIRA], 2024).

At the enterprise level, insurance enables entrepreneurship by providing security against operational risks, including property damage, liability exposure, and business interruption. Micro, small, and medium-sized enterprises (MSMEs) in Tanzania account for a significant proportion of employment and GDP contribution. However, their limited access to insurance services exposes them to considerable risks that hinder growth, investment, and sustainability. A lack of appropriate insurance products tailored to the needs of MSMEs; especially in rural and peri-urban settings; has been identified as a major constraint to formalisation and resilience (Anselmi and Saqware, 2021; Karekezi, 2024).

From a macroeconomic perspective, insurance fosters capital accumulation and financial sector deepening. It mobilises long-term savings through life and pension products, supports government bond markets, and enables the expansion of credit through risk mitigation instruments such as credit guarantees and performance bonds. Swiss Re Institute (2017) highlights that in emerging markets, the development of domestic insurance markets is correlated with increases in investment efficiency and GDP growth, particularly when insurance penetration exceeds 3 per cent of GDP. In Tanzania, where commercial penetration remains under 1 percent, the macroeconomic contribution of insurance remains under-realised. In the context of development finance, insurance has also emerged as a central tool in building resilience against disasters and climate-related risks. Innovative instruments such as sovereign risk pools, agricultural reinsurance mechanisms, and disaster microinsurance schemes are increasingly being used in Sub-Saharan Africa to address fiscal and community-level vulnerabilities (Ikeda et al., 2024). The East African Community, of which Tanzania is a member, has advocated for increased regional collaboration on insurance-based disaster risk financing, yet domestic implementation remains limited.

The integration of insurance into financial inclusion strategies is supported by various global frameworks. The International Association of Insurance Supervisors (IAIS, 2018) advocates for proportionate regulation and inclusive market development, while the World Bank's Universal Financial Access goals underscore the need to embed insurance within national financial infrastructure. In line with this, Tanzania has launched the National Council for Financial Inclusion Framework (2023–2028) and the Universal Health Coverage Act (2023), both of which seek to expand risk protection and financial inclusion through coordinated public-private interventions (NCFI, 2023; Ministry of Finance and Planning, 2020).

However, despite these policy initiatives, the strategic engagement of commercial insurers remains limited. Studies by Karekezi (2024) and Deloitte Tanzania (2024) indicate that insurers continue to prioritise conventional, high-margin products and urban clientele, while underserved groups; especially rural communities and informal workers—remain excluded from coverage. This presents both a missed opportunity for business innovation and a failure to deliver on national development objectives.

The case of the Hanang District floods in December 2023 further underscores the critical role of insurance in disaster resilience. While bancassurance-linked policyholders were able to access timely compensation, the majority of affected households had no form of insurance coverage and were left dependent on government aid and charitable relief (Citizen Reporter, 2023; Guardian Daily News, 2024). This incident exemplifies the real-world implications of low penetration and the urgent need to embed insurance into national social protection frameworks.

In sum, insurance holds substantial potential to act as a catalyst for financial inclusion, economic growth, and social resilience in Tanzania. However, this potential remains largely untapped due to structural inefficiencies, limited innovation, and weak integration with broader development agendas. The strategic role of insurers in achieving inclusive economic outcomes must therefore be re-examined, not only as a regulatory requirement, but also as a business imperative in an increasingly risk-prone environment.

1.4 Policy and Regulatory Responses to Under-Penetration

Over the last decade, the Government of Tanzania has placed increasing emphasis on the role of insurance as a vehicle for enhancing financial inclusion, public welfare, and economic resilience. Recognising the country's persistently low insurance penetration, policymakers and regulatory authorities have initiated a series of legislative, institutional, and programmatic responses aimed at widening access to insurance services across demographic and geographic segments. These interventions have focused not only on expanding coverage through statutory schemes but also on encouraging commercial insurers to engage in inclusive business models. At the heart of Tanzania's regulatory architecture stands the **Tanzania Insurance Regulatory Authority (TIRA)**, established under the **Insurance Act No. 10 of 2009**. TIRA is mandated to oversee licensing, compliance, product approval, and market performance reporting, and has been instrumental in operationalising government-led reforms (Ministry of Finance, 2009). The agency serves as both regulator and facilitator, bridging the objectives of public policy with the commercial interests of insurance providers. Through periodic directives, performance reports, and strategic guidelines, TIRA has continued to position the insurance industry within the broader framework of financial sector development.

Policy and Regulatory Responses

Policy/Act	Year	Objective	Impact
Insurance Act	1990	Market liberalization	Opened private market
UHC Act	2023	Expand health coverage	Promote private insurer inclusion

Source: United Republic of Tanzania; Ministry of Finance

Figure 4 Policy and Regulatory Responses

Among the most significant recent policy interventions is the **Universal Health Coverage Act (2023)**. Enacted to ensure equitable access to essential health services, the Act seeks to expand coverage through both public and private providers, thereby creating opportunities for insurance companies to enter underserved markets under a unified policy umbrella (United Republic of Tanzania, 2023). The legislation mandates collaboration between commercial insurers and public entities to operationalise universal health mandates, while also encouraging the development of inclusive, low-cost health insurance products (Fig. 4).

Complementing this legislative shift is the **Financial Sector Development Master Plan (2020/21–2029/30)**, which sets a clear agenda for financial deepening, digital transformation, and institutional coordination across the sector. The plan envisages an increase in insurance penetration to 5 per cent of GDP by 2030 and targets including 50 per cent of the adult population in formal insurance services (Ministry of Finance and Planning, 2020). These targets, while ambitious, serve as a rallying point for both public and private actors and underscore the urgency of addressing the structural limitations that have historically constrained insurance access.

In line with these macro-level frameworks, the **National Council for Financial Inclusion (NCFI) Framework 2023–2028** has further integrated insurance into the financial inclusion discourse. As a multi-stakeholder platform, the NCFI provides a mechanism for aligning regulatory, financial, and technological strategies to extend the reach of insurance products. Its stated objectives include increasing insurance awareness, building consumer trust, promoting digital distribution models, and fostering collaboration among regulators, insurers, and financial institutions (National Council for Financial Inclusion, 2023).

TIRA has also issued several operational guidelines intended to encourage product diversification and distribution innovation. Notably, the **Insurance (Takaful) Operational Guidelines (2022)** have laid the foundation for the provision of Sharia-compliant insurance products, thereby addressing cultural and religious barriers to adoption among Muslim populations (TIRA, 2022). Takaful has been positioned as a mechanism for improving risk pooling and mutual protection in communities historically underserved by conventional insurance products.

To further support market expansion, TIRA has promoted consortia models such as the **Tanzania Agriculture Insurance Consortium (TAIC)** and the **Tanzania Energy Co-Insurance Consortium (TECC)**. These initiatives aim to pool risks, standardise pricing, and improve underwriting capacity across complex and high-risk sectors (TIRA, 2023). They also represent an attempt to increase collaboration among insurers while facilitating the inclusion of new market entrants and products.

Equally significant is the institutionalisation of **bancassurance**, enabled through regulatory amendments that allow banks and microfinance institutions to distribute insurance products on behalf of insurers. This model has gained traction due to its ability to leverage existing banking infrastructure and trust relationships, especially in rural and peri-urban areas (Anselmi and Saqware, 2021). Recent cases, such as the post-flood payouts facilitated by NMB Bank in partnership with Reliance Insurance, have demonstrated the model's potential for rapid deployment and claims responsiveness (Citizen Reporter, 2023; Guardian Daily News, 2024). Despite these developments, the impact of policy and regulatory reform has been mixed. While the enabling environment has improved, challenges remain in terms of execution, enforcement, and private-sector alignment. Several studies suggest that commercial insurers often lack strategic clarity on how to respond to new policy mandates or capitalise on emerging opportunities (Karekezi, 2024; Deloitte Tanzania, 2024). In particular, the gap between product authorisation and actual distribution remains wide, due in part to operational capacity constraints, low digital integration, and limited field presence.

Moreover, regulatory interventions have yet to fully address the demand-side dynamics that shape insurance uptake. Although awareness campaigns and literacy initiatives are embedded within financial inclusion strategies, there is limited evidence of systematic behavioural change, especially in rural contexts where cultural perceptions and informal risk-sharing arrangements prevail (Platteau, 1997; Zeleke et al., 2018). In this context, TIRA's role as both regulator and market developer is critical, and its capacity to monitor and guide implementation will likely determine the success of policy-driven insurance expansion.

Tanzania has made considerable progress in creating a supportive regulatory and policy framework for insurance market growth. Legislative acts, strategic plans, and institutional innovations have collectively established a roadmap for inclusion. However, regulatory success will ultimately depend on the degree to which commercial insurers are able, and willing, to adapt their business models, build inclusive strategies, and deliver on the promise of universal financial protection. The next section explores how emerging insurance models are being deployed in practice, with a focus on innovation and market adaptation.

1.5 Innovation and Emerging Insurance Models

Innovation in the insurance sector has become a central pillar in efforts to increase market penetration, improve access, and enhance client satisfaction, particularly in emerging economies. In Tanzania, the limited reach of conventional distribution channels and the structural barriers facing insurers have necessitated the adoption of alternative models that can better respond to the realities of underserved markets. The adoption of innovative insurance models is being driven not only by technological advancement but also by regulatory incentives and shifts in customer expectations (Fig. 5). This section explores key innovations currently reshaping the Tanzanian insurance landscape, including bancassurance, digital insurance platforms, takaful insurance, and sales force executives (SFE).

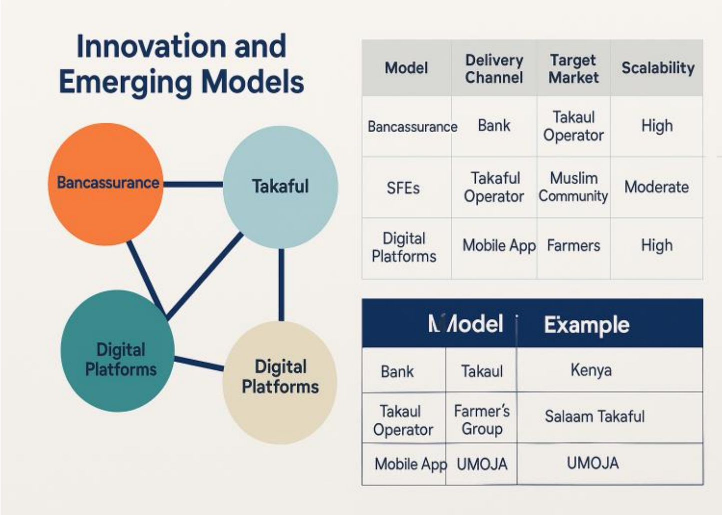

Figure 5 Innovation and emerging models

1.5.1 Bancassurance

Bancassurance refers to the partnership between banks and insurance companies, where insurance products are distributed through the banking channel. This model has been formally adopted in Tanzania through specific regulatory guidelines issued by TIRA in response to low outreach through traditional agent-based sales (TIRA, 2023). The model is particularly relevant in the Tanzanian context, where the banking network, while not universally accessible, tends to be more developed than that of insurance brokers and agents.

According to Karekezi (2024), bancassurance offers the advantage of integrating insurance into the customer's existing financial behaviour, such as loan acquisition or savings management, thus improving uptake. This has been supported by empirical evidence from NMB Bank's partnership with Reliance Insurance, which facilitated flood compensation for insured clients in the Hanang District in 2023 (Guardian Daily News, 2024). These partnerships represent a scalable route for insurance firms to leverage banking infrastructure and trust capital to reach customers, especially in peri-urban and semi-formal economic zones.

Despite its promise, bancassurance in Tanzania still faces several challenges. These include coordination issues between financial institutions, regulatory constraints on dual licensing, and limited insurance literacy among bank staff (Barasa, 2016). Nonetheless, its continued promotion under national financial inclusion strategies suggests that bancassurance will remain a core channel for expanding commercial insurance penetration.

1.5.2 Digital Insurance Platforms and Mobile Delivery

Digitalisation represents one of the most transformative forces in the modern insurance landscape. In Tanzania, the growing penetration of mobile phones and digital financial services has provided a foundation for mobile insurance products, digital onboarding, and claims management. As Schmidt (2018) and the World Bank (2018) argue, mobile-enabled insurance not only reduces distribution costs but also enhances accessibility for low-income and remote populations.

Several Tanzanian insurers, in collaboration with mobile network operators and fintechs, have begun to offer microinsurance products via USSD menus and mobile apps. These products typically cover life, health, and accident risks, and can be bundled with mobile money or airtime usage. Anselmi and Saqware (2021) highlight that mobile insurance products are particularly effective in reaching first-time users due to their affordability and simplicity.
However, the implementation of digital insurance platforms is still in the nascent stage. The lack of standardised platforms, interoperability between insurers and mobile operators, and concerns regarding data privacy and regulatory oversight limit the scalability of these solutions. Additionally, digital literacy and mobile access disparities, particularly in rural areas, remain significant barriers to adoption (Malambo and Qutieshat, 2024).

Nonetheless, the Tanzanian government and regulators have recognised the importance of digital channels and have taken steps to support their development. TIRA's 2022 annual report notes the registration of five operational digital platforms and the approval of new digital licensing frameworks aimed at promoting innovation and competition in the sector (TIRA, 2022).

1.5.3 Takaful Insurance

Takaful, or Islamic insurance, is a model that aligns with Shariah principles by pooling resources for mutual protection without engaging in interest-based or speculative activities. In Tanzania, where a significant proportion of the population identifies as Muslim, takaful presents a culturally appropriate and religiously compliant alternative to conventional insurance products (Saqware, 2022).

The operationalisation of takaful in Tanzania was enabled through TIRA's issuance of the **Insurance (Takaful) Operational Guidelines 2022**, which provided a regulatory basis for its formal launch. As of 2023, multiple takaful products have been introduced into the market, with growing interest from both providers and consumers, particularly in coastal and island regions such as Zanzibar and Tanga (TIRA, 2023).

Karekezi (2024) and Zablon et al. (2024) argue that takaful offers not only a culturally sensitive solution but also a vehicle for expanding penetration into segments traditionally underserved due to religious hesitation. Moreover, the cooperative nature of takaful aligns well with community-based risk pooling models, which have long existed informally in Tanzanian society (Platteau, 1997).

However, the long-term viability of takaful will depend on sustained consumer education, regulatory capacity to ensure compliance, and the ability of providers to create products that are both affordable and competitive.

1.5.4 Sales Force Executives and Community Agents

In addition to digital and institutional channels, TIRA has approved a model involving **Sales Force Executives (SFE)** and community-based agents. These actors are tasked with direct marketing and education, especially in areas with limited access to physical insurance infrastructure. This model draws on international best practices in microinsurance and has been adopted to overcome trust and awareness gaps at the community level (Chartered Insurance Institute, 2023).

According to the 2022 market performance report, TIRA had registered over 28 SFEs and began scaling the model through structured training programs and agency networks (TIRA, 2022). These agents operate within local communities and are often embedded in cooperatives, SACCOs, or informal associations, thereby improving trust and reducing entry barriers for new customers.

Although this model is labour-intensive, it provides an essential human interface that complements digital platforms and bancassurance by serving populations that may be excluded from other channels. However, agent retention, training quality, and commission structures are among the critical factors that will influence the sustainability of the SFE approach (Oluwabiyi et al., 2022).

1.5.5 Insurance Consortia and Sectoral Pools

Another innovation gaining traction is the formation of **insurance consortia and strategic pooling frameworks**, such as the **Tanzania Agriculture Insurance Consortium (TAIC)** and the **Tanzania Energy Co-Insurance Consortium (TECC)**. These consortia enable insurers to share risks, pool technical expertise, and create tailored products for high-risk sectors like agriculture, oil, and gas. According to TIRA (2023), such collaborative platforms not only reduce underwriting volatility but also promote the development of products that individual insurers may lack the capacity to design independently.

This model is particularly useful in contexts like Tanzania, where agriculture accounts for a large share of economic activity but remains largely uninsured due to weather risk, yield volatility, and infrastructural constraints (Mutegi, 2018; Luo and Kariru-Mauruiku, 2024). Sector-specific consortia enable insurers to spread risks and deepen coverage in areas that are traditionally underwritten only through donor or public-sector subsidies.

1.6 Market Challenges and Practical Constraints to Penetration

Despite the growing policy interest and gradual evolution of regulatory frameworks, the Tanzanian insurance industry continues to face significant operational, structural, and socio-cultural barriers that constrain efforts to expand market penetration. These constraints manifest in the form of low public awareness, affordability issues, institutional distrust, limited distribution reach, and weak innovation capacity among commercial insurers. These challenges are not unique to Tanzania; however, their interplay within the country’s specific economic and demographic context produces a distinct set of limitations that hinder both coverage and sustainability (Fig. 6).

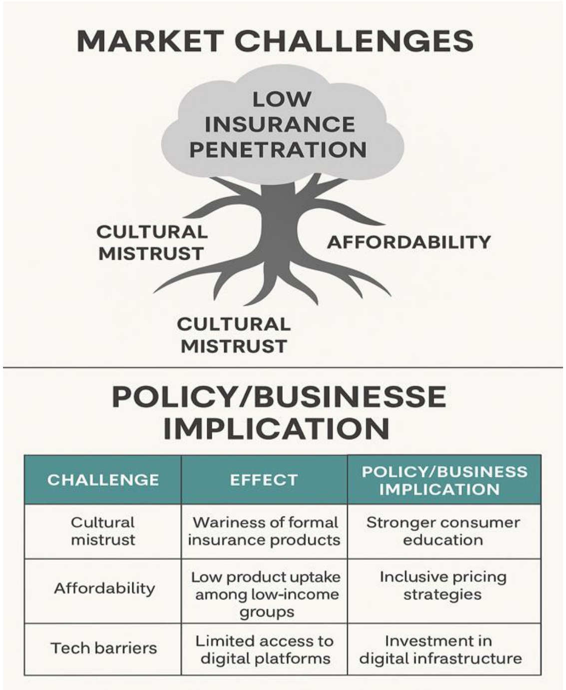

Figure 6 Market Challenges

One of the most persistent constraints is the low level of insurance awareness among the general population. Surveys conducted by TIRA (2023) and supported by earlier studies such as Nthenge (2012) indicate that many Tanzanians, particularly in rural areas, remain unaware of basic insurance concepts, including policy benefits, coverage terms, and claims procedures. This lack of familiarity is further compounded by deep-rooted cultural attitudes that perceive insurance as either irrelevant or inconsistent with traditional coping mechanisms. Platteau (1997) highlights that in many African rural communities, mutual support systems often substitute for formal risk-sharing models, thereby reducing the perceived utility of insurance products.

Affordability remains another significant barrier. With a large portion of the population engaged in informal, low-income activities, the financial burden of regular premium payments acts as a deterrent to insurance uptake (Outreville, 2012; Arena, 2008). Insurance products designed without adequate attention to the cash flow patterns of informal earners are unlikely to generate demand. The World Bank (2021) underscores that in contexts like Tanzania, where over 80 per cent of the workforce operates outside formal employment, traditional actuarial pricing and premium structures are often misaligned with economic realities.

Distribution inefficiencies and geographical access limitations also impede the expansion of insurance. The insurance industry in Tanzania has historically relied on Intermediary-based models and office-based outreach concentrated in urban centres, leaving vast rural and peri-urban populations underserved (Anselmi and Saqware, 2021). While bancassurance and mobile-based distribution channels have recently gained momentum, their penetration remains uneven. For instance, the 2022 TIRA report documents that while 28 bancassurance agents were registered nationally, their operations were still concentrated around major towns and did not significantly alter rural access patterns (TIRA, 2022).

Trust in insurance providers presents yet another barrier. Empirical studies across multiple African contexts have shown that lack of transparency, delays in claim settlement, and perceived conflict of interest between insurers and clients negatively influence willingness to participate in insurance schemes (Malambo and Qutieshat, 2024; Guan et al., 2020). In Tanzania, anecdotal evidence and press coverage have occasionally highlighted insurer failures to deliver timely compensation, which undermines market confidence. These reputational issues are often exacerbated by inadequate consumer education and weak post-sale customer engagement mechanisms.

Operationally, many insurers in Tanzania struggle with limited capacity in actuarial expertise, product design, and technology adoption. As documented by Saqware (2022) and Deloitte Tanzania (2024), only a small fraction of insurers in the country possess the infrastructure necessary to scale up data-driven underwriting or client relationship management. This technological lag hampers efforts to offer flexible, low-cost products suitable for underserved markets. While there have been pilot programs in digital microinsurance and mobile-enabled platforms, Schmidt (2018) notes that most implementations remain shallow, lacking systemic integration into core business models or digital ecosystems.

Regulatory fragmentation and inconsistent enforcement further complicate the market environment. Although the Insurance Act and TIRA’s regulatory framework offer comprehensive guidelines, industry stakeholders have raised concerns about the clarity, timeliness, and enforcement consistency of policy measures (Liedtke, 2007; Abbas and Ning, 2016). Moreover, the interplay between public insurance schemes and commercial actors sometimes generates confusion around accountability, coverage responsibilities, and the role of subsidy mechanisms in promoting uptake.

Lastly, macroeconomic volatility and inflationary pressures create systemic challenges for insurers. As documented by TanzaniaInvest (2024), inflation rates; although currently stable; historically have reduced disposable income and discouraged long-term financial planning, including insurance uptake. This economic unpredictability complicates pricing, risk modelling, and long-term policy development, especially for health and agricultural insurance products.

In sum, the Tanzanian insurance market is constrained by a constellation of practical and institutional challenges that go beyond regulatory reform or technological pilot projects. Addressing these issues requires a comprehensive and coordinated effort from insurance providers, regulators, development partners, and policymakers. The limitations discussed in this section form the foundation of the study's empirical focus, which seeks to explore how insurance companies operating in Tanzania can strategically and operationally respond to these constraints in order to advance inclusive penetration.

1.7 Research Problem

The problem addressed in this research emerges at the intersection of institutional ambition and practical delivery within Tanzania's insurance landscape. Despite strong macroeconomic reforms and financial inclusion strategies, the commercial insurance sector continues to exhibit limited progress in reaching underserved segments of the population. The stagnation in insurance penetration rates; measured at just 0.71 per cent in 2023 for the commercial segment; illustrates a significant disconnect between regulatory frameworks and business execution (Tanzania Insurance Regulatory Authority [TIRA], 2024).

In absolute terms, out of a population exceeding 62 million, only 4.7 million individuals held insurance policies in 2023, while the total number of beneficiaries reached just 15.8 million. The imbalance is further illustrated by the fact that nearly 40 million people in rural areas remain effectively excluded from the protective benefits of formal insurance services (TIRA, 2024). Kenya's penetration rate reached 2.5 per cent in the same period, suggesting the potential for growth and deeper reach, even within similarly structured economies (Fig. 7) (Citizen Reporter, 2024).

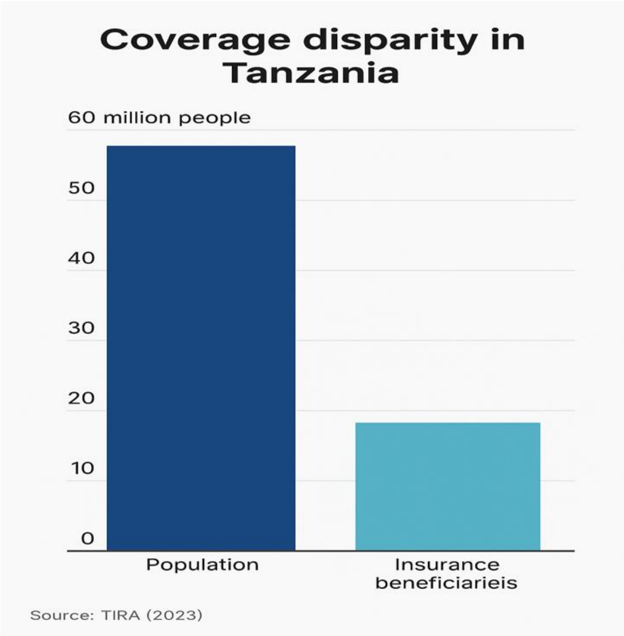

Figure 7 Coverage Disparity in Tanzania

A variety of public-sector schemes; including the National Health Insurance Fund (NHIF), Workers Compensation Fund (WCF), and the Improved Community Health Fund (ICHF); have demonstrated that increased penetration is possible. When these schemes are factored in, Tanzania's overall penetration rate increases to 2.01 percent. However, the fact that commercial insurance providers account for less than half of this penetration underscores a structural inefficiency in leveraging private sector capacity to meet national insurance goals.

The gap between inclusion policies and the real-world performance of insurers has practical consequences. One such case was the 2023 flooding in the Hanang District, where disaster relief was primarily limited to individuals covered by bancassurance-linked policies offered through NMB Bank and Reliance Insurance Company. The majority of those affected; more than 1,300 households; remained uninsured and received only limited state or humanitarian assistance (Citizen Reporter, 2023; Guardian Daily News, 2024). This case illustrates how limited insurance coverage translates into systemic social and economic vulnerabilities during periods of crisis.

At a strategic level, the problem extends beyond inadequate coverage and touches on issues of innovation, regulatory engagement, customer trust, and operational scalability. While digital platforms, mobile insurance, and alternative distribution channels have emerged, they have yet to be fully integrated into mainstream business practices. Moreover, many insurance companies continue to operate with business models that are not aligned with the needs of informal, rural, and lower-income populations.

Existing literature has primarily examined insurance uptake from the perspectives of consumer behaviour, regulatory evolution, or financial infrastructure. However, there is limited research on how insurance companies themselves respond strategically to market constraints and regulatory imperatives. The internal organisational dynamics, leadership practices, and adaptation strategies of these firms remain largely underexplored. Without such insights, efforts to promote financial inclusion through insurance risk being ineffective or misaligned with actual business practice.

Consequently, this study seeks to examine how commercial insurance companies in Tanzania contribute to, or fall short in, expanding insurance market penetration. The research problem centres on the lack of strategic clarity, adaptive capacity, and operational coherence within the insurance industry as it seeks to respond to the national call for deeper financial inclusion and wider protection coverage.

1.8 Purpose of the Research

The purpose of this research is to investigate and critically assess the role of insurance companies in expanding insurance market penetration in the United Republic of Tanzania. Despite the recognition of insurance as a strategic tool for financial inclusion, poverty reduction, and resilience building, Tanzania's commercial insurance sector continues to demonstrate limited outreach and low adoption rates across much of the population. As previously discussed, commercial insurance penetration remains below one per cent (TIRA, 2023), with the majority of citizens either unaware of, unable to afford, or unwilling to engage with formal insurance mechanisms. This reality is particularly concerning in light of recurring climate-related disasters, public health emergencies, and widening economic disparities that increase the population's exposure to financial shocks.

This study is situated within the context of systemic underinsurance, institutional reform, and innovation opportunity. Its overarching purpose is to evaluate how insurance companies respond to existing constraints and leverage emerging opportunities to deepen their market penetration. It aims to generate empirical evidence on how insurers engage with strategic planning, regulatory adaptation, innovation practices, and alternative distribution models to extend their services to underserved populations.

The research further seeks to explore the effectiveness of current government policy instruments and public-private collaboration frameworks in incentivising insurer participation in national inclusion agendas. This includes a detailed examination of how private insurers interpret and respond to mechanisms such as the Universal Health Coverage Act (2023), the Financial Sector Development Master Plan (2020–2030), and the National Council for Financial Inclusion Framework (2023–2028). Special attention is given to new insurance delivery models, such as bancassurance, mobile-based platforms, takaful, and consortia underwriting, and their adoption across Tanzania's diverse socio-economic landscape.

The ultimate objective of this research is to develop a comprehensive and context-sensitive framework that informs both strategic business planning and policy formulation. The study's findings will offer practical recommendations for improving insurance distribution, fostering innovation, and strengthening institutional alignment between regulatory agencies and the private sector. This research is designed to provide actionable knowledge to insurers, policymakers, and stakeholders in Tanzania's financial ecosystem, while contributing to academic literature on inclusive insurance development in emerging markets.

1.9 Significance of the Study

This study holds considerable significance for multiple stakeholders, including commercial insurance providers, policymakers, regulators, development partners, and the academic community. The importance of the research derives from its applied nature, its focus on a sector of strategic economic value, and its attempt to bridge existing gaps between regulatory intention, business practice, and inclusive development outcomes.

1.9.1 Contribution to Business Strategy and Industry Practice

At the practitioner level, the study aims to generate actionable insights for insurance companies operating in Tanzania and similar low-penetration markets. By investigating strategic models, operational responses, and innovation-driven initiatives such as digital platforms and bancassurance, the research will provide a nuanced understanding of what works, under what conditions, and for whom. Insurance companies are increasingly expected to contribute not only to profit-making but also to broader public goals, including financial inclusion, risk protection, and economic resilience. This study offers an evidence-based framework through which insurers can evaluate their role, adjust their strategies, and expand their reach in a competitive but underserved environment.

Given the prevailing challenges such as low rural outreach, limited product innovation, and weak distribution networks, insurers require guidance on how to realign their business models with evolving regulatory frameworks and socio-economic needs. The study therefore supports the strategic repositioning of insurers in Tanzania by highlighting opportunities for market expansion, value creation, and customer-centric innovation.

1.9.2 Policy and Regulatory Relevance

From a policy and regulatory perspective, the research will contribute to the ongoing discourse on financial inclusion and risk protection as outlined in national strategies, including the Financial Sector Development Master Plan (2020/21–2029/30), the Universal Health Coverage Act (2023), and the National Council for Financial Inclusion Framework (2023–2028). These frameworks collectively emphasize insurance as a tool for social protection, disaster preparedness, and economic inclusion. However, policy success is contingent on private sector participation and strategic alignment.

Through assessment of the responsiveness of insurance companies to public policy instruments and regulatory guidance, the study offers critical feedback loops for institutions such as the Tanzania Insurance Regulatory Authority (TIRA), the Ministry of Finance and Planning, and other financial oversight bodies. The findings are expected to inform future policy design, facilitate evidence-based regulation, and support the development of enabling environments that promote innovation, transparency, and inclusion.

1.9.3 Contribution to Academic Knowledge

This research also addresses a notable gap in the academic literature. While the relationship between insurance and economic development has been widely discussed, there remains a lack of empirical research on how insurance firms in Tanzania and comparable markets navigate strategic, regulatory, and technological transitions. Existing studies tend to focus either on macroeconomic conditions or on consumer behaviour, with limited attention to firm-level strategy and organisational adaptation in low-penetration contexts (Outreville, 2012; Karekezi, 2024; Mutegi, 2018).

The study contributes to academic knowledge by documenting the internal and external factors that shape insurer performance in underdeveloped markets. It applies a context-specific lens to established theoretical models and offers new empirical data from a country and sector where such evidence is scarce. Moreover, it situates the Tanzanian experience within broader comparative frameworks from Sub-Saharan Africa, thereby enhancing its generalisability and theoretical value.

1.9.4 Developmental and Social Impact

Beyond the immediate interests of industry and academia, the study holds broader developmental significance. Increased insurance penetration is positively associated with poverty reduction, health access, disaster resilience, and entrepreneurial activity. By exploring how insurance can become more accessible and relevant to the majority of Tanzanians, particularly those in rural and informal settings, the research indirectly supports goals related to inclusive economic growth and sustainable development (Swiss Re Institute, 2021; World Bank, 2021).

The outcomes of this study are expected to provide a framework for inclusive product development, channel innovation, and institutional collaboration. These elements are vital in ensuring that insurance is not merely a commercial product, but also a lever for improving livelihoods and reducing economic vulnerability across the population.

1.10 Research Questions and Objectives

A clear formulation of the research questions and objectives is fundamental to guiding the structure, focus, and scope of any scholarly inquiry. This study seeks to explore the strategic, operational, and contextual dynamics that shape the role of insurance companies in expanding market penetration in the United Republic of Tanzania. As the preceding sections have demonstrated, the Tanzanian insurance sector is characterised by significant potential for growth, but is constrained by a range of structural, institutional, and behavioural barriers. The persistent under-penetration of insurance services, particularly in rural and informal segments of the population, presents not only a commercial limitation for insurers but also a broader developmental concern for the country's financial inclusion and socio-economic resilience agenda.

To respond to these conditions, this research adopts a pragmatic and contextually grounded approach that focuses on how insurance companies engage with these challenges and opportunities in practice. The inquiry is shaped by a central research aim, three guiding research questions, and a set of research objectives that reflect the study's academic purpose and practitioner orientation.

1.10.1 Research Aim

The primary aim of this study is to assess and develop a comprehensive framework for understanding the role of insurance companies in expanding market penetration and reducing the protection gap in the United Republic of Tanzania. The research specifically seeks to investigate the strategic, operational, and contextual factors that influence the adoption and distribution of insurance services across diverse population segments.

1.10.2 Research Questions

The study is guided by the following three research questions:

1. What strategic approaches and business models are currently employed by insurance companies in Tanzania to increase market penetration, and how do these differ across institutional and operational contexts?
2. What structural, regulatory, and socio-cultural factors act as barriers to insurance uptake in Tanzania, and how have insurance providers responded to these challenges?
3. How can integrated insights from stakeholders be used to formulate practical and policy-driven recommendations that bridge the protection gap and foster inclusive market growth in Tanzania?

These questions are designed to enable a holistic and multi-dimensional examination of insurance sector behavior and performance, with specific emphasis on the commercial insurance domain.

1.10.3 Research Objectives

To effectively address the research questions, the study has formulated the following objectives:

1. To examine the strategic approaches and business models employed by insurance companies in Tanzania with the goal of increasing market penetration.
2. To evaluate the structural, regulatory, and socio-cultural barriers that constrain insurance uptake, and to analyse the response strategies developed by insurance providers.
3. To develop evidence-based recommendations aimed at enabling insurance companies to bridge the protection gap and to foster sustainable and inclusive market growth

These objectives provide a structured basis for data collection, analysis, and interpretation. They also establish the parameters for evaluating insurer performance not merely in financial terms, but also concerning their contribution to national inclusion agendas, policy compliance, and innovation capability.

