

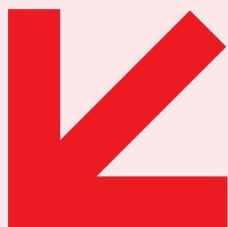


Promoting Insurance. Protecting Your Future

Insurance coverage and needs among KACITA members and Affiliate Trader Associations

2023

Report



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Acronyms

GDP	Gross Domestic Product
IDI	In-depth Interviews
ILO	International Labour Organisation
IMF	International Monetary Fund
IRA	Insurance Regulatory Authority
KACITA	Kampala City Traders Association
MACITA	Mbale City Traders Association
MBACITA	Mbarara City Traders Association
OECD	Organization for Economic Cooperation and Development
UBOS	Uganda Bureau of Statistics
UGX	Uganda Shillings
UIA	Uganda Insurers Association
VSLA	Village Savings and Loans Association

Acknowledgement

This report would not have been complete without the openness and receptiveness of the group of willing and motivated people who provided a wealth of information and insights into the survey.

We appreciate the guidance and financial support provided by the management of the Uganda Insurers Association (UIA) towards the survey.

To the Chief Executive Officer - Kampala City Traders Association (KACITA), the Chairman - Mbarara City Traders Association (MBACITA) and the Chairman Mbale City Traders Association (MACITA), we appreciate the support provided during the data collection exercise.

To all the members of KACITA, MBACITA and MACITA who took the time to respond to this research, we hope the findings will inform the development of products that match your expectations.

We cannot forget the Market Development Team at UIA and the team of research assistants for the time invested in ensuring the successful completion of the survey.

We hope this report will be helpful to our members, especially in product development and marketing, to serve the insurance needs of the informal business community.

The Association at a Glance



Our Vision

To be the most respected and effective Trade Association in East Africa.



Our Mission

To promote best practice and the highest standards within the Ugandan Insurance sector safeguarding the consumer's best interests.



Our Values

Integrity
Respect
Innovation
Collaboration



UIA Staff as at 31 December 2022

About Uganda Insurers Association

The Uganda Insurers Association (UIA) is the representative body for the insurance industry in Uganda and has been in operation since 1965. The Association was established with the aim of advancing the interests of insurance and reinsurance companies by adopting a common strategy that encourages and promotes close cooperation, the exchange of business among members, builds on knowledge through research, influences the enactment of favourable legislation and represents views of membership to government, quasi-government and private bodies.

The Association currently enjoys a thirty-seven (37) Company strong membership. Of these, twenty-one (21) are General (Non-Life) insurance companies, eight (08) are Life Insurance companies, four (04) microinsurance companies and four (04) are reinsurance companies.

With a vision of being the most respected and effective Trade Association in East Africa, we advance the interests of our members whilst safeguarding the consumer's best interests, through upholding best practices within the insurance sector.

Uia Membership

The Association currently enjoys **37** company-strong membership.

08 Life Insurance companies

04 microinsurance companies

21 General (Non-Life) insurance companies

04 reinsurance companies

Our Mandate

Promoting and fostering business development amongst members **1**

To promote best practice and the highest standards within the Ugandan Insurance sector safeguarding the consumer's best interests.

Lobbying and advocacy for favourable policy **2**

Ensuring the key identified policy, legal and regulatory issues impacting the insurance sector are brought to the attention of the key technocrats, constant engagements are undertaken and extend to development of effective lobbying processes.

Sensitization of the public on the concept of insurance **3**

Ensuring that both existing and prospective customers clearly understand and appreciate the value of insurance as a concept and service.

Research and information sharing **4**

Ensuring that the insurance sector at company and industry level leverages research, self-regulation measures, and capacity-building extending to stakeholders to foster growth

Our Operational Structure



The Executive Committee



Technical Committees



The Uia Secretariat

Executive Summary

As with many African countries, the informal sector is the fastest-growing sector in Uganda, contributing over 50% to GDP (UBOS, 2014). It plays a significant role in job creation (accounts for 75% of the total employment), poverty reduction and generation of incomes for a sizeable population as a means of survival and welfare improvement. In Uganda today, when you talk about the informal business sector, the Kampala City Traders Association (KACITA) comes to mind. KACITA Uganda controls over 90% of the trade activities in Uganda that belong to the trade and allied services that contribute 42.6% to GDP in 2022/2023 (UBOS, 2023). In the wake of the low penetration of formal insurance (0.80% as of 2021)¹, this presents an opportunity which, if tapped into by the insurance industry, could translate to growth in insurance uptake.

The Uganda Insurers Association carried out a survey on “insurance coverage, gaps and needs of members of KACITA and affiliate trader associations” with the aim of better understanding the risks faced by the members of KACITA and their risk mitigation strategies, knowledge and uptake of formal insurance, barriers to uptake of insurance, and any risks that insurers may not be aware of and yet products could be crafted around them.

A mixed methods design, incorporating both qualitative and quantitative research approaches, was used for the survey. In-depth interviews with a guide were conducted for the qualitative approach, while the quantitative approach involved face-to-face surveys using a semi-structured questionnaire among subscribed members of KACITA and affiliate trader associations. The survey covered Greater Kampala, including Kampala, Wakiso, and Mukono, as well as Mbarara and Mbale. The key target respondents were members of KACITA and the affiliated associations namely Mbarara City Traders Association (MBACITA) and Mbale City Traders Association (MACITA).

The research team targeted the leadership of trader associations namely, KACITA, MBACITA, and MACITA, along with key stakeholders, including importers, exporters, wholesalers, and sector heads. They conducted a face-to-face survey of 1,028 respondents and 13 in-depth interviews.

1

The findings were as follows: -

- a. **Risks businesses were exposed to:** Overall, the top 4 mentioned risks included theft/burglary at 76%, followed by fire outbreaks at 47% and unstable prices of commodities at 36%. These cut across the survey locations.
- b. **Measures taken to manage the risks businesses are exposed to:** The findings revealed that among the respondents, 34% relied on their savings as a risk mitigation measure, while 32% resorted to borrowing money. Additionally, 31% mentioned implementing tighter security measures, and 11% indicated belonging to a village savings and loans association (VSLA). However, only 2% of the respondents mentioned insurance as a means of risk mitigation.
- c. **Knowledge about formal insurance:** The findings revealed that 76% of the respondents had moderate knowledge about insurance.
- d. **Sources of awareness about formal insurance:** The findings revealed that the most mentioned source of insurance information was friends/colleagues at 53%, followed by agents at 50% and traditional media at 39%.
- e. **Uptake of formal insurance:** The results indicate that only 4% of the respondents had obtained formal insurance coverage for their businesses, with the highest rate observed in Greater Kampala at 4.4%, followed by Mbarara at 4% and Mbale at 2.5%.
- f. **Barriers to uptake of formal insurance:** Lack of information about insurance at 42% was the most mentioned barrier to the uptake of formal insurance, followed by the high cost of purchase of insurance products at 32% and delays in payment of claims at 12%.
- g. **Likelihood to insure against the risks their businesses were exposed to:** - The results showed that overall, 42% of the respondents were likely to insure against the risks their businesses were exposed to.
- h. **Amount of money in UGX that they were willing to pay every month:** Findings revealed that respondents were willing to pay UGX. 29,331 every month. Comparison by survey locations revealed that respondents in Greater Kampala were willing to pay UGX. 30,686, in Mbale UGX. 26,136, while in Mbarara UGX. 28,307.
- i. **Preferred mode of insurance payment:** Results showed that 47% of respondents preferred making insurance payments through mobile money and 40% via bank deposits.
- j. **Preferred sources of insurance information:** Overall, results showed that 75% of respondents preferred receiving information about insurance through social media, followed by sensitization drives at 55%, TV at 52%, and distantly followed by talk shows on radio at 37%.
- k. **Suggestions to attract more clients from the informal business sector:** Findings revealed that clients from the informal sector could be attracted through sensitization of masses at 57%, quickening the claims process at 16%, reducing the cost per policy at 13% and formulating simple policies for all income groups at 12%.
- l. **Business risks that would be covered under formal insurance:** Results revealed that the main risks respondents wanted covered by formal insurance were theft and burglary at 42%, followed by fire outbreaks at 39%, health/illness at 11%, and death at 9%.

- m. **Saving for retirement:** According to the results, 61% of the individuals surveyed were putting money aside for retirement. Among them, 83% chose to invest in rentals, livestock, and land, while only 6% had an insurance policy to support their retirement. On the other hand, 74% of those who did not save for retirement explained that they lacked the resources to do so.
- n. **Awareness of any educational campaigns or promotions about insurance ran in the last 1 year:** Results showed that overall, only 32% of the respondent traders were aware of a promotion about insurance. Furthermore, TV was the most popular source of information about promotions about insurance at 65%, followed by talk shows on the radio at 35%, sensitization drives in business centres at 29%, billboard advertisements at 25% and word of mouth at 18%.
- o. **Media consumption habits:** Survey findings revealed that 55% of the respondents had listened to the radio in the last seven days. Of these, 66% listened to it daily. On TV viewership, 77% of the respondents had watched TV in the past seven days. Of these, 68% watched it daily. On social media usage, 89% of respondents use social media. Of these, 88% use it daily.
- p. **In terms of radio listenership:** Results showed that the top 3 most listened-to radio stations in Mbale were Step FM at 65%, followed by Capital FM at 57%, and Open Gate FM at 26%; the top 3 radio stations listened to in Mbarara by the respondents were Vision Radio at 50%, Capital FM at 45%, and Crooze FM at 30%; and the top 3 radio stations listened to in Greater Kampala by the respondents were CBS FM 88.8 at 53%, followed by CBS FM 89.6 at 34%, and Capital FM at 33%.
- q. **In terms of TV viewership:** Results showed that in Mbale, the most watched English station was NTV at 77%, followed by NBS TV at 51%, while for the local languages, it was Bukedde 1 at 57%, followed by Spark TV at 40%; in Mbarara, the most watched English TV stations were NTV at 77% and NBS TV at 59% while for the local languages, Bukedde 1 at 56% took the lead followed by TV West at 48%; in Greater Kampala the most watched TV stations that air in English were NBS TV and NTV at 57% respectively while for the local languages were Bukedde 1 TV took the lead at 38%, followed by Spark TV at 19% and BBS TV at 17%.
- r. **Lastly, in terms of social media usage:** Results showed that WhatsApp was the most commonly used social media platform at 95% of the respondents, followed by Facebook at 62%, YouTube at 26%, Twitter at 25%, Instagram at 24%, and TikTok at 21%.

Recommendations

- i. Insurers should share information on theft/burglary and fire policies. These two policies cover the most common risks faced by businesses.
- ii. Insurers should make it easier for traders to understand these policies and emphasize their availability. It would also be helpful for insurers to create specific products for each sub-sector within KACITA and its affiliated trader associations.
- iii. Fortunately, the fact that top risks by sub-sector are infrequent suggests that these businesses are not high-risk, which is good news for insurers.
- iv. As many respondents are investing in tangible assets, insurers should provide information about products that have a savings component.

