



MCI BREAKFAST MEETING TUE 27.9.2016 NAIROBI:

ISCOS BRIEF FOR THE MEDIA

Kenya Takes a Bold Step to Retain Kshs 20 Billion a year through Marine Cargo Insurance (MCI)

Kenya is set to save over 20 billion Kenya shillings a year, lost in Marine Cargo Insurance placed with foreign firms abroad for Kenyan business. This was revealed by the Secretary General of the Inter-Governmental Standing Committee on Shipping (ISCOS), Mr. Kenneth Mwige during a breakfast briefing held at KRA Convention Centre, Nairobi on Tuesday 27th September this year.

At the function presided over by the Cabinet Secretary for Transport Mr. Macharia, who was represented by the Principal Secretary (State Department of Shipping and Maritime Affairs), Mrs Nancy Karigithu, Mr. Mwige said the break through comes after a relentless campaign by ISCOS and other stakeholders in the Transport and Insurance sectors, especially on appropriate use of INCOTERMS, and the quick appreciation of the gravity of the matter by the Government of Kenya. During Kenya budget session this year, Treasury Cabinet Secretary, Mr. Henry Rotich, directed the Kenya Revenue Authority to work with the relevant stakeholders to ensure that section 20 of *The Insurance Act*, Cap. 487, Laws of Kenya is implemented. The section of the law prohibits placement of Kenyan Business with non-Kenyan or foreign insurance markets except under certain circumstances. Immediately, a Marine Cargo Insurance Implementation Taskforce involving Kenya Revenue Authority (KRA), Insurance Regulatory Authority (IRA), Association of Kenya Insurers (AKI), Attorney General, KIFWA and other stakeholders was formed on 6th June 2016 under the leadership of the Permanent Secretary, State Department of Shipping and Maritime Affairs, Ministry of Transport, Infrastructure, Housing and Urban Development, with ISCOS coordinating the deliberations. The breakfast briefing was meant to flag off a new era in Marine Insurance in Kenya, with stakeholders earmarking 1st of January 2017 as the full

enforcement date, but preceded by a 3 month window from 1st October, 2016 to enable the industry consult further, adjust and prepare accordingly.

“MCI has been a ‘low-hanging-fruit’ for quite a long time! With the expectation that Kenya imports will hit between 2.0 to 2.2 trillion Kshs by 2020, Marine Cargo Insurance (MCI) is envisaged to be Kshs 28 to 30 billion annually, which is enormous by all standards” emphasized Mr. Mwige.

These savings are likely to boost not only the Insurance Industry, but also other sectors in the economy, through the multiplier effect; and create job opportunities and avoid losses resulting from fraudulent or substandard Insurance covers. In operational terms, making an insurance claim locally is much easier than from an insurer abroad, in addition to giving insurers better opportunities for negotiating better terms. Securing Marine Cargo Insurance locally will also compensate significantly the loss the insurance industry has been making in other insurance covers.

ISCOS, which is at the center of driving this initiative in the region, is an Inter-Governmental body established by the Governments of Kenya, Tanzania, Uganda and Zambia to protect their Shipping and Maritime interests in the region. Over the years, ISCOS has made huge contributions to the Shipping and Logistics industry, forming shippers’ councils throughout the region, sensitizing shippers, managing freight rate negotiations with the shipping lines and offering expert advice to the Governments on matters of shipping, ports, logistics and International trade in general.

For many years, ISCOS, in collaboration with other stakeholders in the industry has been spearheading national and regional trainings to business community on the benefits of appropriate use of International Commercial Terms (commonly known as INCOTERMS) to the individual and the nation at large. Shippers who have been applying the knowledge have been making significant savings by having more control on their shipments.

Additionally, ISCOS has been lobbying member states and the region at large, to implement laws which promote placing Marine Cargo Insurance locally so as to boost the Local Insurance Industry and save millions of foreign currency per year. Kenya has set the pace, and it is our intention to work closely with our other Member States so that the necessary laws on MCI are smoothly enforced at the earliest possible time.

Mrs. Nancy Karigithu, PS State Department of Shipping and Maritime Affairs, Ministry of Transport, Infrastructure, Housing and Urban Development called upon all

stakeholders to embrace the initiative as it would be a big saving to the Economy. She paid tribute to the task force for the job well done.