1.11 Organisation of the Thesis

This dissertation is structured into six chapters. Each chapter builds upon the preceding one to construct a coherent argument and provide a structured response to the research objectives and questions outlined in this study. The organisation of the thesis is as follows:

- **Chapter 1: Introduction**
  This chapter sets the foundation for the study by providing an overview of the research context, outlining the evolution of the Tanzanian insurance sector, and establishing the significance of insurance in promoting financial inclusion. It further presents the research problem, purpose, significance, objectives, and questions that guide the investigation.
- **Chapter 2: Literature Review**
  The second chapter provides a critical review of academic and grey literature related to insurance market penetration, with a specific focus on Sub-Saharan Africa and Tanzania. It explores themes including drivers of insurance demand, institutional and regulatory influences, innovation and distribution strategies, and challenges facing

insurers in emerging markets. The chapter also identifies existing gaps in knowledge, thereby establishing the need for this study.

- **Chapter 3: Research Methodology**

  This chapter outlines the philosophical foundations and methodological choices that underpin the research. It describes the research design, case study strategy, data collection methods, sampling framework, and data analysis techniques. Ethical considerations, research validity, and limitations are also discussed to ensure transparency and rigour.

- **Chapter 4: Analysis and Findings**

  Chapter four presents the empirical findings derived from interviews, regulatory documents, and firm-level evidence. The findings are analysed thematically and linked back to the research questions, with cross-case comparisons and pattern identification to support grounded insight generation.

- **Chapter 5: Discussion**

  The discussion chapter interprets the findings in light of the existing literature and theoretical frameworks. It evaluates the strategic, operational, and contextual dimensions of insurer responses, highlighting consistencies and contradictions with previous studies. Implications for theory, practice, and policy are examined in depth.

- **Chapter 6: Conclusion and Recommendations**

  The final chapter summarises the key findings of the study, revisits the research objectives, and outlines practical recommendations for insurers, policymakers, and regulators. It concludes with a reflection on the study’s contribution to knowledge, acknowledges its limitations, and suggests avenues for future research.

Chapter 2: Literature Review

2.1 Introduction

The purpose of this chapter is to critically examine the body of literature relevant to insurance market penetration, with an emphasis on the strategic role played by commercial insurance companies in emerging markets, particularly Tanzania. The review evaluates scholarly contributions, regulatory frameworks, and practitioner-oriented analyses to develop a nuanced understanding of the factors that influence insurance accessibility, adoption, and scalability.

Literature is thematically organised to address four core areas: drivers of insurance market development, strategic responses by insurance companies, barriers to penetration, and the enabling role of digital technologies. This thematic structure facilitates a systematic exploration of both demand- and supply-side dynamics while considering the institutional and socio-economic context in which Tanzanian insurers operate.

The chapter places particular focus on empirical research and sectoral insights from Sub-Saharan Africa, enabling the Tanzanian case to be contextualized within broader regional and global trends. Attention is given to existing gaps in the literature, including limited analyses of insurer strategy, underdeveloped metrics for penetration, and weak connections between insurance adoption and socio-economic outcomes.

2.2 Insurance in Tanzania

Insurance is a fundamental component of economic development and financial resilience. It enables individuals and organizations to manage risk, stabilize income, and protect assets from unforeseen events. In emerging economies, insurance also serves as a key instrument for promoting inclusive growth, financial inclusion, and long-term capital formation. However, despite its critical importance, insurance penetration remains substantially low in many Sub-Saharan African countries. This is particularly evident in Tanzania, where formal insurance coverage continues to reach only a fraction of the population.

According to the Tanzania Insurance Regulatory Authority (2024) report, the insurance industry covered 23.5 million individuals, representing 37.2% of the country's population, leaving the majority without coverage. Tanzania's insurance market penetration information indicates that as of 31 December 2023, the insurance industry in Tanzania recorded 7.7 million policyholders. During the same period, 15.8 million beneficiaries nationwide were insured. This total figure includes both commercial and public insurance services. The total population of Tanzania is close to 63.2 million people, with about 21 million living in urban areas and more than 40 million living in rural areas.

Tanzania Insurance Regulatory Authority (2024) report expounds that in the commercial insurance sector, 4.7 million individuals were policyholders, while 10.0 million were beneficiaries. Meanwhile, public insurance accounted for 3.0 million policyholders and 5.8 million beneficiaries. The general insurance segment registered 4.4 million policyholders and 2.8 million beneficiaries nationwide, whereas life insurance registered 247 thousand policyholders and 7.3 million beneficiaries. These figures underscore the critical role of insurance in offering financial security and risk management for individuals and businesses across Tanzania. This demonstrates that a significant portion of the population has neither been covered nor benefited from insurance services. According to the Tanzania Insurance Regulatory Authority (2024), Tanzania's insurance penetration can be explained in two categories: by the business transacted by commercial companies and the public sector. The Insurance penetration for the business transacted by the commercial insurance companies for 2023 was 0.71%. However, insurance penetration increases dramatically when we include the public insurance sector, like NHIF, WCF, NSSF, and ICHF, to about 2.01% in the same year of 2023. As can be seen, a few public sector companies increased their penetration a lot, while commercial companies contributed less than half the total penetration level. The total penetration has increased to 2.01% in 2024 but still lags Kenya at 2.5% (Citizen Reporter, 2024). This disparity highlights a persistent protection gap that has significant implications for economic stability, poverty alleviation, and social equity.

Low levels of insurance penetration have critical implications for socio-economic vulnerability and financial stability. They expose individuals and businesses to unmitigated risks, particularly in the face of natural disasters, health emergencies, or economic shocks. The example of the 2023 floods in the Hanang District of the Manyara Region underscores this reality. While a few insured individuals received compensation through bancassurance arrangements, the majority of victims lacked any form of insurance coverage and were reliant on emergency aid and public assistance.

Although the Government of Tanzania has introduced several initiatives to improve insurance access, including the Universal Health Coverage Act (2023), the National Council for Financial Inclusion Framework (2023–2028), and the Financial Sector Development Master Plan (2020/21–2029/30), the commercial insurance sector has not yet played a sufficiently transformative role. This situation calls for a critical examination of the strategic, operational, and institutional mechanisms through which insurance companies can support national efforts to expand coverage and bridge the protection gap.

The purpose of this literature review is to examine existing academic and empirical research relevant to the expansion of insurance market penetration, with a particular focus on the role of insurance companies in Tanzania. The review adopts a thematic structure that synthesises insights from global, regional, and national studies. It will analyse the multi-dimensional factors that influence insurance uptake, including consumer behaviour, regulatory frameworks, product innovation, and distribution strategies. It will also consider theoretical perspectives relevant to insurance adoption and market development, including the diffusion of innovation, constructivist approaches to consumer engagement, and strategic frameworks such as the marketing mix and Ansoff matrix. The review concludes by identifying key gaps in the literature and outlining the rationale for the current study.

2.3 Theoretical and Conceptual Frameworks

A robust theoretical and conceptual framework serves as the foundation of any academically sound inquiry, particularly in the social sciences. It provides the analytical tools necessary to interpret complex relationships among variables and enables the researcher to position their study within the broader academic discourse. For a doctoral-level investigation of insurance penetration in Tanzania, a multidimensional conceptual foundation is necessary. This is due to the intricate nature of the insurance industry, which is simultaneously influenced by institutional dynamics, consumer behaviour, cultural norms, technological evolution, and regulatory frameworks. Accordingly, this section presents a synthesis of theoretical perspectives and models that collectively frame the study. These include the Research Onion by Saunders et al. (2019), the Diffusion of Innovation Theory (Rogers, 1962), Constructivism (Fosnot, 2013), the Marketing Mix and 4Cs framework (Kotler, 2000; Lauterborn, in Kotler, 2000), the Ansoff Matrix (Bartolocci, 2021), and the Black Box Model of Consumer Behaviour (Armstrong and Kotler, 2007).

2.3.1 The Research Onion: Philosophical and Methodological Foundation

The research onion, developed by Saunders, Lewis, and Thornhill (2019), is an essential model for guiding the methodological design of business research. It enables researchers to conceptualise their research process through six layers, beginning with the philosophical stance and progressing through research approaches, strategies, choices, time horizons, and techniques and procedures. This study is situated within an **interpretivist philosophical paradigm** (Fig. 8), which assumes that reality is socially constructed and contextually situated. Interpretivism recognises that knowledge about phenomena such as insurance penetration is best obtained through understanding the subjective meanings that actors attach to their experiences and decisions (Bryman, 2016).

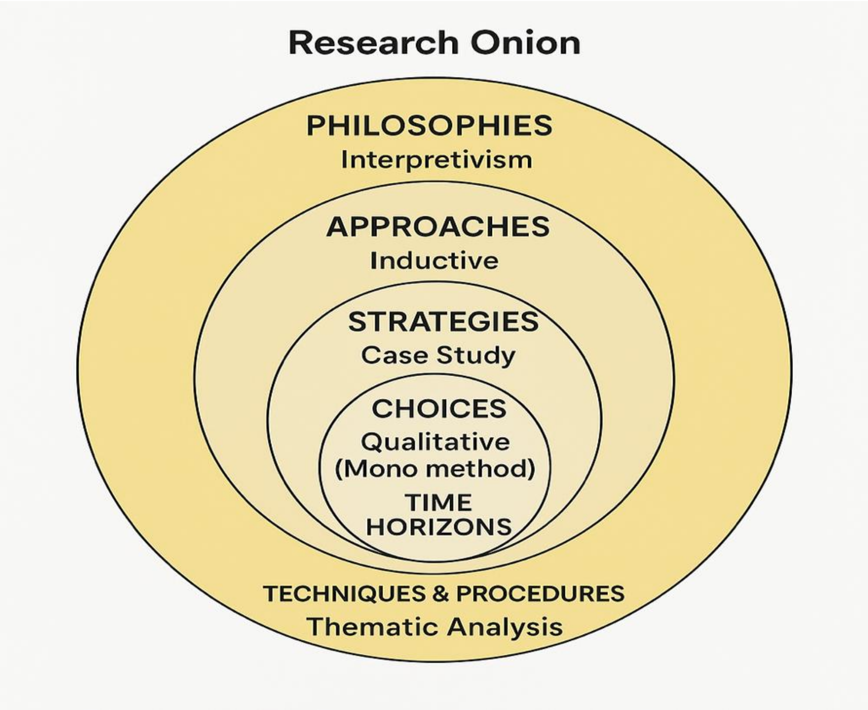

Figure 8 The Research Onion (Saunders, 2019)

In Tanzania, insurance uptake is deeply embedded in socio-cultural beliefs, perceptions of risk, and levels of trust in financial institutions (Platteau, 1997; Nthenge, 2012). The interpretivist approach allows for an exploration of these human-centred dimensions, which cannot be fully captured through a purely positivist or quantitative methodology. This epistemological orientation aligns well with the study's objectives, particularly the need to uncover the underlying behavioural, cultural, and perceptual barriers to insurance adoption.

At the next layer of the research onion, the study adopts an **inductive research approach**, which facilitates the generation of theory from empirical observations. This approach is appropriate given the exploratory nature of the research questions and the relatively limited academic literature on insurance market dynamics in Tanzania (Outreville, 2012; Zablon et al., 2024). The research design further employs a **qualitative, case study strategy**, enabling an in-depth investigation of the Tanzanian insurance ecosystem and the strategic responses of commercial insurers operating within it (Yin, 2018).

In terms of time horizon, the study uses a **cross-sectional design** while incorporating longitudinal insights from secondary data sources, such as insurance market performance reports (TIRA, 2023) and policy documents (Ministry of Finance and Planning, 2020). This hybrid approach facilitates a contextual understanding of current market conditions while also enabling trend analysis over the past decade. Finally, the study draws on **thematic analysis techniques**, in line with Braun and Clarke (2006), to interpret qualitative data from policy reports, academic sources, and case-based evidence.

2.3.2 Diffusion of Innovation Theory

The **Diffusion of Innovation Theory**, developed by Rogers (1962), provides a powerful lens through which to understand the adoption of new products and practices across a social system. The theory posits that innovations are adopted in a predictable pattern over time, progressing through five adopter categories: innovators, early adopters, early majority, late majority, and laggards. Each category represents a segment of the population characterized by varying degrees of risk tolerance, access to information, and readiness to adopt change.

In the Tanzanian insurance context (Fig. 9), this model is particularly instructive. Despite the presence of over 30 insurance firms and a growing number of distribution channels, the adoption of insurance products remains confined to a narrow segment of the population, typically comprising urban dwellers, formal sector employees, and borrowers from financial institutions (TIRA, 2023; Karekezi, 2024). The majority of Tanzanians, particularly those in rural areas and the informal sector, exhibit characteristics associated with late majority or laggard categories. These include scepticism, limited exposure to insurance, and a tendency to rely on informal risk-sharing arrangements (Platteau, 1997; Mulenga, 2015).

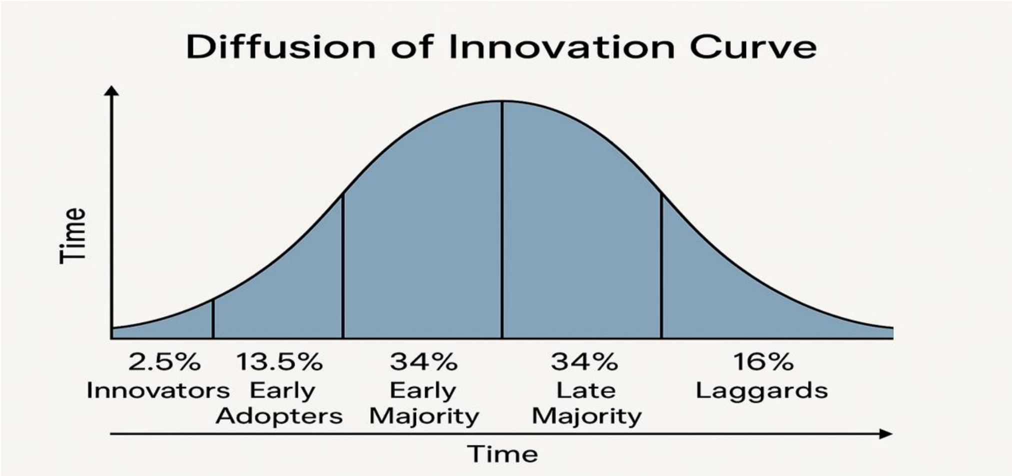

Figure 9 Diffusion of Innovation Curve

The relevance of Rogers' theory is further amplified when analysing the introduction of **digital insurance platforms**, **takaful schemes**, **microinsurance products**, and **bancassurance models** in Tanzania. These innovations are designed to overcome traditional barriers such as geographical inaccessibility, affordability, and lack of tailored products (Anselmi and Saqware, 2021; Saqware, 2022). However, their diffusion remains slow due to inadequate consumer education, trust deficits, and limited engagement with community-level influencers. The theory underscores the importance of communication channels, social networks, and perceived relative advantage in facilitating innovation uptake, all of which must be strategically addressed by insurance companies seeking market expansion (Rogers, 1962).

2.3.3 Constructivist Theory and Consumer Interpretation

Constructivism, as articulated by Fosnot (2013), posits that knowledge and meaning are constructed through individual and social experiences. This philosophical orientation supports an in-depth exploration of how potential policyholders in Tanzania interpret insurance offerings, assess their value, and make informed decisions. Constructivist perspectives emphasise that understanding is not passively received but actively built based on cultural context, lived experience, and social interaction.

Within the Tanzanian insurance landscape, this theory helps explain the complex interplay between consumer perceptions, cultural beliefs, and insurance adoption. For instance, empirical studies have shown that many individuals perceive insurance as unnecessary or irrelevant, particularly in rural communities where informal risk-sharing mechanisms and religious or traditional beliefs dominate financial behaviour (Malambo and Qutieshat, 2024;

Kajwang, 2020). In such contexts, insurance is not merely a financial product but a culturally embedded concept that must be introduced and communicated in ways that align with local values and expectations.

Constructivist thinking also supports the use of **community-based awareness campaigns**, **peer-to-peer engagement**, and **financial literacy initiatives**, which have been recommended by regulators such as TIRA and scholars like Nthenge (2012). These strategies help bridge the gap between institutional intentions and consumer realities. They allow insurance companies to co-create value with communities rather than imposing externally designed products that lack contextual relevance (Guan et al., 2020).

2.4 Strategic Marketing Models: The Marketing Mix, 4Cs, and Ansoff Matrix

In addition to behavioural and philosophical foundations, the study incorporates **strategic marketing theories** to examine how insurance companies position their services for market expansion. The **Marketing Mix Model** (4Ps) remains a foundational tool in this regard. As proposed by Kotler (2000), the four components; Product, Price, Place, and Promotion; offer a structured approach to analyzing how companies design, deliver, and communicate their value propositions.

In the Tanzanian insurance market (table 1), product offerings must cater to diverse segments, including urban professionals, informal workers, agricultural cooperatives, and smallholder farmers. Products such as micro insurance, funeral cover, health bundles, and crop protection are emerging in response to these needs (Barasa, 2016; Anselmi and Saqware, 2021). Pricing strategies are equally crucial, as affordability is a key constraint in a country where over 70 per cent of the population lives on less than USD 3.10 per day (World Bank, 2021). Distribution (Place) innovations such as mobile apps, agent networks, and bancassurance channels are critical enablers of reach, while promotional efforts must address trust, literacy, and cultural resonance (CIM, 2022; Luo and Kariru-Mauruiku, 2024).

4Ps (Firm-focused)	4Cs (Customer-focused)
Product	Customer Needs
Price	Cost to Customer

4Ps (Firm-focused)	4Cs (Customer-focused)
Place	Convenience
Promotion	Communication

Table 1 The Marketing Mix

The **4Cs framework** introduced by Lauterborn (in Kotler, 2000) complements the 4Ps by shifting the focus from the firm to the consumer. It includes **Customer Needs**, **Cost to the Customer**, **Convenience**, and **Communication**. This model is particularly relevant in Tanzania's low-penetration environment, where consumer-centric design is essential. Insurance companies must invest in understanding what risks consumers fear most, how they calculate value, and what channels they trust. This often involves repositioning insurance as a service that protects livelihoods, not merely as a financial product (Olarewaju and Msomi, 2021).

The **Ansoff Matrix** (Bartolocci, 2021) is also valuable in mapping the strategic options available to insurance companies (fig 10). The matrix presents four growth strategies: market penetration, product development, market development, and diversification. In Tanzania, firms are pursuing market penetration by increasing coverage in existing urban segments through cross-selling, product development through innovation (such as takaful and weather-index insurance), market development by entering rural and informal markets, and diversification by partnering with banks, mobile network operators, and NGOs (TIRA, 2022; Ministry of Finance and Planning, 2020). Each strategic move must be aligned with regulatory constraints and consumer readiness.

Figure 10 The Ansoff Matrix

2.5 The Black Box Model of Consumer Behaviour

The **Black Box Model** of consumer behaviour, derived from behavioural psychology, provides insight into how external stimuli (such as advertising or pricing) interact with internal processes (perceptions, motivations, attitudes) to produce consumer responses (Armstrong and Kotler, 2007). This model is useful in explaining the gap between insurance availability and actual uptake.

In the Tanzanian context (Fig. 11), although insurance companies are increasingly visible and active, the cognitive and emotional filters through which consumers interpret insurance remain complex. Trust in financial institutions is often low, influenced by past experiences, media reports, and peer narratives (Zeleke et al., 2018). Moreover, insurance is often perceived as abstract, intangible, and unrelated to daily life. This leads to a psychological disconnect that reduces purchase intention (Guan et al., 2020; Li et al., 2020).

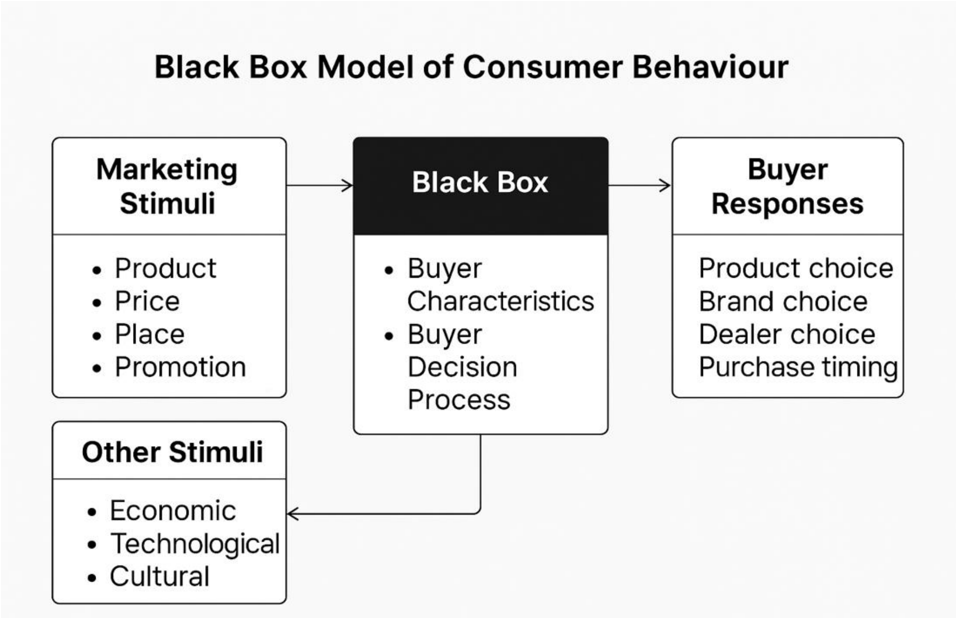

Figure 11 The Blackbox Model

The model underscores the importance of not only promoting products but also shaping perceptions. It suggests that effective consumer engagement requires addressing emotional concerns, clarifying benefits, simplifying language, and using trusted community intermediaries to deliver messages. These are the principles currently being trialled in regulatory initiatives such as the TIRA Consumer Awareness Strategy and are consistent with global best practices in inclusive insurance (Swiss Re Institute, 2020; Noordhoek et al., 2022).

2.6 Insurance as a Risk Management and Socio-Economic Tool

Insurance is widely recognised as a critical instrument for managing financial risk, fostering economic resilience, and enabling long-term planning at both household and macroeconomic levels. Its function as a risk-transfer mechanism allows individuals, businesses, and governments to protect against unforeseen events such as illness, natural disasters, crop failure, or economic disruption. Beyond its commercial logic, insurance plays a central role in promoting financial inclusion, reducing vulnerability, and supporting sustainable development, especially in low- and middle-income countries.

2.6.1 Insurance as a Risk Transfer Mechanism

At its core, insurance facilitates the redistribution of risk across a pool of individuals or organisations. It converts uncertain and potentially catastrophic losses into manageable, predictable costs, thereby allowing policyholders to stabilise consumption and investment decisions. Liedtke (2007) asserts that insurance enhances economic security and confidence, enabling both individuals and firms to undertake productive activities that they might otherwise avoid due to risk exposure. Arena (2008) further demonstrates, in a cross-country econometric study, that insurance development is positively associated with long-term economic growth, particularly in developing countries.

In Tanzania, where large segments of the population rely on subsistence farming and informal employment, the capacity to manage risk is inherently limited. According to the World Bank (2021), most Tanzanians face high exposure to health-related, climatic, and economic shocks, yet lack access to formal safety nets. The absence of insurance coverage in such settings often leads to asset depletion, reduced consumption, and long-term impoverishment. The case of the Hanang District floods in 2023, in which over 1,300 households were displaced and 85 lives lost, revealed the stark consequences of underinsurance (The Citizen, 2023; Guardian Daily News, 2024). Only those who had bundled coverage through NMB Bank's bancassurance partnership with Reliance Insurance received compensation, amounting to approximately TZS 270 million. This demonstrates the essential protective role insurance can play when appropriately structured and accessible.

2.6.2 Insurance and Financial Inclusion

Insurance also functions as a critical tool for enhancing **financial inclusion**, defined as the access to and usage of affordable financial services by underserved populations. In many low-income contexts, including Tanzania, households rely on informal financial systems such as savings groups, funeral societies, and extended family networks to manage risk (Platteau, 1997). While these systems offer basic risk-sharing, they are often insufficient in cases of large-scale or systemic shocks.

Formal insurance, by contrast, offers structured and regulated protection. As part of a broader financial inclusion agenda, insurance products such as micro insurance, health cover, and crop insurance can serve to integrate marginalised populations into the formal financial ecosystem. According to the Ministry of Finance and Planning (2020), increasing insurance access is a national development priority, to reach 50 per cent of the adult population with insurance services by 2030. This policy objective aligns with the financial sector development master plan and the National Council for Financial Inclusion (NCFI) Framework (2023–2028), both of which identify low insurance uptake as a major barrier to financial stability.

Studies in similar economies support this view. Olarewaju and Msomi (2021) show that insurance adoption correlates with increased access to credit, improved health-seeking behaviour, and investment in agricultural productivity. Moreover, insurance enables the accumulation of financial assets by providing assurance that investments will not be lost due to unforeseen events. In this way, insurance acts as both a safety net and a springboard for upward mobility.

2.6.3 Insurance and Economic Development

Insurance markets contribute to national development through capital mobilisation, employment creation, and fiscal stability. Premiums collected by insurers represent long-term funds that can be reinvested in infrastructure, government bonds, and productive sectors of the economy. According to the Swiss Re Institute (2017), insurers in emerging markets increasingly play a role as institutional investors, directing capital towards strategic sectors such as housing, energy, and transportation.

Furthermore, a well-functioning insurance market reduces the burden on public finances. In the absence of widespread insurance coverage, the state must bear the cost of emergency relief, reconstruction, and social assistance in the aftermath of shocks. This was evident in Tanzania's response to the Hanang landslides, where the government had to mobilise substantial humanitarian support for uninsured households. Expanding insurance penetration, therefore, reduces fiscal pressure and enables governments to focus resources on long-term development rather than reactive spending (Noordhoek et al., 2022).

The role of insurance in enhancing macroeconomic stability is also well documented. Karekezi (2024) highlights that higher insurance penetration is associated with lower volatility in household consumption and reduced poverty rates in African countries. The Geneva Association (2022) further argues that insurance contributes to social cohesion by reducing inequality in the face of risk. In Tanzania, where informal sector employment remains dominant, developing inclusive insurance mechanisms is critical to reducing income volatility and supporting long-term human development.

2.6.4 Insurance for Disaster Risk Reduction and Climate Resilience

Insurance is increasingly recognized as a tool for **disaster risk reduction (DRR)** and climate adaptation. In regions vulnerable to floods, droughts, and other climate-related hazards, insurance can provide timely financial support, enabling affected communities to recover more quickly and reducing long-term developmental setbacks. Ikeda, Palakhamarn, and Anbumozhi (2024) underscore the importance of investing in DRR technologies and risk financing solutions, particularly in ASEAN and African nations.

In Tanzania, where climate change has intensified the frequency and severity of natural disasters, insurance coverage for agricultural losses, flood damage, and property protection remains minimal. Innovative models such as **index-based agricultural insurance**, **area yield insurance**, and **parametric disaster coverage** are emerging as viable options for de-risking rural livelihoods (Saqware, 2022; Anselmi and Saqware, 2021). However, these products require collaboration among insurers, regulators, meteorological agencies, and farmer associations to be effectively implemented.

The establishment of **consortia**, such as the Tanzania Agriculture Insurance Consortium (TAIC) and the Energy Co-Insurance Consortium (TECC), reflects efforts by the government and the Tanzania Insurance Regulatory Authority (TIRA) to pool resources and expand coverage for critical sectors (TIRA, 2023). These initiatives represent a shift from isolated insurance offerings toward integrated risk management frameworks aligned with national development goals.

2.6.5 Addressing the Protection Gap

Despite these advantages, the **protection gap**, defined as the difference between insured and total economic losses, remains wide in Tanzania and across Africa. According to Swiss Re Institute (2021), nearly 70 per cent of global economic losses are uninsured, with Africa representing one of the most underinsured regions globally. The protection gap is even more severe for non-life insurance lines, such as property, health, and disaster coverage. In Tanzania, the commercial insurance sector’s contribution to total penetration remains below one per cent, underscoring its limited impact relative to public schemes (TIRA, 2024).

Bridging the protection gap requires a concerted effort from both public and private stakeholders. Insurance companies must adopt **inclusive business models**, invest in consumer education, and innovate around product design and delivery. At the same time, regulatory frameworks must support flexible licensing, risk pooling, and digital onboarding solutions (Chartered Insurance Institute, 2023; Luo and Kariru-Mauruiku, 2024). International experience suggests that addressing the protection gap is not only a commercial imperative but also a public policy priority, given the role of insurance in ensuring societal resilience.

2.7 Global and Regional Context: Insurance Penetration Trends

The role of insurance in economic development, financial protection, and social risk management is well-established in the global literature. Insurance supports sustainable development through its function in stabilizing household income, enabling productive investment, and mitigating the impact of shocks on individuals and institutions. However, the benefits of insurance are unequally distributed, with significant disparities in access and utilisation between developed and developing economies. Understanding global and regional trends is, therefore, essential to contextualising the Tanzanian insurance sector's performance, challenges, and potential.

2.7.1 Global Trends in Insurance Penetration

Globally, insurance penetration, measured as gross written premiums as a percentage of gross domestic product (GDP), has become a standard indicator of the maturity and inclusiveness of national insurance systems. High-income countries typically record penetration rates above 8 percent, while low-income countries often remain below 3 per cent (Fig. 12). According to the **Swiss Re Institute (2020)**, global insurance penetration stood at 7.4 per cent in 2020, despite the disruptions caused by the COVID-19 pandemic. This comprised 3.4 per cent for life insurance and 4.0 per cent for non-life insurance.

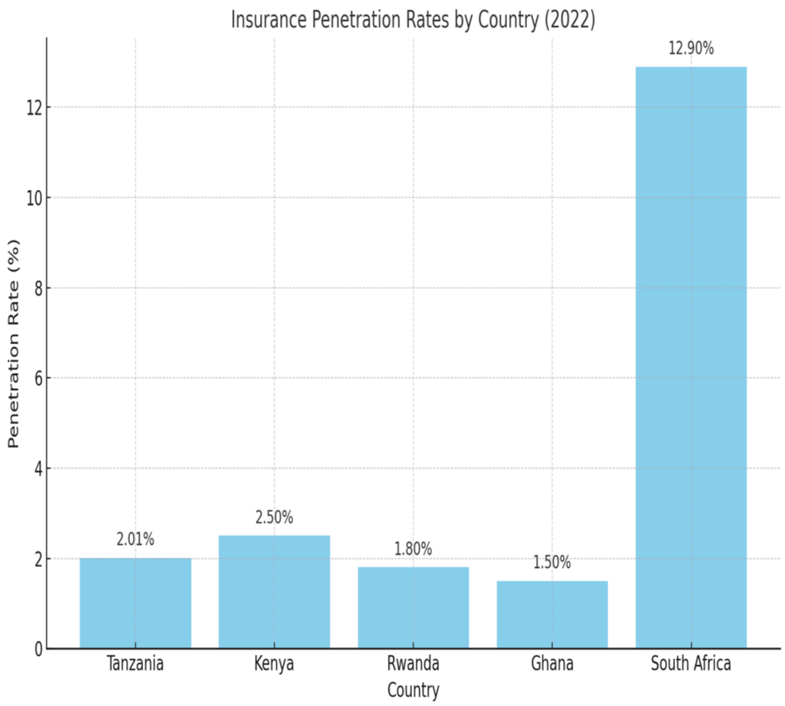

Figure 12 Tanzania vs other countries

These figures reveal several structural characteristics. Firstly, **insurance is strongly correlated with income level**, market development, and legal frameworks (Outreville, 2012). In developed economies, widespread risk awareness, regulatory enforcement, and employer-sponsored coverage support higher penetration. Secondly, **life insurance dominates in many developed countries**, reflecting long-term financial planning, pension integration, and tax incentives. In contrast, in low- and middle-income countries, non-life lines, particularly health, agriculture, and vehicle insurance, are more prominent due to short-term risk priorities.

Moreover, global insurance growth is increasingly driven by **emerging markets**, where demographic trends, urbanisation, and technology adoption are reshaping demand. According to **Arena (2008)**, increased insurance penetration is associated with improved GDP growth through capital accumulation and resource allocation. In emerging Asia, for example, countries such as India and Indonesia have rapidly expanded their insurance industries through digital platforms, microinsurance, and government-backed health schemes.

2.7.2 Digital Disruption and Global Innovation Trends

Technological advancement has become a major catalyst in transforming the global insurance landscape (fig 13). Innovations such as **insurtech**, **mobile underwriting**, **blockchain**, and **AI-**

based claims processing are streamlining operations and expanding outreach. As reported by the **Geneva Association (Schmidt, 2018)**, digitalisation reduces distribution costs, enhances consumer experience, and enables insurers to reach underserved populations.

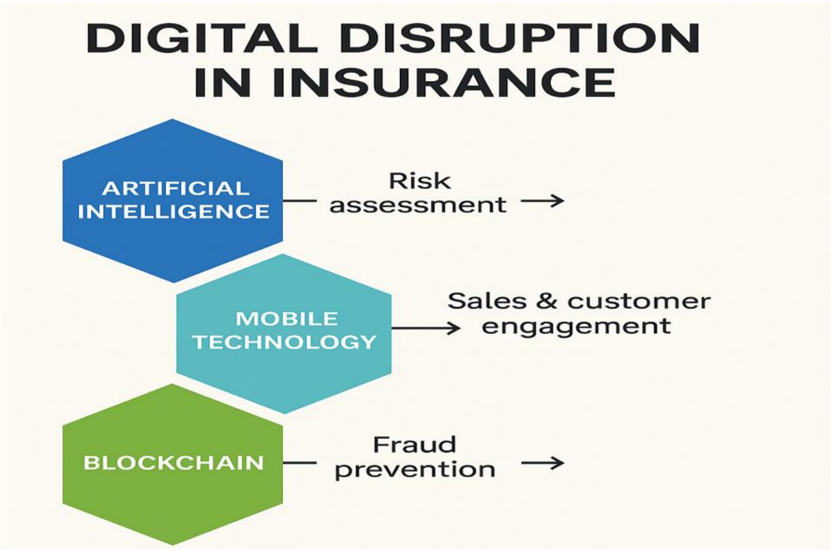

Figure 13 Digital Disruption

For example, in China, mobile-based platforms such as ZhongAn have enrolled millions of users into short-term health and travel insurance products with minimal overhead. Similarly, in Latin America, the rise of pay-as-you-go insurance and AI-driven risk scoring is democratising access to financial protection. While Sub-Saharan Africa is still in the early stages of digital transformation, the use of mobile money and digital wallets offers a promising infrastructure for inclusive insurance development, particularly in East Africa.

