

## NEWS

# Why marine insurance is becoming the new battleground for Uganda's cargo trade



**Kenneth Ayebare, chairman, UCCA and Peter Makhahu, managing director Liberty General Insurance Uganda**

In Uganda's fast-moving cargo economy, marine insurance is no longer a technical detail tucked away in shipping documents. It is increasingly becoming a frontline issue in the battle to keep trade moving, costs contained and businesses protected.

That shift came into sharp focus after the Uganda Cargo Consolidators Association (UCCA) signed a Memorandum of Understanding with Liberty General Insurance Uganda, a move industry players say could reshape how cargo is insured, cleared and managed across the country's import chain. For UCCA chairman Kenneth Ayebare, the partnership is not about forcing traders into insurance. It is about creating a system that is easier to use, easier to understand and more aligned with the realities of business.

"This MOU is not intended to force insurance cover onto our members. Rather, it is meant to create a framework of cooperation focused on accessibility, convenience and awareness," Ayebare said.

In a sector where efficiency is everything, he said convenience will determine whether marine insurance becomes part of everyday trade practice or remains a reluctant compliance exercise. "If Liberty demonstrates convenience, efficiency and value to our members, then naturally members will be encouraged to take up insurance solutions," he said.

That argument lies at the heart

of the new partnership: insurance should not feel like an added burden in an already complex logistics chain. It should feel like part of the solution.

## The cost of delay

For Liberty General Insurance, the business case is equally clear. Managing director Peter Makhahu says many importers are already paying more than they should because insurance is arranged too late.

"Too many traders are currently incurring a 1.5% surcharge simply because insurance is arranged late," Makhahu said.

He contrasted that with marine insurance premiums that can go as low as 0.2% to 0.4% of cargo value. "Why lose 1.5% when you can insure at 0.4%? This is about making smarter business decisions and reducing unnecessary costs while protecting your goods throughout the journey," he said.

That price gap is one reason the issue has moved from the back office to the centre of trade policy. For traders working on tight margins, even a small percentage can determine whether a shipment is profitable or painful. In that sense, marine insurance is no longer merely about compliance. It is about commercial survival. Yet cost alone will not drive uptake. Industry leaders admit that marine insurance remains unfamiliar to many traders and consolidators, especially smaller operators who are already navigating

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customs, shipping, taxation and documentation pressures.

Ayebare said education must come before enforcement.

"Marine insurance is still a relatively new concept for many people. People must first understand what they are joining before committing themselves," he said.

That is why, under the agreement, Liberty Insurance will not only sell products but also explain them. It will participate in UCCA functions, train members and visit offices to walk traders through what marine insurance covers, what it excludes and how claims are handled.

"Liberty Insurance will participate in our functions and organise training sessions for members. Their teams will visit offices and explain what marine insurance is, its advantages, its limitations, and how claims work," Ayebare said.

That educational approach is important in a market where mistrust often grows from misunderstanding. In trade and insurance alike, clarity can be as valuable as cover itself.

## Risks that are no longer distant

The urgency around marine insurance is being sharpened by the realities of today's trade environment. Cargo is moving through corridors that are exposed to geopolitical shocks, regional instability, theft, accidents and route disruptions.

Ayebare pointed to the Persian Gulf and election-related disruptions in neighbouring Kenya as examples of events that can throw trade

schedules off balance.

"We have seen instability in areas like the Persian Gulf and periodic disruptions during elections in neighbouring countries such as Kenya. Cargo gets delayed, trucks are damaged, goods are stolen, and businesses suffer losses," he said.

The point, he added, is that these are not rare events anymore. They are part of the risk landscape for Uganda's import economy.

That reality changes the logic of insurance. What used to look like an optional business expense is fast becoming a necessary shield against losses that can wipe out working capital and disrupt contracts.

Still, consolidators are making one thing clear: compliance must not become a second burden. For a sector already dealing with customs checks, documentation and multiple regulatory touchpoints, any new insurance process must be simple, fast and practical.

Ayebare used the customs system as a cautionary comparison.

"We sincerely hope insurance will not introduce another 50 forms on top of what Uganda Revenue Authority already requires. If every customs entry already requires extensive documentation, then adding another layer of complicated paperwork would make the process impossible," he said.

That concern reflects a broader truth about the trade sector: reforms succeed only when they reduce friction rather than add to it. If compliance slows down business,

traders will resist it. If it speeds up business, they will embrace it.

## The push for a smarter trade system

The marine insurance partnership is also part of a wider push to modernise Uganda's cargo movement through digital integration. Ayebare said discussions with the Uganda Revenue Authority are already underway to allow pre-arrival data sharing so that cargo processing begins before goods physically reach the country.

"We are working on a system where data is shared before goods reach the country. Instead of waiting 45 days for cargo to arrive from Baltimore to Mombasa before processing begins, we want processing to start earlier in the chain," he said.

The logic is straightforward: the earlier the data is shared, the quicker the clearance. That would reduce delays, lower storage costs and make cargo movement more predictable.

"The goal is simple – reduce processing time from several days to potentially just one day at transit points," Ayebare said.

That ambition points to a larger transformation in Uganda's logistics sector, where customs, insurance and standards agencies are increasingly being asked to work as one system rather than separate institutions.

## A sector under pressure to modernise

The Uganda National Bureau

of Standards is also part of the broader conversation, particularly around pre-verification of imports to ensure quality compliance before goods enter the market. Together, these changes suggest a trade ecosystem moving away from fragmentation and toward integration.

Liberty Insurance has positioned itself inside that shift by promising simpler products, faster claims handling and systems that reflect how consolidators actually operate. For Private Sector Foundation Uganda vice chairperson Sarah Kagingo, the broader lesson is that economic progress now depends on collaboration between business and policy institutions.

"We work collaboratively because our goal is to create opportunities, expand markets, and strengthen Uganda's competitiveness," Kagingo said.

She noted that Uganda's relative macroeconomic stability, including low inflation and a stable currency, gives businesses a firmer base for investment and planning.

"Uganda continues to benefit from macroeconomic stability, including low inflation and a relatively stable currency. These factors are essential because they give businesses predictability, which is the backbone of investment and long-term planning," she said.

The road ahead

The real test of the UCCA-Liberty deal will be execution. Marine insurance could become a routine part of cargo movement in Uganda – simple, affordable and widely accepted – if the industry balances compliance with convenience.

If that balance is not achieved, traders may continue to see insurance as a cost to be avoided rather than a safeguard to be embraced.

For now, the direction of travel is clear. Uganda's cargo trade is entering a new phase where insurance is not just about what happens when goods are lost. It is about how trade is protected before the loss ever happens.

As Ayebare put it, the challenge is not whether the law exists.

"The reality is simple. Once a law is enacted, we must comply. The question now is how we make that compliance practical, efficient and workable for everyone," he said.