

# **PRESENTATION TO UGANDA LAW SOCIETY ON EMERGING ISSUES**

**PRESENTATION BY  
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# CONTENT OF THE PRESENTATION

- BANCASSURANCE
- OIL AND GAS
- COMUPSLORY MARINE CARGO AND GOODS IN TRANSIT INSURANCE
- THE NEW MOTOR THIRD PARTY INSURANCE PAYMENT PLATFORM

## A: BANCASSURANCE

- Definition of Bancassurance
- License Application requirements & Process
- General Rules for Bancassurance Business
- Key personnel engaged in Bancassurance

# Definition of Bancassurance agent

- Under Section 2 of the Insurance (Bancassurance ) Regulations ,2017
  - **Bancassurance Agent** means a financial institution authorized by the Authority to conduct bancassurance business under these regulations .
  - **Bancassurance business** means an arrangement between a financial institution and an insurer under which the financial institution distributes to its customers and prospective policy holders ,through its distribution channels ,Insurance products or services of the insurer and includes an arrangement under which :
    - a) a financial institution acts as an agent for the Insurer ;or
    - b) a financial institution enters into a group of contract or a master Insurance contract, as a bancassurance agent ,with the intention that the customers of the financial institution or a class of them obtain insurance cover

# The License Application Process & Requirements

- A resolution of the governing body of the financial institution that the financial institution may conduct Bancassurance business.
- A letter of no objection issued by Bank of Uganda .
- A bancassurance agency agreement between the financial institution and an insurer.
- A duly filled fit and proper requirements questionnaire for the Bancassurance Principal officer.
- Applications of the persons to be authorized to act as the Principal officer and Specified persons accompanied by the curriculum vitae and the academic qualifications of those personnel.
- Evidence of professional Indemnity insurance and fidelity Insurance for the principal officer and the specified person.
- Evidence of payment of the application fees to the authority.

## General rules for Bancassurance business

- a) An insurer and not a bancassurance agent shall present a bancassurance product or service to the Authority for approval.
- b) A bancassurance agent shall not develop or package an insurance product or service without the insurer specified in the bancassurance agency agreement.
- c) A bancassurance agent shall not offer for sale a bancassurance product or service that is not authorized by the Authority.

## General Rules Continued

- d) a person other than the Principal Officer and a specified person shall not solicit, procure or facilitate bancassurance business on behalf of a bancassurance agent.
- e) a specified person shall be responsible for the bancassurance business at only one branch of the bancassurance agent .
- f) There should be establishment of complaints settling mechanism and decisions made within 21 days of filing of complaint.

# THE BANCASSURANCE PRINCIPAL OFFICER

- A person **qualifies** to be authorized to be the principal Officer of a bancassurance agent where the person:
  - i. is not a director of any insurer or an agent of any insurer, other than the insurer authorized under these regulations
  - ii. meets the fit and proper requirements prescribed by the authority
  - iii. holds a bachelors degree and has working experience of at least 4 years in insurance in the areas of underwriting ,claims ,finance or regulation or a bachelors degree and a diploma in insurance from the chartered insurance institute of the United Kingdom or equivalent.
  
- The principal officer of a bancassurance agent shall be **responsible** for the operations of the bancassurance business and the representative of the bancassurance agent in all matters relating to the business of the bancassurance agent.



# THE SPECIFIED PERSON

- A person qualifies to be authorized to be the specified person of a bancassurance agent where the person:
  - i. is not a director of any insurer or an agent of any insurer
  - ii. is proved to be a person of Integrity
  - iii. holds a diploma in any field of study or its equivalent recognized under the relevant laws and a certificate of insurance
- A specified person may hold a certificate of proficiency in insurance instead of a certificate in insurance but shall be required to acquire a certificate in insurance in the next 3 years.
- A specified person shall be responsible for soliciting and procuring insurance business on behalf of the bancassurance agent

# B THE DRAFT INSURANCE (OIL AND GAS) REGULATIONS, 2020

Presentation To The Board of The Insurance Regulatory  
Authority of Uganda



# Presentation Content

- ▶ Objectives of the Regulations
- ▶ Implications of the Regulations

# Introduction & Background



## INSURANCE SECTOR

**S.9(3)** of the Insurance Act makes it mandatory for all local risks and persons to be insured by insurance companies licensed by the Authority.

**S.74 (6)** obligates insurers to first place reinsurance business with a company licensed by the Authority, to the maximum extent possible, before placement of the business outside Uganda.

Oil & Gas risks are too enormous to be adequately insured in Uganda thus the need to form an insurance consortium to foster consolidation of the financial and technical capacity required of insurance companies.

## ENERGY SECTOR

The Petroleum (Exploration, Development And Production) (National Content) Regulations, 2016 provides for services to be provided by Ugandan companies, Ugandan citizens and registered entities. Insurance is not listed.

The Petroleum Authority of Uganda revealed need for a regulatory framework for insurance of oil and gas risks as a prerequisite to have insurance added as a service to the schedule.