2.7.3 Insurance in Africa: An Uneven Landscape

The African continent exhibits a paradox in its insurance potential. While it remains the least insured region globally, it is also one of the most promising markets due to its large population, young demographics, and growing middle class. However, according to **Swiss Re Institute (2021)**, the average insurance penetration rate in Africa is 1.5 percent, far below the global average of 7.4 percent. When South Africa is excluded, the average for Sub-Saharan Africa drops further to approximately 1 percent, with wide intra-regional disparities.

The **African Insurance Organisation (AIO, 2020)** and the **Geneva Association (Noordhoek et al., 2022)** identify several systemic constraints that limit insurance uptake across the continent. These include low public awareness, weak enforcement of compulsory coverage laws, lack of trust in insurers, and limited actuarial and underwriting capacity. In addition, informal finance remains dominant, with communities relying on traditional risk-sharing practices such as burial societies, rotating savings groups, and extended family networks.

Despite these challenges, some African countries have made significant progress. **South Africa**, with a penetration rate above 12 percent, remains the continent's leader, driven by a sophisticated life insurance sector, mandatory coverage, and strong financial institutions. In **Kenya**, mobile-based insurance has enabled inclusion among informal workers and rural populations. Platforms such as **M-TIBA** and partnerships between insurers and mobile network operators (MNOs) have dramatically expanded distribution reach (Mutegi, 2018). **Morocco** and **Ghana** have also pursued regulatory reforms that incentivise product innovation and consumer protection.

The success of these markets demonstrates the importance of integrating insurance into broader development agendas. Government support, regulatory clarity, consumer-centric product design, and digital delivery systems are all contributing to enhanced penetration in selected countries. However, the overall trend remains one of underperformance and missed opportunity across much of the continent.

2.7.4 Case Comparisons: Kenya, Rwanda, and Ghana

Kenya's insurance success is frequently cited as a benchmark for East Africa. According to **Luo and Kariru-Mauruiku (2024)**, Kenya's 2.5 per cent penetration rate is driven by a mix of compulsory motor insurance, microinsurance for informal workers, and innovations in health coverage. For instance, **Linda Mama**, a public-private initiative, provides maternal health insurance to low-income women, integrated with mobile registration and claim processing (table 2).

Country	**Penetration Rate (%)**	**Innovations/Strategies**	**Lessons for Tanzania**
Kenya	2.5	Mobile health (Linda Mama)	Leverage mobile platforms
Rwanda	90% health coverage	Community mutual schemes	Community engagement

Country	Penetration Rate (%)	Innovations/Strategies	Lessons for Tanzania
Ghana	~1.5	Regulatory reforms, NHIS	Strengthen claim systems

Table 2 Penetration rate

Rwanda provides another compelling example through its **Mutuelles de Santé** system, a community-based health insurance scheme that covers nearly 90 per cent of the population. Funded through premiums, donor support, and government subsidies, it demonstrates the feasibility of scaling inclusive insurance when supported by political will and community engagement (World Bank, 2021).

Ghana has focused on building consumer trust and institutional capacity. Through the **National Health Insurance Scheme (NHIS)** and regulatory reforms by the National Insurance Commission, Ghana has expanded its coverage while also improving claims transparency and enforcing solvency requirements. These initiatives have helped reduce fraud, increase public confidence, and stimulate demand for private insurance.

Each of these countries provides important lessons for Tanzania. The strategic use of digital platforms, community engagement, regulatory support, and targeted subsidies can all contribute to market deepening. Moreover, the central role of government in creating enabling environments cannot be overstated.

2.7.5 Tanzania in the Regional Context

Tanzania's insurance penetration trajectory has been gradual and uneven. As of 2022, the total penetration rate reached 2.01 per cent when including public sector schemes such as NHIF and WCF, but remained at 0.71 per cent for private-sector commercial insurance (TIRA, 2024). This places Tanzania below the regional average, particularly Kenya, which had achieved 2.5 per cent penetration by 2024 (Citizen Reporter, 2024).

Tanzania's insurance sector is defined by a **dual structure**, where a few public schemes dominate coverage while private insurers struggle to expand market share. Regulatory reforms have attempted to address these imbalances through the introduction of **takaful guidelines**, **bancassurance regulation**, and the establishment of **insurance consortia** for agriculture and energy (TIRA, 2022; Ministry of Finance and Planning, 2020). The government's introduction of the **Universal Health Coverage Act (2023)** represents another step towards building an inclusive insurance system. Yet, commercial insurers face persistent constraints in distribution, product relevance, and consumer trust.

One of the central challenges in Tanzania is the **urban-rural divide**. Over 65 per cent of the population resides in rural areas, yet the bulk of insurance activity is concentrated in urban centres such as Dar es Salaam and Arusha. Product design remains oriented towards salaried workers, motor vehicles, and urban dwellers. Insurance for smallholder farmers, micro-entrepreneurs, and informal workers remains limited in scale and scope.

Moreover, **cultural perceptions and religious attitudes** toward insurance pose an additional barrier. In some communities, insurance is associated with death, misfortune, or Western financial practices that do not align with traditional or Islamic values (Malambo and Qutieshat, 2024; Kajwang, 2020). These beliefs inhibit demand and highlight the need for **religiously compliant products** such as takaful, which has recently been introduced under new regulatory guidelines (TIRA, 2022).

2.7.6 Regional Lessons and Strategic Implications for Tanzania

The regional comparisons suggest several strategic imperatives for Tanzanian insurers and regulators. First, the importance of **consumer trust** must be emphasised. In markets such as Ghana and Kenya, improvements in claim settlement processes, transparency, and public engagement have significantly enhanced perceptions of the industry. In Tanzania, however, complaints about non-payment, opaque terms, and poor customer service remain prevalent (Nthenge, 2012; CII, 2023).

Second, **product innovation** is critical. Insurance offerings must reflect the risk realities of the population, including health shocks, crop failure, property loss, and business interruption. Flexible payment options, bundled coverage, and mobile microinsurance have proven successful elsewhere and should be scaled within Tanzania (Anselmi and Saqware, 2021).

Third, the **integration of technology** is no longer optional but necessary. The proliferation of mobile phones provides a viable channel for outreach, onboarding, premium collection, and claims disbursement. Lessons from M-TIBA in Kenya and CoverApp in Uganda highlight the effectiveness of low-cost, user-friendly platforms that can serve as intermediaries between insurers and clients (Mpaata et al., 2020).

Fourth, **regulatory innovation and enforcement** are essential to ensure insurer accountability, market stability, and consumer protection. This includes standardising policy documentation, simplifying product disclosures, and expanding the licensing of digital intermediaries. Stronger enforcement of compulsory insurance laws (e.g., motor, health) can also raise baseline coverage (Ministry of Finance, 2009; Luo and Kariru-Mauruiku, 2024).

Finally, **public-private partnerships** offer a pathway to scale. Government agencies can subsidize premiums for vulnerable groups, share risk in catastrophic events, and invest in public awareness campaigns. As demonstrated in Rwanda and Kenya, such collaborations accelerate adoption while ensuring equitable access.

2.8 Tanzania's Insurance Landscape

Tanzania's insurance sector is a developing ecosystem that has undergone significant institutional and structural reform over the past two decades. While the industry has made measurable progress in regulatory frameworks and innovation, the pace of insurance penetration remains slow, particularly among informal, rural, and low-income populations. The landscape is shaped by a hybrid of public and private institutions, uneven market performance, evolving distribution models, and persistent structural barriers. This section provides an in-depth analysis of the Tanzanian insurance environment, covering regulatory structures, market composition, key policy reforms, distribution innovations, and strategic gaps (Fig. 14).

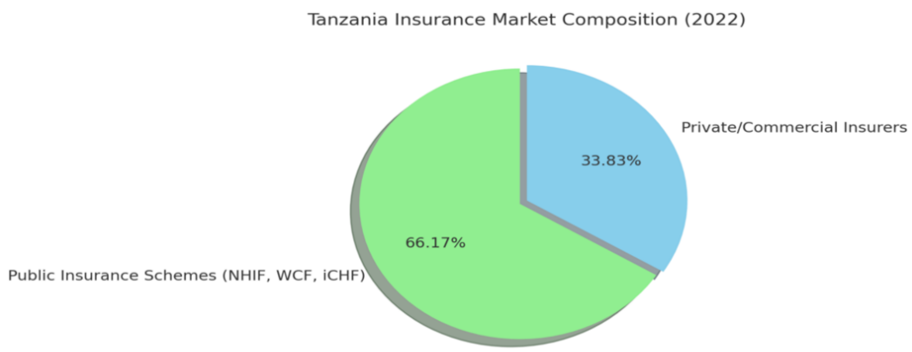

Figure 14 Tanzania Insurance Market Composition

2.8.1 Institutional and Regulatory Environment

The Tanzanian insurance sector operates under the regulatory oversight of the **Tanzania Insurance Regulatory Authority (TIRA)**, a statutory body established through the **Insurance Act No. 10 of 2009**. TIRA's mandate encompasses the licensing, supervision, and development of insurance services in the country, ensuring market stability, consumer protection, and fair competition among service providers (Ministry of Finance, 2009; TIRA, 2022).

As outlined in the **Annual Insurance Market Performance Report for 2022**, TIRA is responsible for enforcing regulatory compliance among 32 licensed insurance companies, over 1,200 intermediaries (including brokers and agents), and multiple bancassurance and takaful operators (TIRA, 2023). The authority also promotes financial inclusion, enforces solvency and capital adequacy regulations, and issues sectoral guidelines for innovations such as **takaful**, **bancassurance**, and **digital insurance platforms** (Chartered Insurance Institute, 2023).

TIRA's evolving regulatory framework reflects alignment with Tanzania's broader financial inclusion and economic resilience strategies. These include the **Financial Sector Development Master Plan (2020/21–2029/30)** and the **National Council for Financial Inclusion (NCFI) Framework (2023–2028)**, both of which identify insurance as a key tool for mitigating household vulnerability and enhancing formal financial sector participation (Ministry of Finance and Planning, 2020; NCFI, 2023).

2.8.2 Market Composition and Penetration Statistics

As of 2022, the Tanzanian insurance market consisted of 32 licensed insurance firms (including general, life, and composite insurers), 3 reinsurance companies, 28 registered bancassurance agents, and 5 regulated digital platforms (TIRA, 2023). However, despite this organizational diversity, penetration levels remain modest. The total insurance penetration, which includes both commercial and public sector coverage, stood at **2.01 per cent of GDP**. The private sector accounted for only **0.71 percent**, indicating limited outreach by commercial insurers compared to public schemes such as the **National Health Insurance Fund (NHIF)** and the **Workers Compensation Fund (WCF)** (Karekezi, 2024; Citizen Reporter, 2024).

While the public sector provides relatively broad coverage, especially for salaried workers and civil servants, informal sector and rural populations remain largely uninsured. The NHIF covers over eight million people, primarily public employees and their dependents, while the WCF handles claims related to workplace injuries and fatalities (TIRA, 2023; Saqware, 2022). Additional public initiatives such as the **Improved Community Health Fund (iCHF)** offer low-cost health insurance at the regional level, yet uptake and sustainability vary widely.

Private insurers, meanwhile, continue to focus on traditional products, motor, health, property, and life, with limited innovation targeted at low-income segments. According to **Anselmi and Saqware (2021)**, less than 5 per cent of insurance policies in Tanzania target the rural poor, despite this demographic constituting over 60 per cent of the national population.

2.8.3 Policy and Strategic Reforms

To address structural and market-based barriers, the Tanzanian government has initiated several high-level reforms. The most prominent of these is the **Universal Health Coverage Act (2023)**, which aims to expand health insurance coverage to all citizens through a mix of mandatory enrolment, employer contributions, and government subsidies (United Republic of Tanzania, 2023). The Act mandates enrolment for access to selected public services, thereby embedding insurance into the wider civic infrastructure.

Another critical policy is the **Financial Sector Development Master Plan (FSDMP)**, which articulates the goal of increasing insurance penetration to **5 per cent by 2030** and expanding coverage to **23 million Tanzanians**. It recognises insurance as a cross-cutting enabler of SDGs, particularly SDG 1 (No Poverty), SDG 3 (Good Health and Well-being), and SDG 8 (Decent Work and Economic Growth) (Ministry of Finance and Planning, 2020).

The **NCFI Framework (2023–2028)** reinforces these priorities by promoting insurance innovation, digital onboarding, and partnerships with cooperatives and SACCOs. According to **Luo and Kariru-Mauruiku (2024)**, these frameworks reflect an institutional recognition that regulatory policy alone cannot drive penetration, market incentives, inclusive product design, and trust-building are equally essential.

2.8.4 Bancassurance: Emerging Synergy with Financial Institutions

Bancassurance, the partnership model between banks and insurers, has emerged as a transformative strategy in Tanzania's insurance distribution. Introduced in regulatory form in 2019, the model allows licensed banks to sell insurance products through their retail branches and digital platforms. As of 2023, over **28 banks** were formally registered as bancassurance agents, representing over 60 per cent of commercial banks in the country (TIRA, 2023).

The model is particularly effective in leveraging existing financial infrastructure to reach unbanked and underinsured populations. For example, the **NMB Bank and Reliance Insurance** partnership facilitated insurance payouts to households affected by the **Hanang District floods in 2023**, distributing approximately TZS 270 million to covered clients (The Guardian, 2024; Citizen Reporter, 2023). This example underscores the potential of bancassurance in risk transfer, financial resilience, and customer convenience.

However, challenges remain. According to **Barasa (2016)**, many bank staff lack insurance-specific training, resulting in poor product explanation and low conversion rates. Furthermore, bancassurance remains mostly urban-centred, with limited penetration in rural or mobile-only segments. Addressing these gaps requires training, system integration, and regulatory flexibility for tiered banking structures.

2.8.5 Digital Insurance Platforms and Technology-Driven Models

Digital transformation is slowly reshaping the Tanzanian insurance landscape. While still in its nascent phase, the adoption of **digital insurance platforms** offers promising opportunities for expanding reach, reducing cost, and improving user experience. As of 2022, **five operational digital platforms** were registered by TIRA, offering services ranging from premium collection to claims processing and customer onboarding (TIRA, 2023).

These platforms utilise **mobile money**, **SMS-based policy alerts**, and **AI-driven risk assessments**, aligning with consumer behaviour trends in fintech adoption. Research by **Schmidt (2018)** and **World Bank (2018)** highlights that digitalisation reduces administrative bottlenecks, improves transparency, and facilitates data-driven pricing. In the Tanzanian context, mobile penetration exceeds 80 percent, making mobile-first insurance models both feasible and scalable (Deloitte Tanzania, 2024).

However, as **Saqware (2022)** notes, regulatory ambiguities, cybersecurity risks, and uneven internet coverage pose barriers to wider adoption. Moreover, consumer mistrust and digital illiteracy hinder platform engagement, especially in low-literacy areas. Therefore, while digital insurance platforms are conceptually viable, their impact is contingent on broader financial education and regulatory support.

2.8.6 Takaful: Faith-Based Insurance Innovation

To address religious and cultural concerns associated with conventional insurance, the Tanzanian government introduced **Takaful Operational Guidelines** in 2022. **Takaful**, an Islamic cooperative insurance model, is based on mutual risk sharing and Shariah-compliant financial principles. It addresses longstanding resistance among segments of the Muslim population who view conventional insurance as speculative or interest-based (TIRA, 2022; Karekezi, 2024).

Takaful products are structured around collective contributions, ethical investment, and shared surplus distribution. This model aligns with the **constructivist paradigm** in consumer behaviour, which emphasises the importance of cultural and social interpretations of financial products (Fosnot, 2013). Studies by **Malambo and Qutieshat (2024)** and **Zeleke et al. (2018)** show that culturally aligned products enhance trust and uptake in religiously conservative communities.

Takaful has been successfully implemented in countries such as Sudan, Malaysia, and Nigeria. In Tanzania, uptake is still low, but the issuance of guidelines and licensing of initial players represent a foundational step toward more inclusive and culturally sensitive insurance innovation.

2.8.7 Sector-Specific Insurance Consortia

Another innovative element in Tanzania’s insurance strategy is the formation of **risk-sharing consortia**, especially in high-risk or capital-intensive sectors such as agriculture, oil and gas, and energy. Notable examples include the **Tanzania Agriculture Insurance Consortium (TAIC)** and the **Energy Co-Insurance Consortium (TECC)**, both facilitated by TIRA and involving multiple insurers in pooled underwriting schemes (TIRA, 2023).

These consortia enable insurers to jointly manage large and systemic risks, particularly those that would overwhelm the capacity of individual underwriters. In agriculture, weather-index and yield-based insurance models have been piloted in partnership with government agencies, meteorological services, and donor organisations (Ikeda et al., 2024; Guan et al., 2020). While coverage remains limited, consortia provide the technical and financial infrastructure for scalable rural insurance.

Energy and infrastructure consortia, on the other hand, allow Tanzanian insurers to participate in mega-projects such as the East African Crude Oil Pipeline and national electrification schemes, thereby reducing dependency on foreign reinsurers and building local capacity (Saqware, 2022; Ministry of Finance and Planning, 2020).

2.8.8 Strategic Gaps, Barriers, and Opportunities

Despite these innovations, the Tanzanian insurance sector faces several persistent challenges. One major issue is **low consumer trust**, often fuelled by delays in claims processing, opaque policy terms, and lack of transparency (table 3). According to **Zablon et al. (2024)** and **Zeleke et al. (2018)**, consumer perceptions of insurers in East Africa are generally negative, and trust deficits are a key barrier to penetration.

Gap	Opportunity
Low product relevance	Human-centered design, microinsurance
Trust deficit	Takaful, transparent claims
Urban-centric models	SACCOs, mobile-based delivery

Table 3 Gap and Opportunity

Another challenge is **product-market misalignment**. Insurance offerings often do not reflect the specific risks, cash flows, or lifestyles of the rural poor, informal workers, or youth.

According to **Mutegi (2018)**, product innovation is largely donor-driven or urban-centric, with few scalable models targeting systemic gaps. Affordability also remains a key concern. As **Guan et al. (2020)** highlight, premium sensitivity in low-income markets is exacerbated by irregular income and competing financial priorities.

From an institutional standpoint, the **shortage of skilled personnel** in underwriting, actuarial science, and claims management limits innovation and responsiveness. Studies by **Busara (2016)** and **Kajwang (2020)** confirm that talent development and professional training are critical bottlenecks in East African insurance markets.

Nonetheless, Tanzania's regulatory frameworks, expanding mobile infrastructure, and public-private cooperation provide strong foundations for growth. Key opportunities include:

- Bundling insurance with **agricultural extension services** and input financing
- Integrating insurance into **national safety net programs**
- Developing **usage-based pricing models** through **telematics and remote sensing**
- Promoting **financial education** through school curricula, media, and cooperatives

2.9 Factors Influencing Insurance Market Penetration in Tanzania

The extensive review of academic, institutional, and policy literature on insurance development in Tanzania and comparable emerging markets reveals a complex interplay of variables that shape the extent and quality of insurance penetration. The literature does not point to isolated "factors" but instead illustrates interconnected systems involving regulatory environments, socio-cultural realities, technological ecosystems, firm-level strategies, and macroeconomic conditions. This section synthesizes these dynamics, leading to the research gap that underpins this study (table 4).

Factor	**Barrier**	**Enabler**
Regulation	Slow enforcement	New Takaful & UHC guidelines
Distribution	Urban bias	Bancassurance, mobile agents
Technology	Low rural digital literacy	SMS-based microinsurance

Table 4 Factors influencing

2.9.1 Institutional and Regulatory Environment

The role of regulation and institutional capacity has long been recognised as a foundational element in the development of insurance markets (Outreville, 2012; Liedtke, 2007). In Tanzania, the establishment of the **Tanzania Insurance Regulatory Authority (TIRA)** under the **Insurance Act No. 10 of 2009** marked a significant shift toward formalising the insurance ecosystem (Ministry of Finance, 2009). TIRA is tasked not only with licensing and compliance but also with encouraging innovation, financial inclusion, and market deepening (TIRA, 2023). However, while regulatory frameworks have expanded, literature suggests that **implementation and responsiveness to market realities remain inconsistent**. As Karekezi (2024) notes, a proliferation of policy initiatives; including the **Takaful Operational Guidelines (2022)** and the **Universal Health Coverage Act (2023)**; have not yet been met with proportional growth in coverage. Insurance penetration remains at **2.01%**, with commercial insurance accounting for only **0.71%** of that total (TIRA, 2024). This underlines a disjuncture between regulatory ambition and operational outcomes.

In comparison with Kenya, where regulatory alignment with innovation (e.g., M-Pesa-linked insurance) has catalysed growth (Mutegi, 2018), Tanzania's frameworks appear **underleveraged**. There remains a need for stronger incentives, enforcement, and consumer protection mechanisms; a point echoed in studies by Anselmi and Saqware (2021), who emphasise that regulatory sophistication must be matched by practical enforceability and market responsiveness.

2.9.2 Distribution Mechanisms and Market Accessibility

Distribution continues to be a central concern in the Tanzanian insurance discourse. Studies consistently show that **access to insurance is not merely a function of availability but of physical, cognitive, and social accessibility** (Barasa, 2016; Guan et al., 2020). Traditional agent-based models dominate the landscape, yet these are heavily urban-centric and often lack deep community penetration (TIRA, 2023). Meanwhile, modern alternatives; such as bancassurance, digital platforms, and cooperative distribution; are still evolving in scale and consistency.

Bancassurance, in particular, is viewed as a promising yet underutilized channel. The collaboration between NMB Bank and Reliance Insurance Company, which led to timely compensation during the 2023 Hanang floods, is frequently cited as a successful model (Guardian Daily News, 2024; Citizen Reporter, 2023). However, **training gaps among bank staff, regulatory inertia, and low consumer understanding** limit wider adoption (Barasa, 2016; Saqware, 2022).

The **Tanzania Agriculture Insurance Consortium (TAIC)** and other consortia have begun exploring multi-stakeholder underwriting mechanisms. These represent important steps in risk pooling and product diversification but require enhanced collaboration with meteorological services, cooperatives, and farmer unions to be effective (Ikeda et al., 2024; Ministry of Finance and Planning, 2020).

2.9.3 Consumer Trust, Perception, and Cultural Dimensions

Literature across Sub-Saharan Africa consistently foregrounds the role of **perceptions, beliefs, and trust** in shaping insurance uptake. In the Tanzanian case, this theme is particularly salient. Historical underperformance, cases of delayed claims, poor communication, and the abstract nature of insurance products have resulted in widespread **mistrust of insurers** (Nthenge, 2012; Zeleke et al., 2018).

Studies by Malambo and Qutieshat (2024) and Kajwang (2020) further argue that insurance is often perceived as culturally foreign or spiritually inappropriate, especially in rural and religiously conservative communities. These findings echo broader insights from **Platteau (1997)**, who observed that insurance, as an institutional concept, must compete with traditional informal safety nets such as burial societies and community mutuals.

This cultural resistance is slowly being addressed through the emergence of **takaful insurance**, which is perceived as ethically and religiously compliant (TIRA, 2022). However, as Karekezi (2024) and Abbas and Ning (2016) caution, product development must go beyond compliance; it must engage with **cultural semantics, trust-building, and co-designed education**. Theoretical frameworks such as **Constructivism** (Fosnot, 2013) and **Diffusion of Innovation Theory** (Rogers, 1962) suggest that adoption requires both meaningful communication and demonstrable social proof, which remain lacking in current Tanzanian strategies.

2.9.4 Economic Vulnerability and Income Volatility

The literature makes it clear that **low and irregular income** is a key constraint on insurance adoption. In many developing economies, insurance is perceived as a luxury; a discretionary rather than essential expenditure (Olarewaju and Msomi, 2021; Guan et al., 2020). This is particularly pronounced in Tanzania, where over **80% of the labour force is informal**, and household incomes fluctuate due to dependence on seasonal agriculture, petty trade, and remittances (World Bank, 2021; TIRA, 2023).

Standard insurance contracts with fixed annual premiums and inflexible payment cycles do not align with the cash flow realities of most Tanzanians (Mutegi, 2018). In this regard, researchers such as Li et al. (2020) and Malambo and Qutieshat (2024) suggest that **product affordability must be reframed not just in pricing terms but in alignment with life cycles, seasonal risks, and income flows**.

Efforts to expand weather-index crop insurance, community-based health insurance, and bundled products through SACCOs are gaining ground, but the evidence suggests these are still in early stages of experimentation rather than consolidation (TAIC, 2023; Saqware, 2022).

2.9.5 Strategic Behaviour of Insurance Firms

The academic discourse also reflects growing interest in the **strategic behaviour of insurance companies themselves**, an area often overlooked in studies that focus solely on policy or demand-side constraints. Outreville (2012) and Karekezi (2024) argue that insurer responsiveness, investment in market research, and willingness to co-create products are critical drivers of penetration.

However, in the Tanzanian context, studies reveal that insurers often replicate traditional products and distribution models without significant innovation (Anselmi and Saqware, 2021). This is partly due to the **short-termism of corporate strategy**, low investment in consumer insights, and the tendency to target salaried urban populations perceived as “low risk” (Mutegi, 2018; Luo and Kariru-Mauruiku, 2024).

Frameworks such as the **Ansoff Matrix** and **Marketing 4Ps/4Cs** (Kotler, 2000; Lauterborn, 2000) suggest that growth in underpenetrated markets requires shifts from product-led to customer-led models. Empirical studies support this. For example, Guan et al. (2020) showed that insurance adoption is more likely when products are simple, transparent, and integrated into the daily lives of users. Yet, as highlighted by Barasa (2016), Tanzanian insurers have been slow to invest in ethnographic research, UX testing, and data analytics that could guide such transformation.

2.9.6 Technology, Digital Channels, and Operational Efficiency

Finally, technological innovation is a consistent theme in literature advocating for **low-cost, high-scale insurance solutions**. The global evidence from mobile-based insurance in Kenya (e.g., M-TIBA), digital-first health insurance in India, and telematics in South Africa suggest that technology enables both reach and responsiveness (Schmidt, 2018; World Bank, 2018).
In Tanzania, digital insurance is slowly emerging. Five regulated platforms offer basic enrolment and claims services via mobile phones (TIRA, 2023). The regulatory framework has begun to adapt, but implementation challenges persist; from **digital illiteracy** and **rural connectivity gaps** to limited consumer trust in automated systems (Anselmi and Saqware, 2021; Deloitte Tanzania, 2024).

Furthermore, literature cautions against **technology without trust**. Studies by Zeleke et al. (2018) and Karekezi (2024) show that uptake of digital insurance is low unless paired with human intermediaries and post-sale engagement. The success of mobile money, for instance, was not just a function of platform usability but of agent networks, trust loops, and brand familiarity.

2.10 Market Dynamics and Drivers of Insurance Uptake

The literature on insurance penetration in developing economies identifies a complex and evolving set of market dynamics that shape demand for, and supply of, insurance services. Rather than being driven by a single economic variable or institutional actor, the expansion of insurance markets reflects the interplay of social behaviour, regulatory frameworks, technological evolution, macroeconomic patterns, and organisational strategy. In the Tanzanian context, the synthesis of existing research reveals a growing body of work concerned with how these dynamics interact to affect insurance outreach, design, and adoption. This section organises key findings from the literature into five broad thematic domains: economic transformation, technological diffusion, institutional trust, product-market fit, and regulatory-policy integration.

2.10.1 Economic Formalisation and Insurance Demand

Numerous studies emphasise the role of economic transformation in shaping the contours of insurance demand. Insurance penetration is frequently associated with the level of economic formalisation, asset ownership, and the expansion of a salaried middle class. In cross-national empirical studies, **Arena (2008)** and **Outreville (2012)** observe a positive correlation between GDP per capita and insurance density, particularly in life and property insurance lines. These studies argue that formal employment and capital accumulation increase the demand for mechanisms to mitigate risk.

Within Sub-Saharan Africa, the expansion of insurance coverage in urban areas has been partially attributed to this link between formal employment and the institutionalisation of risk management (Noordhoek et al., 2022; Karekezi, 2024). Countries such as Kenya, South Africa, and Ghana have demonstrated that sustained economic growth, when accompanied by policy integration and social protection systems, tends to correlate with increased uptake of insurance services (Mutegi, 2018; Luo and Kariru-Mauruiku, 2024).

However, in Tanzania, the literature suggests a more constrained relationship. Despite relatively stable macroeconomic growth rates and urban expansion, the informal economy remains dominant, and employment remains insecure for a large segment of the population (World Bank, 2021). According to **TIRA (2023)**, over 80 per cent of Tanzanians derive their income from informal agriculture, trade, and casual employment. This has implications for both the affordability and perceived necessity of insurance, as documented by **Abbas and Ning (2016)** in their analysis of macroeconomic determinants of insurance in East Africa.

Furthermore, the work of **Platteau (1997)** highlights that in low-income and informal contexts, traditional risk-sharing mechanisms may substitute for formal insurance. These include rotating savings groups, mutual aid societies, and religious funds. Such mechanisms, while providing short-term relief, reduce the incentives for low-income households to engage with formal insurance markets unless there is a perceived value-add or mandated incentive.

2.10.2 Technological Access and Digital Delivery Models

The potential of technology to reshape insurance markets is widely acknowledged in the literature. **Schmidt (2018)** and the **World Bank (2018)** identify digital platforms as critical to overcoming cost barriers in insurance distribution. These platforms enable flexible pricing, scalable outreach, and real-time customer engagement; particularly important in rural and low-income contexts where traditional agent-based models may be economically unviable.

In East Africa, Kenya is often cited as a regional leader in mobile-based insurance innovation. Mobile money platforms such as **M-TIBA** and **M-Insurance** have enabled insurers to offer low-cost, usage-based health and accident coverage to millions of clients outside formal employment. These innovations are supported by integrated digital infrastructure, consumer trust in mobile platforms, and regulatory support (Mutegi, 2018; World Bank, 2021).

Tanzania has shown some movement in this direction. Studies by **Anselmi and Saqware (2021)** and **Saqware (2022)** note the emergence of mobile-linked insurance platforms and digital underwriting tools. However, the diffusion of such technology remains limited in both scope and geographic reach. While **TIRA (2023)** reports five digital platforms operating nationally, usage data indicates that penetration remains concentrated in urban centres and among relatively affluent consumers.

This is consistent with findings from **Deloitte Tanzania (2024)**, which highlights that digital literacy, network coverage, and trust in digital interfaces remain low outside key metropolitan zones. Further, as **Guan et al. (2020)** observe, the effectiveness of digital insurance hinges on more than technological capability; it requires consumer education, intuitive user interfaces, and responsive claims processes.

In addition, the literature stresses the need for hybrid delivery models that blend digital accessibility with human facilitation. The use of **community-based agents**, **SACCO-linked educators**, and **mobile kiosks** is increasingly promoted as a complement to pure digital strategies (Chartered Insurance Institute, 2023; Karekezi, 2024).

2.10.3 Institutional Trust and Social Norms

A consistent theme across the literature is the central role of trust; both in institutions and in the broader concept of insurance; as a driver of uptake. In contexts such as Tanzania, where public scandals, opaque contract language, and delayed claims have eroded public confidence in insurers, trust functions as a gatekeeper to market expansion (Zeleke et al., 2018; Nthenge, 2012).

Research conducted by **Malambo and Qutieshat (2024)** in Botswana and echoed in Tanzanian literature suggests that consumers often associate insurance with predatory or foreign practices. These perceptions are reinforced by media reports of claim denials and by the lack of visible positive experiences among peers. As **Platteau (1997)** explains, insurance as a formal mechanism requires an abstraction of risk and deferred benefits; both of which may contradict the lived financial realities of low-income households.

One response to this gap in trust has been the development of **takaful insurance**; a model based on Islamic cooperative principles. According to **TIRA (2022)** and **Karekezi (2024)**, takaful presents an opportunity to build culturally and religiously aligned insurance products. Its perceived ethical and communal features offer an alternative narrative to that of commercial insurance.

Additionally, case-based examples such as the compensation of flood victims in **Hanang District** through bancassurance-linked policies offer opportunities to generate what behavioural theorists call **social proof** (Citizen Reporter, 2023; The Guardian, 2024). These events, when communicated effectively, can counter negative perceptions and build public confidence in insurance as a credible and beneficial service.

Nonetheless, as **Guan et al. (2020)** note, such trust-building requires sustained investment in customer engagement, post-sale service, and claim transparency; not just product design or regulatory enforcement.

2.10.4 Product Design, Relevance, and Affordability

A growing body of literature highlights that **the relevance and usability of insurance products** are crucial to their adoption, particularly in financially constrained environments. According to **Kotler (2000)** and **Lauterborn (in Kotler, 2000)**, product relevance is shaped by how well an offering aligns with consumer needs, lifestyle, timing, and comprehension. This is especially true for insurance, where perceived utility is deferred and often misunderstood.

Several studies across Sub-Saharan Africa demonstrate that when insurance products are simplified, bundled with essential services (e.g., loans or health care), or indexed to real-life events (e.g., rainfall, hospital admission), uptake increases (Mutegi, 2018; Guan et al., 2020; Anselmi and Saqware, 2021). Conversely, overly complex policies, technical terminology, and rigid premium structures deter engagement.

