

Prospects and Problems of Co-operative Insurance in Tanzania
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Abstract

This study attempted to appraise the proposed Co-operative Insurance Company by examining its prospects and problems in view of the socioeconomic conditions in Tanzania. The state of the law governing commercial activities generally, and co-operative enterprises in particular, was one of these conditions. However, this was by no means the only one, nor was it the most important, since the law was a reflection of socio-economic relations in society in the area of production, exchange and reproduction. It was the of the various phenomena, in a historical process, which could give a comprehensive picture of the subject under investigation.

In examining the prospects and problems of the proposed company, therefore, account had been taken of the policy objectives, the economic of the co-operative movement as well as the relationship between co-operatives and other public institutions.

Three assumptions were made in this study. First, there existed need for insurance services among workers and peasants. Second, savings and credit cooperative societies (SACCOS), being sources of credit and also responsible for mobilizing for low-income earners, would act as channels for insurance services thus reducing the operation costs involved in employing agents. in order to keep to the co-operative spirit of democracy and service, an insurance co-operative society, as opposed to an insurance would more appropriate for the provision of insurance services to the majority of the people, especially those based in the rural areas.

It had been observed, however, that whereas there was need for insurance services due to the fact that the National Insurance Corporation Limited (NIC) could not fully exploit the potential, savings and credit co. operative societies could not provide such services. This was particularly so because of the SACCOS' present economic state and the legal controls within which they operated.

Consequently, the study recommended that a separate institution ought to be formed to provide insurance services to the rural based part of the population. Further, the results of this study tended to suggest that the 'company' form had some advantages over the 'co-operative society' form as an institution for insurance business.

One of the problems with the 'co-operative society' form was its tendency of being dominated by the apex organisation. Limitations put on it by law as regards the use or investment of its funds was also another hurdle. A company, controlled by the co-operative movement through shareholding and election of members to the board of directors, appeared to be the most appropriate option.