Uganda Insurers Association

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IN PRMS

Mr. Adolf Mwesige Kasaija
Clerk to Parliament
Parliament of the Republic of Uganda
Parliament House
P. O. Box 7178,
KAMPALA

Dear Sir,

RE: INSURANCE INDUSTRY POSITION REGARDING THE PROTECTION OF SOVEREIGNTY BILL 2026

We refer to the above-mentioned draft bill that is now before Parliament and the newspaper notice calling for public submissions on the same.

The insurance industry plays a key role and is critical in maintaining financial stability and growth in the economy by offering solutions that help de-risk business activities and lives of Ugandans by providing the much-needed cushion in the event of business and life shocks. The industry has demonstrated and supported resilience of other sectors over the years for example through timely interventions during the recent COVID19 scourge, the Uganda Agriculture Insurance Scheme (UAIS) that covers farmers and the Insurance Consortium for Oil and Gas Uganda (ICOGU) that covers the three key oil and Gas projects in the Albertine region.

The Protection of Sovereignty Bill in its current form has the potential to destabilize the insurance industry and may adversely impact the services we offer to other key sectors like oil and gas, agriculture, health, manufacturing and tourism, all of which are key to achieving the Fourth National Development Plan (NDPIV), and the ATMS strategy which is the cornerstone to the Tenfold Growth Strategy.

The Bill is poised to significantly impact the insurance industry by severely restricting foreign funding, increasing regulatory burdens, and creating a "chilling effect" on foreign-involved commercial transactions. It threatens to reduce foreign partnerships, cause financial institutions to de-risk, and restrict operations for entities like insurance companies with international links.

While the Bill strengthens national sovereignty and transparency, it introduces significant compliance, operational, investment, and reputational risks for the insurance sector if implemented without tailored exemptions or regulatory guidance. The Bill has far reaching implications for the insurance industry because insurers:

- Are heavily interconnected with foreign entities (reinsurers, shareholders, service providers);
- Are classified as supervised institutions;

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- Regularly engage in cross border financial flows and technical assistance;
- Often participate in policy dialogue and market development initiatives with international partners and;
- Will affect investor confidence with over 80% of our members being regionally or internationally owned companies.

On behalf of UIA members, permit me to present to you the attached detailed views regarding the proposed bill and the specific recommendations that are applicable to the insurance sector. We request for an opportunity to meet the Committee on Defence and Internal Affairs and the Committee on Legal and Parliamentary Affairs to further elaborate our submission.

Since the general purpose of the Bill is to limit the interference of foreign nationals, entities and governments in the domestic affairs and protect the sovereignty of Uganda, we pray;

1. for the explicit exclusion of insurance companies, intermediaries, Reinsurers and all insurance related activities from the operations of the Act;
2. that Regulatory oversight in matters of insurance should remain with the Insurance Regulatory Authority (IRA) of Uganda under the Insurance Act 2017 and the relevant regulations;
3. that the bill in its current form is impractical and should be deferred to allow for more time for a full review and consideration.

We look forward to your favourable consideration of this request and to your continued support.

Yours faithfully,
UGANDA INSURERS ASSOCIATION

Jonan Kisakye
CHIEF EXECUTIVE OFFICER

c.c. The Permanent Secretary, Ministry of Finance, Planning and Economic Development;
c.c. Insurance Regulatory Authority of Uganda;
c.c. Ministry of Internal Affairs;
c.c. Ministry of Justice and Constitutional Affairs;
c.c. Members of Uganda Insurers Association;
c.c. Attorney General of Uganda.

