

Ensuring Disaster Risks in Tanzania: Improvement Needs and Options

The study aimed at characterizing the background and status of the insurance industry in relation to disaster risk management and analyzes the challenges and opportunities associated with insuring Disaster related risks in Tanzania as well as carrying out an analysis of improvement needs and options. Ten insurance companies both local and foreign in Dar es Salaam region were involved in the study. The study used case study approach and employed both qualitative and quantitative methods of data analysis. The study covered the 2004 to 2012 period. The study found that despite the fact that from the historical development of the insurance industry globally and in the country disasters were not insured as they were and are still considered as uninsurable because of the catastrophic nature and the significant cost they impose to a particular company when they are realized. It was also found that several challenges exist for the industry in covering disaster risks such as the reluctance of large reinsurance market players to invest in the development of small risk market. Also lack of regulatory frameworks, lacking data on disaster risk, a lack of a culture of risk financing, and Lack of insurance culture, Urbanization and unplanned settlements were identified as challenges, However the following some of the identified opportunities available in insuring disaster risks in Tanzania include the creation of a pool of large customer base for insurers providing disaster covers to bring business in the companies to increase income. This study concludes that, if people are taking or purchasing other forms of insurance policies, they can also purchase disaster related policies too and also there is a room to force people to purchase disaster insurance in risk areas by the government; this can be possible in risk areas which are sold by the government.

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