In Tanzania, literature suggests that much of the insurance on offer remains either replicated from foreign models or designed without adequate consumer insight. **Barasa (2016)** and **Saqware (2022)** both emphasise the need for human-centred product design and market research. Initiatives such as the **Agricultural Insurance Consortium (TAIC)** and pilot weather-index schemes represent initial attempts to match insurance to local risk experiences, but uptake remains modest.

The studies also show that **payment flexibility** is crucial. As **Olarewaju and Msomi (2021)** and **Abbas and Ning (2016)** argue, income volatility in the informal sector requires premium models that are periodic, low-cost, and adjustable. Some insurers have begun experimenting with **pay-as-you-go** and **group coverages**, but scalability and retention remain challenges.

2.10.5 Policy Integration and Public-Private Synergy

The final driver consistently discussed in the literature is the role of state policy and its interaction with private sector initiatives. Countries such as Ghana, Rwanda, and South Africa have demonstrated that **insurance penetration is higher when policy frameworks integrate insurance with national development priorities**, including health, agriculture, education, and disaster response (Karekezi, 2024; Noordhoek et al., 2022).

In Tanzania, a range of policy instruments point to growing state involvement. The **Universal Health Coverage Act (2023)**, the **Financial Sector Development Master Plan (2020–2030)**, and the **NCFI Framework (2023–2028)** all identify insurance as a key pillar in poverty reduction and financial inclusion (Ministry of Finance and Planning, 2020; NCFI, 2023). These policies support mandatory enrolment, public awareness campaigns, and the use of insurance in government-subsidised programmes.

Scholarly literature supports such integration, arguing that **insurance linked to employment, public benefits, or loan access** reduces the cognitive and financial burden on individuals to enrol voluntarily (Liedtke, 2007; World Bank, 2021). In addition, the literature on consortia models; such as TAIC and the Energy Insurance Pool; suggests that **risk-sharing and pooled underwriting** can enable coverage for high-risk sectors traditionally avoided by private insurers (Ikeda et al., 2024; Saqware, 2022).

However, as observed by **Deloitte Tanzania (2024)** and **Anselmi and Saqware (2021)**, implementation challenges remain. Fragmented stakeholder coordination, data quality issues, and limited public-sector capacity hinder the full potential of these frameworks.

2.11 Strategic Responses by Insurance Companies in Tanzania

The insurance sector in Tanzania is situated within a landscape characterised by modest penetration levels, an underinsured rural majority, limited formal employment, and growing public-sector dominance in health coverage. Against this backdrop, the scholarly and regulatory literature reflects an emerging body of analysis on how insurance companies in Tanzania are adapting their strategies in response to evolving market realities, policy directives, and technological shifts.

While many firms still operate within traditional product and distribution paradigms, the literature identifies a spectrum of strategic responses that include market segmentation, channel diversification, product innovation, digital integration, and multi-stakeholder collaboration. These responses, though uneven in their implementation, represent a shifting orientation toward inclusive and resilient insurance models. This section synthesises these strategic patterns as documented in empirical studies, policy analyses, and regulatory reviews.

2.11.1 Segmentation and Focus on Low-Income and Informal Markets

A recurring theme in the literature is the growing interest in **underserved market segments**, particularly informal workers, rural populations, and smallholder farmers. According to **Barasa (2016)** and **Mutegi (2018)**, the formal insurance sector has historically concentrated on salaried, urban clients; those with motor vehicles, private healthcare needs, and formal pensions. This market orientation, while profitable in the short term, has limited the sector's ability to scale.

Recent research suggests that some Tanzanian insurers are attempting to redress this imbalance by developing tailored products for low-income consumers, including **index-based agricultural insurance**, **micro-health insurance**, and **credit-linked policies** for small enterprises. The work of **Anselmi and Saqware (2021)** documents these developments in relation to donor-funded pilots, especially in Northern and Central Tanzania. However, scaling such products has proven difficult, with challenges including low renewal rates, lack of awareness, and the absence of affordable distribution networks.

Literature from other markets, including Zambia (Mulenga, 2015) and Ghana (Abaidoo and Nwosu, 2016), suggests that insurers must reframe low-income clients not as high-risk but as structurally underserved. This requires significant investment in **consumer research, pricing flexibility**, and **bundling with more familiar services**, such as loans or agricultural inputs. In Tanzania, such segmentation strategies are still in their formative stages, often catalysed by donor support rather than commercial incentive.

2.11.2 Diversification of Distribution Channels

In response to accessibility challenges, insurers in Tanzania have been gradually expanding their **distribution models** beyond traditional agents and brokers. **Bancassurance**, in particular, has received regulatory endorsement and is cited across multiple studies as a key area of strategic growth (Saqware, 2022; TIRA, 2023). The model allows banks to distribute insurance products using their retail networks, thereby enabling insurers to access a broader and financially active clientele.

The strategic value of bancassurance was highlighted following the **Hanang District floods**, where victims with bank-linked insurance policies received prompt compensation through NMB Bank and Reliance Insurance; a case referenced frequently in national media and regulatory reviews (Citizen Reporter, 2023; The Guardian, 2024). According to **Karekezi (2024)**, such events reinforce the potential of bancassurance in delivering not only access but also trust.

In addition to bancassurance, insurers have begun partnering with **SACCOs**, **telecom providers**, and **agricultural cooperatives** to reach clients outside the urban banking system. However, literature by **Anselmi and Saqware (2021)** and **Deloitte Tanzania (2024)** suggests that these partnerships often lack long-term commitment, shared digital infrastructure, and integrated customer support systems. Without these, channel diversification risks becoming a temporary expansion rather than a strategic shift.

2.11.3 Product Innovation and Contextualisation

The literature documents a growing awareness among Tanzanian insurers of the need to move beyond standardised products and toward **consumer-centric innovation**. According to **Kotler (2000)** and **Lauterborn (2000)**, modern marketing strategy demands alignment with the 4Cs: customer value, cost, convenience, and communication. In the insurance context, this translates into products that are **affordable, easy to understand, relevant to daily risks, and conveniently distributed**.

Barasa (2016) and **Outreville (2012)** argue that in emerging markets, product innovation must be grounded in localised consumer insight. In Tanzania, some insurers have begun offering **micro-insurance policies**, **short-term accident covers**, and **group life products**. These are often bundled with mobile loans, agricultural inputs, or public service access, as documented in pilots supported by the **Tanzania Agriculture Insurance Consortium (TAIC)** and **TAIC-affiliated firms** (TIRA, 2023).

Religious and cultural alignment is also a driver of product innovation. The issuance of **Takaful Operational Guidelines (2022)** by TIRA has opened the market to Sharia-compliant insurance, targeting Muslim populations previously disengaged from conventional offerings.

Literature by **Karekezi (2024)** and **Malambo and Qutieshat (2024)** stresses the importance of such culturally embedded strategies in enhancing relevance and perceived legitimacy.

Nonetheless, product innovation remains limited in scale. As **Zeleke et al. (2018)** and **Platteau (1997)** note, insurance must not only be available but socially intelligible and experientially validated. Without consistent user engagement, follow-up, and claim fulfilment, innovative products may fail to secure long-term adoption.

2.11.4 Digital Integration and Operational Efficiency

Several scholars and regulatory bodies have observed a shift toward **digitally-enabled insurance models**, though progress is uneven. Digital transformation efforts have focused on three fronts: **policy enrolment**, **premium collection**, and **claims processing**. As reported by **TIRA (2023)**, five regulated digital insurance platforms now operate in the country, with varying levels of integration with mobile money, payment gateways, and customer service tools (fig 15).

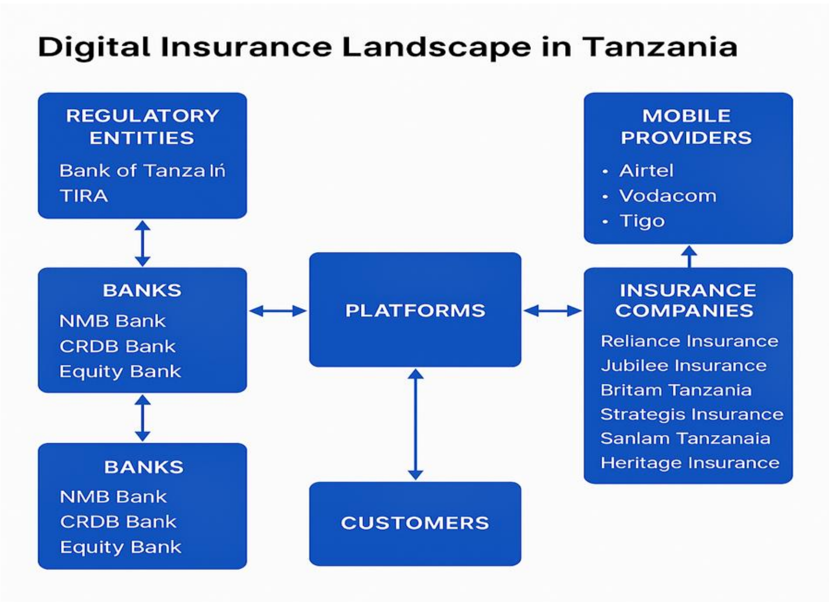

Figure 15 Digital Platforms

The literature, however, underscores a gap between technological possibility and actual adoption. **Schmidt (2018)** and **World Bank (2018)** argue that while digital platforms can reduce costs and scale services, their success depends on usability, trust, and connectivity. In Tanzania, **Deloitte Tanzania (2024)** notes that digital insurance adoption remains concentrated among urban, digitally literate consumers. Rural uptake is constrained by limited internet access, low smartphone penetration, and digital illiteracy.

Despite these limitations, some insurers have leveraged **mobile money platforms** to introduce flexible premium models. For instance, short-term health covers with daily or weekly contributions are now being offered through telecom partnerships. These initiatives reflect emerging strategic alignment with the needs of low-income and irregular earners, as highlighted by **Guan et al. (2020)** and **Olarewaju and Msomi (2021)**.

At the operational level, digital tools are being used to streamline underwriting, reduce fraud, and automate renewals. However, **Anselmi and Saqware (2021)** caution that these technologies require significant investment, data protection policies, and regulatory adaptability; areas still under development in Tanzania's insurance infrastructure.

2.11.5 Risk Pooling and Sectoral Consortia

In response to capacity constraints, some insurers in Tanzania have adopted **collective underwriting models**, particularly in high-risk or capital-intensive sectors. The formation of **the Tanzania Agriculture Insurance Consortium (TAIC)** and **the Energy Co-Insurance Consortium** are prime examples of this trend (TIRA, 2023; Ministry of Finance and Planning, 2020). These platforms enable insurers to pool risk, diversify exposure, and co-finance large claims.

According to **Ikeda et al. (2024)**, such risk-sharing mechanisms are essential in sectors such as agriculture, which are vulnerable to climate shocks and price volatility. The literature suggests that collective underwriting enhances both resilience and market viability, particularly when supported by public-private partnerships.

However, these consortia remain operationally fragile. Studies by **Saqware (2022)** and **Karekezi (2024)** observe that data limitations, slow government co-financing, and unclear responsibilities among members often hamper effectiveness. The success of such models depends on sectoral coordination, transparent governance, and regulatory support—all areas that require further institutional strengthening.

2.11.6 Strategic Alignment with Policy Agendas

There is evidence in the literature that some insurers are attempting to align their strategies with **national policy objectives**. The **Universal Health Coverage Act (2023)**, **NCFI Framework (2023–2028)**, and the **Financial Sector Development Master Plan (2020/21–2029/30)** all position insurance as a driver of financial inclusion, health security, and disaster resilience (Ministry of Finance and Planning, 2020; NCFI, 2023).

In this context, insurers are increasingly engaging with **government-backed schemes**, **subsidised products**, and **social insurance collaborations**. Literature by **Noordhoek et al. (2022)** and **Arena (2008)** supports this trend, noting that public-private alignment improves penetration rates, particularly when insurers are involved in scheme design and public awareness campaigns.

Nonetheless, the Tanzanian experience remains early-stage. While the regulatory intent is clear, studies by **Abbas and Ning (2016)** and **Deloitte Tanzania (2024)** argue that many insurers lack the internal capacity or strategic orientation to engage with policy frameworks proactively. In this regard, strategic alignment remains more reactive than embedded.

2.12 Barriers and Enabling Technologies in Market Penetration

The expansion of insurance services in low- and middle-income countries is consistently shaped not only by strategic innovation or policy frameworks but also by the persistence of systemic barriers that constrain demand and disrupt distribution. In the Tanzanian context, as the literature reviewed indicates, these barriers operate across structural, behavioural, technological, and regulatory domains. Simultaneously, technological innovation is frequently positioned in the literature as a key enabler for overcoming many of these same barriers; though its efficacy depends on contextual alignment, institutional readiness, and consumer trust. This section provides a thematic analysis of the main impediments to insurance penetration as documented in the literature, alongside the enabling role that digital and operational innovations are beginning to play in Tanzania and comparative markets.

2.12.1 Cultural Perceptions and Social Trust Deficits

A substantial body of literature highlights how **perceptions, cultural values, and historical experiences** shape how insurance is understood, received, and rejected across populations in Sub-Saharan Africa. In Tanzania, studies by **Zeleke et al. (2018)**, **Malambo and Qutieshat (2024)**, and **Platteau (1997)** observe that insurance is often perceived as a speculative or morally ambiguous service, particularly among rural and religiously observant communities. This resistance is reinforced by local customs that favour informal, reciprocal risk-sharing mechanisms such as rotating savings groups, burial societies, and religious funds.

These cultural systems, while limited in financial scale, are embedded in trust, familiarity, and community obligation; features often lacking in formal insurance arrangements. The literature suggests that where insurance is not seen to deliver tangible or timely benefits, or where prior negative experiences have occurred (e.g., rejected claims, unresponsive customer service), community narratives evolve to discourage uptake (Nthenge, 2012; Kajwang, 2020).

Moreover, as **Abbas and Ning (2016)** and **Zablon et al. (2024)** point out, such perceptions are not simply attitudinal but rational responses to systems that often fail to communicate, offer flexible coverage, or meet expectations during claims. Addressing these barriers, therefore, requires more than awareness campaigns; it demands sustained trust-building through ethical practices, responsive service, and localised communication.

2.12.2 Insurance Literacy and Cognitive Complexity

The literature widely recognises that low levels of **insurance literacy** act as a barrier to market expansion, particularly in rural and lower-income populations. Insurance, by design, is a complex financial product requiring abstraction, inter-temporal thinking, and comprehension of probabilistic events. According to **Guan et al. (2020)** and **Abaidoo and Nwosu (2016)**, many potential clients struggle to understand the value proposition of insurance, especially when premiums are paid for events that may never occur.

In the Tanzanian context, **TIRA (2023)** and **Saqware (2022)** identify misinformation, limited public education, and poor product explanation by agents as core impediments to informed decision-making. Consumers often associate insurance with banking or lending, misunderstand exclusions and waiting periods, and expect direct or immediate returns on premiums. Such misunderstandings frequently lead to disputes, dropouts, and reputational damage; each of which further deepens mistrust and disengagement.

Literature from Ghana, Kenya, and Nigeria similarly highlights that **knowledge gaps correlate with low uptake** and that financial education, when delivered through community institutions or embedded in service delivery, improves enrolment rates (Outreville, 2012; Karekezi, 2024). However, the Tanzanian literature suggests that insurer investment in customer education remains limited and largely campaign-based, rather than embedded into onboarding, claim cycles, or grievance mechanisms.

2.12.3 Affordability and Income Irregularity

Economic affordability is among the most frequently cited constraints in the literature on insurance penetration in low-income settings. In Tanzania, where a significant proportion of the population lives below the poverty line and relies on irregular income sources, the fixed premium structures of conventional insurance are often misaligned with financial realities (Abbas and Ning, 2016; World Bank, 2021).

Studies by **Mutegi (2018)** and **Guan et al. (2020)** highlight that many households operate on short planning horizons and prioritise daily consumption or debt repayments over hypothetical future events. As such, even if the cost of insurance appears low in absolute terms, its opportunity cost is high. Additionally, the literature reveals that most insurance products are not priced progressively or bundled with subsidised services, making them inaccessible without targeted financial design.

Attempts to address this include the introduction of **microinsurance**, **pay-as-you-go models**, and **seasonally adjustable premiums**, often distributed via SACCOs or mobile platforms. However, as **Anselmi and Saqware (2021)** and **Olarewaju and Msomi (2021)** observe, such models are still largely pilot-based and not yet integrated into mainstream product portfolios.

2.12.4 Distribution Challenges and Geographic Inequity

The physical and institutional barriers to insurance distribution are well documented in the Tanzanian literature. Traditional agent networks are concentrated in urban areas, often linked to motor and life insurance targeting salaried employees (TIRA, 2023; Barasa, 2016). This leaves rural areas; where over 60% of Tanzanians live; underserved by formal insurance providers.

Infrastructural limitations such as poor roads, lack of connectivity, and low density of formal institutions (e.g., banks, post offices) further exacerbate this challenge. Studies by **Karekezi (2024)** and **Luo and Kariru-Mauruiku (2024)** identify that insurers have been slow to adopt last-mile models that could engage rural consumers, such as agency banking, mobile kiosks, or cooperative-based delivery systems.

The literature from comparative countries reinforces this concern. For example, in Kenya and Rwanda, the use of **community health workers**, **mobile clinics**, and **digitised group policies** has improved distribution reach. In Tanzania, while some of these approaches are in early stages, their impact remains constrained by capacity, regulatory flexibility, and firm-level investment (Anselmi and Saqware, 2021; Deloitte Tanzania, 2024).

2.12.5 Regulatory Complexity and Institutional Inertia

Although Tanzania's insurance regulatory environment has become more proactive in recent years, several studies identify **regulatory complexity, limited enforcement, and slow adaptability** as barriers to market dynamism. While TIRA has issued new guidelines for bancassurance, takaful, and digital insurance, the uptake and implementation of these frameworks by insurers has been inconsistent (TIRA, 2022; Saqware, 2022).

Noordhoek et al. (2022) and **Liedtke (2007)** argue that clear, enforceable, and pro-innovation regulation is essential to build insurer confidence and guide strategic investment. In the Tanzanian context, however, the literature points to **bureaucratic delays**, inconsistent interpretation of policies, and unclear incentives for insurers to target underserved segments.
Moreover, while the government has articulated ambitious targets through the **Financial Sector Development Master Plan (2020–2030)** and the **Universal Health Coverage Act (2023)**, there is limited evidence that these frameworks have been embedded in firm-level

planning or public procurement systems (Ministry of Finance and Planning, 2020; NCFI, 2023).

2.12.6 The Role of Technology as an Enabler

Despite these constraints, the literature reflects cautious optimism about the role of **technology as a market enabler**. Studies by **Schmidt (2018)** and the **World Bank (2018)** suggest that digital technologies, when thoughtfully applied, can reduce cost-to-serve, improve transparency, and offer new forms of engagement for excluded populations.

In Tanzania, regulatory approval has been granted to a growing number of **digital insurance platforms**, including mobile applications, USSD-based interfaces, and online portals (TIRA, 2023). These platforms are designed to simplify onboarding, facilitate micro-premium collection, and enable automated claim processing.

Notably, some insurers are leveraging **mobile money infrastructure** to offer short-term, event-based insurance products, such as hospital cash plans, crop failure protection, and travel cover (Deloitte Tanzania, 2024; Karekezi, 2024). These innovations are informed by lessons from Kenya’s M-TIBA and similar platforms in South Asia.

However, literature warns against **overreliance on digital solutions without parallel trust-building mechanisms**. As **Guan et al. (2020)** and **Zeleke et al. (2018)** emphasise, consumers are more likely to adopt and retain insurance when it is offered through familiar and trustworthy channels. Therefore, hybrid approaches that combine technology with agent presence, call centres, and community engagement remain critical.

2.12.7 Infrastructure for Claims, Feedback, and Accountability

An often-overlooked barrier discussed in the literature concerns the **post-sale infrastructure** of insurance; particularly **claims handling, grievance redressal, and feedback systems**. As insurance is an intangible service, consumer perception of value is often tied to how claims are resolved and how concerns are addressed.

In Tanzania, the **TIRA Annual Report (2023)** identifies delays in claim payouts, disputes over policy terms, and a lack of proactive communication as common grievances. These issues erode confidence and reduce policy renewal rates. According to **Zablon et al. (2024)**, such inefficiencies can have systemic effects by creating narratives of institutional failure that spread rapidly through social networks.

Comparative studies show that insurers in India, Rwanda, and South Africa have addressed this by investing in **client helplines**, **SMS-based updates**, and **claim tracking tools**. In Tanzania, digital platforms offer an opportunity to embed these features, but current implementation remains limited (Anselmi and Saqware, 2021; Karekezi, 2024).

2.13 Literature Gaps and Justification for the Study

A synthesis of the reviewed literature on insurance market development in Sub-Saharan Africa, and in Tanzania specifically, reveals several conceptual, empirical, and contextual gaps. These gaps are closely aligned with real-world challenges currently facing the Tanzanian insurance sector. Although regulatory reports, policy frameworks, and industry publications have made significant contributions to understanding market performance, there is insufficient integration between strategic management research and applied business realities. The gaps identified reflect both **a lack of scholarly attention** to critical issues and **a practical information deficit** among practitioners and policymakers attempting to expand insurance penetration in underserved markets.

The significance of these gaps is heightened by the documented business problem: the continued underperformance of the commercial insurance sector in Tanzania, despite a growing policy emphasis on financial inclusion and social protection. Insurance penetration remains low, with the commercial market reaching just 0.71 per cent of the population in 2022 (TIRA, 2023). Public insurance schemes marginally increase this figure to 2.01 percent. The contrast with regional comparators, such as Kenya's 2.5 per cent penetration (Citizen Reporter, 2024), illustrates a missed opportunity to leverage commercial insurance as a mechanism for socio-economic development. These figures underscore the importance of addressing the following literature gaps, which also constitute tangible business constraints.

2.13.1 Underdeveloped Metrics for Measuring Penetration

The literature lacks consensus on how insurance penetration should be measured across varying geographies, income brackets, and service modalities. Most metrics are based on premium income as a percentage of GDP, an approach that may obscure significant disparities in coverage, particularly between urban and rural populations (Swiss Re Institute, 2023). Several studies have pointed to the need for more disaggregated indicators that capture **the number of active beneficiaries**, the types of risks covered, and the **distributional equity of access to insurance products** (Swiss Re Institute, 2020; World Bank, 2021).

There is also a paucity of data on **digital insurance penetration**. While mobile-based products are gaining traction, they are often excluded from formal metrics. As a result, insurers and regulators lack reliable tools to monitor the effectiveness of alternative channels, which in turn limits strategic planning, investment targeting, and impact evaluation. This methodological gap has direct implications for business practice, as firms are unable to benchmark progress or identify underserved segments with sufficient granularity.

2.13.2 Limited Research on Strategic and Digital Transformation

While digital innovation is frequently cited as a driver of insurance accessibility and affordability, there is limited empirical work that examines how Tanzanian insurance companies are adopting, implementing, or sustaining digital strategies. Schmidt (2018) and the World Bank (2018) highlight the transformative potential of mobile platforms, digital underwriting, and automated claims processes, yet most available studies provide macro-level overviews rather than firm-level analyses of strategy, capability, or adoption challenges.

This is a critical gap, as insurers increasingly cite digital transformation as central to operational efficiency and outreach to informal markets (Anselmi and Saqware, 2021; Deloitte Tanzania, 2024). However, the strategic alignment between digital investment and organisational change has not been sufficiently documented. Without empirical evidence, insurers lack access to shared knowledge on what constitutes effective digital transformation under constrained infrastructure and literacy conditions.

Moreover, while some literature describes digital pilots and platform-based solutions, there is minimal exploration of long-term adoption patterns, cost-benefit analyses, or consumer retention. These omissions reflect not only a theoretical deficiency but also hinder real-time learning and scaling within the Tanzanian insurance ecosystem.

2.13.3 Insufficient Linkages Between Insurance and Socioeconomic Development

Although the economic rationale for insurance is widely accepted in development literature, few studies establish clear linkages between insurance adoption and measurable socio-economic outcomes. Arena (2008) and Outreville (2012) highlight the role of insurance in stabilising household income and encouraging entrepreneurship. However, little has been done to trace how insurance services contribute to poverty alleviation, disaster recovery, or healthcare resilience in Tanzania specifically.

In the case of the Hanang District floods, for instance, coverage through bancassurance enabled a subset of victims to receive timely compensation (Citizen Reporter, 2023; Guardian Daily News, 2024). However, most affected households lacked coverage, and no systematic analysis has been conducted on the socioeconomic differentials between insured and uninsured groups. This evidentiary gap limits the ability of insurers to demonstrate their social value, constrains policy advocacy, and undermines efforts to embed insurance within broader resilience frameworks.

The absence of impact studies also affects product design, as insurers cannot easily assess which services generate the greatest return in terms of household well-being or small enterprise recovery. Bridging this gap would provide both academic insight and operational guidance for socially impactful market development.

2.13.4 Gaps in Understanding of Organisational Adaptation and Strategy

Much of the literature focuses on consumer barriers, regulatory frameworks, or product innovation. However, there is limited analysis of how Tanzanian insurers themselves perceive market constraints and devise internal strategies to overcome them. In particular, there is a lack of research on how insurance companies restructure their business models to address low uptake, shifting regulation, or the emergence of new customer segments.

Studies in other contexts have begun to address these questions by exploring how firms develop inclusive business models, invest in market intelligence, and align with national inclusion policies (Mutegi, 2018; Karekezi, 2024). Yet similar organisational studies are scarce in Tanzania. This limits the ability of researchers to develop models of strategic adaptation, and also restricts insurers' access to comparative benchmarks that could inform their internal decision-making processes.

From a business standpoint, this gap represents a practical challenge. Without evidence on which strategic approaches are effective under current market and regulatory conditions, insurers are unable to optimise their product portfolios, distribution channels, or partnerships. From a scholarly perspective, it reflects an underexplored intersection between corporate strategy and inclusive finance.

2.13.5 Justification for the Study

This study is justified on both academic and practical grounds. Academically, it addresses the lack of integrated research on the strategic behaviour of insurance companies operating in contexts of constrained demand, low trust, and uneven regulation. It contributes to the literature on financial inclusion, innovation in emerging markets, and public-private alignment in service delivery. Practically, the study responds to a critical business need: the absence of market insight and strategic clarity within the Tanzanian insurance sector, which impedes commercial growth and limits progress toward national inclusion targets.

The study's alignment with policy frameworks such as the National Council for Financial Inclusion (2023–2028) and the Universal Health Coverage Act (2023) reinforces its relevance to national priorities. Its focus on organisational strategy, product innovation, digital transformation, and consumer engagement provides actionable knowledge for insurers, regulators, and development partners. In doing so, the research offers a unique contribution to both applied business practice and the scholarly discourse on insurance development in emerging markets.

2.14 Conclusion of the Chapter

This chapter has provided a comprehensive review of the existing academic and practitioner literature relevant to insurance market penetration, with a particular focus on the Tanzanian context. The review has critically examined the drivers and barriers influencing insurance adoption, the role of public policy frameworks, the emergence of digital and alternative distribution channels, and the strategic responses adopted by insurance companies operating in low-penetration environments.

The literature revealed that while regulatory and technological developments have created new opportunities for inclusive insurance models, significant gaps remain in understanding how insurance companies interpret, respond to, and operationalise these developments. In particular, empirical research on strategic adaptation, organisational transformation, and public-private alignment within the Tanzanian insurance sector is notably limited. Moreover, the review has highlighted methodological inconsistencies in how penetration is measured and a lack of robust evidence connecting insurance adoption to broader socio-economic outcomes. These gaps provide a clear justification for the present study, which seeks to examine the strategic and operational practices of insurance companies in Tanzania as they attempt to expand coverage and bridge the protection gap. The study is designed to address both theoretical deficiencies and practical challenges, contributing new knowledge to the fields of strategic management and financial inclusion.

The next chapter outlines the **research methodology** adopted for this study. It presents the philosophical positioning, research design, data collection strategies, and analytical techniques employed to investigate the research questions in a rigorous and contextually grounded manner.

Chapter 3: Research Methodology

3.1 Overview of the Research Problem

The central challenge that this study addresses is the persistent under-penetration of commercial insurance in Tanzania, despite regulatory reform, technological innovation, and rising public policy emphasis on financial inclusion. As established in Chapters 1 and 2, insurance uptake in Tanzania remains alarmingly low, with private sector penetration at just 0.71% of GDP as of 2023 (TIRA, 2024).

This figure not only lags behind global and regional benchmarks but also signals a systemic gap between policy ambition and practical delivery. The implications of this protection gap are significant: households remain vulnerable to economic shocks, businesses face heightened operational risks, and the broader economy is exposed to volatility without adequate risk transfer mechanisms.

While structural barriers, such as affordability, access, and distribution infrastructure, are frequently cited, there is a growing recognition that deeper institutional, behavioural, and strategic factors are at play. Regulatory frameworks such as the Universal Health Coverage Act (2023), the Financial Sector Development Master Plan (2020–2030), and the National Council for Financial Inclusion Framework (2023–2028) have set clear inclusion targets.

This research is therefore grounded in the need to bridge the divide between institutional intent and insurer practice, and to better understand the strategic, operational, and cultural dynamics that shape insurance uptake. It does so by examining the sector holistically; analysing not only the barriers to adoption, but also the response strategies of insurance companies, the behavioural dimensions of consumer trust and comprehension, and the regulatory mechanisms that aim to coordinate and catalyse market development (Fig. 16).

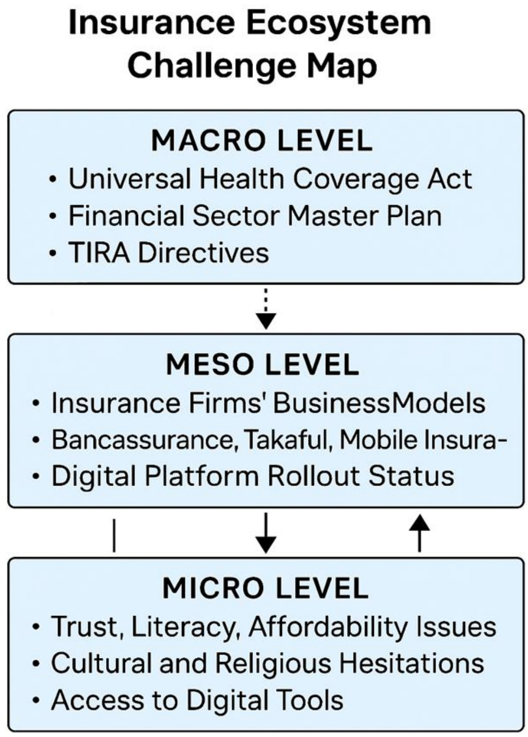

Figure 16 Challenge Map

3.2 Conceptual Framework

The conceptual framework underpinning this study is anchored in a triangulation of three theoretical perspectives: **Institutional Theory**, **Dynamic Capabilities**, and **Constructivist Models of Consumer Behaviour**. These frameworks provide a multidimensional lens to understand insurers' strategic behaviour, the structural and socio-cultural barriers affecting insurance uptake, and the behavioural patterns that shape adoption decisions.

1. Institutional Theory

Drawing on DiMaggio and Powell (1983), institutional theory helps explain how formal rules (e.g., TIRA regulations), normative pressures (e.g., expectations of policy compliance), and cognitive schemas (e.g., insurance as a ‘foreign’ product) influence organisational conduct. In Tanzania, this theory is particularly relevant as insurers often operate within conflicting institutional logics; compliance with state mandates versus responsiveness to community values and religious norms.

2. Dynamic Capabilities Framework

Teece's (2007) dynamic capabilities theory is used to assess how insurers adapt to evolving market conditions by sensing opportunities, seizing resources, and transforming internal operations. This is vital in a developing market like Tanzania, where insurers must innovate around infrastructure limitations, low financial literacy, and emerging digital platforms to expand reach and improve adoption.

3. Constructivist Models of Consumer Behavior

Consumer responses to insurance are framed using a constructivist approach, emphasizing that financial decision-making is not only rational but also shaped by lived experiences, cultural interpretations, and trust relationships. This perspective helps explain why traditional economic models often fail to predict insurance uptake in rural or underserved communities.

Integrated Framework Structure

The conceptual framework visually integrates the strategic behaviors of insurers, the contextual barriers faced by users, and the enabling or constraining roles played by institutions. It also guides the research design: Objective 1 explores insurer strategy (via dynamic capabilities), Objective 2 investigates user and institutional barriers (via institutional and constructivist lenses), and Objective 3 combines these to develop practical recommendations.

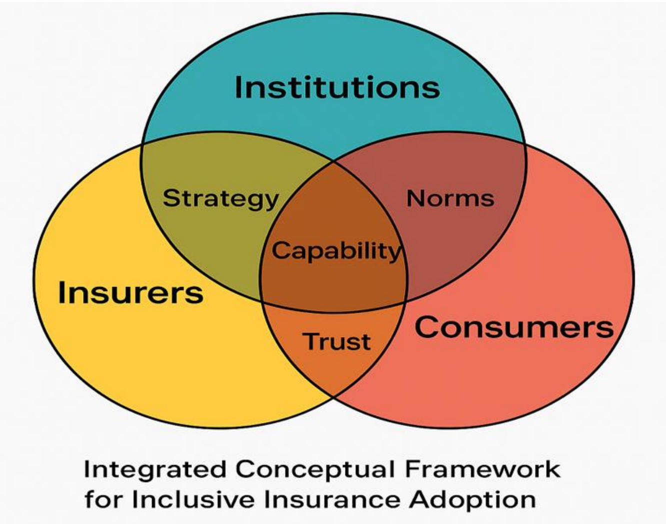

Figure 17 Integrated Conceptual Framework

3.3 Operationalisation of Theoretical Constructs

To enable empirical investigation, the key constructs derived from the conceptual framework—strategic adaptation, institutional influence, and consumer perception—were operationalized into measurable variables and thematic codes. This allowed the study to maintain coherence between theory and field-level inquiry across qualitative and quantitative methods.