- v. Social circles play a significant role in the business community, so insurers should develop initiatives that target these groups.
- vi. Agents are a valuable source of insurance information, so they must have accurate information.
- ix. While only 4% of respondents have insurance cover, 16% know about it. Therefore, insurers should develop strategies to increase the actual uptake of insurance.

1. Introduction and background

1.1. Introduction

The Uganda Insurers Association surveyed the members of KACITA and affiliate trader associations in Kampala, Mbarara and Mbale to understand the insurance coverage and their need for insurance.

This report provides a detailed account of the survey the methodology, the findings, and recommendations.

1.2. Background to the survey

The Uganda Bureau of Statistics (UBOS) defines the informal sector or informal economy as that part of an economy that is not taxed, monitored by any form of Government, or included in the Gross National Product (GNP)². According to the World Bank (2020), the informal sector includes businesses, workers, and activities operating outside the legal and regulatory systems.

According to the Organization for Economic Cooperation and Development (OECD), people who work in the informal sector “typically operate at a low level of organization, with little or no division between labour and capital as factors of production and on a small scale.”³ The main factors that have contributed to the rising growth of the informal sector include firms and individuals avoiding paying taxes and individuals choosing to rely on informal activities as a safety net as they may lack the required education and skills for formal employment or simply due to the limited opportunities available in the formal sector that pushes individuals to start up small businesses as a source of livelihood.

According to the International Labor Organization, about 60 per cent of the world’s employed population aged 15 years and older spend at least part of their time in the informal sector (Medina, 2020). As with many African countries, the informal sector is the fastest growing sector in Uganda with a contribution of about 50% to GDP⁴. The sector is not only large but also expanding rapidly. This sector plays a critical role in job creation (accounts for 75% of the total employment), poverty reduction and generation of incomes for a sizeable population as a means of survival and welfare improvement.⁵

In Uganda today, when you talk about the informal business sector, KACITA comes to mind. KACITA Uganda is a business support organization re-registered in 2009 with over 200,000 members (approx. 20,000 of whom are classified as trade/small business organizations). The membership cuts across many business segments like hardware, electronics, used clothes, footwear, garments, stationery, foods and beverages, money transactions, cosmetics, agriculture, kitchen and other household items,

2 <https://www.ubos.org/glossary/?a=i>

3 <https://marketbusinessnews.com/financial-glossary/informal-sector-definition-meaning/>

4 UBOS, 2014

5 Salmon Mugoda, Stephen Esaku, Rose Kibuka Nakimu & Edward Bbaale | Robert Read (Reviewing editor) (2020) The portrait of Uganda’s informal sector: What main obstacles does the sector face? Cogent Economics & Finance, 8:1, DOI: 23322039.20/10.1080/20.1843255

furniture, construction, transportation, consultants, automotive, wines and spirits, and general merchandise. The premise of setting up KACITA Uganda was to facilitate trade, bring together the business community, and mobilize them into a viable, organized and socially sustainable marketplace to collectively address the challenges faced by the businessmen and women in the informal sector.

KACITA Uganda controls over 90% of the trade activities in Uganda. These fall under the trade and allied services with a contribution of 42.6% to GDP in 2022/2023 (UBOS, 2023). In the wake of the low penetration of formal insurance (0.80% as of 2021)⁶, this presents an opportunity that can be tapped into by the insurance industry that could translate to growth in insurance uptake.

Against this backdrop, the Uganda Insurers Association (UIA) carried out a study on "insurance coverage, gaps, and requirements of KACITA members and their affiliated trader associations" to gain a better understanding of the challenges faced by KACITA members and their methods for mitigating risks, as well as their awareness and use of formal insurance, obstacles to obtaining insurance, and any risks that insurers may be unaware of but which could be used to create products.

1.3. Objectives of the survey

The study sought to:

- i. Find out the risks that members of KACITA are exposed to and their risk mitigation strategies.
- ii. Establish the knowledge levels and uptake of formal insurance among members of KACITA.
- iii. Unearth any barriers to the uptake of formal insurance among the members of KACITA.
- iv. Establish the level of likelihood to insure against the risks currently faced.
- v. Establish the preferred mode of payment for formal insurance.
- vi. Establish their preferred sources of information about formal insurance.
- vii. Find out whether members of KACITA are saving for retirement.
- viii. Understand their media consumption habits.

1.4. About Kampala City Traders Association

Re-registered in 2009, KACITA - Uganda is a business support association in Uganda whose aim is to facilitate trade, bring together the business community and mobilize traders into a viable, organized and socially sustainable marketplace.

KACITA-Uganda boasts a membership exceeding 2 million individuals, divided into three categories: individual, corporate, and associate members. This survey targeted members in the retailer, wholesaler, and SME categories. The SME category is comprised of businesses that do not sell physical commodities and is further broken down into various sectors, including hardware, electronics, used clothes, footwear, garments, stationery, foods and beverages, money transactions, cosmetics, agriculture, furniture, and general merchandise.

KACITA Uganda has affiliate associations in Mbarara and Mbale, namely the Mbarara City Traders Association and Mbale City Traders Association.

1.5. About Mbarara City Traders Association

Incorporated in 2021, Mbarara City Traders Association (MBACITA) is a member-based trader association in Mbarara City.

The association's mission is "To uplift the business community through advocacy for favourable business policies, opportunities and affordable financial services.

MBACITA brings together the business community in Mbarara, initiates development programs, and partners with other development stakeholders, identifying and advocating towards creating a pool of ideas that foster better business performance, growth and sustainability. The association currently has 200 subscribed members.

1.6. About Mbale City Traders Association

Mbale City Traders Association (MACITA) is a member-based association established over ten years ago in Mbale to bring together the traders in Mbale through advocacy and partnering with other stakeholders.

2. Methodology

2.1. Research design

The research team employed a mixed methods design, utilizing both qualitative and quantitative research approaches. The use of both approaches was to facilitate the triangulation of the research findings.

While qualitative data was collected using in-depth interviews, quantitative data was collected through face-to-face surveys among the subscribed members of KACITA, MBACITA and MACITA. Both approaches were used concurrently.

2.2. Quantitative approach

This approach was implemented through face-to-face surveys with a semi-structured questionnaire.

Target respondents: The study targeted subscribed members of KACITA, MBACITA and MACITA, categorised as retail, wholesale and SMEs. These were split into sectors such as agent banking and mobile money, agriculture, agro-input dealers, beauty and cosmetics, bridals, computers and computer accessories, construction, consultancy services, driving school, electrical and electronics, events management and décor, financial services, food supplements, footwear, fuel and oil, garments, general merchandise, hardware, hotel & restaurant, kitchenware, logistics, mattresses, pharmaceuticals, phone accessories, plumbing and ceramics, polythene bags, printing and stationary, real estate, second-hand clothes, small manufacturing, spare parts, supermarket, textile, timber supplier, tours and travel and wines and spirits. In each case, the target for an interview was the business owner or the business manager.

Sampling method and sample size

The survey participants were identified with the help of mobilizers from KACITA, MBACITA, and MACITA. Only members subscribed to the trader associations took part in the survey. Out of the 1,053 targeted respondents, 1,028 participated, resulting in a response rate of 98%. The main reason was the difficulty in locating KACITA members in Entebbe.

Table 1: Achieved sample size by survey locations

	Overall
Kampala	575
Mbale	198
Mbarara	193
Mukono	20
Wakiso	42
Total	1,028

Table 2: Sample distribution by business category

		A05. Location					
		Overall	Kampala	Mbale	Mbarara	Mukono	Wakiso
Total	Total	1028	575	198	193	20	42
	Importer	234	199	20	14	1	0
	Exporter	30	15	12	0	2	1
	None of the above	764	361	166	179	17	41
Retail	Total	609	387	81	105	18	18
	Importer	139	125	6	7	1	0
	Exporter	14	12	0	0	2	0
	None of the above	456	250	75	98	15	18
Wholesale	Total	267	137	75	50	2	3
	Importer	77	62	11	4	0	0
	Exporter	12	3	9	0	0	0
	None of the above	178	72	55	46	2	3
SMEs	Total	152	51	42	38	0	21
	Importer	18	12	3	3	0	0
	Exporter	4	0	3	0	0	1
	None of the above	130	39	36	35	0	20

A total of 1,028 face-to-face surveys were conducted. Of these, 575 were conducted in Kampala, 198 in Mbale, 193 in Mbarara, 20 in Mukono and 42 in Wakiso.

Comparison by business categories showed that 609 respondents were from the retail segment, 267 from the wholesale segment and 52 from the SME segment. Looking at cross-border traders, 234 importers and 30 exporters took part in the survey. The majority were from Kampala.

2.3. Qualitative approach

The research team conducted in-depth interviews (IDIs) with the leaders of the trader associations namely, KACITA, MBACITA, and MACITA, along with key stakeholders, including importers, exporters, wholesalers, and sector heads. A total of 13 IDIs were conducted using a guide. The respondents were recruited by the mobilisers from KACITA. All interviews were audio-recorded and transcribed verbatim.

Table 3: Number of in-depth interviews conducted

Category	No. of IDIs	Location
KACITA Chairman	1	Kampala
MBACITA Chairman	1	Mbarara
MACITA Chairman	1	Mbale
Importers	3	Kampala
Wholesalers	2	Kampala
Exporters	2	Kampala
Sector heads	3	Kampala
Total	13	

2.4. Data analysis

Data cleaning, editing, verification and analysis were done using SPSS V23. Output was presented in percentages using tables, graphs and pie charts.

2.5. Field observations

Mobilization: The field team relied on the staff from KACITA, MBACITA and MACITA to identify the respondents.

Identification of KACITA subscribed members: The field team relied on the staff from KACITA and affiliate associations to identify the target respondents since some did not have membership cards.

Bias from the mobilisers: To minimize biases, interviewers screened the recruited participants to confirm whether they were subscribed members of KACITA, MBACITA, or MACITA. All individuals who confirmed that they were not subscribed members were left out of the survey since they were not part of the target respondents.

It appeared that many people had a **limited understanding of insurance**. Our observations indicated that much of their knowledge was based on informal sources. The industry players need to educate the business community about insurance so that they can make informed decisions and protect themselves and their assets.