AREAS OF CONCERN AND IMPLICATIONS OF THE PROTECTION OF SOVEREIGNTY BILL 2026 TO THE INSURANCE INDUSTRY

No	Clause / Proposal	Impact to the Insurance Industry	Industry Recommendation
1	**CLAUSE 1 – Interpretation: Definition of a Foreigner** Draft Bill defines "agent of a foreigner" quite broadly in clause 1 as "a person who acts as an agent, representative, employee or servant, or any person who acts in any other capacity at the order, request, or under the direction or control of a foreigner or of a person, any of whose activities are directly or indirectly supervised, directed, controlled, financed, or subsidized by a foreigner". In the Bill, a "foreigner" includes a non-Ugandan citizen; a Ugandan citizen residing outside Uganda; a foreign government, consulate, high commission, embassy or other diplomatic mission; a corporation, company, non-governmental organization or other legal entity incorporated, unincorporated or registered outside Uganda; an international or multinational organization; or any person, institution or body that the	The definition "agent of a foreigner" in the draft Bill is too broad and in its present scope may extend to foreign owned insurance companies including insurers whose majority ownership is held by foreigners or foreign controlled entities. The definition captures any person or entity financed, supervised, directed, or controlled by a foreigner, which may unintentionally include: • Insurance companies with foreign shareholders; • Reinsurance arrangements; • Technical service providers; • Management support agreements; • IT, actuarial, and underwriting support contracts The definition places significant challenges on insurers who may urgently need to access capital under the risk-based supervision regime where their capital adequacy ratio falls below the acceptable regulatory limits. This will create a challenge in meeting obligations to insureds and the regulator resulting in non-compliance related penalties and may undermine the broader initiative of government of attracting foreign capital. Local companies that need capitalization, insurers or key service providers could be forced to, register as "agents of foreigners "and or seek ministerial approval for routine business activities.	Exclude the insurance industry and players under the Insurance Act from the agent of foreigner definition

	Minister may by statutory instrument, declare to be a foreigner; CLAUSE 1(b)	Currently 80% of all members of the UIA that is 15 non-life insurers, 9 life insurers and 3 Reinsurers are regional or multinationals with headquarters outside Uganda. Insurance being an international business and trade by nature will be impacted as the expansive definition of "an agent of a foreigner" will extend to local insurance companies that receive inward facultative businesses, and others that receive funds under co-insurance arrangements. Local insurance companies will be hindered in their reinsurance claims recovery and receipt of related premiums due to the need to obtain regulatory approval. This will lead to delayed settlement of claims and reduce market confidence in the insurance sector. The bill extends the definition of "foreigners" to include Ugandans in the diaspora, significantly broadening the scope of affected entities. This is likely to cause investors to hesitate and foster a more cautious environment for insurance business, slowing down growth in sectors that rely on global connections. Ugandans residing outside Uganda will also face significant challenges in paying for their local insurance policies because those companies fall within the definition of "agent of a foreigner" that require Ministerial approval as contained in the proposed bill. Market Hesitation: The legislation is likely to cause investors to hesitate and foster a more cautious environment for insurance business, slowing down growth in sectors that rely on global connections.	

2	**CLAUSE 2 – Application** Clause 2 – the law applies to anyone who acts as an agent of the foreigner with subsection 2-part (b) highlighting the activities including solicits, collects, disburses or dispenses contributions, loans, money or other things of value for or in interest of a foreigner.	The insurance industry receives premiums from policy holders who are based outside Uganda for the benefit of family members in Uganda. Insurance intermediaries as well receive and remit premiums for policies of Uganda residents and non-residents based outside the country. There is a high likelihood that all these will be categorized as transactions of agents of foreigners and subjected to the application of the proposed law. It is important to note that the insurance industry is in a nascent stage of growth and development playing a key role of supplementing government policy in the medical and pensions space amongst other areas. The law in its current form may stifle these efforts and the industry growth;	Exclude application of the bill on receipt of insurance premiums and payment of related claims;
3	**Clause 4** – Functions of Department The bill gives the implementation of the law to the department responsible for peace and security under the Ministry responsible for Internal Affairs. Some of the key roles include issuance of certificates of registrations to persons and entities applying to be registered as agents of foreigners; Part d applies where revenue and other listed entities must be notified on foreign funding	The bill would place enormous responsibilities on insurers through double registration and licensing yet there is already in place a regulatory and licensing framework for the insurance industry under the Insurance Act 2017;	Recognize the regulatory and legal framework for insurers and the industry under the Insurance Act