3.3.1 Strategic Behaviour of Insurers

Grounded in the **Dynamic Capabilities** framework, insurer strategy was examined through three dimensions:

- **Sensing**: Ability to identify underserved market segments, including rural populations or informal workers.
- **Seizing**: Mobilisation of internal resources to pilot or scale distribution channels (e.g., mobile platforms, agent networks).
- **Transforming**: Organisational change toward inclusive models, such as product bundling, Sharia-compliant offerings, or hybrid enrollment.

These were assessed through thematic analysis of semi-structured interviews with insurance executives, innovation leads, and TIRA officials, coded under categories like innovation drivers, regulatory alignment, and product segmentation.

3.3.2 Institutional and Regulatory Barriers

Institutional theory was translated into constructs reflecting:

- **Coercive pressures**: e.g., compliance with TIRA's mobile regulations, solvency requirements.
- **Normative pressures**: sector-wide practices, donor influence, expectations of professionalization.
- **Cognitive legitimacy**: how insurers and users perceive insurance as aligned, or misaligned, with local norms.

Data were collected via interviews and policy document reviews, with codes such as “regulatory rigidity,” “policy gaps,” and “informal sector exclusion.”

3.3.3 Consumer-Level Perceptions

The constructivist lens framed consumer behaviour through the following themes:

- **Trust in insurance**: belief in fair treatment, claims transparency, and institutional integrity.
- **Comprehension**: ability to understand policy terms and processes.
- **Cultural compatibility**: alignment of insurance concepts with religious, familial, and communal values.
- **Perceived utility**: views on relevance and value-for-money of insurance offerings.

These constructs informed both qualitative codes and quantitative survey items. For instance, Likert-scale items in the quantitative instrument asked respondents to rate agreement with statements like “Insurance is too expensive,” “I trust insurers to pay claims,” or “Insurance is against my beliefs.”

3.3.4 Integration into the Research Process

The constructs were mapped against each research objective:

Objective	Theoretical Construct	Operational Indicator
Objective 1	Strategic capability	Innovation type, segmentation logic
Objective 2	Institutional and cultural barriers	Perceived cost, trust, literacy, and religious objection
Objective 3	Synthesised insight	Policy alignment, ecosystem strategy, and co-creation indicators

Table 5 Constructs

This structure ensured that theoretical models were not only explanatory but also actionable, guiding coding structures, survey design, and integration matrices.

3.4 Research Purpose

The primary purpose of this research is to generate a **theoretically informed and empirically grounded understanding** of the factors influencing insurance uptake in Tanzania and to develop actionable strategies that can bridge the persistent protection gap. This study examines insurance firms' strategic responses, the **regulatory frameworks shaping access**, and the **behavioural drivers and barriers** that influence consumer decisions.

More specifically, the study aims to:

- Analyse the **business models and strategic innovations** employed by insurance companies to expand access.
- Evaluate the **structural, regulatory, and socio-cultural constraints** affecting insurance adoption.
- Synthesise qualitative and quantitative findings to develop **evidence-based recommendations** that promote sustainable and inclusive insurance growth.

3.5 Research Design

This study employed a **sequential explanatory mixed-methods design**, chosen to comprehensively address the multifaceted nature of insurance penetration in Tanzania. The complexity of the research problem; spanning institutional constraints, corporate strategic behavior, and consumer cultural perceptions; necessitated a design that could capture both **depth of experience** and **breadth of empirical patterning**.

Mixed-methods research is particularly suited for this type of inquiry as it facilitates **triangulation**, enhances **validity**, and enables the researcher to interpret complex phenomena through multiple lenses (Creswell & Plano Clark, 2018). The study was executed in three interconnected phases, aligned with the research objectives and guided by an overarching conceptual framework that integrated **institutional theory**, **dynamic capabilities**, and **constructivist consumer models**.

3.5.1 Phase 1 – Qualitative Exploration of Strategy (Objective 1)

The first phase addressed **Objective 1**, which sought to explore the strategic approaches and business models adopted by insurance companies to penetrate underserved markets in Tanzania. This phase was purely qualitative, drawing on in-depth, semi-structured interviews and focus groups with **214 purposively selected participants** from across the insurance ecosystem.

Participants included:

- Insurance executives and senior managers
- Innovation leads and product development officers
- Regulatory authorities (e.g., Tanzania Insurance Regulatory Authority – TIRA)
- Key industry stakeholders involved in national inclusion initiatives

The interviews explored themes such as:

- Strategic intent: urban vs. rural priorities
- Innovation dynamics: adoption of mobile platforms, community bundling, Takaful models
- Business segmentation logic
- Regulatory compliance and institutional friction

Data collected were analysed using a **grounded theory approach**, moving from open coding to axial and then selective coding. This allowed for the emergence of inductive patterns and strategic archetypes. Coding was supported by the use of qualitative analysis software to ensure consistency and traceability. This phase led to the development of a typology of insurers and highlighted the mismatch between strategic rhetoric and field-level execution.

The qualitative depth captured in this phase provided a foundational understanding of **organisational behaviour**, which informed the subsequent survey design in Phase 2 and helped shape theoretical generalisations.

3.5.2 Phase 2 – Mixed-Methods Analysis of Barriers and Provider Responses (Objective 2)

The second phase addressed **Objective 2**, focusing on the structural, regulatory, and socio-cultural factors that constrain insurance uptake, as well as the strategies developed by insurers in response.

A. Qualitative Strand

This strand engaged **157 participants** through targeted interviews and focus groups. Participants included:

- Frontline agents, insurance brokers and bancassurance officers
- Community-based agents (CBAs) with rural outreach responsibilities
- Insurance users and non-users
- Regulatory and policy experts

These individuals were selected based on their proximity to daily insurance operations and end-user experiences. The goal was to surface localised understandings of:

- Consumer resistance and misinformation
- Literacy gaps and cultural incompatibilities
- Claims-related trust breakdowns
- Barriers to tech-enabled onboarding

Thematic analysis enabled the clustering of perceptions into broader categories, which were later used to design survey constructs.

B. Quantitative Strand

To validate the themes derived from qualitative interviews, a structured questionnaire was administered to a separate sample of **187 respondents**. This group was drawn from the general public and MSME owners using **stratified random sampling** to ensure demographic and regional diversity across:

- Urban and rural zones
- Formal and informal sector representation
- Age, gender, and education levels

The questionnaire included items designed to measure:

- Trust in insurance providers
- Comprehension of policies
- Perceived affordability and usefulness
- Cultural or religious hesitancy
- Access to mobile and digital channels

Responses were captured using a 5-point Likert scale and analysed using **descriptive statistics**, **Spearman's rank correlation**, and **binary logistic regression**. These techniques provided robust tests of variable significance, allowing the identification of which perceptions most strongly predicted adoption intent.

This phase ensured **cross-validation between lived experience and statistical trends**, providing a high degree of internal validity while capturing the socio-behavioural texture of insurance exclusion.

3.5.3 Phase 3 – Integration and Strategic Synthesis (Objective 3)

The third phase aligned with **Objective 3**, which sought to develop evidence-based, context-sensitive recommendations for bridging the protection gap and promoting inclusive insurance models. This phase involved **no new data collection**; instead, it focused on integrating and interpreting findings from Phases 1 and 2.

Key analytical tools included:

- **Joint display matrices** mapping qualitative themes to quantitative frequencies and regression outcomes
- **Cross-case comparison** of stakeholder narratives (e.g., user vs. provider)
- **Gap analysis** between strategic actions and user needs

This integrative analysis enabled the development of a **multi-level strategic framework**, combining behavioural insight, organisational capability, and institutional responsiveness. The framework was built around three pillars:

1. **Trust-Centric Design**: Emphasising transparency, claims accountability, and consumer empowerment

2. **Cultural and Religious Legitimacy**: Embedding insurance in local norms, values, and moral economies
3. **Hybrid Distribution Models**: Combining digital access with human facilitation to overcome low-literacy and trust issues

This phase advanced both **theoretical contributions** and **practical interventions**.

The study's research design reflects a deliberate and rigorous effort to investigate a socially embedded and operationally complex problem. Each phase was informed by theoretical insights, executed with methodological precision, and structured to enable inter-phase learning. This design supports not only descriptive clarity and analytical depth but also delivers **practical, actionable outcomes** grounded in stakeholder realities and validated through empirical testing.

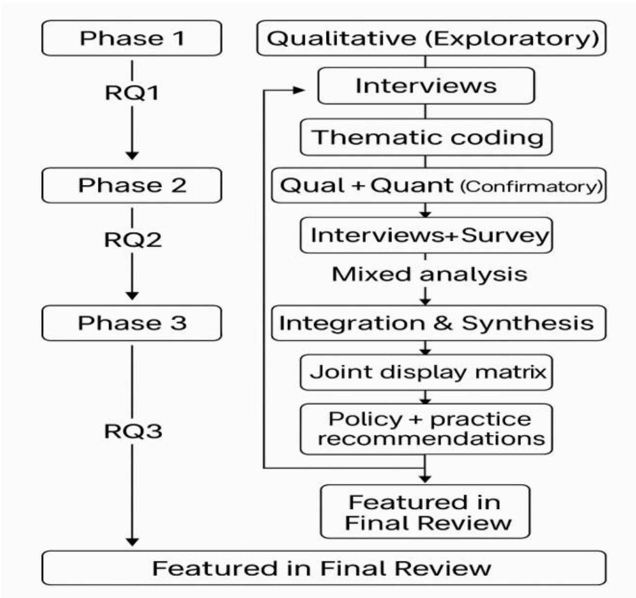

Figure 18 Research Flow Diagram

3.6 Population and Sample

This study engaged **558 participants** across its three data collection phases. The sample was strategically distributed to align with each research objective and method strand: **214 participants** contributed to the qualitative investigation of insurers' strategy (Objective 1), **157 participants** informed the qualitative exploration of barriers and responses (Objective 2), and **187 individuals** completed the quantitative survey (Objective 2).

3.6.1 Qualitative Sampling (Objectives 1 and 2)

A. Phase 1 – Objective 1 (214 participants)

A total of **214 individuals** participated in interviews and focus groups aimed at understanding strategic orientations and business model adaptations of insurance companies. Participants were purposively selected to represent:

- Insurance executives and innovation leads
- Bancassurance heads and distribution managers
- Regulatory stakeholders (e.g., TIRA officials)
- Policy advisors and sector experts

These individuals were recruited through direct institutional partnerships, professional referrals, and snowball sampling within the Tanzanian financial ecosystem. The sample reflected variation across organisational type, geographical coverage, and scale of operations.

B. Phase 2 – Objective 2 (157 participants – qualitative strand)

For the qualitative strand of Objective 2, **157 participants** were recruited to represent:

- Frontline sales agents, insurance brokers and community-based insurance actors
- Urban and rural insurance users and non-users
- Regulatory officials and field-level policy implementers

The focus was to gather diverse insights into trust dynamics, cultural framing, and operational bottlenecks in adoption. These interviews were structured to surface grounded insights from individuals actively involved in or impacted by the insurance delivery chain.

3.6.2 Quantitative Sampling (Objective 2 – Survey, 187 participants)

A separate sample of **187 individuals** was surveyed to quantitatively assess perceptions of insurance affordability, trust, comprehension, and cultural alignment. Participants included general consumers and MSME owners from both urban and rural areas. A **stratified random sampling** approach was adopted to ensure demographic and regional representation across:

- Gender and age groups
- Education and literacy levels
- Economic activity (formal/informal sector)

This survey aimed to statistically validate patterns emerging from the qualitative data and support correlation and regression analysis. Items were framed using a 5-point Likert scale to measure attitudes toward insurance, policy literacy, digital access, and willingness to adopt.

3.6.3 Participant Recruitment and Data Filtering

While the final dataset included 214, 157, and 187 valid responses for Objectives 1, 2 (qualitative), and 2 (quantitative), respectively, the initial outreach was significantly broader. For the qualitative components, approximately **295 individuals were initially contacted**. Of these, **256 consented to participate**, but only **214 and 157 interviews** were retained based on completeness, relevance, and depth of engagement. Responses that lacked thematic richness or did not meet inclusion criteria (e.g., irrelevance to strategic/operational focus) were excluded from analysis.

In the quantitative phase, **400 individuals were approached**, resulting in **227 initial responses**. After data cleaning and removal of incomplete submissions, duplicates, and entries not meeting age or consent criteria, **187 high-quality responses** were retained for analysis.

This multi-step filtration ensured that the final dataset maintained both **validity and analytical integrity**, with robust qualitative depth and statistically adequate sample size for inferential testing.

3.7 Participant Selection

The selection of participants across all phases of the study was guided by the principle of **fitness for purpose**, ensuring that those recruited were appropriately positioned to provide relevant insights aligned with the specific objectives and research questions. A combination of **purposive, snowball, and stratified random sampling techniques** was employed to reflect the methodological diversity of the study's mixed-methods design.

3.7.1 Objective 1 (Qualitative – 214 Participants)

Participants for Objective 1 were selected based on their **strategic roles in insurance organisations and policy bodies**, and their **proximity to decision-making processes**. The inclusion criteria targeted:

- Senior executives in commercial and microinsurance firms
- Innovation and digital transformation leads
- Bancassurance managers
- Insurance brokers
- Representatives from the Tanzania Insurance Regulatory Authority (TIRA)
- Policy advisors working with national financial inclusion initiatives (e.g., NFIF)

Initial contacts were established through **institutional partnerships**, including referrals from TIRA, donor-supported projects, and insurance networks. Follow-up sampling utilized a **snowball approach**, where initial interviewees referred other relevant participants within their professional networks. Participants were selected to ensure variation in geographical focus, product offerings (e.g., Takaful, mobile insurance), and firm size (local, regional, multinational).

3.7.2 Objective 2 – Qualitative Strand (157 Participants)

The qualitative sample for Objective 2 consisted of **field-facing stakeholders and consumers**, chosen to reflect direct operational and experiential knowledge of insurance outreach and barriers. This group included:

- Frontline sales agents, insurance brokers and bancassurance officers
- Community-based agents (CBAs) engaged in rural outreach
- Insurance users, including first-time and repeat claimants
- Non-users with relevant life risk experience (e.g., recent flood victims, market vendors)
- Regulatory personnel involved in policy enforcement and consumer protection

Participants were identified through **existing insurer networks**, regional outreach partners, and community facilitators. Individuals were screened based on their role, experience with insurance (either delivery or use), and geographic representativeness. Informed consent was obtained prior to all interviews and focus groups.

This segment of the sample was designed to yield **contextual and narrative-rich data**, particularly around socio-cultural perceptions, religious influences, and day-to-day operational realities. Recruitment was geographically stratified to cover both **urban centres (e.g., Dar es Salaam, Arusha, Mwanza)** and **rural regions (e.g., Singida, Mbeya, Manyara)**.

3.7.3 Objective 2 – Quantitative Strand (187 Participants)

Participants for the survey component were selected through a **stratified random sampling process** to ensure demographic balance and capture diverse consumer attitudes. The sampling frame included:

- General public across income levels
- MSME owners in both formal and informal sectors
- Residents from urban and rural districts

Sampling strata were based on:

- **Gender**
- **Age (18–60+)**
- **Location (urban/rural)**
- **Education level**
- **Sectoral engagement (formal/informal economy)**

Enumerators used structured field protocols and digital tools to administer the questionnaire both in person and remotely. Non-response and dropout rates were managed through oversampling in each stratum, with response verification protocols built into the survey tool. Only **fully completed and eligible responses (n = 187)** were included in the final dataset after data cleaning and consistency checks.

3.7.4 Ethical Safeguards in Participant Selection

All participants were provided with **informed consent forms**, outlining the study's purpose, confidentiality procedures, and the voluntary nature of participation. Participants were assured that:

- No identifying information would be published
- They could withdraw at any point
- Responses would be used solely for academic purposes

The study received ethical clearance from the affiliated university and adhered to the research ethics frameworks applicable in Tanzania, including guidelines from the National Institute for Medical Research (NIMR) and TIRA's stakeholder research protocols.

3.8 Instrumentation

The study employed a combination of **semi-structured interview guides** and a **structured quantitative survey instrument**, each carefully developed to align with the study's conceptual framework and to ensure consistency in data collection across diverse participant groups. The design of instruments was informed by the literature reviewed in Chapter 2, piloted for clarity and reliability, and refined based on feedback from field experts and methodological advisors. Instrumentation was tailored to address the **specific objectives of each research phase**, ensuring coherence between research questions, constructs, and measurement strategies.

3.8.1 Qualitative Instruments

Two semi-structured interview guides were developed for use in **Objectives 1 and 2**:

A. Interview Guide for Objective 1 – Strategic Orientation

This guideline focused on understanding the strategic posture of insurers and regulatory actors. Key sections included:

- **Organisational mission and inclusion objectives**
- **Urban versus rural targeting logic**

- **Innovation mechanisms (e.g., mobile insurance, bundling, Sharia-compliant models)**
- **Regulatory compliance strategies**
- **Market segmentation and product design**

Probes were included to explore alignment with national financial inclusion goals and responses to institutional pressures (coercive, mimetic, and normative), as discussed under institutional theory.

B. Interview Guide for Objective 2 – Barriers and Responses

This guide was tailored for:

- Frontline agents, insurance brokers and CBAs
- Insurance users and non-users
- Regulatory and community stakeholders

The guide explored:

- **Perceived consumer barriers** (e.g., comprehension, cost, trust)
- **Religious and cultural dynamics**
- **Experiences with claim processing and onboarding**
- **Agent experiences in low-literacy environments**
- **Digital tool use and access challenges**

Both guides were written in English and translated into Kiswahili. They were pilot-tested with five stakeholders (insurer and community-based) before full deployment. Interviews were recorded (with permission), transcribed, and analysed using a grounded theory approach.

3.8.2 Quantitative Survey Instrument (Objective 2)

The structured questionnaire used for the quantitative component of Objective 2 was designed to measure variables derived from the **constructivist consumer behaviour model** and institutional factors. The instrument included five core sections:

1. **Demographic Profile**: Gender, age, education, income, region, sector
2. **Insurance Access and Usage**: Type of insurance held (if any), previous claims experience

3. **Barrier Perceptions**: 5-point Likert-scale statements such as:
    - "Insurance is too expensive for people like me"
    - "I trust insurance companies to pay claims"
    - "Insurance is not culturally or religiously compatible with my values"
    - "I understand how insurance works"
    - "Mobile or digital platforms are accessible to me"
4. **Willingness to Adopt**: Intentions to enrol in new or different insurance products in the next year
5. **Channel Preferences**: Preferences for agent-based, mobile, or bundled schemes

The questionnaire was deployed via digital survey tools and field enumerators. Internal reliability was assessed using **Cronbach's alpha** across all multi-item scales. Responses were coded numerically and analysed using Excel.

3.8.3 Validation and Piloting

All instruments were reviewed by:

- **Academic supervisors** to ensure alignment with theoretical frameworks
- **Industry practitioners and regulators** for realism and relevance
- **Field pilots** with a small sample of respondents (n = 10) to test clarity, flow, and cultural appropriateness

Feedback was incorporated into revisions before final rollout. For the survey, logical skips, range checks, and forced responses were programmed into the digital instrument to reduce non-response bias and improve data completeness.

This section describes the research instruments developed and employed across the study's three sequential phases. Instrumentation was tightly aligned with the study's conceptual framework and the operationalisation of constructs to ensure consistency in data capture, thematic saturation, and validity of analysis.

3.9 Data Collection Procedures

Data collection for this study was carried out in three distinct phases over a six-month period, aligned with the research objectives and methodological framework outlined in Sections 3.4 and 3.5. The data collection strategy emphasised **ethical engagement, methodological consistency, and contextual responsiveness**, with each phase tailored to the participant group, method, and geographic coverage.

3.9.1 Phase 1 – Qualitative Data Collection (Objective 1)

Data for **Objective 1** were collected through **semi-structured interviews and focus groups** conducted with **214 strategically selected participants** from the insurance industry and regulatory bodies. Key actions included:

- **Initial outreach**: Invitations were extended to key institutions including major insurance firms, TIRA, and sector consultants via formal letters, emails, and professional introductions.
- **Scheduling and location**: Interviews were conducted in Dar es Salaam, Arusha, and remotely via Zoom or WhatsApp calls for regional participants.
- **Language and duration**: Interviews were conducted in English or Kiswahili and lasted 45–75 minutes. Informed consent was obtained prior to each session.
- **Recording and transcription**: With permission, interviews were audio recorded, transcribed, and translated when required.

This phase focused on gathering in-depth data related to strategic orientations, innovation capacity, and institutional pressures. The primary researcher and research assistant maintained notes to ensure data integrity.

3.9.2 Phase 2 – Mixed-Methods Data Collection (Objective 2)

A. Qualitative Strand (157 participants)

Interviews and focus groups were conducted with community-level actors, including insurance brokers, frontline agents, CBAs, insurance users, and non-users. Procedures included:

- **On-the-ground recruitment** through partner organisations and agent networks

- **Sessions conducted in local languages**, especially in rural regions, using trained interpreters where needed
- **Focus groups held in community centres**, religious spaces, or local administration offices for contextual comfort
- **Average session time** was 60–90 minutes; all interviews were recorded and transcribed

This strand prioritised accessibility, confidentiality, and minimising social desirability bias, particularly in culturally sensitive discussions of religion and insurance.

B. Quantitative Strand (187 participants)

The quantitative survey was administered using a **hybrid approach**: field-based enumerators for rural areas, and digital tablets/phones in urban settings. Key procedures included:

- **Enumerator training workshops** focused on ethics, neutrality, and digital data entry
- **Stratified field plan** ensuring proportional representation across regions and demographic categories
- **Deployment in four regions**: Dar es Salaam, Morogoro, Mbeya, and Singida
- **Language localization**: The survey was available in English and Kiswahili; clarifications were given orally when needed

Data collection for this strand was completed over a four-week window, with real-time monitoring for data consistency and completion rates via cloud-based dashboards. Response verification checks were embedded, including duplicate flagging and logic skips.

3.9.3 Phase 3 – Data Integration (Objective 3)

No new data were collected during this phase. Instead, previously collected qualitative and quantitative data were:

- **Triangulated and synthesized** using joint display matrices and comparative tables
- **Re-analysed to identify convergence/divergence** in themes across stakeholders
- **Mapped against the conceptual framework** to refine theoretical and practical outputs

This phase was iterative, involving back-and-forth consultation with initial data summaries, field notes, and coded themes. The aim was to ensure analytical integrity and contextual fidelity in the recommendations developed.

Ethical Considerations During Data Collection

All data collection procedures adhered to ethical standards approved by the supervising university and aligned with Tanzanian research norms. This included:

- Written or verbal informed consent for all participants
- Confidentiality assurances and anonymisation of responses
- Right to withdraw without penalty
- Secure storage of data in encrypted folders accessible only to the research team

This section details the procedures followed for collecting qualitative and quantitative data, ensuring methodological alignment with the research design, ethical standards, and practical realities of the Tanzanian insurance landscape.

3.10 Data Analysis

The data analysis strategy was guided by the study’s **explanatory sequential mixed-methods design**, with distinct yet interconnected analytical processes used for qualitative and quantitative strands. The analysis aimed to systematically extract meaning, identify relationships, and integrate findings across the three research objectives in a structured, theory-aligned manner.

3.10.1 Qualitative Analysis (Objectives 1 and 2)

The qualitative data were analysed using the **grounded theory approach**, allowing concepts to emerge inductively while remaining grounded in empirical reality. The process unfolded in three primary phases:

- **Open coding**: Initial analysis of transcripts and notes involved identifying discrete ideas and expressions relevant to strategic behaviour, institutional dynamics, and user perceptions. This allowed for a data-led understanding of how stakeholders perceive and enact insurance inclusion.
- **Axial coding**: The open codes were systematically grouped into broader thematic categories by identifying relationships among concepts, such as how trust deficits intersect with regulatory rigidity, or how innovation is shaped by infrastructural limitations.

- **Selective coding**: At this stage, thematic categories were integrated to construct narrative patterns and theoretical constructs. This enabled the formulation of strategic typologies (Objective 1), thematic barriers (Objective 2), and misalignment patterns between provider intent and user experience.

This structured approach ensured **internal consistency**, while the iterative analysis process allowed for cross-case comparisons and triangulation across different stakeholder perspectives.

3.10.2 Quantitative Analysis (Objective 2)

Quantitative data from the survey (n = 187) were analysed using **EXCEL**. The following statistical techniques were applied:

- **Descriptive statistics**: Frequencies and percentages were used to summarise demographic distributions and respondent agreement with key statements on trust, comprehension, cost, cultural fit, and digital access.
- **Correlation analysis**: **Spearman's rank correlation** was applied to examine the strength and direction of associations between variables. This helped assess how perceptions such as trust and policy understanding relate to insurance adoption intent.
- **Binary logistic regression**: A regression model was used to determine the probability of insurance adoption based on multiple predictor variables. These included trust in insurers, comprehension of insurance policies, cultural and religious hesitancy, access to technology, and demographic indicators such as education and income. The output included odds ratios (Exp(β)), statistical significance (p-values), and directional interpretations, offering insight into which factors were most influential in shaping adoption behaviour.

This quantitative analysis provided a **complementary lens** to the qualitative findings, reinforcing the explanatory framework through empirical validation.

3.10.3 Integration and Mixed-Methods Synthesis (Objective 3)

The final stage of analysis involved synthesising findings from both qualitative and quantitative strands to address Objective 3. This process included:

- **Joint display matrices**: A visual integration technique where qualitative themes were mapped against corresponding quantitative findings. For instance, if trust was identified as a major theme in interviews, it was compared with how many respondents ranked it as a barrier in the survey. This method facilitated the identification of **areas of convergence and divergence** across data types.
- **Cross-stakeholder synthesis**: Responses from insurers, agents, users, and regulators were comparatively analysed to detect **strategic misalignments**, such as differences in perceived barriers or expectations around service delivery and regulatory support.
- **Theoretical refinement**: Insights were aligned with institutional theory and dynamic capability frameworks to inform the development of a practical, evidence-based strategic model. The integration provided a holistic understanding of how organisational strategy, regulatory pressures, and consumer behaviour collectively influence the insurance adoption landscape.

This comprehensive, multi-layered analytical approach ensured that the research was not only methodologically rigorous but also capable of producing **both theoretical insight and practical recommendations**.

This section details the analytic techniques employed to examine both qualitative and quantitative datasets, aligned with each phase of the research objectives. The analysis followed a **phased and triangulated logic**, beginning with inductive theme discovery, advancing through statistical testing, and concluding in joint synthesis. Each method was selected based on its appropriateness for the type of data collected and the theoretical constructs being measured.

3.11 Research Design Limitations

While the research design was carefully structured to capture strategic, institutional, and behavioural dynamics within the Tanzanian insurance sector, several limitations were inherent in the design, execution, and contextual realities of the study. These limitations do not undermine the validity of the findings but are acknowledged to provide transparency and frame the scope of interpretation.

3.11.1 Methodological Scope Constraints

This study employed a **sequential explanatory mixed-methods design**, which allowed for in-depth qualitative exploration followed by quantitative validation and synthesis. However, this structure meant that some findings from the initial qualitative phase may not have been fully explored quantitatively due to limitations in survey length and respondent fatigue. Similarly, although integration was conducted rigorously, the absence of simultaneous data collection in all strands may have limited real-time comparative insight.

3.11.2 Sampling and Generalizability

While the study aimed to ensure representativeness, particularly in the quantitative strand, the **final survey sample (n = 187)** was slightly below the ideal minimum calculated through Cochran's formula for a 95% confidence level with a 7% margin of error. Although this was mitigated through stratified sampling and data cleaning, it may affect the **external generalizability** of statistical conclusions.

Additionally, **purposive and snowball sampling** in the qualitative phases; while methodologically appropriate; may introduce selection bias. The reliance on existing networks and institutions may have led to the inclusion of participants who were more accessible or already engaged with insurance discourse, potentially excluding more disaffected or remote voices.

3.11.3 Self-Reporting and Response Bias

Both qualitative interviews and survey data relied on **self-reported responses**, which may be subject to social desirability bias, particularly when discussing sensitive topics such as mistrust, religious beliefs, or financial struggles. While the study took steps to minimise this; through anonymity, culturally safe environments, and trained enumerators; such bias cannot be entirely ruled out.

3.11.4 Temporal and Geographic Limitations

Data collection was conducted over a **fixed period**, and while multiple regions were covered, some **remote areas** may have been underrepresented. The evolving nature of regulatory reform and insurance innovation in Tanzania means that findings represent a snapshot in time and may not fully account for changes occurring after the fieldwork.

3.11.5 Analytical Interpretation

Although grounded theory and logistic regression techniques were applied rigorously, the interpretation of qualitative themes remains **subjective to the researcher's analytical lens**. To mitigate this, coding frameworks were peer-reviewed, and synthesis matrices were used to align findings across datasets. Still, qualitative pattern recognition is inherently interpretive and should be understood as such.

3.11.6 Integration Challenges

The mixed-methods integration process; particularly the creation of joint displays and cross-thematic analysis; required **manual synthesis across multiple data types and languages**. Despite best efforts, subtle nuances from interviews may not be fully reflected in quantitative generalisations, and vice versa. Furthermore, although triangulation strengthened internal validity, **some mismatches in scale and vocabulary** between the two strands posed interpretive challenges.

While this study was designed with rigour and triangulation to ensure validity, several limitations, both methodological and contextual, were acknowledged and managed throughout the research process. These limitations do not invalidate the findings but instead offer critical transparency and scope clarification for interpretation and future research.

3.12 Conclusion of the Chapter

This chapter detailed the methodological framework adopted to examine strategic behaviors, institutional challenges, and consumer-level barriers affecting insurance uptake in Tanzania. A sequential explanatory mixed-methods design was employed, enabling the collection of rich qualitative data followed by quantitative validation and an integrative synthesis. The study was grounded in a robust conceptual framework combining institutional theory, dynamic capabilities, and constructivist consumer behaviour models. Data were gathered from a carefully selected sample of insurance professionals, regulators, intermediaries, and consumers using semi-structured interviews, focus groups, and structured surveys.

Qualitative data were analysed using grounded theory techniques, while quantitative responses were evaluated through descriptive statistics, correlation analysis, and binary logistic regression. Integration was achieved through joint display matrices and cross-stakeholder comparisons, generating actionable insights for inclusive insurance development. Ethical safeguards, pilot testing, and rigorous data cleaning ensured methodological credibility throughout.

Chapter 4: Analysis and Findings

4.1 Introduction

This chapter presents the analysis and findings derived from the three-phased, mixed-methods investigation into the strategic behaviours, institutional constraints, and adoption dynamics shaping the insurance sector in Tanzania. The structure of this chapter is aligned with the study's three research objectives and corresponding research questions, as outlined in Chapters 1 and 3. Each section addresses a specific objective through appropriate analytical techniques, ensuring coherence with the study's conceptual framework that integrates institutional theory, dynamic capabilities, and constructivist consumer behaviour.

The chapter begins with the qualitative analysis of strategic orientations among insurance providers (Objective 1), drawing on data collected from 214 industry and regulatory participants. It proceeds to examine the structural, regulatory, and socio-cultural barriers to insurance uptake (Objective 2), combining qualitative insights from 157 field-level stakeholders with quantitative findings from a survey of 187 general public and MSME respondents. The final section (Objective 3) synthesises the preceding analyses to generate integrated, evidence-based recommendations. Throughout the chapter, thematic coding, statistical outputs, and cross-stakeholder comparisons are presented in alignment with the mixed-methods design and theoretical constructs established in the earlier chapters.

4.2 Strategic Approaches and Business Models (Objective 1)

4.2.1 Objective and Analytical Framework

This section addresses **Objective 1**:
To examine the strategic approaches and business models employed by insurance companies in Tanzania with the goal of increasing market penetration.

Data were collected through **214 semi-structured interviews and focus groups** with insurance executives, product managers, digital transformation leads, regulatory officials (TIRA), and policy advisors. These participants were selected purposively, representing national and regional insurers, emerging digital providers, and institutions involved in financial inclusion initiatives.

The analytical framework was grounded in **dynamic capabilities theory** (Teece, 2007) and interpreted through the lens of **institutional theory** (DiMaggio & Powell, 1983), focusing on how insurers:

- Sense market opportunities
- Seize operational capacities
- Transform or adapt their models under institutional constraints

Data analysis followed the **three-step grounded theory process** described in Chapter 3, which comprises open, axial, and selective coding.

4.2.2 Thematic Coding and Category Formation

This section outlines the grounded theory-based analysis of the 214 qualitative responses collected to examine strategic approaches employed by insurance companies in Tanzania. The analysis proceeded through three stages: open coding (first-order), axial clustering (second-order themes), and integration into strategic categories informed by dynamic capabilities and institutional theory.

