



iRISK Management Limited Insurance Newsletter 2020 Q4

6th November 2020

About iRisk Management Limited

iRisk Management is a wholly owned Ghanaian insurance brokerage and risk management consulting firm incorporated in the year 2014. With the widespread litigation between insurance beneficiaries and insurance firms, the company was established to foresee several services in insurance with a high sense of professionalism.



In Summary

The Insurance Bill, 2020 (“Insurance Bill” or “the Bill”) has been laid in Parliament and is currently being reviewed by the Finance Committee of Parliament. The Insurance Bill seeks to replace the Insurance Act, 2006 (“Act 724” or “the Act”) if passed into law. It is expected that the Bill will be passed by the end of 2020 and will take effect immediately it is passed.

The Insurance Bill seeks to deepen insurance penetration through the introduction of additional compulsory insurances, specifically:

- public liability insurance,
- professional indemnity insurance,
- workmen’s compensation and
- group life.

It is worth noting the compulsory insurances above will be in addition to the following insurances that are already compulsory fire and public liability for motor insurance, private commercial buildings and marine cargo insurance.

With the introduction of sections on inclusive insurance (microinsurance), index insurance, mediation of complaints, innovative insurance and insurance database, the Bill seeks to align Ghana’s insurance laws with international standards and best practices. The expectation of the insurance industry and its stakeholders is that the Insurance Bill 2020 will be passed by the end of 2020.





The 2020 Insurance Bill: Old and Proposed Compulsory Insurance

In Depth

Current Compulsory Insurances

The existing compulsory insurances per Act 724 include marine insurance as well as fire and public liability insurances for private commercial buildings. The Insurance Act defines commercial building as ‘a privately owned building to which members of the public have ingress and egress for the purpose of obtaining educational or medical service for the purpose of recreation or transaction of business’. The Insurance Bill expands the definition of commercial building to include public and government buildings, in addition to the private commercial buildings.

Although the National Insurance Commission (“NIC”) and other state stakeholders have not strictly implemented the compulsory insurances in the Insurance Act 2006 in the past, we are of the view that going forward the NIC and other regulatory bodies will see to the strict adherence of the new compulsory insurances, especially the compulsory Workmen’s Compensation insurance since it relates to labour issues.

Additionally, within the past few years, the NIC has increasingly partnered with the Ghana Police Service and the Ghana National Fire Service to clamp down on companies and private commercial buildings which do not have fire insurance. We believe this will increasingly become the norm with the possibility of fire insurance being a compulsory component for the renewal of business certificates by the local authorities. This raises a need for companies to comply with the laws with respect to fire insurance.

New Compulsory Insurances

Workmen’s Compensation

The Workmen's Compensation Act 1987 (PNDCL 187) makes it compulsory for any Employer of labour to set aside funds to compensate their worker who sustains injury at the workplace or dies whether or not the Employer is to blame. Under the Insurance Bill, the liabilities arising from the Workmen’s Compensation Act has to be insured. Additionally, an employer with at least thirty (30) employees shall take a group insurance policy for the employees.

Workmen's Compensation Insurance compensates employers against their legal liability for injuries, temporary or total permanent disability or death to employees resulting from accidents occurring in the course of their employment.

Professional Indemnity Policy
Professionals stand responsible for any legal implications arising out of their work. Professional Indemnity Insurance is a policy that covers liabilities for damages arising from the rendering of, or failure to render professional services.

It protects professionals against legal costs and expenses incurred in defense, as well as damages that may be awarded if alleged to have provided inadequate advice or service to a client.

Professional Indemnity Insurance typically covers:

The costs of investigating, legally defending and settling claims, civil liabilities including defamation, theft of intellectual property, copyright infringement, alleged breach of duty, negligence, misstatement, breach of warranty of authority in good faith.



Public Liability Insurance

Public Liability Insurance provides cover in respect of;

1. the liability of the person to another person for bodily injury or property damage that occurs during the policy term that arises out of or in connection with the business, activity or operations of the insured; and
2. the legal and other costs connected with investigating, defending and settling of a claim in relation to the business, activity or operations of the insured.

Our next edition will highlight the compulsory covers for **Marine Cargo and Hull and Machinery.**

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How your business could be affected if the Bill is passed into law.

Wondering how these changes may affect your specific operations?

In the month of November, iRisk will be conducting free insurance trainings for firms. Sign up your staff now to take advantage of the free knowledge sharing opportunity.

Additionally, if you are a legal consultant or audit practitioner you can be proactive by advising your clients on the requirements of the insurance law. Join our training sessions to get more insight into the insurance regime in Ghana.

Talk to us

iRisk Management Limited has built capacity in insurance advisory and consulting with respect to life, general and health insurance in Ghana.

We can help you fully understand how the new insurance Bill if passed into law, is likely to affect businesses and employees going forward.

We are available to assist you should you require assistance in planning for the new updates in the insurance law.

We can also assist in updating your budgets to ensure full compliance with the law.

Our additional services include insurance consulting and advisory, risk management, specialist insurance services including credit and sureties risk management and claims management.

iRisk also has the capacity to conduct training for your staff to appreciate these changes on both new and existing grey areas of the Insurance Bill as well instituting procedures that will reduce your risk profile.

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