The Authority embarked on the process for formation of the required regulatory framework.

# The Petroleum (Exploration, Development And Production) (National Content) Regulations, 2016;

*The Schedule (List Of Goods And Services To Be Provided By Ugandan Companies, Ugandan Citizens  
And Registered Entities - Regulations 10 (1) & (2)*

1. Transportation
2. Security
3. Foods and beverages.
4. Hotel accommodation and catering.
5. Human resource management.
6. Office supplies.
7. Fuel supply.
8. Land surveying.
9. Clearing and forwarding.
10. Crane hire.
11. Locally available construction materials.
12. Civil works.
13. Supply of locally available drilling and production materials.
14. Environment studies and impact assessment.
15. Communications and information technology services.
16. Waste management, where possible.



# Objectives of the Regulations

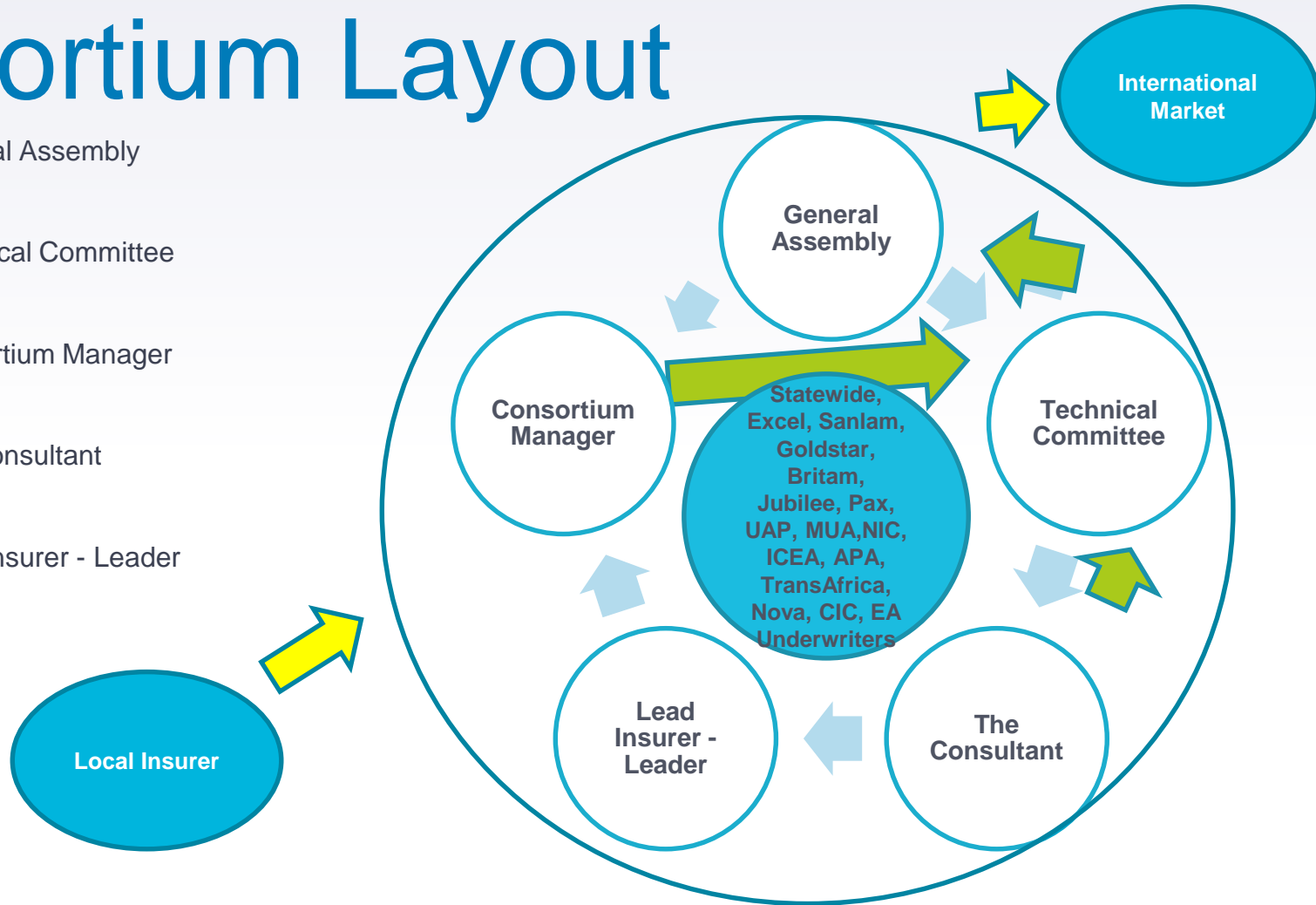
- ▶ Establish standards for the conduct of business in the insurance of oil and gas by insurers and reinsurers;
- ▶ Facilitate and consolidate the financial and technical capacity of the Ugandan insurers to participate in the underwriting of oil and gas risks;
- ▶ Enable local retention and effective spread of risks amongst Ugandan insurers and reinsurers;
- ▶ Protect the interests of Ugandans and enhance local capacity in tandem with local content requirements;
- ▶ Provide an arrangement that is fair, open and equitable for participation of other insurance intermediaries in the oil and gas sector in Uganda.