3. Survey Findings

3.1. Survey respondent demographics

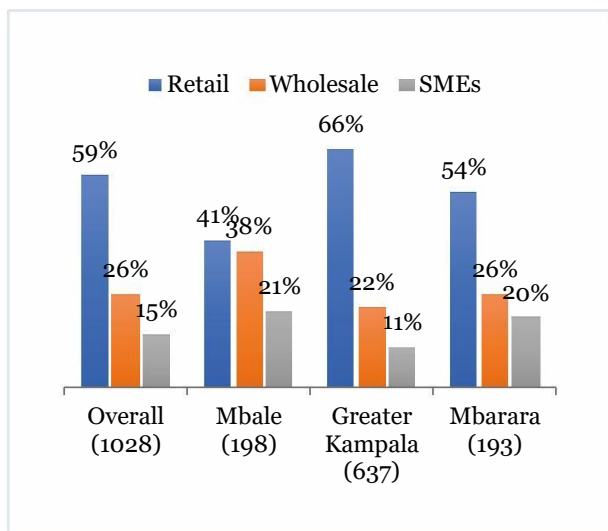
3.1.1. Setting and highest level of education completed

		Total	Mbarara	Mbale	Greater Kampala
		n (1028)	n (193)	n (198)	n (637)
A08. Setting	Urban	92.0%	95.9%	98.0%	89.0%
	Peri-urban	8.0%	4.1%	2.0%	11.0%
A09. Highest level of education completed	Bachelor's degree	33.9%	33.2%	20.2%	38.5%
	Secondary	22.6%	12.4%	29.8%	23.4%
	Primary	15.9%	21.2%	20.2%	12.9%
	Diploma	12.7%	17.1%	12.6%	11.5%
	Certificate	8.6%	7.3%	11.1%	8.2%
	None	4.6%	6.7%	4.5%	3.9%
	Masters	1.8%	2.1%	1.5%	1.7%

The survey results showed that 92% of traders were located in urban areas, while 8% were located in peri-urban areas. This pattern was consistent across all regions. In terms of education level, 33.9% of traders had completed a Bachelor's degree, 22.6% had completed secondary school, and 15.9% had completed primary school. A small percentage, only 4.6%, had not completed any level of education. This suggests that most respondents would be able to understand insurance concepts if explained to them.

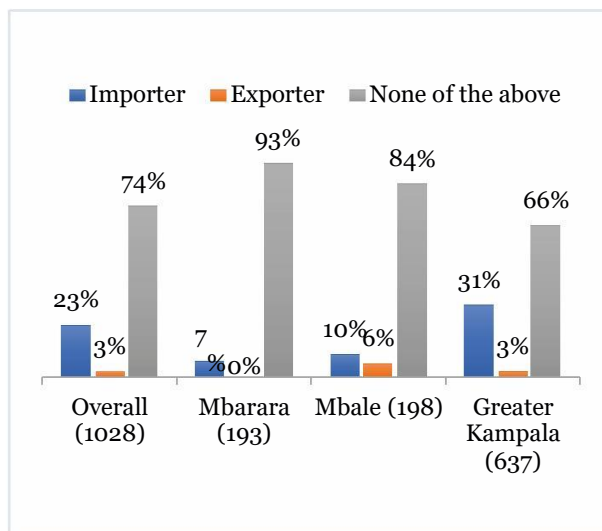
3.1.2. Business classification

Figure 1: A11. Business classification



Of the 1,028 respondent traders who participated in the survey, 59% operated retail businesses, followed by wholesale at 26% and SMEs at 15%. The trend was consistent across all survey locations.

Figure 2: Cross-border category

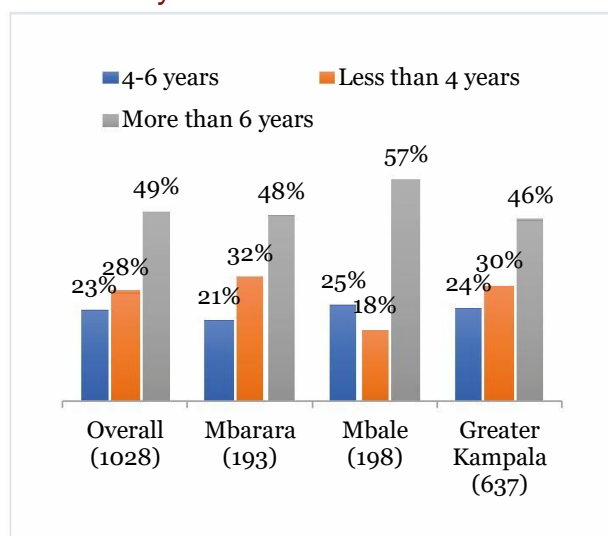


According to the survey, 23% of the people who responded were importing goods, while only 3% were exporting. The majority of the traders who participated were local. The survey also showed that there were more importers in Greater Kampala (31%) compared to other areas that were surveyed.

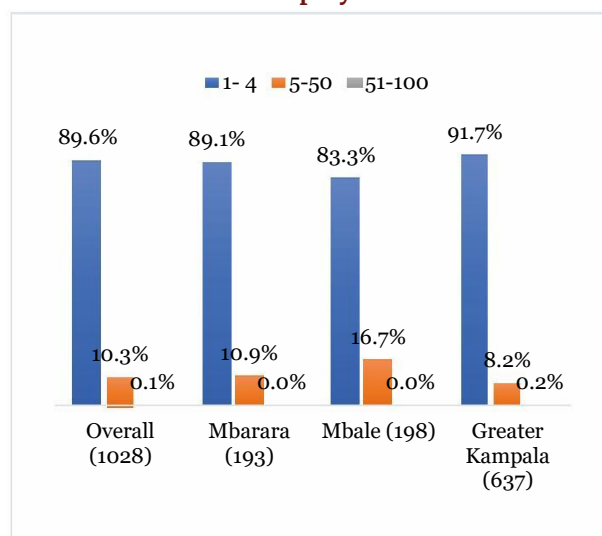
3.1.3. Number of years in the business and number of workers employed

Figure 3. Number of years in business vs. number of employees

Number of years in business



Number of workers employed



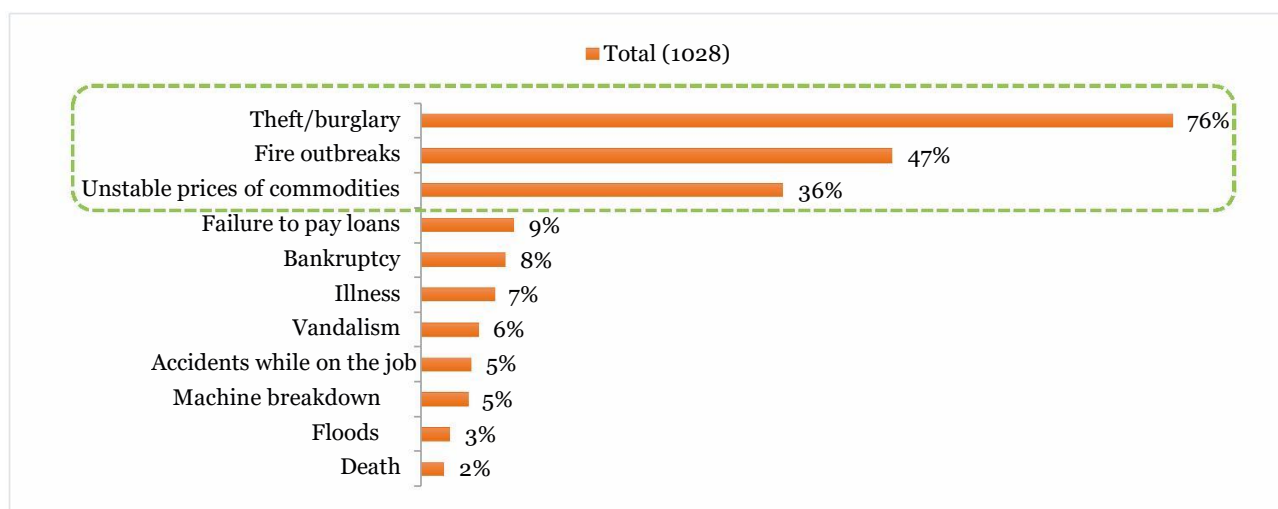
Survey findings showed that overall, slightly more than 4 out of 10 respondents (49%) had operated their business for more than six years. This was consistent across survey locations.

Overall, 89.6% of respondent traders employed 1-4 workers. This trend was consistent across survey locations. The results implied that most of the businesses that took part in the survey were micro businesses as per the Uganda Investment Authority definition of micro-enterprises that suggests that they are those enterprises that employ up to 4 people.⁷

3.2. Business risks and mitigation strategies

3.2.1. Risks businesses are exposed to

Figure 4: Business risks summary



Survey results showed that the top 4 risks that respondent businesses faced included theft/burglary at 76%, followed by fire outbreaks at 47%, and unstable prices at 36%. According to (Salmon Mugoda et al., 2020)⁸, Uganda's informal sector is faced with several challenges like theft and disorder, crime, access to finance, electricity, water and taxes, all of which impact business performance and continuity. Therefore, the need for insurance to cushion some business shocks cannot be over-emphasized. In line with the survey results, there is a potential market for policies that cover theft/burglary and fire.

⁷ <https://www.ugandainvest.go.ug/sme/>

⁸ Mugoda, Salmon, Stephen Esaku, Rose Kibuka Nakimu, and Edward Bbaale. (2020). The portrait of Uganda's informal sector: What main obstacles does the sector face?. *Cogent Economics & Finance*, 8(1), 1843255.2

Table 4: Risks businesses are exposed to by region

	Total	A04. Region		
	Total	Mbale (198)	Greater Kampala (637)	Mbarara (193)
Theft/burglary	76%	86%	76%	64%
Fire outbreaks	47%	51%	49%	39%
Unstable prices of commodities	36%	46%	33%	39%
Failure to pay loans	9%	12%	9%	7%
Bankruptcy	8%	8%	10%	3%
Illness	7%	17%	5%	4%
Vandalism	6%	2%	8%	2%
Accidents while on the job	5%	10%	3%	7%
Machine breakdown	5%	4%	3%	10%
Floods	3%	1%	4%	1%
Death	2%	7%	1%	2%

Further comparison by survey locations revealed that in Mbale, the most common risks faced were theft/burglary at 86%, followed by fire outbreaks at 51%, unstable prices of commodities at 46%, illness at 17%, failure to pay loans at 12% and accidents while on the job at 10%; in Mbarara, theft/burglary at 64%, fire outbreaks and unstable prices at 39% respectively, and machine breakdown at 10%; in Greater Kampala, theft/burglary was at 76%, fire outbreaks at 49%, unstable prices at 33%, and bankruptcy at 10%.