4	Clause 6 refers to exercising functions and services for which government is responsible	Insurance players offer medical insurance and pension services and other unique products. Do these fall in the category of services which are the responsibility of government. While clause 5 seems to indicate that entities granted a license or permit by a licensing or regulatory body are exempted, there is need to be specific to the insurance industry and other regulated entities;	Specifically include the insurance sector as one of the entities exempted.
5	Relevant Clauses: 7, 8, 9, 10 • Development of Government policy • Implementation of Government policy • Foreign policy • Prohibition of promotion of foreign policy of another country	The insurance industry often participates in policy dialogue, legal and regulatory reform advocacy, product development pilots for example climate related pilots, agriculture, and health including clinical trials. The bill in its current form will introduce risks to the insurance sectors as engagement supported by foreign technical partners may be interpreted as influencing government policy without approval, and or promotion of foreign policy positions. This may hinder legitimate industry advocacy, innovation, and collaboration initiatives.	Exclude the insurance industry and insurance related activities.
6	Clause 14- 15 address the Registration of an agent of a foreigner and the application for registration as agent of foreigner; The Bill prohibits a person from acting as an agent of a foreigner	From the definition, insurance service providers would be categorized as foreign agents and would therefore be required to undertake registration with the relevant department and issued a registration certificate by the Minister.	Exclude the insurance sector from the requirements of registration and recognize the Insurance Regulatory Authority as the body mandated to undertake any

	unless the person is registered with the Department of Peace and Security and issued with a certificate of registration.	Local insurance companies may be required to register as "agent of foreigner" and may face significant fines and penalties as well as criminal liabilities for failing to register; By imposing strict oversight on "foreign agents," the legislation could hamper the ability of local insurers to access necessary international reinsurance, technical expertise, and foreign funding. Local insurance companies may also be hindered in their reinsurance claims recovery due to the need to obtain regulatory approval. Reinsurance Brokers and reinsurers who offer insurance treaties may require Government approval as the Insurers are dealing with foreign Re-insurers in their operations. Moreover, these entities are already recognized and accredited by the IRA which may cause delays and limit capacity to cover local risks. Insurance players are already licensed under the Insurance Act; this would create a situation of double registration which would increase the cost of doing business and weaken the directly applicable legal and regulatory framework. This would affect investor and public confidence in the insurance industry. There will be increased Compliance and Administrative Costs as Insurance companies deemed to be agents of foreigner could face burdensome, mandatory two-year licensing, increasing operational costs.	supervision and licensing of players within the insurance industry and under the Insurance Act.

	Clause 17, 18 & 19 Giving the Minister the power to issue and revoke certificates of registration	This creates a window for unnecessary bureaucracy which could breed corruption. The requirement for Ministerial approval creates a significant bottleneck. There is no prescribed timeline for the Minister's decision, no deemed-approval mechanism and no independent appeal body. Funds received without approval are liable to forfeiture to the State. Banks and financial institutions are required to verify that declarations and authorizations are in place before releasing funds and face civil penalties of up to approximately USD 1.06 million for non-compliance. The likely result is that Ugandan banks will de-risk by declining or delaying transactions involving agents of foreigners, further restricting access to financial services for affected businesses For international lenders, the implications are direct: loan disbursements to Ugandan borrowers who fall within the definition of "agent of a foreigner" will require prior Ministerial approval above the threshold, introducing regulatory risk, delay and uncertainty into lending arrangements. Lenders should also note the forfeiture provisions, which could make disbursed funds unrecoverable. Prior approval for business activities.	
7	**Clause 21** declaration of sources of funding; The bill requires agents of foreigners or any other person receiving funding from a foreigner to submit a declaration of sources of funding to the Minister.	Insurance, reinsurance companies and intermediaries that receive premiums from clients outside Uganda would be required to first declare the sources of funding to the Minister. Premiums usually are remitted prior to inception of cover as per the current law meaning that this added requirement would greatly impact issuance of policies.	Exclude the payment of premiums for various insurance policies from this requirement;

		Existing policy terms and conditions would be breached and payment of claims will be impacted due to delays caused in making declarations. This may increase litigation around insurance claims and make policy issuance, processing and administration tedious negatively impacting the industry image.	
8	**Clause 22** – Restriction of funding from foreigners to the UGX equivalent of 20,000 currency points (UGX 400 million) cap applies unless Ministerial approval is obtained.	The need for approval of new capital above UGX 400 million may delay or discourage capital injection within the insurance sector. Capitalization required from parent companies will be affected preventing insurance companies from meeting minimum Capital Adequacy Ratio requirements on an ongoing basis. Locally owned insurance companies may not be able to receive capital from foreign investors as they may be held to be in breach of clause 22 which prohibits "an agent of a foreigner" from, amongst other things receiving "financial support". Typical operations of most insurers show that reinsurance premiums, claims recoveries, catastrophe covers, and capital injections routinely exceed this threshold. The bill will delay or block treasury operations and cross border settlements and lead to reduced Foreign Investment/Partnerships which may hinder foreign-funded insurance projects or partnerships with international firms. Insurers through issuance of cover / insurance policies receive premiums in excess of UGX 400M from other multinationals that run their policies from a centralized pool based outside the country.	Increase this threshold and recognize the unique nature of the insurance industry in the way premiums are computed; Alternatively exclude the payment of insurance premiums and other insurance related transactions from this requirement. Embed the bill requirements in existing laws - Foreign exchange (amendment bill) 2023, AML, Insurance Act, FATF etc.

