

Commercial Court Flags Rising Insurance Disputes, Urges Clarity and ADR Adoption

The Commercial Division of the High Court has raised concern over the growing number of insurance-related disputes reaching the courts, urging insurers and brokers to improve policy clarity, strengthen documentation, and embrace alternative dispute resolution (ADR) to reduce litigation.

Speaking during an engagement with insurance industry CEOs in Kampala, Justice Thomas Ocaya said the majority of disputes stem from policy ambiguity, delayed compensation, non-disclosure, fraud allegations, and disagreements over claims assessment.

He said the Commercial Court is currently handling a wide spectrum of insurance disputes including four construction-related cases, three motor vehicle insurance claims, one life insurance matter, one bank insurance dispute and a customs bond policy case.

The court is also handling one negligence claim, a fraud-related machinery cover dispute, a trade-related claim, a loan cover disagreement, two subrogation cases, one reinsurance matter, three appeals, and seven suits where insurers have been brought in as third parties.

Justice Ocaya explained



Justice Ojaya Thomas Ojelle Rubanga of the Commercial Court

that in many third-party cases, insurers are joined to indemnify defendants once judgment is entered against them. However, he noted that insurers retain the right to defend the suit or deny liability where contractual terms are breached.

He contrasted the court's 27 current cases with over 100 complaints registered at the Insurance Regulatory Authority (IRA), noting that most disputes are successfully resolved at the regulatory level, with only a few escalating into full litigation.

"These figures show that the regulatory processes are working. The few that

spill over to the Commercial Court reflect areas where interpretation, liability, or procedure is contested," he said.

Justice Ocaya identified policy ambiguity as a major trigger of disputes, urging insurers to simplify contracts and ensure clients clearly understand their obligations.

"At the point of entering into insurance contracts, parties must fully understand their responsibilities. Lack of clarity creates unnecessary conflict," he said.

He added that courts are giving increasing weight to reciprocal duties of good faith, stressing that insurers

must not only demand full disclosure from clients but also discharge their own obligations promptly and transparently.

Courts, he said, are now inclined to award general damages for bad-faith conduct, including undue delay, poor claim handling, and mishandled documentation.

Justice Ocaya emphasised that judicial precedents play a vital role in clarifying policy interpretation, strengthening regulatory compliance, and guiding future contract drafting.

"Court decisions help the industry understand what

the law expects. They offer predictability and help shape better practices," he said.

He reviewed several recent cases touching on non-disclosure, misrepresentation, fraud, marine cargo disputes, fire damage claims, motor vehicle insurance, medical insurance, and goods in transit. Many of these cases hinged on documentation gaps, late notification, unclear exclusions, and poor claim assessment.

Justice Ocaya strongly encouraged insurers to embrace mediation and other forms of ADR, describing them as faster, cheaper, and more effective than full trials.

"Leave egos out of the room. ADR can help you recover value quickly instead of chasing unenforceable judgments. You regain control of the outcome," he advised.

He challenged insurers to improve case management, strengthen documentation

trials, and regularly follow up with clients to ensure policy compliance.

Ambrose Kibuuka of ICEA Lion General praised the court's efficiency, noting an average turnaround time of two years or less, which he described as a good starting point.

"The emerging trends such as policy ambiguity, unsupported fraud allegations, and delayed claims, give us guidance on how to improve. Hearing this directly from a senior judge is extremely valuable," he said.

Asked about the sector's performance, Kibuuka noted that the market has shown resilience despite weather-related shocks and a challenging macroeconomic environment.

"Companies have continued to post growth and meet major weather-related claims. The sector is resilient, we only need to scale deeper into the market," he said.

Edward Nambafu, CEO of Minet said the engagement highlighted the critical role brokers must play in preventing policy disputes.

"When policy wording is vague, brokers must step in. We can only protect clients if we fully understand the policies we recommend," he noted.



Ambrose Kibuuka, CEO, ICEA Lion General