Furthermore, in-depth interviews with the importers and exporters revealed that in addition to the above risks, businesses were also exposed to a lack of market for commodities, high taxes, high commodity prices, unfair competition from foreigners, poor quality products that can't compete at the international level, pests and diseases that attack crops all of which led to losses in business, accidents, and fragility of products. Below is what they said: -

"...The first risk is a rejection of products at the international market meaning that is a loss. Then also during production we face pests and diseases in a full season you can find that the products are affected so we lose..." **IDI respondent-Agro input exporter**

"...Taxes are the biggest risks as they charge us highly yet we don't work. Now my customers cannot buy when the products are expensive and yet they need the products, so the challenge is with the taxes..." **IDI Respondent, Importer-Tile sector**

"...the economy has opened up to foreigners, and foreigners are given more privileges than the local community which is not fair, the other issue is high rent which increases the price at which we sell commodities, high interest rates, and death..." **IDI Respondent, Importer-Electricals sector**

"...orders not honored by the suppliers, for example, we order something but they deliver a different brand and you have nothing to do, sometimes goods are damaged at the border checkpoints as they offload to verify, then fire outbreaks and health risks because our building has no water supply..." **IDI respondent, Importer-Electrical sector**

“... a major risk is the fragility of products. Because most of our products that we deal in in hardware are fragile. They easily break. there is a lot of theft, theft is a lot and common, damage to certain goods while at ICD. Therefore, the capital invested has been reduced by damages...” **IDI respondent, Sector head-Hardware**

“...Most of the risks here are accidents like a door can fall over you, electricity shocks. As you see, we have drivers so they can knock or may be knocked...” **IDI respondent, Exporter-Welding**

“... Businesses face so many risks like fire, theft, diseases like Ebola, COVID-19...” **IDI respondent, KACITA**

“...The business community is exposed to fire, theft, death, accidents...” **IDI respondent, MACITA**

The findings revealed that besides fire, theft and burglary insurance, other products that could be tailored and marketed to the traders include medical, workers' compensation and machinery breakdown insurance.

Table 5: Risks businesses are exposed to by sector category_1

	Total (1027)	General Merchandise (172)	Hardware (73)	Garments (70)	Spare Parts (65)	Electrical And Electronics (63)	Textile (57)	Agro Input Dealers (55)	Phone Accessories (50)	Footwear (41)
Theft/burglary	76%	77%	70%	81%	83%	73%	72%	69%	86%	68%
Fire outbreaks	47%	47%	36%	57%	57%	40%	60%	55%	52%	41%
Unstable prices of commodities	36%	48%	36%	34%	45%	43%	37%	38%	44%	39%
Failure to pay loans	9%	11%	12%	14%	15%	8%	2%	7%	10%	10%
Bankruptcy	8%	7%	5%	4%	6%	10%	0%	13%	10%	10%
Illness	7%	9%	4%	1%	8%	3%	9%	9%	10%	2%
Vandalism	6%	9%	1%	0%	6%	5%	0%	7%	0%	2%
Accidents while on the job	5%	6%	5%	3%	6%	3%	2%	4%	4%	2%
Machine breakdown	5%	0%	3%	0%	5%	8%	9%	2%	2%	0%
Floods	3%	1%	3%	7%	5%	0%	11%	4%	2%	5%
Death	2%	2%	1%	1%	5%	2%	0%	2%	2%	2%

Table 6: Risks businesses are exposed to by sector category_2

	(Total (1027	(Bridals (38	Printing And (Stationary (38	Events management & (Décor (37	Second Hand (Clothes (37	(Logistics (35	(Agriculture (30	Timber Supplier (28	Agent Banking and Mobile (Money (24
Theft/burglary	76%	92%	66%	89%	84%	89%	53%	50%	88%
Fire outbreaks	47%	58%	47%	41%	57%	31%	23%	89%	8%
Unstable prices of commodities	36%	18%	16%	22%	43%	9%	40%	14%	0%
Failure to pay loans	9%	5%	8%	3%	8%	6%	7%	11%	13%
Bankruptcy	8%	16%	16%	11%	14%	14%	3%	4%	4%
Illness	7%	3%	5%	0%	8%	11%	20%	4%	17%
Vandalism	6%	11%	0%	16%	14%	6%	0%	0%	4%
Accidents while on the job	5%	3%	3%	11%	0%	11%	13%	4%	4%
Machine breakdown	5%	0%	26%	0%	0%	20%	3%	4%	4%
Floods	3%	0%	0%	0%	11%	0%	0%	0%	0%
Death	2%	0%	3%	0%	0%	6%	3%	0%	8%

As shown in Tables 5 and 6, comparison by member sector categories revealed that each sector had risks it was exposed to. Theft/burglary risk cut across sectors. Fire outbreak risk was mentioned by respondents from the Timber sector at 89%, followed by textile at 60%, bridal at 58%, garments and spare parts, and second-hand clothes at 57% each, agro-input dealers at 55% and phone accessories at 52%; unstable prices of commodities was mentioned by respondents from the general merchandise sector at 48%, spare parts at 45%, phone accessories at 44%, second-hand clothes and electricals & electronics at 43% respectively, agriculture at 40%, and footwear at 39%; illness was mentioned by respondents from agriculture sector category at 20%, agent banking and mobile money at 17%, logistics at 11%, phone accessories at 10%; accidents while at work was mentioned by respondents in the agriculture sector category at 13%, logistics and events & décor sector at 11% respectively; failure to pay loans was mentioned by spare parts sector at 15%, followed by garments at 14%, agent banking & mobile money at 13%, and hardware at 12%; floods risk was mentioned by second-hand clothes sector and textiles at 11% respectively; machine breakdown risk was mentioned by the printing and stationery sector at 26%, followed by logistics sector at 20%, distantly followed by textile at 9%; bankruptcy risk was mentioned by printing and stationery and bridals sectors at 16% respectively while vandalism risk was mentioned by the events management & and décor sector at 16%, followed by second-hand clothes at 14% and bridals at 11%.

3.2.2. Frequency of exposure to the mentioned risks

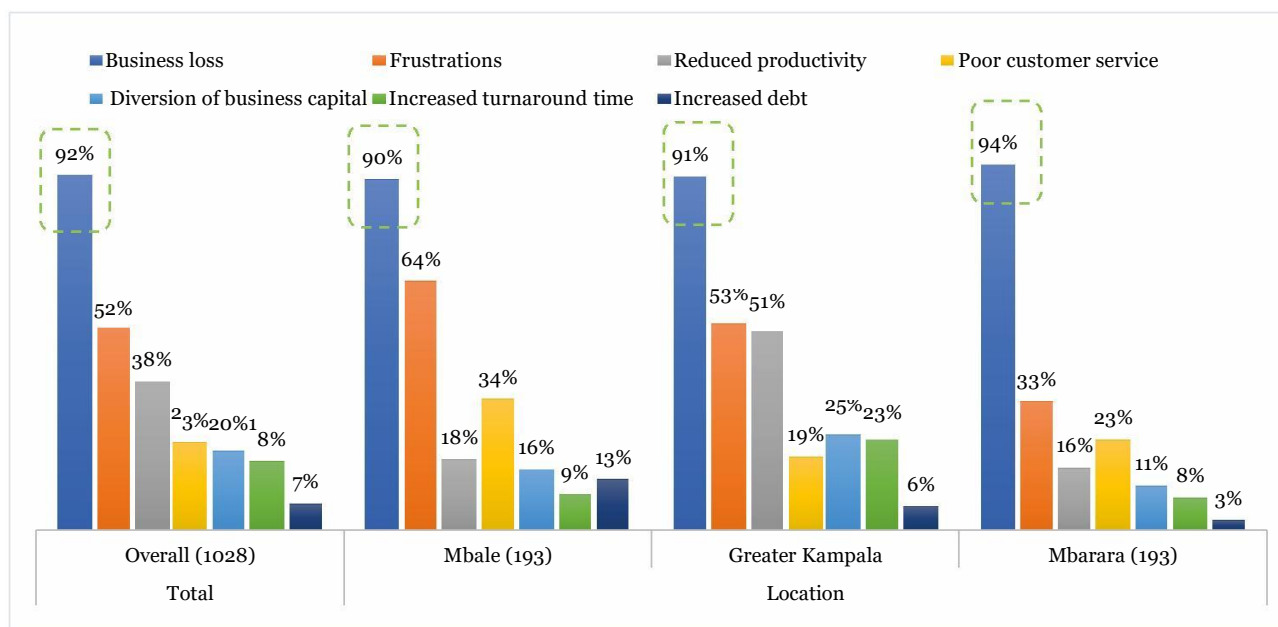
Figure 5: Frequency of Business Risk Encounters

	Theft/Burglary	Fire outbreaks	Unstable prices of commodities	Illness	Loss of property	Failure to pay loans	vandalism or malicious damage
Rarely	51%	42%	21%	36%	38%	40%	48%
Occasionally/Sometimes	24%	10%	41%	47%	38%	39%	31%
Never	15%	45%	3%		10%	7%	
Frequently	5%	1%	17%	11%	8%	9%	17%
Usually	3%	1%	14%	5%	5%	3%	3%
Every time	1%	0%	3%	0%	1%	1%	0%

When respondent traders were asked how frequently they encountered risks associated with their businesses. The results indicated that most risks were encountered rarely, except for unstable commodity prices and illnesses. These risks were reported to be experienced sometimes by 41% and 47% of respondents, respectively.

3.2.3. Effects arising out of the risks faced by the businesses

Figure 6: Effects Resulting from Business Risks



When respondent traders were asked to mention some of the effects arising out of the risks they faced in business, the top mentioned effect was a business loss at 92%. This was consistent across survey locations. This was distantly followed by frustrations at 52%, reduced productivity at 38%, poor customer service at 23%, diversion of business capital at 20%, and increased turnaround time at 7%.

In addition, interviews with IDI respondents also confirmed that the major effects arising out of the risks the businesses were exposed to included business loss, frustrations/disappointments, and delayed goods in transit.