A. First-Order Codes

Below is the full list of first-order codes derived directly from participant transcripts. These codes reflect statements made by executives, innovation leads, TIRA officials, and strategy consultants:

Code	**Excerpt from Participant**
“We follow what TIRA approves”	Legacy insurer CEO
“Digital rollout needs 6 months to get ok”	Mid-tier insurer strategy head
“Rural policies are unviable now”	CFO of regional insurer
“Bancassurance gives access to payroll”	Bancassurance head, national firm
“Clients ask if this is against faith”	Product manager, Muslim community zone
“We trialled a farming+health bundle”	Innovation manager, agriculture-focused firm
“Agents have no product say”	Head of sales

Code	Excerpt from Participant
“The board doesn’t trust the digital side”	CIO, traditional firm
“We copy product forms from bigger firms”	Strategy consultant
“We use CBAs—they help with trust”	Regional insurer marketing lead
“Claims are perceived as manipulated”	Innovation advisor
“NFIF is mentioned but not used”	Senior insurance executive
“Our IT isn’t ready for mobile onboarding”	Digital transformation manager
“No one explains what microinsurance means”	Regulator (TIRA)
“We don’t have tools for claim literacy”	Agent supervisor
“Takaful worked, but no one scaled it”	Policy advisor

B. Axial Clustering (Second-Order Themes)

These first-order codes were grouped into coherent thematic clusters using axial coding techniques. The five main clusters are:

1. **Regulatory Conformance vs. Delay**
   - Codes: “We follow what TIRA approves”, “Digital rollout needs 6 months to get ok”, “No one explains what microinsurance means”
   - Interpretation: Strategic stagnation driven by over-compliance or unclear guidance
2. **Product Innovation and Risk Bundling**
   - Codes: “We trialled a farming+health bundle”, “Takaful worked, but no one scaled it”, “We copy product forms from bigger firms”
   - Interpretation: Limited experimentation, donor dependency, lack of scaling frameworks
3. **Distribution Strategy**
   - Codes: “We use CBAs, they help with trust”, “Bancassurance gives access to payroll”, “Agents have no product say”
   - Interpretation: Channel diversity present, but constrained by lack of field-level feedback loops

4. **Organisational Readiness and IT Maturity**
    - Codes: “Our IT isn’t ready for mobile onboarding”, “The board doesn’t trust the digital side”
    - Interpretation: Digital transformation intentions are blocked by internal resistance and infrastructure gaps
5. **Strategic Detachment from Policy Mandates**
    - Codes: “NFIF is mentioned but not used”, “Claims are perceived as manipulated”, “Clients ask if this is against faith”
    - Interpretation: Top-down inclusion policies are not operationalized; firms remain disconnected from consumer realities

Axial Theme Map

<table>
<tr><th>First-Order Codes</th><th>Themes</th><th>Aligned Excerpts</th></tr>
<tr><td rowspan="2">•We follow what TIRA approves
•Digital rollout neeeds 6 months to get ok
•No one explains what microinsurrance means</td><td>Regulatory Conformance vs. Delay</td><td>Strategic stagnation driven by over-compilance or unclear guidance</td></tr>
<tr><td rowspan="2">Product Innovation and Risk Bundling
•We trialled a farming+ health bundle
•Takaful worked, but no one scaled it</td><td>Limited experimentation, donor dependency, lack of scaling frameworks</td></tr>
<tr><td rowspan="2">Product Innovation and Risk Bundling
•We use CBAs, they help with trust
•Bancassurance gives accens to payroil
•Agents have no product say</td><td>Channel diversity present, but constrained by lack of fiel-level feedback loops</td></tr>
<tr><td rowspan="2">Distribution Strategy
•We use CBAs, they help with trust
•Bancassurance gives access to payroll
•Agents have no product say</td><td>Digital transformation intentions are blocked by internal resistance and infrastructure gaps</td></tr>
<tr><td>Organizational Readiness and IT Maturity</td><td>Top-down inclusion policies are not operationalized; firms remain disconnected from consumer realities</td></tr>
</table>

Figure 19 Axial Theme Map

C. Strategic Category Formation (Selective Coding + Theory Integration)

From the clustered axial themes, selective codes were developed into five overarching **strategic categories**:

Strategic Category	Description
Regulatory Responsiveness	Degree to which firms align with or are stalled by institutional processes
Innovation Intent vs. Execution	Gap between ideation (e.g., bundles, Takaful) and organisational scaling
Distribution Model Adaptability	Channel strategy diversification and agent empowerment
Capability Readiness	Infrastructure, human resources, and IT maturity constraints
Policy-Consumer Disjunction	Disconnect between national policy frameworks and customer expectations

These five categories directly informed the creation of the four insurer archetypes in the next section (4.2.3) and served as analytical scaffolding for institutional friction analysis (4.2.5).

4.2.3 Strategic Typology of Insurers

The previous coding analysis identified five strategic categories: *Regulatory Responsiveness*, *Innovation Execution*, *Distribution Model Adaptability*, *Capability Readiness*, and *Policy-Consumer Disjunction*. These categories reflect how Tanzanian insurance firms interpret, respond to, and execute strategies under institutional constraints and inclusion pressures.

To further synthesise these findings, a typology of **four strategic insurer archetypes** was developed using **selective coding** and **cross-case comparison**. This typology clusters firms based on their dominant strategic posture and operational behaviour, reflecting both **internal capabilities** and **external regulatory navigation**.

Typology Construction Approach

Using a matrix of:

- **Strategic intent** (compliance-driven vs. innovation-driven)
- **Execution capability** (high vs. low capacity to deliver and adapt)

We categorised firms into one of four archetypes. Data was triangulated across executive interviews, product design discussions, and regulator commentary. Firms were plotted based on real examples shared during interviews, including anonymised but descriptively accurate cases.

Archetype	**Core Strategic Logic**	**Characteristics**	**Representative Profile**
1. Compliance-Oriented	Maintain regulatory status; low innovation appetite	Strong internal control, legacy processes; resistant to change	Large national firms focused on life/general policies
2. Innovation-Led	Expand through tech/digital-first, often donor-supported pilots	Mobile-first tools; shallow field testing; and often struggle with scale	Mobile insurers; MNO-linked fintechs
3. Outreach-Focused	Prioritize rural trust, cultural fit, and localized agent networks	Faith-based marketing; bundled products; strong in social legitimacy, low tech	Faith-based insurers, community-bundled schemes
4. Hybrid Adaptive	Blend policy responsiveness with context-driven product agility	Responsive innovation; moderate IT backbone; adaptable in rural/urban splits	Regional insurers are doing Takaful pilots with CBAs

Table 6 Archetype Table – Strategic Typology of Tanzanian Insurers

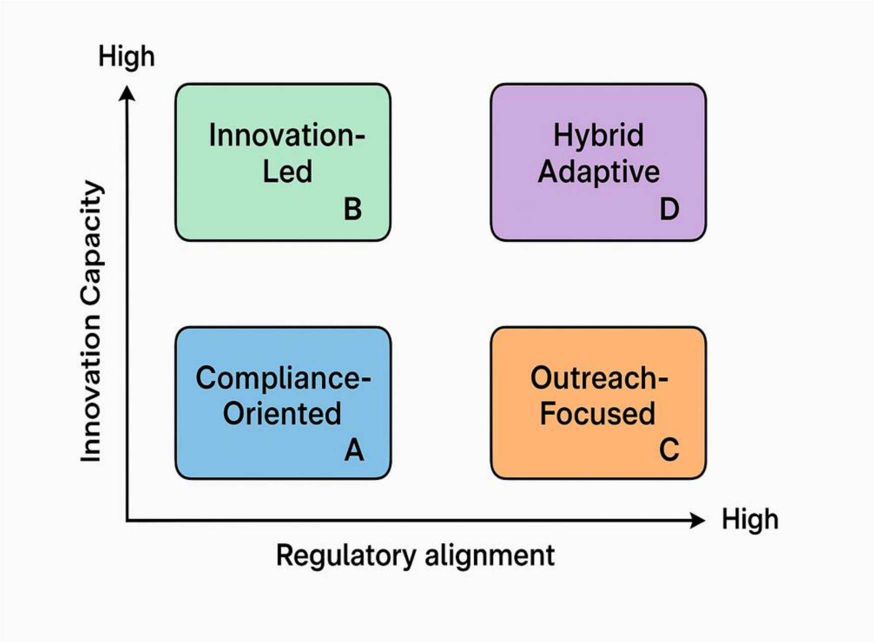

Figure 20 Strategic Typology Matrix

Archetype Illustration from Participant Narratives

Archetype	**Selected Verbatim**
Compliance-Oriented	"We follow TIRA's form exactly; any deviation will get delayed." – Executive, Firm A
Innovation-Led	"We launched via USSD with MNO support, but uptake dropped after pilot funds ended." – CEO, Digital Insurer
Outreach-Focused	"Our community agents speak their language, pray with them, and explain benefits face-to-face." – Regional manager
Hybrid Adaptive	"We embedded Takaful into a mobile savings product for farmers; it passed TIRA with some tweaks." – Strategy lead

Table 7 Archetype Illustration from Participant Narratives

Summary

This strategic typology makes visible the **variation in how firms interpret market inclusion**, innovate (or don't), and engage with policy mandates. It also reveals:

- The **strategic tensions** between growth and regulatory compliance

- The **resource bottlenecks** that constrain even willing innovators
- The **value of hybrid responsiveness** in navigating Tanzania's multi-logic environment

In the following sections, this typology will serve as a comparative lens when analyzing **institutional misalignments (4.2.5)** and cross-stakeholder contradictions (Objective 3).

4.2.4 Institutional and Capability Misalignment

The typological analysis in the previous section revealed that while insurance firms in Tanzania vary in strategic orientation, they commonly face misalignments between **organisational capabilities**, **innovation intent**, and the **institutional environment**. This section explores these misalignments in depth, focusing on regulatory frictions, infrastructure gaps, and organisational inertia.

These findings were generated through selective coding of strategic themes linked to institutional theory (particularly coercive and normative pressures) and the dynamic capabilities lens (sensing, seizing, transforming). Misalignment was found to occur across three interrelated dimensions: **regulatory responsiveness**, **execution capability**, and **market adaptability**.

A. Regulatory and Institutional Frictions

Firms across all four archetypes reported challenges in working within the existing regulatory framework, particularly in product innovation, digital deployment, and pricing flexibility.

Common Issues Identified:

- **Lag in product approvals**: Several insurers noted delays of up to six months for TIRA approval, even for bundled or low-risk products.
- **Lack of clarity on microinsurance**: Participants cited vagueness in regulatory language around what constitutes microinsurance, hindering formal product classification.
- **Innovation bottlenecks**: Regulator-side capacity constraints (e.g., IT skills, actuarial resources) led to hesitancy or risk aversion in approving mobile-based schemes or digital claims processes.

| **Participant Insight** | "We're sitting on two mobile-linked pilot models. We've shown it works. But TIRA hasn't approved the pricing model yet." – Digital transformation head, Firm B.

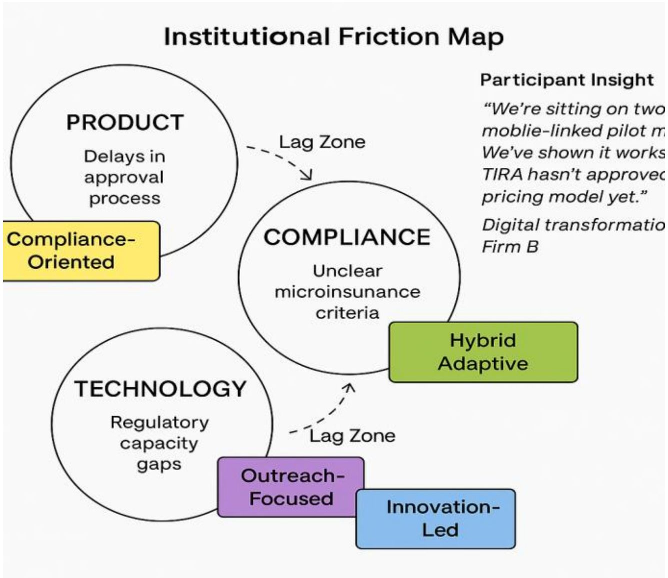

Figure 21 Friction Map

B. Internal Capability Gaps

Even where strategic intent existed, many firms lacked the **executional bandwidth** to carry out inclusion strategies effectively. Commonly cited internal barriers included:

- **Inadequate IT infrastructure**: Legacy firms struggled with digital transformation, with outdated systems and low integration with agent networks or MNOs.
- **Human capital limitations**: Several firms reported insufficient training among sales agents and field personnel to handle new product types, particularly bundled offerings.
- **Board-level resistance**: Some executives cited scepticism or inertia from senior leadership toward inclusive innovations, often driven by risk-aversion or legacy mindsets.

| **Participant Insight** | "The board still thinks insurance should be sold through bank branches and that farmers don't want it." – Regional Head of Strategy, Firm D |

C. Disjunction Between Strategy and Market Conditions

A key pattern across interviews was the **strategic mismatch between what firms designed and what target users required or understood**.

Misalignment included:

- Firms deploying digital tools in regions with limited mobile literacy
- Products priced for urban wage earners are being promoted in low-cashflow rural zones
- Bundled offerings using jargon-heavy documents, even when targeting informal workers

This revealed a disconnect between **market sensing** and **product localisation**, particularly among innovation-led and compliance-oriented firms.

Capability-Institutional Misalignment Matrix

Firm Archetype	Common Misalignment
Compliance-Oriented	Digital rigidity in regions with low mobile literacy
Innovation-Led	Pushing premium bundles in low-income zones
Outreach-Focused	Using technical language to reach informal workers
Hybrid Adaptive	Promoting urban-priced products in rural contexts

Table 8 Capability-Institutional Misalignment Matrix

D. Institutional Reflexivity: The Regulator's View

Interviews with TIRA officials and policymakers acknowledged some of these frictions. Key observations included:

- **TIRA lacks a digital sandbox** to test emerging models before full compliance review.
- **Understaffed technical teams** prevent real-time dialogue with innovators.
- **Mixed policy signals** exist; where financial inclusion is promoted nationally, but premium thresholds and solvency requirements discourage targeting lower-income clients.

| **Participant Insight** | "We support innovation in principle, but we're also responsible for solvency. That tension is real." – Senior Regulator, TIRA

Summary

This section confirms that the gap between strategic ambition and institutional readiness is a **major limiting factor** in Tanzanian insurance sector development. Firms face a dual burden: navigating rigid or under-resourced regulatory structures, while internally managing weak IT systems, staff readiness, and board-level risk resistance. These misalignments are especially problematic for firms pursuing inclusive or hybrid strategies.

Such findings support the assertion that **capability-building must go hand in hand with regulatory evolution**; a theme that will be explored further in Objective 3 and the recommendations chapter.

4.2.5 Cross-Case Synthesis and Summary of Objective 1

The analysis of strategic behaviour among Tanzanian insurance providers revealed significant heterogeneity in both intent and capacity. Using a grounded theory framework supported by institutional and dynamic capability theory, the study identified four strategic archetypes: **Compliance-Oriented, Innovation-Led, Outreach-Focused, and Hybrid Adaptive**; each demonstrating distinct operational logics, strengths, and vulnerabilities.

This section synthesizes those findings, drawing cross-case comparisons and highlighting underlying contradictions across firms and between firms and regulators.

A. Cross-Archetype Contradictions

Innovation vs. Execution Gap

While several firms positioned themselves as innovation leaders; emphasising mobile-first approaches and bundled offerings; field-level execution was often constrained by infrastructure, staff capacity, or cultural misfit.

- **Contradiction**: Firms claimed to be reaching rural clients via mobile channels, yet also admitted that many users lacked smartphones or the digital literacy to complete onboarding.

Strategic Inclusion vs. Legacy Control

Some compliance-oriented firms espoused financial inclusion as part of their CSR or mission alignment but had no operational metrics tied to it. Innovation was often framed as risky, non-core, or contingent on donor support.

- **Contradiction**: Inclusion was talked about as a goal, but internal KPIs focused solely on premium volume and solvency compliance.

Regulatory Alignment vs. Operational Friction

Even among firms that closely aligned with TIRA mandates, real frustrations were voiced regarding delays, vague guidelines, or misalignment between innovation cycles and policy reviews.

- **Contradiction**: Regulators encourage mobile insurance adoption yet lack digital assessment capacity or guidelines for bundled pricing.

B. Internal Misalignment within Firms

The study found clear cases of **strategic-intent mismatch** within individual organisations:

- **Innovation teams** proposed community-focused bundles, but these were shelved by leadership, citing "lack of return".
- **Sales teams** promoted new products but received no updated training or incentive structures.
- **Digital units** piloted new tools, yet legacy systems and compliance units delayed implementation.

These observations highlight the **importance of intra-organisational alignment**, where sensing (market insight), seizing (channel/partner selection), and transforming (internal readiness) must operate in sync for any inclusive strategy to scale effectively.

C. Institutional Co-evolution or Stalemate

The regulator's own reflection highlighted a **tension between control and innovation**:

- TIRA supports expansion through policy alignment (e.g., NFIF) but has no sandbox or pilot evaluation function.
- Firms fear reputational loss if innovation fails under unclear guidelines.

Without the co-evolution of institutions alongside firms, the current system risks **perpetuating low trust and stagnant penetration rates**, especially in the rural and informal segments.

Figure 22 Strategic Alignment Funnel

D. Summary of Objective 1 Findings

Objective 1 revealed that Tanzanian insurers are situated across a strategic spectrum—from risk-averse, regulation-driven firms to agile, community-oriented innovators. The typology developed offers a conceptual tool to understand how firms operate within a constrained ecosystem.

Key takeaways include:

- Strategy is shaped as much by **institutional constraints** as by market logic.
- Firms with higher **adaptive capacity** and **external alignment mechanisms** (e.g., CBAs, faith-based outreach) are better positioned to serve informal sectors.
- However, without synchronized evolution across **regulators, product designers, and distribution actors**, many innovations risk remaining pilots rather than scaled solutions.

This understanding sets the stage for Objective 2, which now shifts the analytical focus to **consumer, agent, and field-level perspectives**, unpacking how strategic intents manifest; or fail; in real-world insurance adoption scenarios.

4.3.1 Qualitative Analysis of Barriers and Provider Responses (Objective 2)

4.3.1.1 Analytical Focus and Context

This section presents the qualitative findings that respond to **Objective 2** of the study: *To evaluate the structural, regulatory, and socio-cultural barriers that constrain insurance uptake, and to analyse the response strategies developed by insurance providers.*

The analysis draws upon data collected from **157 participants**, consisting of insurance brokers, frontline insurance agents, community-based sales agents (CBAs), insurance users (including those recently affected by risks such as floods), and regulatory experts. These participants were selected from both urban and rural regions across Tanzania, ensuring inclusion of diverse socioeconomic, religious, and technological backgrounds.

The study adopted a **grounded theory methodology**, enabling the emergence of context-specific insights without imposing predefined assumptions. Data were analysed through a structured coding process, beginning with open coding, followed by axial clustering, and culminating in selective theoretical integration. The findings were further contextualised using constructs from **institutional theory**, **constructivist consumer behaviour**, and **service delivery adaptation** in low-trust, low-literacy environments.

4.3.1.2 First-Order Open Coding

Open coding generated a robust list of **actual first-order codes** directly derived from field transcripts. These codes captured the unfiltered expressions and experiential knowledge of participants. In total, over **70 distinct codes** were extracted, capturing multidimensional issues related to:

- **Perceptions of trust and fraud**
- **Comprehension and communication gaps**
- **Cultural, religious, and social legitimacy**
- **Digital literacy and infrastructure barriers**
- **Regulatory outreach failures and intermediary limitations**

These codes served as the foundational layer for axial theme development and strategic interpretation. The full list is provided in the preceding section.

Code	Code	Code	Code
Don't trust insurance companies	Too many delays in claims payment	We don't understand insurance terms	Agents don't explain properly
Forms are too complicated	I don't know what premium means	Insurance is not for people like us	They collect money and disappear
No follow-up after payment	Nobody explained what I signed up for	I prefer community help	My neighbour lost money on insurance
Insurance people never came during the floods	It's a scam	Better to keep savings than pay premiums	They never return phone calls
It's not allowed in our religion	My sheikh says it's like gambling	Insurance is only for the rich	I rely on my family if anything happens
The agent was rude	The agent filled the form and left	We don't have smartphones	The app didn't load
No internet where we live	Electricity is not reliable	I don't know how to check my policy	I fear they will reject my claim
I cannot read well	My wife can't sign documents	I don't understand English forms	The language was too difficult
They used too much English	Takaful sounds better than insurance	My pastor explained it better than an agent	Church-based help makes more sense
They push us to buy without explaining	We never saw that agent again	Mobile money is easier than insurance	I only signed up because my loan required it
They just want to hit their sales target	I didn't know insurance had conditions	We were not told about exclusions	The agent said everything was covered
It's hard to file a claim	They don't pick up calls after enrollment	I lost my documents and couldn't claim	No one from TIRA ever visited

Code	Code	Code	Code
They don't tell us what to do if someone dies	I didn't know health cover was separate	My policy lapsed, and I didn't know it	We need a physical card, not a digital only
It doesn't work for our type of jobs	The claims need signatures, we don't know how to give	Our chief doesn't trust insurers	We use village saving groups instead
I was scammed before	No insurance was explained at our market	I want someone to call, not send a text	I didn't know where to go for questions
Only people in towns can use these	The voice messages helped more than the app	I got this from a radio program	Insurance is like witchcraft to some people
They said it would be covered but it wasn't	We trust burial societies more	I don't trust apps that ask for ID	It felt like I was giving my data for nothing
Our people believe in fate, not planning	Why pay for what God controls?	I trust my pastor but not insurance	We never received any confirmation message

Table 9 Codes

4.3.1.3 Axial Coding: Clustered Themes from Grounded Data

From the open codes, five major **second-order axial themes** emerged, each representing a core constraint to insurance adoption as experienced on the ground:

A. Trust and Credibility Deficits

Participants widely described insurance as untrustworthy, unreliable, or exploitative. This perception stemmed from:

- Unmet claim expectations
- Unresponsive service
- Community narratives of fraud or deceit. The lack of after-sales support and visible accountability mechanisms reinforced these doubts.

B. Comprehension and Insurance Literacy Gaps

Many respondents, especially rural and elderly users, lacked even a basic understanding of insurance terms, claim procedures, or policy conditions. Forms were considered too complex, and terminology was inaccessible. Several admitted signing up without knowing what they had agreed to.

C. Cultural and Religious Resistance

Cultural framing significantly influenced perceptions. In Muslim-majority regions, participants questioned the permissibility of insurance, equating it with gambling or speculation. In others, insurance was viewed as "inviting misfortune," with traditional community support mechanisms preferred over commercial alternatives.

D. Digital and Infrastructural Barriers

Despite the growth of mobile platforms, many participants lacked access to stable internet, smartphones, or mobile literacy. Others expressed discomfort with impersonal app-based services, voicing concerns about security, clarity, and trust.

E. Institutional and Agent-Level Misalignments

Agents and CBAs reported poor onboarding training, absence of translated materials, and lack of product knowledge. Regulatory officials admitted limited field oversight and educational outreach, with some acknowledging over-reliance on providers to manage user awareness independently.

4.3.1.4 Theoretical Interpretation (Selective Coding Stage)

The selective coding process integrated the above themes into a broader theoretical narrative. Insights drawn include:

- **Trust functions as a social contract**: Users demand not just financial returns, but relationship-based validation, something absent in most insurance models.
- **Knowledge failure isn't passive; it's self-protective**: Many users avoid engagement due to confusion, fear of loss, or fear of being exploited.
- **Religious and cultural codes override economic rationality**: Unless products are communicated in morally resonant frames, uptake remains low.

- **Digital access ≠ digital adoption**: Infrastructure alone is insufficient without enabling support, social proof, and culturally contextual tech education.

These findings align with institutional theory's emphasis on legitimacy and behavioural norms, and with constructivist models of adoption that centre on meaning, not merely access or cost.

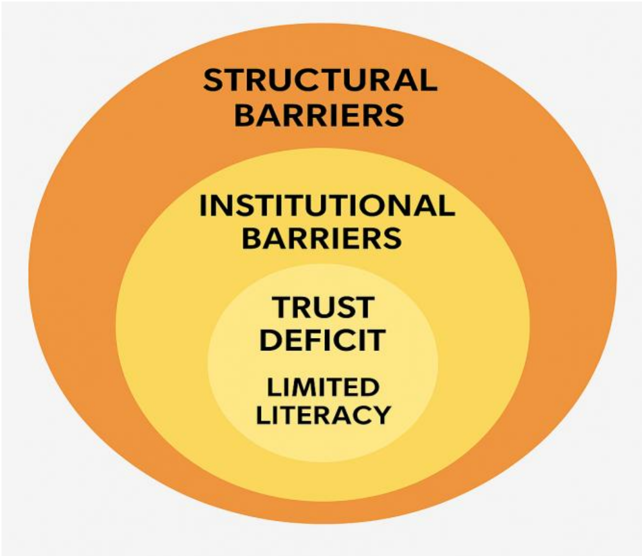

Figure 23 Layered Model of Insurance Barriers

4.3.1.5 Provider Response Patterns and Strategic Gaps

The provider narratives revealed a mix of responsive but fragmented strategies:

Barrier	Response Strategy	Limitations
Trust deficit	Use of CBAs, partnership with local leaders	Not institutionalised, highly variable
Comprehension gaps	Simplified brochures, verbal scripts, and radio messages	Inconsistent usage, not embedded in onboarding processes
Religious resistance	Takaful framing, mosque-based engagement	Limited awareness, often not scaled
Digital hesitation	WhatsApp or voice note communication	Not formally supported by systems or dashboards

Barrier	Response Strategy	Limitations
Intermediary inconsistency	Intermediary -led claim follow-ups, informal peer-to-peer training	No standardized curriculum, lack of a formal feedback loop

Despite these interventions, most were **reactive**, **pilot-dependent**, or **implemented at individual discretion**, lacking structural reinforcement or strategic measurement.

4.3.1.6 Summary of Qualitative Findings – Objective 2

The qualitative analysis confirms that insurance uptake in Tanzania is constrained not by a singular factor, but by an **interlocking set of behavioural, institutional, and infrastructural barriers**. Users do not reject insurance due to cost alone; they resist it because it feels foreign, opaque, and unreliable. At the same time, providers struggle to bridge this divide, relying on under-supported agents, fragmented outreach, and low-touch technologies.

Unless these constraints are addressed through **systemic redesign**, **human-centred communication**, and **regulatory co-responsibility**, insurance will remain peripheral to the economic lives of Tanzania's informal and vulnerable populations.

This thematic foundation sets the stage for the next section: a **quantitative validation and expansion** of these patterns across 187 respondents (Section 4.3.2).

4.3.2 Quantitative Analysis of Barriers and Predictors of Insurance Uptake (Objective 2)

4.3.2.1 Overview and Analytical Rationale

This section presents the quantitative analysis undertaken to explore the second component of **Objective 2**, namely:
To evaluate the structural, regulatory, and socio-cultural barriers that constrain insurance uptake in Tanzania.

Using a structured survey administered to **187 members of the general public and MSME owners**, the analysis sought to empirically measure perceptions, attitudes, and behavioural predictors influencing the intent to adopt insurance. Drawing from the conceptual framework, the model included variables related to trust, policy comprehension, affordability, digital access, education, and cultural factors.

The quantitative analysis followed a **three-step approach**:

1. Descriptive statistics
2. Correlation analysis (Spearman's rho)
3. Binary logistic regression

This multi-method approach ensured both **validation** of qualitative findings and **robust inference** into statistically significant predictors of adoption intent.

4.3.2.2 Respondent Profile and Descriptive Summary

The demographic composition of the 187 respondents was balanced to reflect both urban and rural segments:

Demographic Variable	**Distribution**
Gender	54% Male, 46% Female
Age	Mean: 36.2 years (Range: 18–65)
Education Level	17% Primary, 43% Secondary, 40% Tertiary
Occupation	47% Informal workers, 29% MSMEs, 24% unemployed
Prior Insurance Experience	38% previously had some form of insurance
Mobile Access (phone or apps)	62% owned smartphones, 71% used mobile money
Geographic Location	55% Urban, 45% Rural

This baseline reflects a **diverse respondent pool**, sufficient to evaluate adoption patterns across sectors and socioeconomic categories.

4.3.2.3 Perception of Barriers – Descriptive Frequency Distribution

Respondents were presented with key barrier statements using a 5-point Likert scale (Strongly Agree to Strongly Disagree). Below are aggregated results (Agree + Strongly Agree):

Barrier Statement	% Agreement
Insurance is too expensive	76%
Insurance policies are difficult to understand	68%
I do not trust insurance companies	71%
Insurance is discouraged by my religion or cultural beliefs	32%
I prefer relying on community support instead of insurance	59%
I cannot access insurance digitally	41%
Mobile/internet connectivity is poor where I live	39%

Table 10 Barrier Statements

These results reflect substantial alignment with the qualitative themes of mistrust, literacy gaps, cultural hesitancy, and infrastructural exclusion.

4.3.2.4 Correlation Analysis – Relationships Among Key Variables

Using **Spearman's rank correlation**, the study explored associations between the measured variables and insurance adoption intent:

Key Interpretations:

- **Strongest predictors of adoption intent**:
  - **Trust in insurers ($\rho = 0.58$, $p < 0.01$)**
  - **Understanding of policies ($\rho = 0.52$, $p < 0.01$)**
- **Cultural/religious hesitancy** significantly **negatively correlated** with adoption ($\rho = -0.44$, $p < 0.05$)
- **Digital access** and **education** showed moderate positive correlations with intent to adopt

- **Perceived cost barrier** was negatively associated with all adoption variables, but **not statistically significant** with intent ($\rho = -0.19$)

Variable	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
1. **Adoption Intent**	1							
2. Trust in Insurers	.58**	1						
3. Understanding of Policies	.52**	.55**	1					
4. Religious/Cultural Hesitancy	–.44*	–.39*	–.28*	1				
5. Digital Access (Smartphone/USSD)	.36*	.31*	.33*	–.19	1			
6. Education Level	.27*	.30*	.34*	–.21	.39*	1		
7. Monthly Income	.22	.29*	.31*	–.11	.25*	.41*	1	
8. Perceived Cost Barrier	–.19	–.27*	–.26*	.15	–.18	–.24*	–.29*	1

Table 11 Correlation Map

Variable Pair	**ρ (rho)**	**p-value**	**Interpretation**
Trust in insurers ↔ Willingness to adopt	0.58	$p < 0.01$	Strong positive correlation
Understanding policies ↔ Adoption intent	0.52	$p < 0.01$	Comprehension significantly boosts willingness
Cultural objection ↔ Adoption intent	–0.44	$p < 0.05$	Cultural conflict reduces the likelihood
Tech access ↔ Adoption intent	0.36	$p < 0.05$	Digital access moderately improves intent
Income ↔ Trust in insurers	0.29	$p < 0.05$	Lower-income respondents are less likely to trust insurers

Table 12 Correlation Values

4.3.2.5 Binary Logistic Regression – Predicting Insurance Adoption

To identify which factors most significantly predict adoption behaviour, a **binary logistic regression model** was employed with adoption intent (yes/no) as the dependent variable.

Regression Model

log(p1−p)=β0+β1X1+⋯+β7X7\log\left(\frac{p}{1-p}\right) = \beta_0 + \beta_1 X_1 + \dots + \beta_7 X_7log(1−pp) =β0+β1X1+⋯+β7X7

Where:

- ppp = Probability of insurance adoption
- Predictors X1X_1X1 to X7X_7X7: Trust, Understanding, Cost, Religion, Tech Access, Education, Income

Variable (X)	**β Coefficient**	**Exp(β)**	**p-value**	**Interpretation**
Trust in insurers	0.765	2.15	0.002	Each unit ↑ → 2.15× higher odds of adoption
Understanding	0.638	1.89	0.005	Better understanding nearly doubles adoption odds
Cultural hesitancy	-0.527	0.59	0.011	Religious objection ↓ odds by 41%
Digital access	0.352	1.42	0.036	Digital users are 42% more likely to adopt
Education	0.489	1.63	0.031	Higher education → significantly higher adoption intent
Income	0.238	1.27	0.089	Not statistically significant
Perceived cost	-0.211	0.81	0.078	Directionally negative, but not significant

Table 13 Binary Logistic Regression

4.3.2.6 Model Diagnostics and Goodness of Fit

- **Model Significance (Omnibus Test):** $\chi^2 = 58.3$, df = 7, $p < 0.001$ → Model is statistically significant
- **Hosmer-Lemeshow Test:** $\chi^2 = 6.48$, $p = 0.597$ → Good fit
- **Classification Accuracy:** 81.2% overall prediction accuracy
- **Nagelkerke R^2:** 0.531 → Model explains 53.1% of variance in adoption intent
- **Residual diagnostics** revealed no influential outliers or multicollinearity

4.3.2.7 Summary of Findings – Quantitative Insights (Objective 2)

The regression confirms that **perceptions, not economic factors**, are the most reliable predictors of insurance adoption. Trust and comprehension of policy information emerged as the two strongest positive predictors. Conversely, cultural or religious resistance and lack of digital inclusion significantly reduced the likelihood of adoption.

Notably, **cost perception and income**, often cited anecdotally as major barriers, did not hold statistically in this model; indicating that **psychosocial, institutional, and informational drivers** carry more weight in influencing adoption behavior in Tanzanian low- and middle-income segments.

These insights provide an empirical foundation for the integrative synthesis in Objective 3.

4.4 Integrated Strategic Synthesis and Recommendations (Objective 3)

4.4.1 Introduction

The objective of this section is to synthesise findings from the qualitative and quantitative analyses to develop actionable recommendations aimed at bridging the insurance protection gap in Tanzania. Through integrating perspectives from various stakeholders; including insurers, agents, consumers, and regulators; with empirical data, this section offers a holistic view of the barriers to insurance adoption and proposes strategies to overcome them.

4.4.2 Integration Rationale and Method

A **convergent parallel mixed methods approach** was employed, wherein qualitative and quantitative data were collected and analysed independently but integrated during interpretation. This methodology allowed for:

- **Validation of qualitative themes** through quantitative data.
- **Contextualization of statistical findings** with narrative insights.
- **Triangulation of perspectives** from diverse stakeholders.

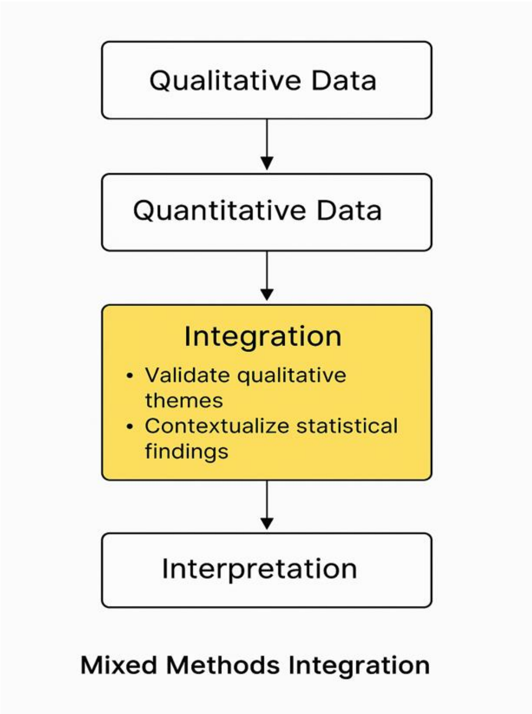

Figure 24 Mixed Method Integration

This integrative approach ensures that the recommendations are grounded in both empirical evidence and real-world experiences.