		Premiums are a subject of the sum insured and the limits of liability and fluctuate accordingly. A limit of UGX 400 million will mean that policy holders may not get adequate cover and are left exposed due to this limitation; This provision therefore directly conflicts with insurance operations and impacts: • Payment of insurance premiums • Reinsurance treaties; • Capital adequacy frameworks; • Claims settlement timelines.	
9	**Clause 25 – 26** Reporting of foreign funding; Submission of returns	The bill imposes requirements that limit payouts to foreigners and agents without the authorization of the Minister. Additionally, there are monthly reporting requirements for any payments to agents of foreigners. Civil penalties are also proposed without clear alignment to existing regulatory processes. Specifically, the insurance players already report extensively to the IRA, Bank of Uganda and the Financial Intelligence Authority. Introducing another layer of reporting will create duplication, increase compliance costs and result in operational complexities. It also creates overlapping supervision and possible regulatory contradictions.	Categorically exclude benefits from insurance policies;

		Several insurance policies are paid for by Ugandans based abroad for the benefit of their dependents back home. The requirement to limit pay outs until approval by the Minister will impact the insurance claims settlement process and impact social lives of ordinary Ugandans in the event of an insurable risk occurring; Mandatory disclosure requirements in the clause and submission of mandatory returns will impose significant compliance costs on the insurance companies especially in view of the fact that the proposed law is silent on the regularity of the returns.	

10	Other Areas of Concern for the Insurance Industry;	Section 29 – Regulations The bill gives the Minister powers to make regulations to further implement the Act. These regulations under subsection 3 shall be laid before Parliament for information purposes only;	Allow key stakeholders upon whom regulations will be applied to give input and mandate Parliament or any other independent body with powers to review these regulations. The bill gives the Minister vast powers which may be used to draft regulations that may be detrimental to many sectors including insurance;
		The bill imposes severe penalties and fines on entities and individuals in excess of UGX 4Bn and UGX 2Bn respectively and twenty years (20) imprisonment and extends to Company Directors for corporate offenses.	The penalties are extremely punitive and will impact investor confidence limiting access of the much-needed

		This will impact the insurance industry through: • Heightened Directors and Officers (D&O) liability exposure; • Increased reluctance of foreign directors and executives to serve on boards; • Higher cost and complexity of D&O insurance underwriting. • Risk of discouraging foreign investment and strategic partnerships; • Reduced transactional activity as violations may cause financial institutions to de-risk, restricting access to insurance for businesses involved with foreign entities; • The criminal sanctions for officers will limit the abilities of insurance companies to meet the fit and proper requirement for their officers and Directors under the Insurance Act	human resource in the insurance industry.
		The Bill overlaps with and may potentially conflict with existing laws, including: • Anti-Money Laundering Act, 2013 as amended which provides for mechanisms for monitoring financial flows and safeguards against illicit transactions; • Financial Institutions Act, 2004 which regulates the conduct of banking business in Uganda; • Insurance Act, 2017 which regulates the conduct of insurance business in Uganda;	Align the components of the bill that are crucial for the insurance sector within other current laws and regulations as opposed to introducing another layer of compliance.

		This duplicity will create confusion and increase compliance cost for insurance companies while increasing the risk of non-compliance. Insurance companies will be faced with multiple regulators thereby increasing bureaucratic bottlenecks that affect business.	
		The bill has no commencement clause and will take effect immediately the Act is published. Additionally, there is no transitional provision and will result into an expectation of immediate compliance leading to a crisis for all insurance entities.	Provide for a commencement date and a transitional provision.