Below is what they said: -

“...people don’t buy from us. People want these products, you know people have problems...” **IDI respondent, Importer, Tile sector**

“...Failure. Business can fail, you know we have an example of a very prominent businessman who died a few years ago. The business is no more because he died... And there were no insurance policies to cover him and his family so all they had to do is liquidate the little they were left with in the business...” **IDI respondent, Importer-Electricals**

“...Some farmers fall out due to the inability to supply. And secondly, the biggest issue out of that is loss, because of the rejection of some of the products, we lose most of the amount that we have invested in. That causes a reduction in our capital base...” **IDI respondent, Importer Agro inputs sector**

Table 7: Effects arising out of the risks faced in business by sector

	(Total (1028	General Mer- (chandise (172	(Hardware (73	(Garments (70	(Spare Parts (65	Electrical And (Electronics (63	(Textile (58	Agro Input (Dealers (55
Business loss	92%	91%	92%	91%	91%	89%	84%	95%
Frustrations	52%	61%	41%	49%	42%	46%	59%	53%
Reduced productivity	38%	40%	32%	29%	31%	24%	33%	51%
Poor customer service	23%	25%	10%	27%	25%	16%	19%	20%
Diversion of business capital	20%	23%	12%	24%	31%	14%	12%	25%
Increased turnaround time	18%	15%	12%	20%	14%	17%	17%	11%
Increased debt	7%	6%	11%	7%	8%	5%	12%	7%

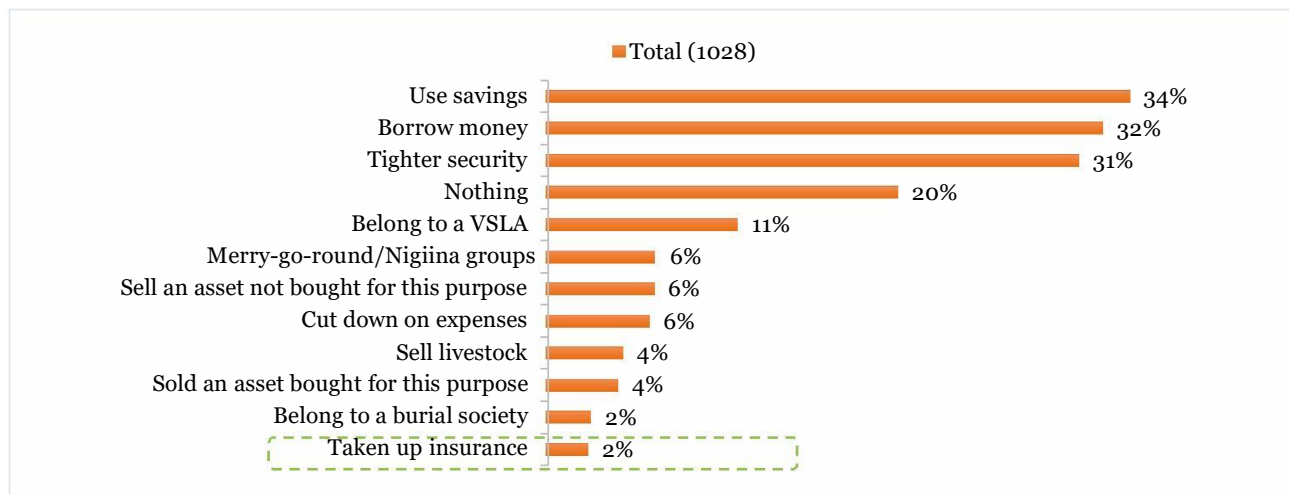
Table 8: Effects arising out of the risks faced in business by sector

	(Total (1028	Phone Accessories (50	(Footwear (41	(Bridals (38	Printing And Stationary (38	Events management & Decor (37	Second Hand (Clothes (37	(Logistics (35	Agriculture (30	Timber (Supplier (28	Agent Banking and Mobile (Money (24
Business loss	92%	94%	90%	92%	89%	95%	89%	100%	83%	96%	100%
Frustrations	52%	50%	63%	45%	47%	57%	51%	66%	50%	39%	21%
Reduced productivity	38%	44%	49%	39%	55%	65%	49%	37%	20%	25%	4%
Poor customer service	23%	30%	22%	26%	18%	24%	27%	37%	17%	11%	21%
Diversion of business capital	20%	36%	17%	3%	21%	14%	43%	20%	23%	7%	13%
Increased turnaround time	18%	30%	20%	16%	24%	32%	35%	23%	7%	11%	8%
Increased debt	7%	4%	0%	5%	0%	5%	5%	9%	3%	7%	4%

As shown in Tables 7 and 8, comparison by member sector categories revealed that business loss and frustrations were the most mentioned in all sector categories. Reduced productivity was mentioned by events management and décor at 65%, followed by printing and stationary at 55%, agro-input dealers at 51%, and footwear and second-hand clothes at 49% respectively; poor customer service was mentioned by the logistics sector at 37%, followed by phone accessories at 30%; diversion of business capital was mentioned by second-hand clothes at 43%, followed by phone accessories sector at 36%, and spare parts at 31%; increased turnaround time was mentioned by second-hand clothes sector at 35%, followed by events management & décor sector at 32%, and phone accessories at 30%.

3.2.4. Measures taken to manage the risks businesses are exposed to

Figure 7: Measures Taken to Mitigate Identified Risks



Survey findings revealed that overall, the most used risk mitigation measures were savings at 34%, borrowing money at 32%, tighter security at 31% and belonging to a village savings and loans association (VSLA) at 11%. Only 2% of the respondents took up insurance to manage the risks their businesses were exposed to. Results showed a gap in knowledge of insurance as a risk mitigation measure. The findings call for measures to sensitize the business community about insurance benefits.

Table 9: Measures taken to manage risks businesses are exposed to – by locations

	Total (1028)	Location		
		Mbale (198)	Greater Kampala (637)	Mbarara (193)
Use savings	34%	36%	33%	33%
Borrow money	32%	46%	26%	39%
Tighter security	31%	20%	36%	26%
Nothing	20%	19%	24%	11%
Belong to a VSLA	11%	27%	5%	16%
Merry go round/Nigiina groups	6%	16%	1%	12%
Sell an asset not bought for this purpose	6%	9%	5%	7%
Cut down on expenses	6%	5%	8%	1%
Sell livestock	4%	7%	3%	6%
Sold an asset bought for this purpose	4%	7%	4%	1%
Belong to a burial society	2%	9%	1%	1%
Taken up insurance	2%	0%	3%	3%

Based on the survey results, it was found that the top three measures for managing business risks were consistent across all survey locations. However, belonging to a VSLA or merry-go-round/Nigiina group were more commonly mentioned in the Mbale and Mbarara areas. Interestingly, insurance was not mentioned frequently as a measure used by the respondents to manage business risks, particularly in Mbale. This indicates that informal forms of insurance were still heavily relied upon by the traders. It is important to inform these traders about the benefits and importance of formal insurance to help them better manage their business risks.

Table 10: Measures taken to manage risks business are exposed to by risk faced

	Overall	Theft/burglary	Fire outbreaks	Unstable prices of commodities	Failure to pay loans	Bankruptcy	Illness	Vandalism	Accidents while on job	Machine break-down	Floods	Death
Use savings	34%	36%	35%	45%	52%	56%	41%	33%	31%	34%	24%	61%
Borrow money	32%	33%	36%	38%	61%	49%	35%	21%	37%	43%	21%	57%
Tighter security	31%	38%	39%	29%	22%	31%	23%	19%	33%	34%	31%	13%
Nothing	20%	18%	18%	16%	8%	16%	19%	16%	16%	9%	17%	9%
Belong to a VSLA	11%	12%	15%	14%	31%	15%	36%	7%	35%	17%	0%	48%
Merry-go-round/Nigiina groups	6%	7%	9%	9%	16%	7%	24%	3%	20%	9%	7%	35%
Sell an asset not bought for this purpose	6%	6%	8%	9%	15%	13%	4%	3%	8%	11%	0%	17%
Cut down on expenses	6%	6%	5%	11%	13%	10%	8%	19%	12%	9%	14%	22%
Sell livestock	4%	5%	5%	5%	11%	7%	3%	2%	8%	6%	0%	26%
Sold an asset bought for this purpose	4%	5%	5%	4%	9%	8%	1%	3%	10%	9%	0%	17%
Belong to a burial society	2%	3%	5%	3%	14%	7%	14%	2%	16%	2%	0%	30%
Taken up insurance	2%	2%	2%	2%	0%	3%	1%	2%	4%	9%	0%	4%

Upon further analysis, it was discovered that the most common strategies utilized to mitigate risks for businesses were saving and borrowing money. Tighter security measures were primarily implemented by businesses that had experienced theft (38%) or fire outbreaks (39%). For those exposed to risks such as failure to pay loans, illnesses, job-related accidents, and death, being part of a VSLA or merry-go-round was a common strategy. When faced with failure to pay loans (15%) or death (17%), selling assets was the most popular risk mitigation measure. Insurance was utilized mostly by businesses exposed to machine breakdown (9%), death (4%), and job-related accidents (4%). It is worth noting that 20% of respondents did not have any risk mitigation measures in place, which presents an opportunity for insurance to intervene.

During the interviews with the IDI respondents, it was discovered that they utilized various methods to mitigate the risks their businesses faced. Some of these methods included relying on social connections in case of unforeseen circumstances, selling assets to pay off debts, and choosing to obtain insurance. Below is what they said: -

“Some of my members are insured, they insure their property and some others don’t insure. Another, they rely on associations, like this one. Like if someone’s container is stuck somewhere, they come and get a recommendation to go get a loan from the bank. This is to help him confirm that the person is a member and that if you give him more, he will work and pay it back...” IDI Respondent, Sector head, Hardware sector

“...we engage our farmers, and we make sure they keep their products to the standard that is acceptable internationally, it’s a little bit difficult... Secondly, we, motivate our farmers by providing some subsidiaries in terms of pest and disease control and extension services. We also at times give them loans in terms of money, to help them in the production...” IDI respondent, Exporter-Agro input

“... I have managed my risks through building social capital. The business community has a very big social capital. If somebody loses someone you see people coming around with a book and before you know it, they have collected over 5 million...” IDI respondent, Importer-Electricals

“...Usually, you liquidate what you have bought to settle any losses...” IDI respondent, Importer-Electrical

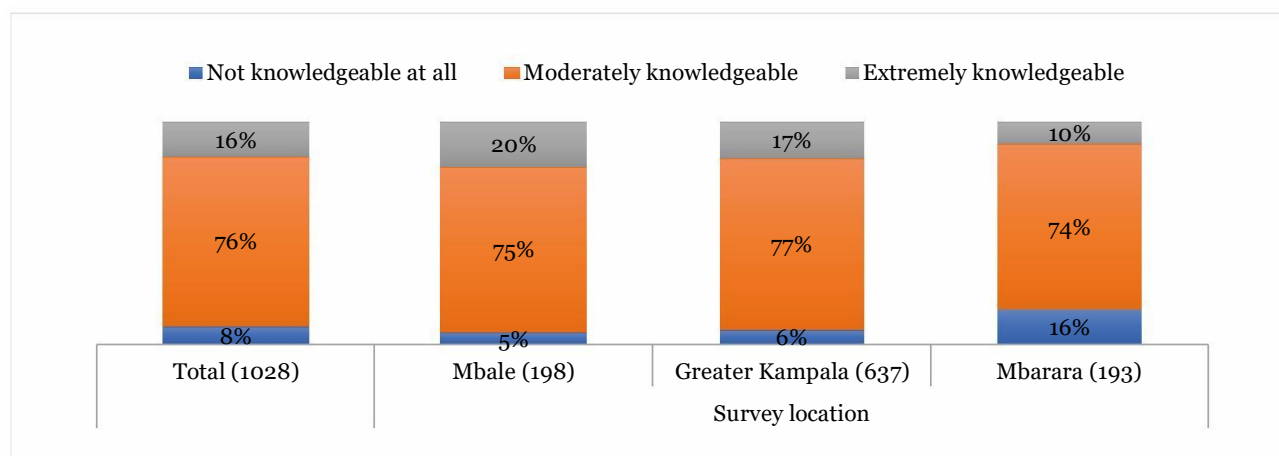
“...As an association, we sensitize a lot, by engaging central leadership and having several engagements in which the business community. We have also tried to carry out some experiments with how a fire extinguisher works... we have also partnered with UIA to inform the traders about the value of insurance” IDI respondent, KACITA

