Insurance firms tipped on marine cargo deals

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Shipping and Maritime Affairs PS Nancy Karigithu during the Marine Insurance breakfast meeting hosted by Britam in Nairobi yesterday /ENOS TECHE

Shippers and importers want insurance firms to install a 24-hour automated system interlinked to government clearing systems to facilitate mandatory local covers for lucrative imports business from January.

Through the Shippers Council of East Africa, shipping lines and traders yesterday said the insurance firms should urgently connect to the Kenya National Electronic Single Window System run by Kenya Trade Network Agency and Kenya Revenue Authority's Simba system.

The automated marine insurance clearing system should have an uptime of “99.9 per cent” for successful implementation of the local insurance for imports, the shippers said.

“Without connectivity, cargo owners will face an uphill task while acquiring local marine insurance,” chief executive Gilbert Langat said.

The National Treasury through the Finance Act 2016 successfully directed the KRA to enforce Cap 487 of the Insurance Act that requires all imports be covered locally.

The shippers also want insurance firms to reconfigure their systems to ensure settlement of claims and service-level agreements are clearly stipulated while procuring local marine insurance. The products should also be competitive to win deals for imports which tops Sh1.5 trillion annually.

“To implement marine insurance, the insurance industry must demonstrate both financial and technical capacity to undertake marine insurance locally. The industry must satisfy supply and demand to ensure that local marine is readily accessible,” said Langat.

He was speaking during a stake holders' forum which brought together shippers, importers, insurance sector and the Ministry of Transport.

Shipping and Maritime Affairs PS Nancy Karigithu called on insurance companies to partner with re-insurance firms to increase their capacity.

“Maritime claims are big, they could wipe out an individual company but I believe we have the capacity. It is time for companies to come together,” Karigithu said.

She noted that the new regulation will grow domestic premiums by about Sh20 billion annually, creating more job opportunities and growing the economy.

“Enforcement of Section 20 is a legal requirement, but we will walk together. We have a task force in place to ensure a smooth transition,” Karigithu said.

Britam Holdings managing director Benson Wairegi dismissed claims that the local industry lacks capacity to handle marine insurance.

He said the company, which has an 11 per cent market share of marine insurance, has created a portal to support uptake of marine covers.

“I want to alley any fears about capacity for the sector to provide the service,” said Wairegi.

Insurance Regulatory Authority data shows local gross premiums in 2014/15 were Sh2.7 billion and Sh2.9 billion respectively.

Kenya is estimated to repatriate Sh21billion to foreign firms annually.