

Local underwriters seeking to capitalize on new \$296m marine cargo market

By **Staff Reporter** - October 10, 2016

213



1

Local insurance firms are seeking to reap big from the new insurance law, section 20 of the Insurance Act, which requires all importers to have local marine cover from January next year.

UAP Old Mutual Group and Sanlam Kenya are some of the companies which have expressed interest saying they are ready to take on the Kshs Sh30 billion marine cargo insurance market by issuing cover to traders.

Sanlam Kenya Group CEO Mugo Kibati said the local firm will be tapping Sanlam Group's century-old technical experience and financial muscle to deliver cover for its clients. Sanlam Marine is the largest such insurer in Africa.

The new Marine Cargo Insurance (MCI) regulations will place marine business exclusively with locally registered underwriters.

According to UAP Old Mutual, the firm has capacity to underwrite up to \$250 million (Sh25 billion) in any one risk location. This is after the parent South African group unveiled Specialty Insurance in conjunction with Old Mutual Specialty Insurance.

"Importers have traditionally preferred to use foreign firms especially when importing cargo such as mining and construction equipment. We believe the law will help buyers avoid the associated risks," said UAP Old Mutual Group chief executive Peter Mwangi.

Sanlam on the other hand said with Kenya Ports Authority's expansion of cargo holding facilities at Kilindini harbour there is need for specialist value-added services such as marine and related portside risk solutions.

Through its general insurance subsidiary Sanlam General Insurance, the firm provides value-added risk covers for local and multinational clients importing or exporting products.

"Our expertise in this unique field provides us with a meticulous understanding of marine and contemporary port operating risks. From ship, cargo damage, container terminal and maritime

construction risks, to natural catastrophes and piracy, all these risks are covered," said Mr Kibati.

Industry estimates show that if implemented, the new law will push marine cargo insurance premiums handled by Kenyan underwriters from Sh2.9 billion last year to over Sh20 billion in the coming year. About 90 per cent of cargo import insurance is currently handled by foreign firms with importers usually paying the premiums as part of a package (Cost, Insurance and Freight- CIF) to the exporter who handles the underwriting.