“...members have got these small saving groups; they are scattered all around the city to help them in those tough times ...” IDI respondent, MACITA

3.3. To establish the level of knowledge and uptake of formal insurance among traders

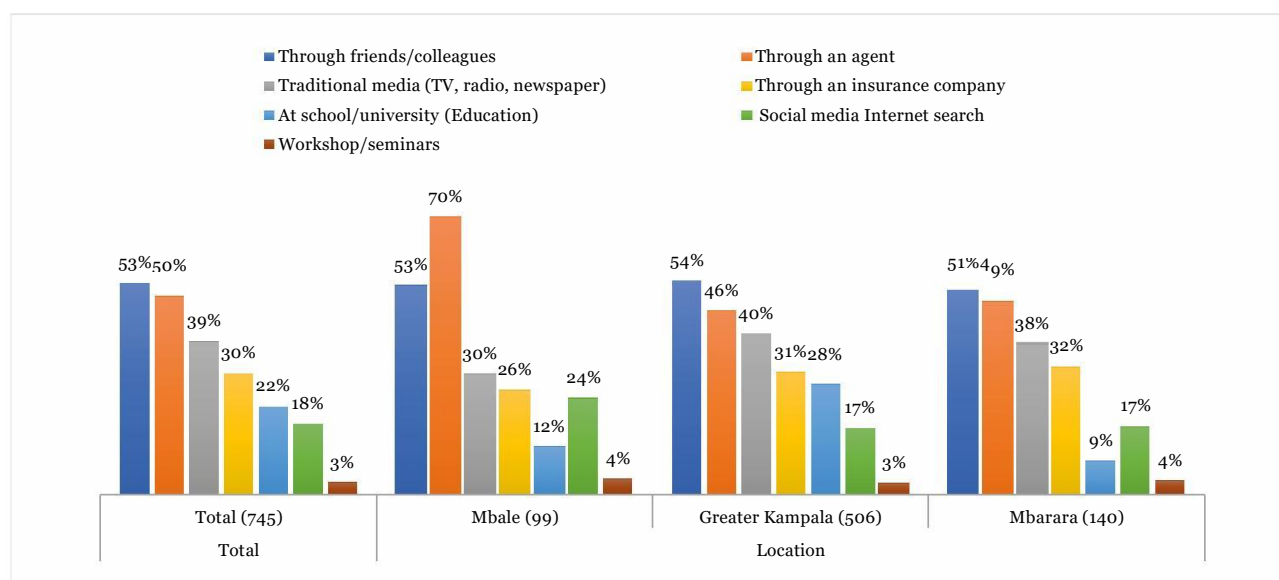
3.3.1. Knowledge about formal insurance

Figure 8: Assessing Knowledge Levels about Insurance



When respondents were asked to rate their level of knowledge of insurance, overall, 76% of respondents rated themselves as having moderate knowledge. This was consistent across all survey locations. Only 16% considered themselves to be extremely knowledgeable. The results indicate a need to increase awareness of formal insurance within the business community.

Figure 9: Sources of Insurance Awareness



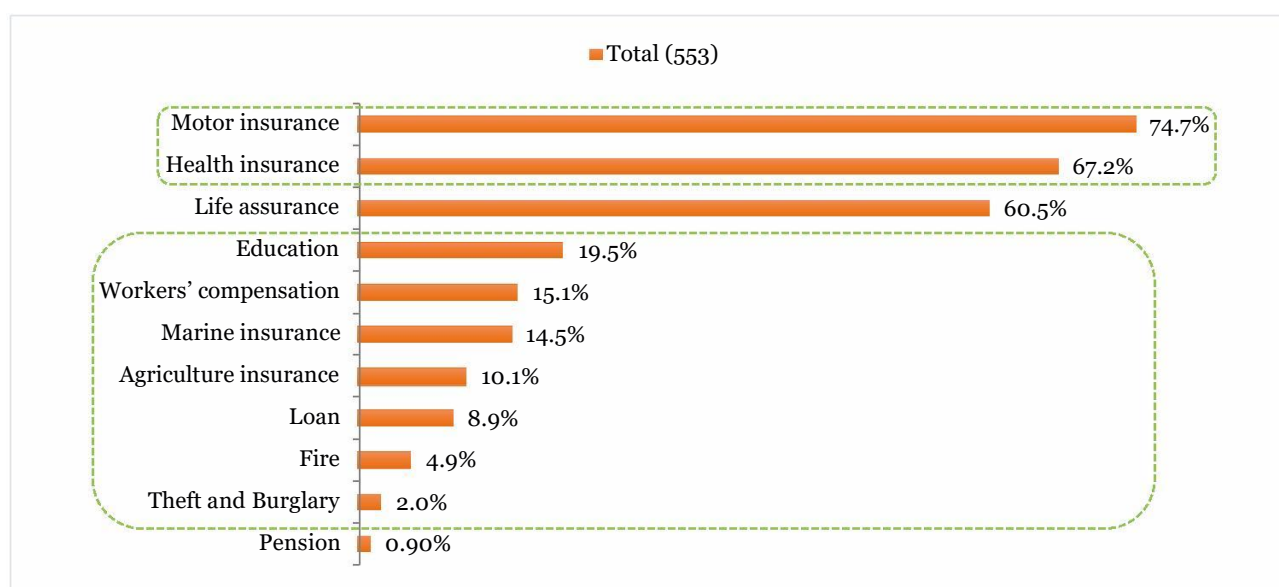
Survey results showed that 53% of respondents heard about formal insurance through friends/colleagues, followed by agents at 50% and traditional media at 39%. Comparison by survey locations revealed that in Mbale, agents were the most mentioned source of information about formal insurance at 70%.

According to Edelman (2019), 63% of consumers between 18 and 34 years old said they “trust what influencers say about brands much more than what brands say about themselves in their advertising.”

Research by (Dost et al, 2019)⁹ found that “seeded” marketing campaigns that leveraged micro influencers to discuss brands with friends and acquaintances” can increase total sales by up to 18% throughout a campaign. These findings, if translated to the insurance industry, can improve the perceptions currently held by the public about the insurance industry.

3.3.2. Awareness of insurance policies

Figure 10: Knowledge of Insurance Policies



When survey respondents who were knowledgeable about formal insurance were asked to mention the insurance policies they were aware of, overall, motor insurance took the lead at 74.7%, followed by health insurance at 67.2%, life assurance at 60.5%, education policy at 19.5%, workers compensation at 15.1%, marine insurance at 14.5%, agriculture at 10.1%, loan insurance at 8.9%, fire at 4.9% and theft & burglary at 2%. The findings suggest that there was more awareness of non-life than life covers.

Table 11: Insurance policies are you aware of

	Total (553)	Mbale (98)	Greater Kampala (504)	Mbarara (138)
Motor insurance	74.7%	12.3%	68.0%	19.7%
Health insurance	67.2%	10.5%	72.0%	17.5%
Life assurance	60.5%	14.1%	69.6%	16.3%
Education	19.5%	1.4%	41.0%	8.5%
Workers' compensation	15.1%	23.2%	67.9%	8.9%
Marine insurance	14.5%	11.2%	84.1%	4.7%
Agriculture insurance	10.1%	21.3%	56.0%	22.7%
Loan	8.9%	1.4%	16.0%	5.7%
Fire	4.9%	1.4%	9.0%	2.4%
Theft and Burglary	2.0%	-	4.7%	0.5%
Pension	0.9%	-	1.9%	0.5%

9 Dost, F., Phielers, U., Haenlein, M., & Libai, B. (2019). Seeding as Part of the Marketing Mix: Word-of-Mouth Program Interactions for Fast-Moving Consumer Goods. *Journal of Marketing*, 81–62, (2)83. <https://doi.org/0022242918817000/10.1177>

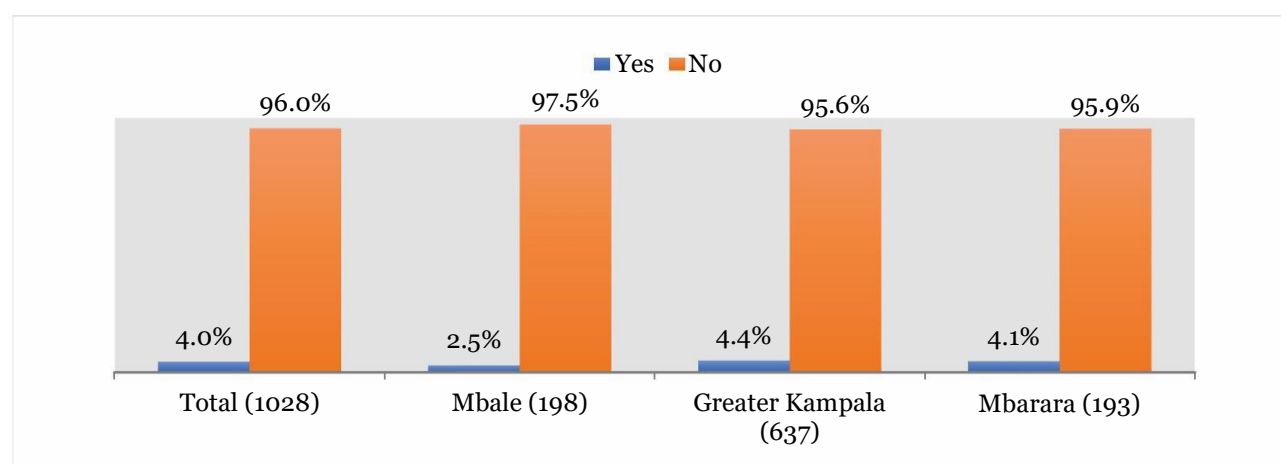
Further analysis by survey locations revealed that awareness of insurance policies was highest in Greater Kampala. In Mbale, Workers' Compensation took the lead at 23.2%, followed by agriculture at 21.3%, distantly followed by life assurance at 14.1%, motor at 12.3%, and health at 10.5%; in Mbarara, 22.7% of respondents were aware of agriculture insurance, followed by motor insurance at 19.7%, health at 17.5%, life assurance at 16.3%; while in Greater Kampala, awareness was highest for Marine insurance at 84.1%, followed by health insurance at 72%, Life assurance at 69.6%, motor at 68%, workers compensation at 67.9% agriculture at 56%, and education at 41%. The findings suggest a need to increase sensitization efforts of all insurance products among the traders in Mbale and Mbarara.

