

TRADE FACILITATION COMMITTEE MEETING 31.10 TO 1.11.2016, MOMBASA



**MARINE CARGO INSURANCE
REFORMS**



INTRODUCTION

- ❖ ISCOS EFFORTS ON CAPACITY BUILDING TO SHIPPERS ON BEST INTERNATIONAL TRADE PRACTICES, ESPECIALLY ON INCOTERMS
- ❖ 11 INCOTERMS: EXW, FAS, FCA, FOB, CPT, CFR, CIP, CIF, DAT, DAP, DDP
- ❖ TRADITIONAL PRACTICE:
 - IMPORT: CIF , EXPORT: FOB
 - ISCOS ADVOCACY: IMPORT CFR, EXPORT FOB

POTENTIAL MARINE CARGO INSURANCE (MCI) VOLUMES

		2011	2012	2013	2014	2015	TOTAL
KENYA	IMPORTS	175.76	195.14	196.93	220.88	192.82	981.53
	EXPORTS	86.58	91.89	87.49	91.67	88.77	446.4
TANZANIA	IMPORTS	134.21	140.59	150.30	152.29	176.47	753.86
	EXPORTS	56.82	66.57	52.95	68.46	70.25	315.05
UGANDA	IMPORTS	67.57	72.53	69.81	72.88	66.34	349.13
	EXPORTS	25.91	28.29	28.89	27.14	27.20	137.43
ZAMBIA	IMPORTS	86.13	105.66	121.94	114.47	99.36	527.56
	EXPORTS	108.01	112.38	127.13	116.25	104.85	568.62
TOTAL		740.99	813.05	835.44	864.04	826.06	4079.58

'LOW HANGING FRUIT', ISN'T ???

- INSURANCE LAWS IN MEMBER STATES PROHIBIT TO PLACE NATIONAL BUSINESS ON INSURER NOT REGISTERED UNDER THE ACT, UNLESS PERMITTED IN WRITING BY THE COMMISSIONER
- KENYA SHOWED THE WAY TO IMPLEMENT SECT. 20 OF INSURANCE ACT

DIRECTIVE BY CS, NATIONAL TREASURY- BUDGET 2016/17 speech, para 67

- *“Further Mr. Speaker, and in order to support the insurance industry in Kenya, Section 20 of the Insurance Act expressly prohibits placement of “Kenyan Business” with non-Kenyan or foreign insurance markets except under certain circumstances. Despite the existence of the law, imports into Kenya continue to be on a Cost, Insurance and Freight basis instead of Cost and Freight basis. In effect Mr. Speaker, this denies insurance companies registered in Kenya huge business that could substantially benefit the industry and the economy as well. To address this Mr. Speaker, I am directing the Kenya Revenue Authority to work with the relevant stakeholders to ensure that this part of the law is implemented. Mr. Speaker, this will also be beneficial to Kenyan importers who under the current practice have limited recourse if anything happens to their imports before they arrive in the country”.*

CONSEQUENTLY, TASK FORCE !

- CHAIR: PS MINISTRY OF TRANSPORT
- SECRETARIAT:ISCOS
- IMPLEMENTATION DATE: 1.1.2017
- EXPECTED OUTCOME: REALIZING USD 200 Million/YEAR, OF WHICH MORE THAN 90% PAID ABROAD IN FORM OF MCI
- ISCOS WORKING WITH OTHER COUNTRIES TO REACH THE STAGE WHERE KENYA HAVE REACHED ON MCI

BENEFITS ARE MANY !

- insurance policy assurance and authentication
- Better rates/terms negotiation possibilities
- Claim settlement made easy
- No more remittance and exchange rates loses
- More jobs created
- government tax base enhanced
- More sectors benefit through multiplier effect

NEED WE SAY MORE ?!?

THANK YOU !