

# We have reformed insurance sector, says Finance Committee chairperson

By Henry Sekanjako

**T**he Finance Committee of Parliament is one of the key committees that shape policy, especially on financial matters. The committee chaired by Rubanda East MP Henry Musasizi, accounted for 50% of the Bills passed by the August House, in the last one year.

One of the many Bills that the committee stands tall and proud of is the Insurance Amendment Bill that regulates the operations of the insurance sector in Uganda.

"Having this law through was a big milestone for us. It is because of this regulatory framework, that we are seeing banks such as Stanbic signing memorandum of understanding with the Insurance Regulatory Authority. We are proud to have facilitated this process," Musasizi, the committee chairperson, boasted.

The Insurance Act establishes an insurance appeals tribunal and an insurance policy holder's compensation fund to be used to compensate policy holders of an insolvent insurer.

The law also shifts the responsibility of supervising the insurance commission from Bank of Uganda to the finance minister.

The Bill repealed the Insurance Act Cap.213; and replaced the law relating to insurance, in order to provide for regulation of insurance businesses, to continue the existence of the Insurance Regulatory Authority as the body responsible for regulation of insurance businesses and to provide for related purposes.

## A NUMBER OF FOREIGN INSURANCE COMPANIES HAVE ENTERED UGANDA MAINLY THROUGH MERGERS AND ACQUISITIONS

"The enactment of this law has greatly changed the insurance sector in Uganda, and as a committee, this is a great achievement," Musasizi added.

A report released recently, by a financial services firm, Ernst and Young, indicated that Uganda's insurance industry is expected to grow by 8.2% in the next two years.

This is attributed to the favourable investment climate that has encouraged several foreign players to join the market mainly through mergers and acquisitions.

According to the report, a number of foreign insurance companies entered Uganda mainly through mergers and acquisitions. Liberty Insurance, a South African-based company, bought 51% shares from East African Underwriters; Old Mutual and UAP merged while Prudential bought Goldstar Life Insurance.

However, according to Musasizi, it is the favourable insurance regulatory framework, passed by Parliament that is helping the insurance sector in Uganda grow.

### Tax exemption on SACCOS

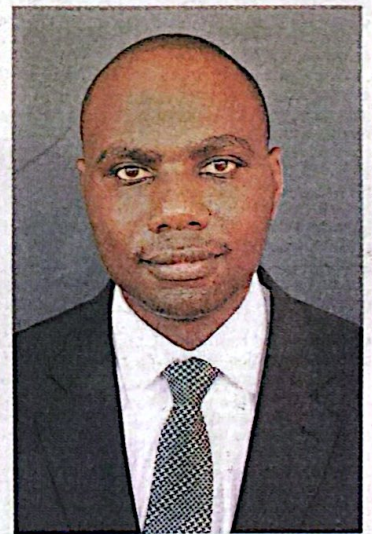
For improved financial inclusion and income equality among Ugandans, the committee recommended the exemption of Income Tax on Savings and Credit Co-operative Societies (SACCOS) in the country to help Ugandans access credit.



A group of young men browsing betting websites. The finance committee passed a Bill to regulate gambling



The finance committee wants a Bill liberalising the pension sector passed



Henry Musasizi

According to Musasizi, Parliament wanted to encourage growth and financial inclusion, especially for people in rural areas.

"This tax was in a way a limiting factor, so removing it helped these SACCOS grow their savings and invest them in productive areas," he noted.

Under the Tier 4 Regulatory framework, the Government is able to regulate and govern the registration of SACCOS and ensure they carry out annual audits of their accounts.

The regulation also helps to ensure that micro-finance institutions spread out to the poor and rural areas of the country.

The regulations scrutinised by the committee also protect finances of members in SACCOS.

Besides the above laws, the Finance Committee which is responsible for approving and scrutinising the budget for the finance ministry also considered other Bills like the

Anti-Money Laundering Bill 2016, a number of tax Bills, including the Income Tax Bill, which are used to spell out the fiscal targets for the Government.

Other Bills that the committee has worked on include the Gaming and Lottery Bill as well as providing oversight to the office of the Auditor General to ensure proper accountability of government institutions.

"We are a policy committee and most of our work focuses on policy formulation, especially on financial issues," Musasizi explained.

### Challenges

Like other committees of Parliament, the committee chairperson cites delays and lack of coordination on the side of some stakeholders, which affects and delays consideration of key Bills.

One of the important Bills that the committee

says has been delayed is the Retirement Benefits Bill which seeks to liberalise the pension sector, to allow new players in the sector.

### The committee's priorities for 2018

According to Musasizi, in 2018 the committee will give top priority to the consideration of the Retirement Benefits Bill, which has been pending for a long time.

Also on the agenda is the resolution to re-capitalise the National Housing and Finance Bank, to enable the institution embark on construction of modest and affordable houses for Ugandans. The committee also expects to receive policy statements on financial matters especially the tax bills for scrutiny and enactment as the House considers the budget for the 2018/19 financial year.