The low overall awareness levels of fire (4.9%), theft and burglary (2%), and pension (0.9%) policies by the respondent traders suggest a need to create initiatives that will raise the awareness levels. Furthermore, the low awareness level of marine insurance in Mbale and Mbarara at 11.2% and 4.7%, respectively, calls for stakeholders to devise measures to increase awareness outside Greater Kampala.

3.4. To unearth any barriers to the uptake of formal insurance

3.4.1. Uptake of formal insurance

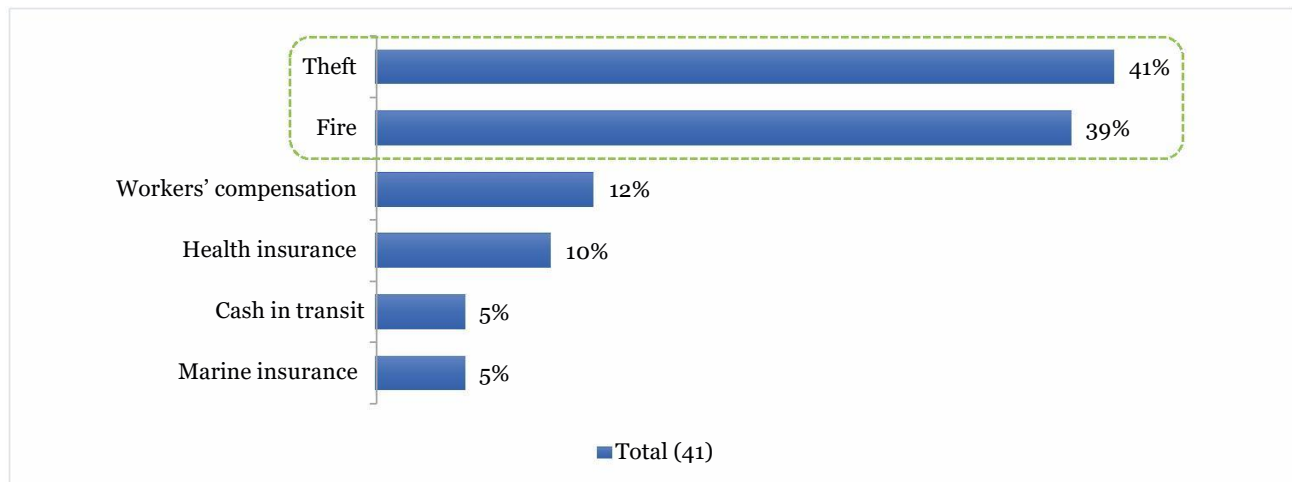
Figure 11: Assessment of Insurance Uptake



Survey findings revealed that of the respondent traders that took part in the survey, only 4% had their businesses insured under formal insurance. This cut across all survey locations. The results call for measures to increase the uptake of formal insurance among the members of KACITA.

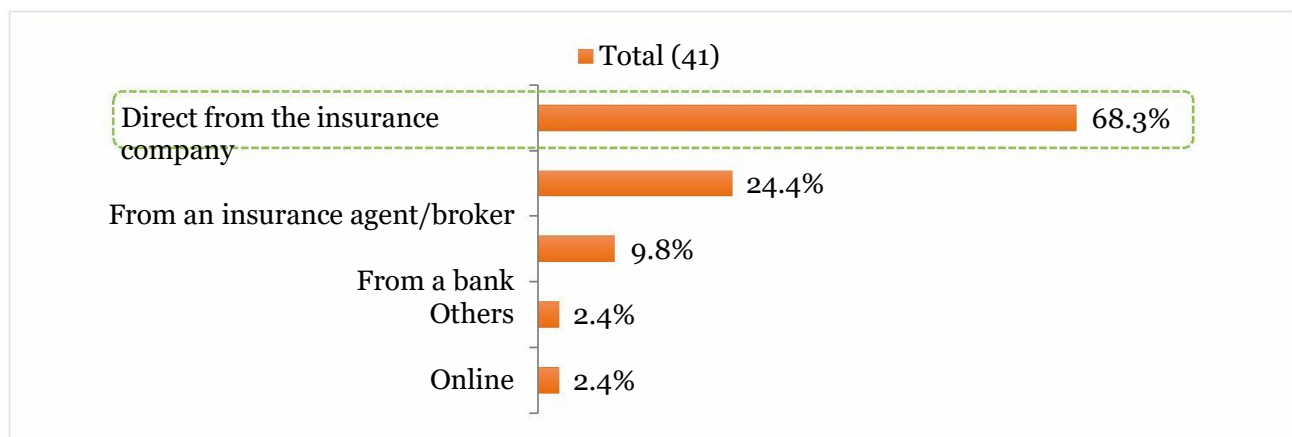
3.4.2. Insurance policies businesses are subscribed to

Figure 12: Types of Insurance Policies Held by Businesses



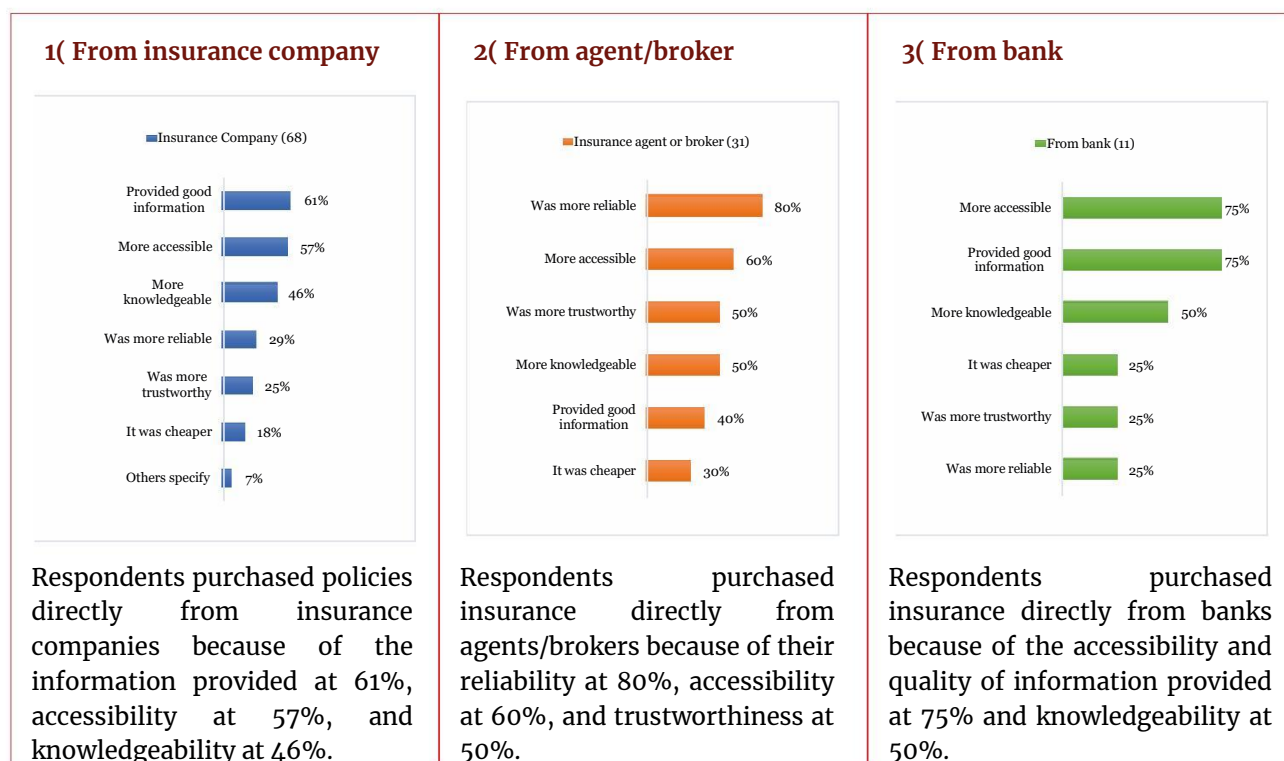
The survey findings showed that theft at 41% and fire at 39% were the policies most subscribed to by the insured businesses.

Figure 13: Acquisition Methods for Insurance Products



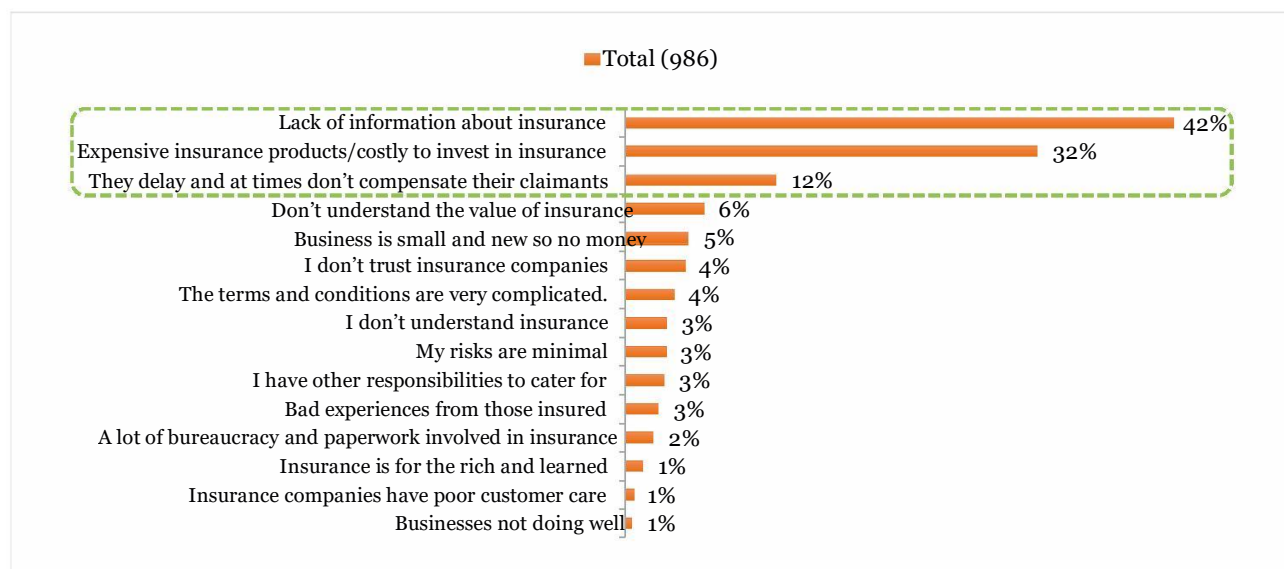
Survey findings revealed that 68.3% of the respondent traders purchased insurance directly from the insurance company, followed by insurance agents/brokers at 24.4%, the bank at 9.8%, and online at 2.4%.

