



## **HERITAGE INSURANCE POSITIONED TO COMPLETE IN MARINE CARGO INSURANCE**

Section 20 (1) of the Insurance Act prohibits placement of any Kenya insurance business other than reinsurance business with an insurer not registered and licensed to do business in Kenya. This includes cargo insurance for imports to Kenya. IRA and AKI have in the past unsuccessfully attempted to lobby for the implementation of this section of the Act.

In the 2016/2017 budget speech, the Cabinet Secretary for National treasury issued a directive for the implementation of this section. This is meant to support the insurances sector and the entire economy by bringing back premium which would otherwise be lost through CIF contracts. Further, it protects the Importers in the event of loss of cargo by making it easy to recover from local insurers.

There were fears by importers relating to ability of industry to underwrite marine cargo Insurance locally. This included lack of technical expertise, lack of capacity in terms of capitalization, lack of technological aspects like the systems and anticipated high costs of the marine covers. Through various engagements with stakeholders, these fears were arrayed and insurance companies have demonstrated passion for this business if the number of online marine portals launched by the market players is anything to go by.

Towards the end of 2016, there was a lot of engagement between stakeholders (IRA, AKI, and Kenya Maritime Authority) to come with a single electronic platform to facilitate this trade. After competitive review, the Kenya TradeNet system operated by Kenya Trade Network Agency (Kentrade) was selected.

Importers/ clearing agents and insurance companies are required to be registered on this platform to be able to transact. The marine cargo insurance (MCI) certificate will be applied for online by the importer/clearing agent who will specify the preferred insurance company. The insurance company

selected shall complete the MCI on the Kentrade system. This certificate shall form part of the required documents for cargo clearance by customs.

The insurance regulator (IRA) has also been critical in ensuring that all the relevant information on Marine Cargo Insurance cover is disseminated to the public. The IRA is also planning to hold stakeholder sensitization workshops across major towns in Kenya.

Three weeks into the implementation period insurance companies have recorded growing interest by importers and clearing agents on availability of this cover. More premiums will be generated and subsequent, the premium rates will stabilize. The expertise in marine insurance will improve leading to better services.

We at **HERITAGE INSURANCE**, understand the issues that impact your business, including just-in-time delivery, supply chain complexities and business interruption exposures. And we tailor our terms and conditions to suit specific transportation and protection needs. For more information on our Marine Cargo Insurance please contact [stephen.warui@heritage.co.ke](mailto:stephen.warui@heritage.co.ke) or [anne.njiru@heritage.co.ke](mailto:anne.njiru@heritage.co.ke)