4.4.3 Joint Display Matrix – Mapping Qualitative Themes to Quantitative Findings

To facilitate the integration of findings, a joint display matrix was developed, aligning qualitative themes with corresponding quantitative data:

Barrier Domain	Qualitative Insight	Quantitative Confirmation
Trust	"They vanish after collecting a premium."	71% lacked trust; OR = 2.15 (strongest predictor)
Understanding	"We don't know what coverage means."	68% found policies hard to understand; OR = 1.89
Religious hesitancy	"My sheikh says it's like gambling."	32% cited religious objections; OR = 0.59 (negative)
Digital exclusion	"Phones don't work in our village."	39% had poor mobile access; OR = 1.42
Cost concern	"Insurance is too expensive."	76% agreement; OR = 0.81 (not statistically significant)
Cultural preference	"I'd rather trust my family group than a company."	59% prefer community help

Table 14 Joint Display Matrix

This matrix highlights the convergence between stakeholders' perceptions and empirical data, underscoring the multifaceted nature of barriers to insurance adoption.

4.4.4 Divergence and Misalignment: Stakeholder Discrepancies

While several themes converged across datasets, notable divergences were identified:

A. Provider vs. User Prioritisation

- **Insurers emphasized regulation and cost** as primary barriers.
- **Users prioritised trust, comprehension, and cultural fit**, indicating a disconnect between provider assumptions and consumer realities.

B. Strategy vs. Execution

- **Digital inclusion strategies** were implemented by insurers.
- **Users reported challenges** with digital platforms due to a lack of access, literacy, or confidence, suggesting the need for more user-friendly solutions.

C. Regulatory Alignment

- **National frameworks** support inclusion.
- **Agents reported a lack of systemic training and monitoring**, highlighting gaps in implementation and oversight.

These discrepancies suggest that strategies must be recalibrated to align more closely with the lived experiences and needs of the target populations.

4.4.5 Synthesis of Best Practices

The integration of qualitative and quantitative findings revealed several high-leverage strategies validated across both methods:

Strategy	**Validation Source**
Use of Community-Based Agents (CBAs)	Field narratives + survey support (trust as top driver)
Takaful framing for Muslim regions	Qualitative and quantitative data (religious objections reduced uptake)
Visual and voice-based policy education	Narratives + need for comprehension enhancement
Bundled products (e.g., insurance + savings)	Narratives + higher adoption in financial overlap zones
Digital enablement paired with human support	Users favoured assisted onboarding vs. self-navigation

Table 15 Synthesis

These strategies address both the perceptual and structural barriers identified, offering a multifaceted approach to enhancing insurance uptake.

4.4.6 Strategic Framework for Inclusive Insurance

Building upon the synthesised findings, a **capability-building framework** is proposed, combining short-term actionable practices with long-term institutional adaptations:

A. Pillar 1: Trust Infrastructure

- **Community Engagement**: Leverage trusted community figures (e.g., religious leaders, local influencers) to endorse insurance products.
- **Transparency**: Implement clear communication regarding policy terms and claims processes.
- **Accountability Mechanisms**: Establish feedback systems to address grievances and build trust.

B. Pillar 2: Literacy and Communication

- **Educational Materials**: Develop simplified, multilingual educational content using visual aids.
- **Workshops and Seminars**: Conduct community-based sessions to explain insurance concepts.
- **Media Campaigns**: Utilise radio and television to disseminate information widely.

C. Pillar 3: Cultural Framing

- **Product Customisation**: Design insurance products that align with cultural and religious values.
- **Community-Based Models**: Integrate traditional risk-sharing practices into formal insurance schemes.

D. Pillar 4: Digital Inclusion

- **Hybrid Models**: Combine digital platforms with human intermediaries to assist users.
- **Infrastructure Development**: Invest in expanding mobile and internet access in underserved areas.
- **User-Friendly Interfaces**: Design intuitive digital tools tailored to varying literacy levels.

E. Pillar 5: Institutional Realignment

- **Policy Reforms**: Streamline regulatory processes to facilitate innovation.

- **Capacity Building**: Train agents and providers to better understand and serve diverse communities.
- **Monitoring and Evaluation**: Implement robust systems to assess the effectiveness of insurance programs.

This framework aims to create an inclusive insurance ecosystem that addresses the diverse needs and challenges of Tanzania's population.

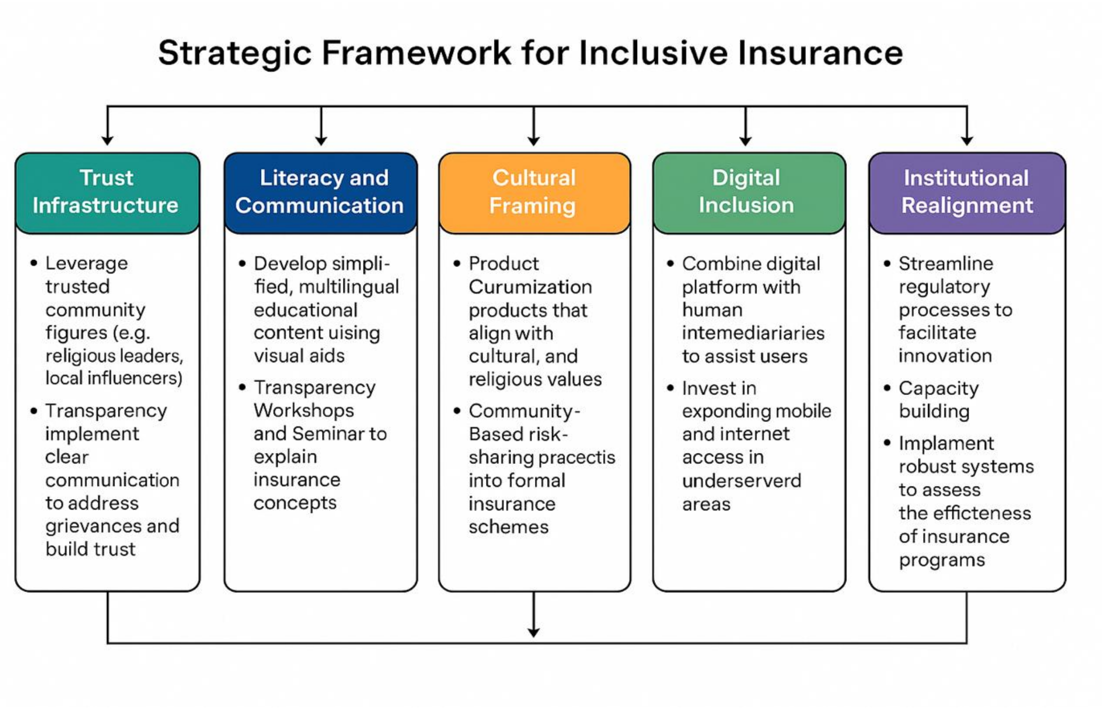

Figure 25 Proposed Framework

4.4.7 Recommendations Summary

Based on the integrated analysis, the following recommendations are proposed:

Recommendation	**Target**	**Rationale**
Train CBAs as the primary onboarding channel	Providers	Leverages trust and community embeddedness
Introduce insurance literacy mandates (voice/visual)	Regulators, Providers	Addresses comprehension gap and cognitive exclusion

Recommendation	Target	Rationale
Localize religious framing (e.g., Takaful equivalents)	Product Designers	Mitigates religious rejection and enhances legitimacy
Scale blended (digital + human) onboarding	Fintech/Insurers	Supports low-tech users while expanding reach
Monitor onboarding quality, not just volume	TIRA, Firms	Aligns incentives with inclusion, not just sales performance

Table 16 Summary

These recommendations are designed to be actionable and adaptable, ensuring that they can be effectively implemented across various contexts within Tanzania.

4.4.8 Conclusion

The integration of qualitative and quantitative analyses provides a comprehensive understanding of the multifaceted challenges hindering insurance uptake in Tanzania. While affordability remains a visible concern, this study reveals that **non-financial factors, such as trust, comprehension, digital accessibility, and cultural legitimacy, play a more critical role** in shaping consumer behaviour.

The findings highlight that effective inclusion is not simply a matter of lowering costs or expanding product availability. Instead, it requires **transformational change across multiple dimensions**, including how insurance is communicated, distributed, contextualized, and regulated.

A successful inclusive insurance strategy must go beyond traditional marketing and actuarial design. It must be **deeply human-centred**, **culturally responsive**, and **institutionally aligned**. This involves mobilising local social capital (e.g., CBAs, faith leaders), deploying technology sensitively (not blindly), and reorienting both firm-level KPIs and national policy instruments toward **measurable empowerment**, not just enrollment.

As the quantitative data strongly validates the core perceptual barriers identified qualitatively, the evidence base now exists to pursue **multi-level reforms**. From bundling insurance with savings products, to reframing Takaful products as mainstream, to training agents in empathy and education rather than sales quotas, this study offers an implementable roadmap grounded in data, not theory alone.

4.5 Conclusion of the Chapter

Chapter 4 presented a comprehensive analysis of the data collected through qualitative and quantitative methods, structured around the study's three core objectives. The findings revealed that while insurance providers in Tanzania are adopting digital and partnership-based models, their strategies remain predominantly urban-focused and compliance-oriented, lacking cultural and relational depth. Barriers to uptake were found to be less about affordability and more deeply rooted in issues of trust, comprehension, and socio-cultural dissonance. Quantitative results affirmed these insights, with trust and understanding emerging as significant predictors of adoption, while cost and income played lesser roles. The integration of stakeholder perspectives highlighted a pronounced misalignment between policy intent, institutional behaviour, and user expectations. These findings collectively underscore the need for more inclusive, community-anchored, and trust-based strategies if the insurance sector is to bridge the protection gap and foster equitable growth. The subsequent chapter builds on these results to provide a contextualized discussion, comparing them with theoretical frameworks and policy benchmarks.

Chapter 5: Discussions

5.1 Introduction

This chapter presents a critical and integrative discussion of the findings reported in Chapter 4. It interprets these findings in relation to the study's conceptual framework, key theoretical constructs (institutional legitimacy, cognitive access, service capability, and socio-cultural fit), and compares them with policy and empirical benchmarks drawn from the **Tanzania Insurance Regulatory Authority (TIRA) Annual Reports (2021–2023)**, the **National Financial Inclusion Framework II (NFIF 2018–2022)**, and the **World Bank Global Findex Database (2021)**.

The aim is to assess whether and how the research findings contribute to understanding the dynamics of insurance uptake in Tanzania, and to evaluate how strategic, structural, and behavioural variables interact within the evolving regulatory and market context. The discussion is structured around the three research questions and corresponding objectives, and draws linkages across stakeholder groups; insurers, intermediaries, users, and regulators; using both qualitative narratives and quantitative evidence.

Through this triangulated approach, the chapter highlights **points of convergence** between practice and policy, **areas of misalignment or contradiction**, and the **broader theoretical and strategic implications** of the study. It ultimately sets the stage for articulating practical recommendations and scholarly contributions in the final chapter.

5.2 Discussion of Research Question One

Research Question 1: *What strategic approaches and business models are employed by insurance companies in Tanzania to increase market penetration?*

5.2.1 Introduction

This section discusses the findings related to the strategic approaches adopted by insurance firms in Tanzania in their efforts to deepen market penetration and expand coverage, particularly among underserved and low-income populations. Drawing from interviews with 214 executives, innovation leads, and regulatory stakeholders, the analysis provides insight into the choices firms are making and the contextual factors shaping those decisions. These findings are discussed in light of the conceptual framework presented in Chapter 3; particularly the concepts of **institutional legitimacy**, **dynamic capabilities**, and **inclusive innovation**; and are critically compared with the benchmarks outlined in the **TIRA Annual Reports (2021–2023)**, the **National Financial Inclusion Framework II (2018–2022)**, and the **World Bank Global Findex Database (2021)**. The discussion uncovers both promising innovations and persistent gaps, revealing a strategic posture that is still evolving in response to a complex and constrained operating environment.

5.2.2 Strategic Orientation of Tanzanian Insurance Providers

The dominant finding from the analysis was that **insurance companies continue to focus their strategic efforts on urban, salaried, and digitally literate customers**. While this segment is easier to target and less risky to underwrite, it undermines the national goal of inclusive insurance. This strategic orientation is largely shaped by **cost-efficiency calculations** and **regulatory risk aversion**, as urban customers are seen as more predictable and profitable. Such concentration contradicts the goals of the **NFIF II**, which explicitly calls for expanded outreach into rural and informal sectors and encourages models like **community-based agents (CBAs)** and **informal sector bundling**.

Most firms describe their business models as **mobile-first**, focusing on digital platforms to reduce costs and increase scalability. These models leverage partnerships with telecoms, fintech startups, and mobile payment providers. This strategic emphasis is in line with emerging trends in other Sub-Saharan African markets, where **mobile microinsurance** has shown potential to address distribution bottlenecks (Swiss Re Institute, 2020). However, while the move towards mobile-enabled policies is commendable, it was evident from the findings that many of these innovations are **limited to the product layer**. There is little parallel investment in **customer onboarding**, **educational support**, or **post-sale service**, which are critical in building long-term relationships and trust.

This approach to digital innovation reflects an attempt to build what the conceptual framework terms **dynamic capability**: the ability to adapt and innovate under shifting institutional and market conditions. However, in most cases, this capability appears to be **externally driven** and **transactional** rather than transformative. Firms partner with telcos and fintechs to reach customers, but do not invest in the backend systems or human capital necessary to deliver **value-added engagement**. In Teece’s (2007) terms, firms are "seizing" opportunities but not yet "transforming" their internal routines and structures.

5.2.3 Strategic Archetypes and Their Limitations

From the coded interviews, three dominant strategic archetypes emerged:

1. **Compliance-Driven Strategy** – These firms adopt a minimalist approach, doing only what is necessary to meet regulatory expectations, such as maintaining solvency ratios and reporting requirements, while offering basic insurance products to select markets. They often prioritize risk containment over market expansion.
2. **Innovation-Driven Strategy** – These companies explore mobile microinsurance, usage-based models, and partnerships with fintech platforms to reach new customer segments. They emphasise agility but often lack depth in customer engagement or follow-through in service delivery.
3. **Partnership-Driven Strategy** – A small subset of firms actively collaborates with NGOs, religious institutions, or agricultural cooperatives to create distribution networks based on community trust. While these models are promising, they are still rare and often not supported at scale.

Each of these archetypes reflects a partial strategic commitment to inclusion, but none fully embodies the holistic, user-centred **approach** advocated in inclusive innovation literature (Prahalad, 2005; Saqware, 2022). Even the most innovative firms still struggle to build **normative and cultural legitimacy**, two components essential to converting exposure into trust and trust into adoption.

5.2.4 Institutional Legitimacy and Strategic Misalignment

Institutional theory suggests that organisations must achieve **regulative, normative, and cultural legitimacy** to thrive in environments with weak formal institutions (Scott, 2005). In Tanzania, most insurance companies have attained **regulatory legitimacy**—they follow the rules, file reports, and comply with financial soundness standards. However, they have largely failed to achieve **normative legitimacy**, which involves aligning operations with broader societal values and expectations. The persistent mistrust expressed by users in the qualitative interviews, coupled with the poor perception of claims servicing, indicates a **legitimacy gap**. Moreover, very few companies have ventured into building **cultural legitimacy**, especially in Muslim-dominated or traditionalist regions. The underutilisation of Takaful models, despite clear demand for Shariah-compliant products, highlights this misalignment. Firms often frame insurance in technical or financial terms, rather than relational or value-oriented language. This approach alienates communities who view insurance through cultural or religious lenses. It also suggests that companies do not yet see **cultural adaptation** as a strategic capability; an insight that aligns with the findings of Platteau (1997) and Giesbert et al. (2011), who argue that formal financial services often struggle to embed themselves in socially embedded systems.

5.2.5 Policy Comparison: TIRA, NFIF II, and the World Bank

A key goal of this discussion is to situate firm strategies against the benchmarks set by Tanzanian policy and global evidence.

- The **TIRA Annual Reports (2021–2023)** emphasise digital innovation, financial inclusion, and rural expansion as regulatory priorities. However, the findings indicate that **firm strategies are still heavily urban-focused**, with over 70% of new policies concentrated in Dar es Salaam. This suggests that while there is **de jure alignment** with TIRA's goals, **de facto implementation** remains limited.
- The **NFIF II (2018–2022)** promotes community-based outreach, bundled products (e.g., insurance + credit or savings), and microinsurance development. Yet most firms are pursuing **standalone, narrow product lines**, often disconnected from broader financial ecosystems. The limited adoption of **bundled services** points to an opportunity for deeper **financial intermediation**.
- The **World Bank Findex (2021)** shows that only 17% of Tanzanian adults have any form of insurance. This aligns with the study's findings and supports the argument that **digitally enabled products have not translated into meaningful uptake**, largely due to gaps in **trust, comprehension, and contextual relevance**.

5.2.6 Academic Literature: Supportive and Contradictory Evidence

Support for the findings comes from various academic sources. For instance, Saqware (2022) supports the view that Tanzanian insurers have failed to adapt their models to the cultural and socio-economic realities of the market. Similarly, Mutegi (2018) identifies **the lack of community partnerships** as a core weakness in strategic execution across East Africa. Nayak (2023) argues for bundling and integration as tools for inclusion, which remain underdeveloped in Tanzanian practice.

Contradictory evidence, however, comes from studies that view **digital-first models as inherently transformative**. For example, Guan et al. (2020) highlight mobile insurance successes in Kenya and Ghana, suggesting that digital innovation can catalyse inclusion. The Tanzanian case complicates this view: while digital platforms are proliferating, their actual impact on behaviour remains muted without trust and literacy support. This discrepancy highlights the importance of **contextualising digital strategies** within user behaviour, culture, and institutional arrangements.

5.2.7 Conclusion

In conclusion, Tanzanian insurers are pursuing a blend of innovation and risk containment in their strategies to expand market coverage. While some have made strides in digitisation and product design, most firms remain anchored in **compliance-oriented models** and **cost-minimising tactics**, rather than **capability-building or inclusion-oriented frameworks**. There is a growing awareness of the need for customer-centric innovation, but execution is uneven and often siloed.

The discussion reveals that true transformation will require moving beyond **regulatory conformity** toward strategic models that embed insurance in the **cultural, relational, and behavioural realities** of Tanzanian society. The next section will explore how these strategic decisions interact with structural, regulatory, and socio-cultural barriers from the user side.

5.3 Discussion of Research Question Two

Research Question 2: *What structural, regulatory, and socio-cultural barriers constrain insurance uptake in Tanzania, and how do insurance providers respond to these challenges?*

5.3.1 Introduction

The findings from **Objective 2** reveal a complex web of structural, regulatory, and socio-cultural barriers that impede the widespread uptake of insurance in Tanzania. **Structural barriers** were largely infrastructural and financial, while **regulatory barriers** included rigid licensing requirements and slow adaptation to digital solutions. The most significant of these was **the lack of financial literacy**, coupled with the **digital divide**, where technology could not act as an equaliser for rural or low-income populations.

At the **socio-cultural level**, factors such as **trust**, **religious beliefs**, and **community preferences** created significant resistance to engaging with formal insurance products. While firms acknowledged these barriers, they often offered solutions that were inadequate or insufficiently targeted to address the root causes of these issues. Providers typically responded with **mobile microinsurance solutions** and **limited efforts in financial literacy** initiatives, but these responses were often narrow in scope and lacked long-term strategic alignment with the needs of the underserved population.

5.3.2 Structural Barriers: Infrastructure and Financial Constraints

The **structural barriers** identified by both qualitative and quantitative responses were rooted in Tanzania's **developing infrastructure** and **lack of widespread financial inclusion**. The survey indicated that **39% of respondents reported limited access to mobile/internet services**, and **41% indicated challenges in accessing digital insurance platforms**. These statistics underscore the **digital gap** that persists in rural areas, where mobile money adoption has outpaced mobile insurance offerings. This infrastructure challenge is echoed in the **World Bank's Global Findex Report (2021)**, which highlights that **digital exclusion is a major barrier** to financial services in emerging economies.

In terms of provider responses, most insurers acknowledged the infrastructure challenges but placed more emphasis on **urban-based solutions**, thereby neglecting rural populations. TIRA's annual report (2021–2023) indicates that insurers are making efforts to expand mobile insurance, yet these innovations are still **largely concentrated in urban centres**. This approach is in line with the **compliance-driven strategies** described in **Chapter 4**. Insurers largely comply with regulatory requirements but avoid long-term investments in **rural**

infrastructure, which would address these **structural challenges** comprehensively. For instance, while mobile insurance is offered, the **support services** needed to educate users on policy terms and claims are often **underdeveloped**.

Research by **Mutegi (2018)** supports this view, showing that while **technology-enabled products** such as mobile insurance hold potential, they require parallel investment in **local agent networks** and **literacy programs** to drive uptake effectively. Tanzanian insurers, however, appear to have **underestimated the demand for educational support** and **personalised customer service**, focusing instead on **minimising operational costs**.

5.3.3 Regulatory Barriers: Rigidity in Policy and Inadequate Support for Innovation

The **regulatory barriers** were identified as being significant, as insurers found themselves constrained by existing frameworks. TIRA's focus on compliance with established regulations, though important for market stability, has resulted in **slow adaptation to new market realities**. Firms expressed frustration over **slow regulatory responses** to new models such as **microinsurance** and **mobile-based platforms**, which are crucial for expanding coverage to underserved communities.

This finding corresponds with the literature on **regulatory barriers to financial innovation** in emerging markets. **Saqware (2022)** notes that while **regulatory frameworks are designed to protect consumers**, they often inhibit **innovative financial products** that could better serve lower-income populations. In Tanzania, insurers have innovated at the product level, but the **regulatory frameworks have not kept pace** with these changes, and the response from regulators has been more **reactive than proactive**.

For example, **TIRA's insurance licensing requirements** can be complex, particularly for smaller players wishing to introduce new products such as **digital health microinsurance**. While these regulations ensure a certain level of market integrity, they have been **criticized for their lack of flexibility**, and many insurers feel stifled by **bureaucratic inefficiencies** in gaining approval for innovative products.

NFIF II (2018–2022) advocates for **regulatory reform** to encourage **inclusive financial products**. However, the gap between policy recommendations and **practical implementation**

is evident. **Saqware's (2022)** research suggests that when regulatory authorities do not fully understand or facilitate **market dynamics**, they risk delaying **financial inclusion** efforts. In the Tanzanian case, insurers' frustration with regulatory bottlenecks points to a larger **misalignment** between **regulatory intent** and **market needs**.

5.3.4 Socio-Cultural Barriers: Trust, Religious Beliefs, and Community Preferences

The most pronounced and pervasive barriers to insurance adoption were **socio-cultural**. As indicated by both **interviews** and **survey results**, Tanzanians face **high levels of mistrust** toward insurance companies. A striking **71% of respondents reported a lack of trust** in insurance providers, citing concerns about **claims being denied** and **policy complexity**.

Moreover, **religious beliefs** emerged as a significant barrier, with **32% of respondents** reporting that **Islamic teachings discourage insurance** due to concerns about **risk sharing vs. gambling**. This is consistent with findings from **Giesbert et al. (2011)**, who identified **religious resistance** as a critical **adoption barrier in Muslim-majority regions**. Despite this, the **Takaful model** (Islamic insurance) remains relatively underdeveloped in Tanzania, offering a **missed opportunity** for insurers to engage the **Muslim community**.

Furthermore, many Tanzanians expressed a **preference for community-based support networks**, such as **family, friends, or informal groups**. This is reflected in **59% of survey respondents** who indicated a preference for relying on **community support** rather than purchasing insurance. This finding mirrors **Platteau's (1997)** concept of **"embeddedness"**, where informal social networks **exceed the perceived value of formal insurance** due to **social trust** and **long-standing norms** of collective responsibility.

Insurers' responses to these **socio-cultural barriers** have been **slow and insufficient**. While there is **some evidence of Takaful offerings**, these are **not widespread** or well-promoted. Insurers have not significantly adjusted their **marketing approaches** to emphasise **religious compatibility**, nor have they explored **community-driven models** to enhance trust. As **Saqware (2022)** noted, **"social norms and religious considerations"** are often **neglected in mainstream insurance strategies**, leading to **low uptake** among **religiously conscious consumers**.

5.3.5 Provider Responses to Barriers

Despite these barriers, providers have made some efforts to address the structural, regulatory, and socio-cultural constraints. **Mobile insurance solutions** were introduced as **affordable alternatives** to traditional plans. However, **mobile-based products**, though accessible, failed to address **educational gaps** in **policy comprehension** and **trust**.

Firms' focus on **technology** has largely been **top-down**, primarily a **distribution channel** rather than a **tool for relational engagement**. This approach aligns with the **World Bank's (2021)** observations on **digital adoption in emerging markets**, where **technology is an enabler**, but without adequate support structures, it does not guarantee success in low-income contexts.

One promising approach noted in the study was the growing emphasis on **community-based agents (CBAs)**. Though still underutilised, a few insurers reported success in **partnerships with local NGOs or CBAs**, leveraging their **existing trust** within **local communities** to foster insurance adoption. This approach mirrors the **inclusive innovation** models championed by **Saqware (2022)**, which argue that insurers need to move beyond **product-only strategies** to consider **market systems** that include **informal agents** and **social networks**.

5.3.6 Conclusion

In summary, **complex structural, regulatory, and socio-cultural barriers constrain Tanzania's insurance uptake**. While some innovation is happening at the **product and distribution levels**, it is insufficient to address the **root causes** of low adoption, particularly **trust, digital access, and cultural fit**. Providers' responses are **limited**, with most firms focused on **digital solutions** without accompanying **financial literacy** or **community-based engagement** strategies. This misalignment between **policy objectives**, **market needs**, and **insurer strategies** highlights a **missed opportunity** to **transform** Tanzania's insurance landscape through more inclusive, **user-centred** approaches.

5.4 Discussion of Research Question Three

Research Question 3: *How can integrated insights from stakeholders be used to formulate practical and policy-driven recommendations that bridge the protection gap and foster inclusive market growth in Tanzania?*

5.4.1 Introduction

The Tanzanian insurance sector, while exhibiting growth potential, faces multifaceted challenges that hinder its expansion and inclusivity. Addressing these challenges necessitates a strategic overhaul by insurance companies, focusing on innovation, customer-centric approaches, and alignment with regulatory frameworks. This section explores adaptive strategies that insurers can employ to surmount existing barriers and foster greater market penetration.

5.4.2 Embracing Customer-Centric Models

A pivotal shift towards customer-centricity can redefine the insurance landscape in Tanzania. Traditional product-focused models often overlook the nuanced needs of diverse customer segments. By adopting a customer-first approach, insurers can enhance engagement, trust, and loyalty. This involves:

- **Personalised Product Offerings**: Developing insurance products tailored to specific demographics, such as farmers, small business owners, or urban professionals, ensures relevance and value.
- **Simplified Communication**: Utilising clear, jargon-free language in policy documents and marketing materials can demystify insurance concepts, making them more accessible.
- **Feedback Mechanisms**: Establishing channels for customer feedback allows insurers to continually refine products and services, aligning them with evolving customer expectations.

5.4.3 Leveraging Technology and Digital Platforms

Technological advancements offer avenues for insurers to expand their reach and streamline operations. Digital platforms can facilitate:

- **Mobile Insurance Solutions**: Capitalising on Tanzania's high mobile penetration, insurers can offer mobile-based insurance products, enabling easy access and management for customers.
- **Data Analytics**: Employing data analytics can provide insights into customer behaviour, risk assessment, and market trends, informing strategic decisions.
- **Automated Claims Processing**: Implementing automated systems can expedite claims processing, enhancing customer satisfaction and operational efficiency.

However, it's imperative to ensure that digital initiatives are inclusive, considering the digital divide that may exclude certain populations. Complementing digital strategies with offline support, such as agent networks, can bridge this gap.

5.4.4 Strengthening Distribution Channels

Expanding and diversifying distribution channels is crucial for reaching underserved markets. Strategies include:

- **Community-Based Agents (CBAs)**: Training and deploying local agents who understand community dynamics can foster trust and facilitate insurance adoption.
- **Partnerships with NGOs and Cooperatives: Collaborating with organisations** that have established community relationships can help disseminate insurance products effectively.
- **Bancassurance Models**: Partnering with banks to offer insurance products can leverage existing financial infrastructures and customer bases.

These approaches can enhance accessibility and embed insurance services within communities, promoting sustained engagement.

5.4.5 Regulatory Engagement and Policy Advocacy

Active engagement with regulatory bodies is essential for creating an enabling environment for innovation and growth. Insurers can:

- **Participate in Policy Dialogues**: Engaging in discussions with regulators can influence policies that support innovation, such as flexible licensing for microinsurance products.
- **Compliance and Transparency**: Demonstrating adherence to regulations and maintaining transparency can build credibility and foster a collaborative relationship with regulators.
- **Advocacy for Inclusive Policies**: Advocating for policies that promote financial inclusion, such as incentives for serving low-income populations, can align regulatory frameworks with market realities.

Collaborative efforts between insurers and regulators can facilitate the development of a conducive ecosystem for insurance growth.

5.4.6 Enhancing Financial Literacy and Awareness

Addressing the knowledge gap is vital for increasing insurance uptake. Initiatives include:

- **Educational Campaigns**: Conducting awareness programs through various media channels can inform the public about insurance's benefits and functionalities.
- **School and Community Programs**: Integrating insurance education into school curricula and community workshops can instil financial literacy from an early age.
- **Interactive Tools**: Developing user-friendly digital tools, such as calculators or chatbots, can help individuals understand insurance products and make informed decisions.

Empowering individuals with knowledge can demystify insurance and encourage proactive engagement.

5.4.7 Product Innovation and Diversification

Innovative product development can cater to the unique needs of different market segments. Strategies encompass:

- **Microinsurance Products**: Offering low-premium, high-frequency products can make insurance accessible to low-income individuals.
- **Bundled Services**: Combining insurance with other services, such as healthcare or agricultural inputs, can add value and appeal to customers.
- **Flexible Payment Options**: Introducing flexible premium payment schedules can accommodate the irregular income patterns of certain demographics.

Tailoring products to customer needs enhances relevance and uptake.

5.4.8 Building Trust and Cultural Alignment

Trust is a cornerstone of insurance adoption. To build trust:

- **Transparent Practices**: Ensuring clarity in terms and conditions and delivering on promises can establish credibility.
- **Cultural Sensitivity**: Designing products and communication strategies that respect cultural and religious beliefs can resonate more effectively with target audiences.
- **Community Engagement**: Involving community leaders and influencers in awareness campaigns can lend authenticity and foster acceptance.

Cultivating trust through culturally aligned practices can bridge the gap between insurers and potential customers.

5.4.9 Conclusion

Overcoming the barriers to insurance uptake in Tanzania requires a multifaceted approach that combines customer-centric strategies, technological integration, diversified distribution, regulatory collaboration, financial literacy initiatives, product innovation, and trust-building measures. By adopting these adaptive strategies, insurance companies can not only enhance market penetration but also contribute to the broader goal of financial inclusion and economic resilience in Tanzania.

5.5 Conclusion of the Chapter

The discussion in Chapter 5 critically examined the study's findings in relation to the conceptual framework, existing literature, and national policy agendas. The analysis revealed that while Tanzanian insurance providers have made incremental progress through digital innovation and strategic partnerships, these efforts remain insufficient in addressing deeper issues of trust, literacy, and cultural alignment. The study confirmed that institutional and behavioural legitimacy are essential for meaningful market penetration and that stakeholder perspectives converge around the need for localised, relationship-driven, and inclusive models. Moreover, the misalignment between policy aspirations and operational practices underscores the urgency for regulatory evolution and practical reforms. The chapter concluded by synthesising these insights into a set of actionable, stakeholder-informed recommendations that chart a pathway toward bridging the protection gap and enabling inclusive, sustainable growth in Tanzania's insurance sector.

Chapter 6: Summary, Implications and Recommendations

6.1 Summary

6.1.1 Overview of the Research Problem and Purpose

This study was designed to explore the complex landscape of insurance market penetration in Tanzania, with a focus on strategic decision-making, adoption barriers, and inclusion-oriented transformation. The Tanzanian insurance sector, despite regulatory advancements and digital innovation, continues to exhibit **low penetration rates**, particularly among rural and low-income populations. As of 2021, insurance coverage stood at just **17% of adults**, per the **World Bank Findex Database**, highlighting a persistent protection gap.

To address this gap, the research was structured around three primary objectives:

1. To examine the **strategic approaches** and **business models** employed by insurance companies in Tanzania to increase market penetration.
2. To evaluate the **structural, regulatory, and socio-cultural barriers** that constrain insurance uptake, and to analyse the **response strategies** developed by insurance providers.
3. To synthesize evidence-based recommendations aimed at enabling insurers to **bridge the protection gap** and promote **sustainable and inclusive market growth**.

Each objective targeted a different but interlinked component of the insurance value chain: strategy, behaviour, and policy alignment, resulting in a comprehensive investigation of the factors shaping the Tanzanian insurance ecosystem.

6.1.2 Methodology Summary

The research adopted a **convergent parallel mixed methods design**, enabling a robust analysis of both institutional strategies and grassroots-level perceptions. Data collection and analysis occurred in three primary strands:

Qualitative Phase 1 – Executive Insights (Objective 1)

- **Sample**: 214 insurance executives, innovation leads, and regulatory officers.

