

Insurers want a share of marine business

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Association Kenya Insurers CEO Tom Gichuhi. FILE | NATION MEDIA GROUP

In Summary

- The appetite for marine insurance by local firms comes at a time when the number of vessels docking at the Port of Mombasa is on the rise
- Association of Kenya Insurers says marine business is expected to continue expanding as more infrastructure projects are implemented in East Africa.
- The future for this segment of insurance looks bright on account of the ongoing set up of

Insurance companies are seeking to have part of the expanding marine business, which is largely dominated by multinational insurers.

The appetite for marine insurance by local firms comes at a time when the number of vessels docking at the Port of Mombasa is on the rise.

Association of Kenya Insurers chief executive officer Tom Gichuhi said Kenya was losing huge foreign exchange by having nearly all the marine business

inland mega infrastructure such as the standard gauge railway, roads and airports that are meant to open up the region for more business.

going to foreign firms yet the segment has been posting growth every year.

In the Insurance Industry annual report 2014 released last week, Mr Gichuhi said that the

association would work with players in the industry and the government to find ways of having local insurance companies participate in this class of cover that has become lucrative in recent years as more infrastructure projects are implemented.

“Players in the insurance industry and government institutions such as the Insurance Regulatory Authority, Kenya Revenue Authority, the Treasury will be working to see how this scenario can be changed.

EXPANDING

“Even if it means protecting certain classes or opening new lines of business, that is what will be done. The numbers we are seeing coming through the infrastructure projects such as Lapsset are insured outside the country to companies we do not even know,” he said.

Last year, firms offering marine insurance in Kenya earned Sh1.53 billion net income against Sh566,426,653 claims, translating to a loss ratio of 37 per cent, which is considered reasonable in the industry compared to other classes of business.

Mr Gichuhi said marine business was expected to continue expanding as more infrastructure projects are implemented in East Africa.

The region is expected to receive even bigger ships once the expansion of Mombasa port, the construction of Lamu port and Bagamoyo port in Tanzania are completed.

EXTRACTIVE INDUSTRY

The future for this segment of insurance looks bright on account of the ongoing set up of inland mega infrastructure such as the standard gauge railway, roads and airports that are meant to open up the region for more business.

“The underwriting of marine business, along with extractive industry and agriculture are among the emerging areas that the local insurance industry will be keenly interested in to increase penetration of the insurance business.

“We want the local insurance companies to participate and the government has taken the first step by increasing the minimum capital to strengthen the capacity of these companies to underwrite big business,” Mr Gichuhi said.

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