# Implications of the Regulations

- ▶ Insurance Services shall be ring-fenced for Ugandan Companies under The Petroleum (Exploration, Development And Production) (National Content) Regulations, 2016.
- ▶ Local insurers shall be able to reasonably engage in underwriting of oil and gas risks (BUBU) thus increased premium retention.
- ▶ Local capacity of Ugandans (companies & people) shall be enhanced. More insurance jobs etc.
- ▶ Increased retention of premiums thus increase in IRA annual contribution.
- ▶ Operations of the Insurance Consortium for Oil & Gas (ICOG) will be regularized.

# Consortium Layout

- ▶ General Assembly
- ▶ Technical Committee
- ▶ Consortium Manager
- ▶ The Consultant
- ▶ Lead Insurer - Leader





# C: COMPULSORY MARINE CARGO INSURANCE AND GOODS IN TRANSIT INSURANCE

## CONTENT

- What is Marine Cargo Insurance and Goods In Transit Insurance ?
- Why Compulsory Marine Cargo Insurance ?
- What measures have been undertaken to implement Marine insurance ?

# WHAT IS MARINE CARGO AND GOODS IN TRANSIT INSURANCE ?

## MARINE CARGO INSURANCE

This is a class of property Insurance that insures property while in transit against loss or damage arising from perils associated with the navigation of the Sea or air and subsequent land and inland water ways.

## GOODS IN TRANSIT INSURANCE :

The policy insures Goods which are in transit usually by Road or Rail

# WHY COMPUSORY MARINE CARGO AND GOODS IN TRANSIT INSURANCE?

- According to the Research carried out by the Inter Government Standing committee on shipping (ISCOS) approximately US dollars 335million was lost to foreign countries by Uganda's economy between the period of 2009 and 2013 caused by :
  - Weak enforcement of Section 9(2) and (3) of the insurance Act that mandates that all imports should be insured by companies licensed locally
  - insurance of Marine cargo by locally licensed

# WHY COMPULSORY MARINE CARGO AND GOODS IN TRANSIT INSURANCE CONTD

- Insurance of Marine cargo by locally licensed companies in Uganda is not compulsory
- Little knowledge and poor application of INCOTERMS by majority of the importing shippers while dealing with Cost Insurance Freight( CIF ) . and C & F)

# MEASURES UNDERTAKEN TO IMPLEMENT COMPULSORY MARINE CARGO AND GOODS IN TRANSIT INSURANCE

- . The Ministry of Finance issued a directive that Uganda Revenue Authority works with Insurance regulatory authority to implement the compulsory Marine Cargo Insurance with effect from 1<sup>st</sup> July 2020
- . A dedicated e-portal has been developed to act as an interface platform between the insurer .

# MEASURES UNDERTAKEN TO IMPLEMENT MARINE CARGO AND GOODS IN TRANSIT INSURANCE CONTINUED

- The portal will be linked to URA's Single Window platform and ASCYUDA platform as the gate keeper of all customs clearance to enforce compliance

# D: NEW MOTOR THIRD PARTY INSURANCE PAYMENT PLATFORM

## INTRODUCTION :

IRA working with URA ,the Ministry of Works and and transport and the Uganda Insurers Association , developed a Mobile Payment Platform to stream line the operations of Motor Third party Insurance in the country

# NEW MOTOR THIRD PARTY INSURANCE PLATFORM CONTINUED

- Effective 1<sup>st</sup> July 2020, the payment of Motor Third Party Insurance has been digitized (new Mobile Payment Platform ) and Motorist can easily buy Insurance for their vehicles and or Motorcycles via mobile phones



# BENEFITS OF THE NEW MOTOR THIRD PARTY INSURANCE PLATFORM

- Ensure that all vehicles are issued with genuine Motor Third Party insurance and eliminates forgeries .
- Enable Motor Third Party insurance make appropriate insurance premium .
- Improve Motor Third Party insurance claims management process through accurate data generated on a daily basis
- Ensure Insurance Companies offer quality services to customers

# HOW TO MAKE PAYMENTS

- MTN
  - Customer dials x165#
  - Select payments
  - Select 5 fees and taxes
  - Select 5 Motor Third party
  - Follow the prompts
  - Customer presents sticker reference Number to any licensed insurance Agent and sticker will be issued

## HOW TO MAKE PAYMENTS CONTINUED

- AIRTEL ( Some administrative challenges are being resolved . They are currently not connected )
- Customer dials \* 185 #
- Select 7 Financial services
- Select 6 Insurance
- Select 1 Motor third party
- Follow the prompts
- Customer presents Sticker reference Number to any licensed Insurance Agent and sticker will be issued automatically

# CONCLUSION

THANK YOU

FOR

LISTENING