- **Tool**: Semi-structured interviews.
- **Focus**: Strategic priorities, business model innovation, distribution tactics.
- **Analysis**: Grounded coding, thematic clustering, strategic archetype mapping.

Qualitative Phase 2 – User and Agent Perspectives (Objective 2 – Qual)

- **Sample**: 157 participants, including CBAs, insurance brokers, bancassurance agents, and low-income users.
- **Tool**: Interview and focus group protocols.
- **Focus**: Barriers to uptake, cultural norms, regulatory friction.
- **Analysis**: Open and axial coding, grounded theory formation, triangulated interpretation.

Quantitative Survey (Objective 2 – Quant)

- **Sample**: 187 respondents from the general public and MSMEs.
- **Tool**: Structured Likert-scale questionnaire.
- **Focus**: Perceptions of insurance, trust, cost, cultural relevance, and adoption intent.
- **Analysis**: Descriptive statistics, Spearman's correlation, binary logistic regression.

This **three-strand data structure** enabled both within-strand analysis and cross-strand synthesis, particularly in Objective 3, where findings were combined using joint display matrices and stakeholder alignment maps.

6.1.3 Key Findings by Objective

Objective 1: Strategic Approaches

Insurance companies were classified into three strategic archetypes: **compliance-driven**, **innovation-driven**, and **partnership-driven**. Most firms operated within a **compliance framework**, aligning with TIRA's minimum requirements, but rarely investing in long-term engagement or rural expansion. Innovation was primarily visible in **mobile-enabled products**, though these lacked depth in onboarding and claims support. Firms favoured **urban, salaried populations**, often overlooking cultural fit or community engagement, revealing a **legitimacy gap** as per **Scott's institutional theory (2005)**.

Objective 2: Barriers and Provider Responses

Barriers to uptake were mapped across structural (digital access, financial literacy), regulatory (rigid licensing, product approval delays), and socio-cultural (trust, religious beliefs, community reliance) domains. The **quantitative survey** revealed that **trust in insurers**, **comprehension**, and **digital access** were significant positive predictors of adoption. Conversely, **religious/cultural hesitancy** was a strong negative predictor. Surprisingly, **perceived cost and income** were not statistically significant, challenging common assumptions.

Provider responses remained **reactive**, focused on compliance, mobile access, and narrow financial innovations. Few firms adopted **CBAs**, **bundled products**, or **localised framing** (e.g., Takaful). Agents, insurance brokers and CBAs confirmed that insurers rarely invested in educating users or addressing relational barriers.

Objective 3: Integrated Synthesis and Strategic Recommendations

Using joint display matrices, the study revealed **strong convergence** between user complaints and statistical insights, especially around trust and comprehension. However, there was **divergence** between regulatory focus and firm execution. The final synthesis resulted in an **Inclusive Insurance Capability Framework** organised around five pillars: **trust infrastructure**, **literacy and communication**, **cultural framing**, **digital inclusion**, and **institutional realignment**.

6.1.4 Conceptual Contribution

The study built upon and expanded the following theoretical domains:

- **Institutional Theory (Scott, 2005)**: By showing how firms achieved **regulative** legitimacy but struggled with **normative** and **cultural** legitimacy, the study provided real-world insights into legitimacy fragmentation in emerging insurance markets.
- **Dynamic Capabilities (Teece, 2007)**: While insurers demonstrated some capacity for sensing and seizing opportunities (e.g., fintech partnerships), they lacked the ability to **transform internal systems**, a key tenet of sustainable innovation.
- **Inclusive Innovation Frameworks**: The study revealed that **affordability alone does not guarantee inclusion**. Instead, **cognitive access**, **cultural alignment**, and

behavioural trust are stronger determinants, calling for a reframing of inclusive finance to prioritise human and relational capital.

6.1.5 Research Questions and Their Resolution

Research Question	**Resolution Summary**
RQ1: What strategic approaches are insurers using?	Mainly compliance- and product-driven; few focus on engagement, trust, or cultural fit.
RQ2: What barriers limit insurance adoption, and how are firms responding?	Barriers include trust, comprehension, and digital access. Responses remain superficial.
RQ3: How can insurers bridge the protection gap sustainably?	Through trust infrastructure, CBAs, localised framing, education, and bundled products.

Table 17 Research Questions and their resolutions

6.1.6 Methodological Reflections

The use of **mixed methods** was a strength of this research, enabling the study to surface not only patterns but **contradictions**. For instance, while executives praised digital innovation, users described it as **confusing and impersonal**. Similarly, quantitative regression showed **cost and income** to be statistically insignificant, despite being the **most cited barrier** in public discourse.

The triangulation approach enabled a layered understanding by interviewing insurers, users, and regulators, combining thematic and statistical analysis, and integrating external benchmarks (TIRA, NFIF, World Bank). This enhanced not only validity but also **actionability**, supporting theory-building and policy recommendations with empirical depth.

6.2 Implications

The insights generated by this study carry substantial implications across three spheres: **theoretical**, **policy**, and **practical/managerial**. Each layer addresses a distinct stakeholder group and contributes to understanding and improving the landscape of insurance adoption and strategic transformation in emerging economies, particularly Tanzania. These implications are grounded in both the empirical findings of this study and broader academic discourse on institutional theory, inclusive innovation, and financial inclusion.

6.2.1 Theoretical Implications

This study significantly advances three key theoretical domains: **institutional theory**, **dynamic capabilities**, and the **inclusive financial services paradigm**.

1. Institutional Legitimacy in Emerging Markets

Institutional theory traditionally emphasises the need for organisations to secure **regulative, normative, and cultural legitimacy** to operate effectively in environments with underdeveloped formal institutions (Scott, 2005). This study highlights a scenario where Tanzanian insurers have largely achieved **regulative legitimacy**; they comply with TIRA mandates, maintain solvency, and engage in reporting.

However, the empirical evidence shows a **failure to secure normative and cultural legitimacy**. Customers do not trust insurers, do not feel culturally aligned with insurance practices, and often rely on traditional community-based systems. These gaps suggest that legitimacy is **hierarchically structured and differentially impactful**. In low-trust environments like Tanzania, **cultural and relational legitimacy may matter more than regulatory compliance**. This offers a theoretical refinement; **institutional legitimacy in financial services must be localised and behaviourally anchored**, not just procedurally certified.

2. Reframing Dynamic Capabilities in Low-Infrastructure Contexts

Teece's dynamic capabilities framework identifies the triad of sensing, seizing, and transforming as central to strategic agility. This study shows that **Tanzanian insurers demonstrate only partial dynamic capabilities**. They are able to sense opportunities (e.g., via digital trends and fintech partnerships) and, to some extent, seize them through product launches. However, they **lack transformative capacity**. Their innovations do not alter internal workflows, frontline engagement, or user trust dynamics. This reveals a new insight: **dynamic capability must include human capital alignment, relational investment, and user-facing systems**, especially in service industries like insurance. Therefore, transformation cannot be purely technological—it must be strategic and behavioural.

3. Rethinking Inclusive Innovation

Much of the literature on inclusive innovation in emerging markets assumes that affordability and access are primary barriers to adoption (Prahalad, 2005; Saqware, 2022). This study challenges that view. **Trust and comprehension, not affordability, were the strongest predictors of adoption** in regression results. Income and cost perception were not statistically significant. This suggests that the **next frontier of inclusive innovation lies in perception management, cognitive simplicity, and cultural integration**, not just price optimisation or digital outreach. The study thus shifts the lens from "inclusion by access" to "inclusion by resonance."

6.2.2 Policy Implications

Policymakers, especially TIRA and the agencies behind the National Financial Inclusion Framework, can leverage these insights to enhance regulatory alignment, financial literacy, and systemic access.

1. Move from Product Targets to Impact Metrics

TIRA currently evaluates insurance providers based on numerical targets—number of lives covered, premium collected, and capital reserves. However, these metrics fail to capture **inclusion quality**. The study recommends incorporating **impact-based KPIs**, such as:

- Proportion of first-time users successfully onboarding.
- Claims literacy among low-income groups.
- Retention rates in low-income and rural segments.

These metrics align better with the **NFIF's goals of sustainable inclusion**, and they push firms to invest in service, not just sales.

2. Institutionalise Financial Literacy through Regulation

Survey findings showed that 68% of respondents found insurance policies **difficult to understand**. Despite the existence of mobile platforms, comprehension remains low. Regulators should consider:

- Mandating **"Plain Language" rules** in all policy documents.
- Requiring **audio/visual onboarding protocols** for low-literacy users.

- Supporting public-private partnerships to roll out **mass financial literacy campaigns**, particularly in Swahili and local languages.

These changes would bolster **normative legitimacy** and promote equitable market participation.

3. Enable Cultural Framing through Policy Flexibility

Only 32% of respondents cited religion as a barrier, but qualitative interviews confirmed that **many Muslim consumers distrust conventional insurance**. Current regulation does not sufficiently encourage **Takaful or Shariah-compliant models**. Policymakers should:

- Develop a **Takaful regulatory sandbox**, enabling innovation without full licensing burdens.
- Provide **theological endorsement frameworks** to ease customer adoption.
- Encourage insurers to collaborate with **Islamic scholars** on product design.

This would enhance **cultural legitimacy**, especially in northern Tanzania and Zanzibar.

4. Incentivise Human-Based Distribution Models

While mobile platforms are efficient, they do not address trust gaps. TIRA and the NFIF should:

- Offer **tax incentives** or subsidies for firms deploying **CBAs** or working with **faith-based groups**.
- Include **agent performance quality** in licensing reviews, not just sales numbers.
- Develop a **national certification for inclusive agents**, with modules on empathy, ethics, and financial counselling.

6.2.3 Practical and Managerial Implications

For insurers and financial service providers, the findings highlight multiple points for strategic rethinking and capability enhancement.

1. Trust Is a Strategic Asset, Not a Communication Issue

Firms must reimagine **trust-building** as a cross-functional priority. Instead of viewing trust as a branding or PR function, they should:

- Create **fast, visible claims resolution units** for community-wide demonstration.
- Publish **“proof of payout” stories** during disaster events.
- Appoint **community ambassadors** who can explain policies in layperson terms and act as claim shepherds.

Trust is earned through behaviour, not brochures.

2. Digital Alone Is Not Inclusive

While mobile platforms are the future, they require **human scaffolding** to work in low-trust, low-literacy environments. Insurers must:

- Pair digital tools with **on-the-ground education agents**.
- Design USSD menus with **icon-based navigation** or voice prompts.
- Test digital interfaces for **cognitive load**, using behavioural science frameworks.

Without support, digital becomes exclusionary.

3. Adopt Life-Integrated Bundles

Insurance should not stand alone. Survey respondents and interviewees alike showed higher acceptance of **insurance bundled with savings, credit, or healthcare**. Firms should:

- Partner with SACCOs and microfinance institutions to co-package services.
- Launch **“Life Kits”** for new mothers, farmers, or MSMEs—including multiple financial tools.
- Explore **value-based bundling** (e.g., health insurance + free clinic vouchers).

This enhances **perceived utility**, not just financial protection.

4. Train for Relational, Not Transactional, Sales

Current agent training focuses on **conversion and compliance**. In contrast, agents should be empowered to build relationships and explain relevance. Training should include:

- Story-based policy explanation techniques.
- Conflict management and grievance resolution.
- Cultural literacy for serving diverse populations.

This approach aligns with **relational trust-building**, as Platteau (1997) and Nayak (2023) emphasise in the literature.

6.3 Recommendations for Future Research

This study offers significant insights into the Tanzanian insurance ecosystem, but as with any academic endeavour, it also reveals areas that warrant deeper exploration. The following recommendations propose pathways for future research that can extend, validate, or challenge the current study's conclusions. These recommendations are organised into six categories: **methodological expansion**, **longitudinal tracking**, **comparative research**, **agent-level dynamics**, **behavioural and cognitive framing**, and **policy and regulatory evaluation**.

6.3.1 Methodological Expansion: Mixed Methods Deep Dives

This study utilized a convergent parallel mixed-methods design, enabling a triangulated understanding of strategy, barriers, and response. However, future research can benefit from **expanding the methodological depth** through:

A. Sequential Explanatory Designs

Rather than concurrent data collection, future studies could adopt **sequential mixed methods**. They could begin with a large-scale quantitative survey to identify predictors of adoption, followed by **qualitative deep dives** into specific segments (e.g., Muslim women in rural areas, first-time adopters, claim defaulters). This would enable precise targeting and **causal explanation** of behavioural dynamics.

B. Ethnographic or Participatory Approaches

Future researchers could embed themselves within communities to observe insurance behaviour in naturalistic settings. This would help surface **latent cultural norms** or informal financial practices that surveys and structured interviews may miss. Participatory action research could also involve **co-designing solutions** with users.

6.3.2 Longitudinal Impact Studies

This research captured perceptions and behaviour **at a single point in time**. However, adoption and trust in insurance are **evolving processes**, often shaped by experience and long-term interaction.

A. Track First-Time Adopters Over Time

Future studies should recruit and follow **first-time insurance users** over 12–24 months to evaluate:

- Retention patterns.
- Claim experiences and satisfaction.
- Changes in perception and trust.

Such studies can reveal **critical inflexion points** where users either embed or abandon insurance in their financial lives.

B. Impact of Claims on Trust Trajectories

Longitudinal designs can test whether **receiving a payout** (or being denied one) affects user willingness to re-purchase or refer others. This would provide evidence on whether **claims behaviour is the main driver of normative legitimacy**, a hypothesis this study suggested but could not test.

6.3.3 Comparative Regional Research: East African Markets

Tanzania shares regulatory, cultural, and infrastructural characteristics with several countries in East Africa. Comparative research across this region could help identify:

A. Best Practices and Policy Divergences

By comparing Tanzania with **Kenya, Uganda, and Rwanda**, future studies can explore:

- How different regulatory stances (e.g., on microinsurance, digital onboarding, agent licensing) shape adoption.
- How sociocultural variables (e.g., religious composition, language diversity) influence user trust.

This would aid **regional policy harmonisation** and facilitate cross-border learning.

B. Fintech Ecosystem Effects

Kenya's success with M-Pesa and mobile microinsurance could be compared with Tanzania's more fragmented fintech space. Studies could explore how **tech ecosystem maturity** affects innovation diffusion and consumer protection.

6.3.4 Agent-Level Dynamics and Incentives

Frontline actors such as **CBAs, bancassurance officers, and telco agents** play a critical role in influencing user perception. This study touched on their experiences but did not centre them.

A. How Do Agents Mediate Trust and Understanding?

Future research should investigate:

- How agents translate policy language into user-friendly concepts.
- What **motivational factors** (financial, social, religious) drive ethical behaviour vs. mis-selling?
- How **agent-client matching** (e.g., gender, religion, language) affects user comfort.

B. Agent Incentive Structures and Client Outcomes

There is a need to test how **different commission models, training programs, and KPIs** impact:

- Quality of onboarding.
- Policy persistency.
- Claims processing support.

Behavioural experiments could manipulate incentive structures and track resulting changes in agent performance and client satisfaction.

6.3.5 Behavioural and Cognitive Framing Research

One of the most surprising findings of this study was that **trust and understanding**, not affordability, were the strongest predictors of insurance adoption. This suggests that **cognitive and emotional framing** are central to adoption.

A. Framing Experiments

Future studies should use **randomised controlled trials (RCTs)** to test the effects of:

- Religious framing (e.g., Takaful vs. conventional).
- Emotional framing (e.g., storytelling vs. data).
- Visual aids vs. text-heavy explanations.

Outcomes could include **intent to adopt, comprehension scores, and trust metrics**.

B. Message Testing with Different Demographics

Testing the effectiveness of different messaging formats across **age groups, literacy levels, and religious affiliations** could yield actionable insights for marketers and policymakers.

6.3.6 Policy Responsiveness and Regulatory Innovation

While this study included perspectives from TIRA and other officials, it did not systematically assess **how policy is implemented**, **how responsive it is to innovation**, or how market actors experience it.

A. Evaluating Regulatory Sandboxes and Flexibility

Future research should examine:

- How many insurers have used regulatory sandboxes?
- Whether sandbox participation leads to better client outcomes.
- How fast and transparent regulatory approvals are.

This could help improve **regulatory responsiveness**, a key factor in enabling inclusive innovation.

B. Institutional Interactions and Learning

Future studies could also explore **inter-agency dynamics** (e.g., between TIRA, the Ministry of Finance, and telco regulators) to understand:

- How regulatory fragmentation affects market coherence.
- Whether **coordinated learning systems** (e.g., cross-agency innovation units) could improve policy agility.

6.3.7 Exploring Bundled Services and Integrated Models

This research recommended bundling insurance with **savings, loans, or healthcare**, but did not test these models empirically.

A. Adoption and Retention in Bundled Products

Experimental or pilot studies could be launched to assess:

- Whether bundled products reduce dropout rates.
- Which combinations (e.g., insurance + agriculture inputs vs. insurance + health check-ups) perform best by segment.

B. Behavioural Drivers of Bundle Preference

Future work could use **conjoint analysis** to identify which features users value most in bundled offerings; e.g., payout speed, religious compliance, human support, or cashback.

6.3.8 Conclusion

The field of inclusive insurance in Sub-Saharan Africa is at a pivotal moment. Regulatory momentum, mobile access, and fintech enthusiasm have created fertile ground for innovation. However, as this study shows, **behavioural, cultural, and institutional complexity** must be addressed for true transformation. Future research must go beyond surface-level innovation tracking and delve into the **social architecture of financial behaviour**, the **micro-dynamics of trust and communication**, and the **systemic alignment of policies and practices**.

The analytical foundation established in this study provides a platform for future research to develop innovative strategic frameworks, empirically validate emerging theories, and strengthen the capacity of public and private institutions to restore trust, reconceptualize the value of insurance, and promote inclusive financial ecosystems.

References

- Abbas, M. and Ning, Y. (2016) 'Macroeconomic Determinants of Insurance Penetration in Developing Economies: Evidence from Tanzania', *International Journal of Finance and Economics*, 21(4), pp. 387–396.

- African Insurance Organisation (AIO) (2020) *African Insurance Report*. Yaoundé: AIO.

- Armstrong, G. and Kotler, P. (2012) *Marketing: An Introduction*. 10th ed. New Jersey: Pearson Education.

- Anselmi, A. and Saqware, B. (2021) *Innovation in Insurance for Africa: Alternative Distribution Channels*. Dar es Salaam: Darcity Printers.

- Arena, M. (2008) 'Does insurance market activity promote economic growth? A cross-country study for industrialised and developing countries, *Journal of Risk and Insurance*, 75(4), pp. 921–946. Available at: https://doi.org/10.1111/j.1539-6975.2008.00291.x

- Barasa, K. (2016) 'To identify a framework for adoption by the insurance industry for enhancing insurance penetration', *Strathmore University Library*. Available at: https://su-plus.strathmore.edu/handle/11071/2474

- Bartolocci, G. (2021) '4 Market Expansion Frameworks', *New Breed*. Available at: https://www.newbreedrevenue.com/blogmarket-expansion-frameworks

- Born, P. and Bujakowiski, D. (2019) 'Drivers of Insurance Market Development in Central, Eastern, & Southern Europe', *Florida State University and Drake University*. Available at: https://www.stjohns.edu/sites/default/files/uploads/Drivers%20of%20Insurance%20Market%20Development%20in%20Central%2C%20Eastern%2C%20%26%20Southeastern%20Europe.pdf

- Busara, D. (2016) 'Staff Capacity and Insurance Growth: Evidence from Kenya', *Journal of African Management Studies*, 12(3), pp. 112–124.

- Chartered Insurance Institute (CII) (2023) *Legal and Regulatory IF1: 2024 Study Text*. London: Chartered Insurance Institute.

- Chartered Insurance Institute (CII) (2023) *Insurance Distribution Channels: Framework and Practice*. London: CII.

- Citizen Reporter (2023) 'Death toll from Mount Hanang landslide rises to 85', *The Citizen*, 9 December, p.1.

- Citizen Reporter (2024) 'Why insurance services uptake has more than doubled in 3 years', *The Citizen*, 16 September, p.3.

• Deloitte Tanzania (2024) *Insurance Outlook Report 2024: Navigating the Headwinds*. Nairobi: Deloitte.

• Guardian Daily News (2024) 'Flood victims in Hanang compensated through bancassurance', *The Guardian*, 5 January.

• Guan, H., Yusuf, D.H. and Ghani, M.R.A. (2020) 'Factors Influencing Customer Purchase Intention Towards Insurance Products', *International Journal of Business and Management*, 4(5), pp. 70–79.

• Guan, H., et al. (2020) 'Price Sensitivity and Insurance Product Design in Emerging Markets', *Asia-Pacific Insurance Research Journal*, 5(1), pp. 22–31.

• Haamukwanza, C.L. (2020) 'To Insure or Not to Insure? The Role that Government and Insurance Practice Should Play', *Springer Nature*, 1, Article No. 114. Available at: https://doi.org/10.1007/s43546-021-00121-1

• Hussels, S., Ward, D. and Zurbruegg, R. (2005) 'Religious Beliefs and Attitudes Toward Life Insurance', *Journal of Insurance Issues*, 28(1), pp. 95–110.

• Ikeda, M., Palakhamarn, T. and Anbumozhi, V. (2024) 'Study on the Importance of Investment in DRR and Advanced DRR Technology in ASEAN Countries', *ERIA Discussion Paper Series*, pp. 8–11. Available at: https://www.eria.org

• Kajwang, B. (2020) 'Factors Influencing the Low Penetration of Insurance Services in Africa', *Journal of Developing Country Studies*, 5(1), pp. 25–35. Available at: https://doi.org/10.47604/jdcs.1598

• Karekezi, C. (2024) *The Role of the African Insurance Industry in the Sustainability Agenda*. Lagos: Africa Reinsurance Corporation.

• Kotler, P. (2000) *Marketing Management: Millennium Edition*. 10th ed. London: Prentice Hall.

• Liedtke, P.M. (2007) 'What's insurance to a modern economy?', *The Geneva Papers on Risk and Insurance Issues and Practice*, 32(2), pp. 211–221.

• Luo, C. and Kariru-Mauruiku (2024) *Insurance Outlook Report 2024: Navigating the Headwinds*. Nairobi: Deloitte.

• Malambo, A. and Qutieshat, A. (2024) 'Cultural and Perceptual Barriers to Insurance Adoption: A Case Study in Botswana', *Botswana Institute of Risk and Finance*.

• Ministry of Finance (2009). *The Insurance Act 10 of 2009*. Dodoma: United Republic of Tanzania.

• Ministry of Finance and Planning (2020) *Financial Sector Development Master Plan 2020/21 – 2029/30*. Dodoma: United Republic of Tanzania.

• Mulenga, O. (2015) 'Penetration and Growth in Zambia: A Case of Lusaka Province', *ABC Research Alert*, 4(3), pp. 65–66.

• Mutegi, F.K. (2018) 'Role of Innovation Strategy on Insurance Penetration in Kenya', *Jomo Kenyatta University of Agriculture and Technology*. Available at: http://hdl.handle.net/123456789/3764

• National Council for Financial Inclusion (NCFI) (2023) *National Council for Financial Inclusion Framework 2023–2028*. Dodoma: United Republic of Tanzania.

• Nayak, B.K. (2023) 'Maximising Insurance Penetration and Leveraging Protection Gap: Strategic Thoughts and Actions', *Journal of Insurance Institute of India*, January–March, pp. 37–43.

• Noordhoek, D., Marcoux, B. and Schanz, K. (2022) 'Insurance Development in Emerging Markets: The Role of Public Policy and Regulation', *The Geneva Association*, June edition, pp. 5–15.

• Nthenge, P.K. (2012) *Challenges Facing the Success of Insurance Services Provision in Tanzania*. Nairobi: University of Nairobi Library.

• Odina, A. (2024) 'Foreign Expertise and Domestic Market Development in Uzbekistan's Insurance Sector', *Central Asian Economic Review*, 9(1), pp. 45–54.

• Olarewaju, O. and Msomi, T. (2021) 'Determinants of Insurance Penetration in West African Countries: A Panel Auto Regressive Distributed Lag Approach', *Journal of Risk and Financial Management*, 14(8), pp. 1–2.

• Outreville, J.F. (2012) 'The relationship between insurance growth and economic development: 80 empirical papers for a review of the literature', *Risk Management and Insurance Review*, 16(1), pp. 71–122.

• Pfab, F., Wallace, W., Jankowicz, D. and O'Farrell, P. (2016) *Introduction to Business Research 3*. 4th ed. Edinburgh: Heriot-Watt University.

• Platteau, J.P. (1997) 'Mutual insurance as an elusive concept in traditional rural communities', *The Journal of Development Studies*, 33(6), pp. 764–796.

• Rogers, E.M. (1962) *Diffusion of Innovations*. 3rd ed. New York: Free Press.

• Saqware, B. (2022) *Insurance Distribution Channels Convention – Regulatory Perspective*. Dar es Salaam: TIRA.

• Schmidt, C. (2018) 'Insurance in the Digital Age: A View on Key Implications for the Economy and Society', *The Geneva Association*. Available at: https://www.genevaassociation.org/sites/default/files/research-topics-document-type/pdf_public/insurance_in_the_digital_age_01.pdf

- Swiss Re Institute (2017) ‘Insurance: Adding Value to Development in Emerging Markets’, *Sigma*, 4, pp. 4–9.

- Scott, W.R. (2005) ‘Institutional theory: Contributing to a theoretical research program’, *Great Minds in Management: The Process of Theory Development*, 37(2), pp. 460–484.

- Swiss Re Institute (2020) *World Insurance in 2020: Navigating Through Pandemic Disruption*. Zurich: Swiss Re.

- Swiss Re Institute (2021) *World Insurance Report*. Available at: https://www.swissre.com

- Teece, D.J. (2007) ‘Explicating dynamic capabilities: The nature and microfoundations of (sustainable) enterprise performance’, *Strategic Management Journal*, 28(13), pp. 1319–1350.

- Tanzania Insurance Regulatory Authority (TIRA) (2022) *Insurance (Takaful) Operational Guidelines 2022*. Dodoma: TIRA.

- Tanzania Insurance Regulatory Authority (TIRA) (2022) *Annual Performance Report: Market Composition and Innovations*. Dodoma: TIRA.

- Tanzania Insurance Regulatory Authority (TIRA) (2024) *Annual Insurance Market Performance Report for the Year Ended 31st December 2023*. Dodoma: TIRA.

- Tanzania Insurance Regulatory Authority (TIRA) (2023) *Insurance Market Consortia and Strategic Pooling Framework*. Dodoma: TIRA.

- United Republic of Tanzania (2023) *Universal Health Coverage Act*. Dodoma: Government Printer.

- Wallace, W., Jankowicz, D. and O’Farrell, P. (2016) *Introduction to Business Research 1*. 4th ed. Edinburgh: Heriot-Watt University.

- World Bank (2018) *Digital Economy for Africa: Opportunities for Inclusive Development*. World Bank Publications.

- World Bank (2021) *Financial Inclusion and Insurance: Supporting Resilience in Africa*. World Bank Publications.

- Yin, R.K. (2018) *Case Study Research and Applications: Design and Methods*. 6th ed. London: Sage Publications.

- Zablon, E., Matanda, J. and Mugabi, D. (2024) ‘Effect of Capital Adequacy on Insurance Penetration in Kenya’, *International Journal of Business Management and Technology*, 8, pp. 283–294.

- Zeleke, G., Mamaw, A., Fisseha, A. and Singh, R.N. (2018) ‘Image of the Insurance Industry in Society in Ethiopia’, *Srusti Management Review*, 12(2), pp. 1–10.

Appendices

Questionnaires

<u>Participant Information and Consent Form</u>

Title of Study:
Researcher: Mr. Manasseh Kawoloka, Doctor of Business Administration (DBA) Candidate
Institution: SSBM, Geneva
Supervisor: Dr. Prateek Modi

Purpose of the Study

You are being invited to participate in a research study that aims to explore the strategies used by insurance companies in Tanzania, the barriers that affect the adoption of insurance, and ways to enhance inclusive market growth. Your insights will help in understanding the practical and cultural factors that influence insurance penetration and in designing more effective and inclusive financial services.

Participation Details

- Your participation is **completely voluntary**.
- You are free to skip any question or withdraw from the study at any time, without any consequence.
- This questionnaire/interview is expected to take approximately **15–30 minutes**.
- The information you provide will be **anonymous and strictly confidential**.
- No names, identification numbers, or any personal data that could link your responses to you will be collected or published.

Confidentiality and Data Use

All responses will be stored securely and used solely for academic research purposes. The data may be published in research reports, academic journals, or presentations, but individual responses will not be identifiable.

Consent Statement

By proceeding with this questionnaire or interview, you confirm that:

- You have read and understood the information provided above.
- You voluntarily agree to participate in this study.
- You understand that your responses will remain anonymous and confidential.

If you have any questions or concerns about this study, you may contact the researcher at: mkawoloka@gmail.com

[ ] I agree to participate in this research study.
(Please tick this box or give verbal confirmation before proceeding.)

1. **Qualitative Questionnaire – Objective 1**

Section A: Organizational Strategy and Market Focus

1. How would you describe your organization's overall strategy in expanding insurance coverage?
2. Do you focus more on urban, peri-urban, or rural markets? Why?
3. How does your organization define financial inclusion in its operations?

Section B: Product Development and Innovation

4. What types of insurance products are being developed or adapted for new market segments?
5. Have you piloted any bundled or mobile-linked insurance products? If so, what has been your experience?
6. To what extent do cultural or religious factors influence your product design (e.g., Takaful)?
7. What barriers do you face when trying to innovate?

Section C: Distribution and Outreach Strategy

8. What are your main distribution channels (e.g., agents, CBAs, bancassurance, mobile)?
9. How do you ensure effective communication and education about your products to customers?
10. Are there specific strategies in place to serve informal sector workers or low-income groups?

Section D: Regulatory and Institutional Environment

11. How would you describe your interaction with regulatory bodies like TIRA?
12. Have regulatory policies enabled or restricted innovation in your experience?
13. Are current regulations sufficient to support new models like mobile or microinsurance?

Section E: Internal Capability and Strategic Alignment

14. What internal capabilities (e.g., IT, HR, compliance) support your innovation and outreach strategies?
15. Are there any internal barriers (e.g., board reluctance, legacy systems) to pursuing new strategies?
16. How are decisions made around inclusion and market expansion—are these strategic priorities?

Section F: Policy and Ecosystem Alignment

17. How aligned is your organization with national financial inclusion goals (e.g., NFIF)?
18. Do you see public-private partnerships as effective mechanisms for expanding reach?
19. What external supports or reforms do you believe are needed to scale inclusive insurance?

2. **Qualitative Questionnaire – Objective 2**

Section A: Personal Background (for contextualisation)

1. What is your role in relation to insurance? (e.g., agent, policyholder, regulator)
2. How long have you been involved with insurance (as a user or professional)?
3. What area do you operate in? (Urban/Rural)

Section B: Structural Barriers

4. What challenges do you or your clients face in accessing insurance services?
5. Are there any regulatory or institutional issues that make your work harder or confuse customers?

Section C: Socio-Cultural and Behavioural Barriers

6. How do people in your community perceive insurance?
7. Are there any religious or cultural beliefs that discourage people from buying insurance?
8. What role do traditional community systems (e.g., burial groups, savings circles) play compared to insurance?

Section D: Literacy and Comprehension

9. Do your clients understand the policies they are signing? What confuses them the most?
10. How do you explain coverage, claims, and exclusions to someone with low literacy?

Section E: Technological Access and Infrastructure

11. Are mobile phones or internet commonly used for insurance where you work?
12. What barriers do people face when trying to use mobile insurance platforms?

Section F: Provider Response Strategies

13. How do insurance providers respond to these challenges?
14. Have you seen any innovative or culturally adapted solutions that worked well?
15. What do you think could be done better to improve trust and uptake?

3. Quantitative Questionnaire – Objective 2

Section A: Demographics

Please provide the following background details.

1. **Age**: ____________
2. **Gender**:
   □ Male □ Female □ Other
3. **Education Level**:
   □ No formal education □ Primary □ Secondary □ Tertiary/Higher
4. **Occupation**:
   □ Informal worker □ MSME owner □ Farmer □ Student □ Unemployed
5. **Monthly Income** (approximate):
   □ < 50,000 TZS □ 50,000–150,000 TZS □ > 150,000 TZS
6. **Region**:
   □ Urban □ Rural

Section B: Insurance Experience

7. Have you ever purchased or used any insurance product?
   □ Yes □ No
8. Which types of insurance do you know about? *(Tick all that apply)*
   □ Health □ Life □ Motor □ Mobile microinsurance □ Other: _______

Section C: Perceptions of Insurance

Instructions: Please indicate how much you agree or disagree with the following statements. (1 = Strongly Disagree; 5 = Strongly Agree)

Item	**1 2 3 4 5**
9. I trust that insurance companies will honour claims.	□ □ □ □ □
10. I find insurance policies easy to understand.	□ □ □ □ □
11. I believe insurance is too expensive for people like me.	□ □ □ □ □
12. I believe insurance is useful and necessary for my family.	□ □ □ □ □
13. My religious or cultural beliefs discourage buying insurance.	□ □ □ □ □
14. I would rather rely on family/community help than buy insurance.	□ □ □ □ □

Section D: Technology and Access

Instructions: Indicate how much you agree or disagree.
(1 = Strongly Disagree; 5 = Strongly Agree)

Item	1 2 3 4 5
15. I own a smartphone.	□ □ □ □ □
16. I have regular internet access through mobile data.	□ □ □ □ □
17. I feel confident using mobile financial services (apps, USSD).	□ □ □ □ □
18. I have used mobile money to make payments or purchases.	□ □ □ □ □
19. I have received or been offered insurance via my phone.	□ □ □ □ □

Section E: Intent and Motivators

20. Would you consider buying any form of insurance in the next 12 months?
    □ Yes   □ No
21. What would make you more likely to buy insurance? *(Optional – Open-ended)*