Figure 14: Do6. Motivations for Mode of Insurance Purchase



3.4.3. Barriers to the uptake of formal insurance

Figure 15: Barriers to Formal Insurance Uptake



The main reason for not taking up insurance was lack of information about insurance at 42%, followed by high cost of purchase of insurance products at 32% and delays in payment of claims at 12%.

The results suggest a need for industry players to break down insurance aspects to make it easy for the public to understand, design simple and cheap products for the traders/informal business community and quicken the claim process. The regulator also needs to enforce guidelines on claims processing since it is the basis on which insurance companies are ultimately judged by clients¹⁰.

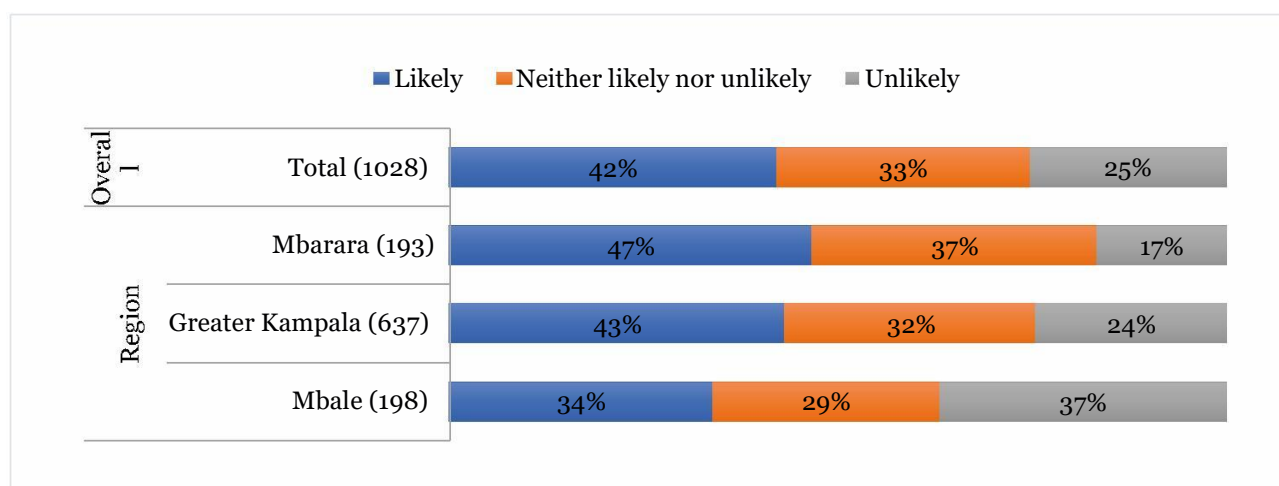
Interviews with IDI respondents revealed that lack of information was a key barrier to insurance uptake as shown below: -

“ ...My shop was attacked and stolen, and it is not covered by insurance, I have not seen an insurance company that may be there but I have not heard. Another risk, aah... the boda boda guys are also complaining that insurance is sensitizing them, they told them that they have a big risk they cannot insure them...” IDI respondent MACITA

3.5. To establish the likelihood of insuring against the risks currently faced

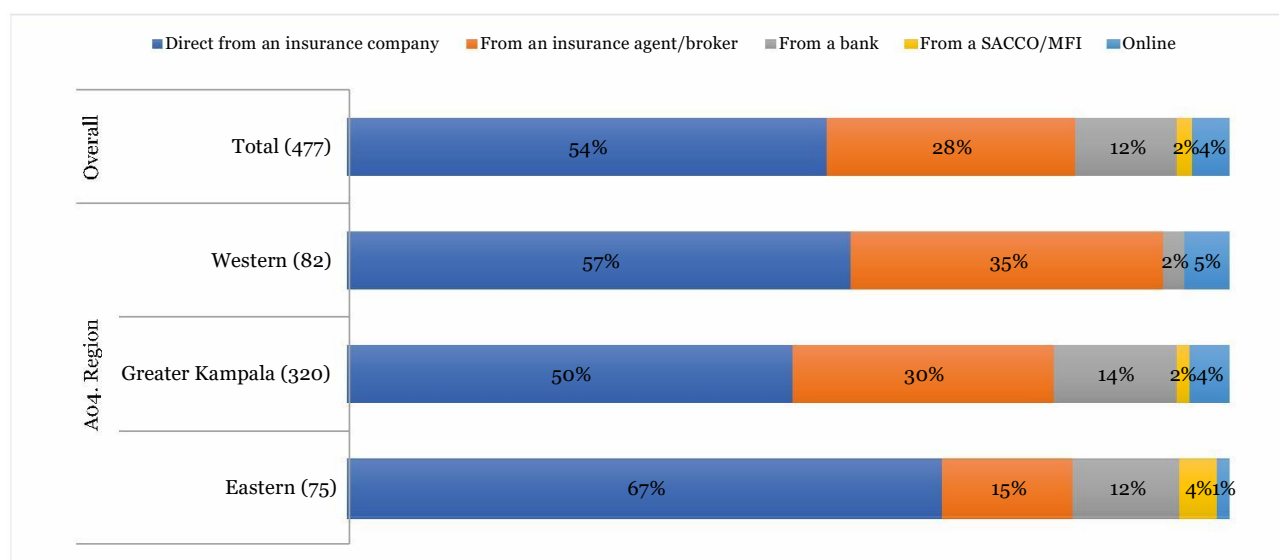
3.5.1. Likelihood to insure against the risks currently faced

Figure 16: Likelihood of Formal Insurance for Current Risks



When respondents were asked about their likelihood to insure against the risks they currently face in their businesses, overall, about 4 out of 10 respondents (42%) were likely to insure. This was true in Mbarara at 47% and Greater Kampala at 43%. However, the likelihood of insuring against risks faced by respondents in Mbale was slightly lower at 34%. The findings suggest that there is potential for uptake of formal insurance.

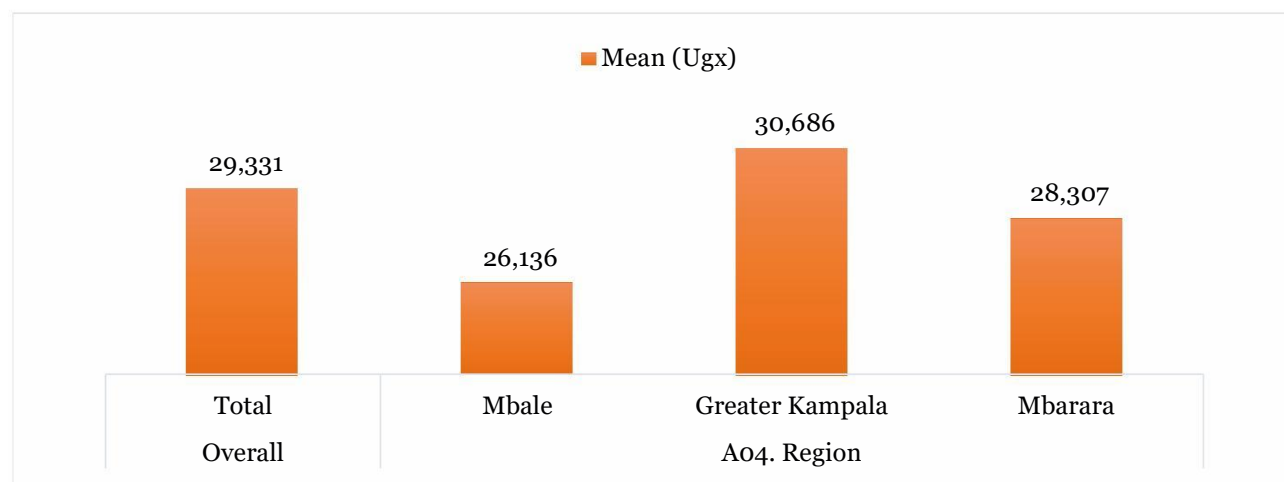
Figure 17: Preferred Channels for Purchasing an Insurance Cover



Survey findings revealed that overall, 54% of respondents who intend to purchase insurance in the next year preferred to buy the policies directly from the insurance companies, followed by insurance agents/brokers at 28%, banks at 28%, SACCO/MFI at 2% and online at 4%.

Preference for insurance companies and agents was seen across survey locations.

3.5.2. Monthly Budget for Insurance

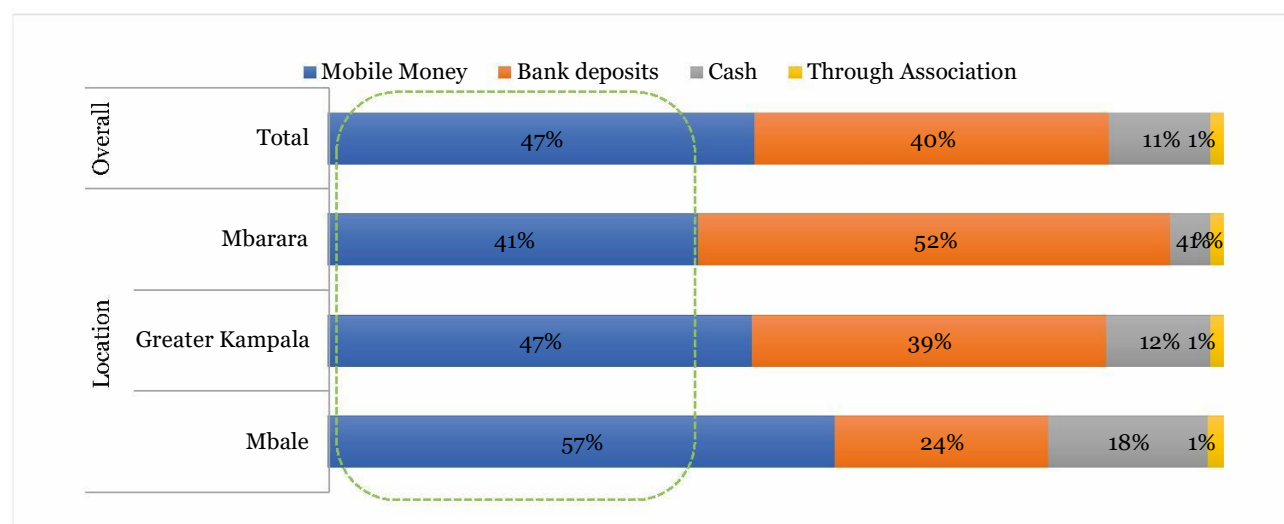


When respondents were asked how much premium they would be willing to pay monthly, findings revealed that they were willing to pay UGX. 29,331. Comparison by survey locations revealed that respondents in Greater Kampala were willing to pay UGX. 30,686, in Mbale UGX. 26,136, while in Mbarara UGX. 28,307. The findings suggest a need to develop insurance products that are affordable for the business community.

3.6. To establish the preferred mode of payment for insurance

3.6.1. Preferred mode of payment for insurance

Figure 18: Preferred Payment Mode for Insurance



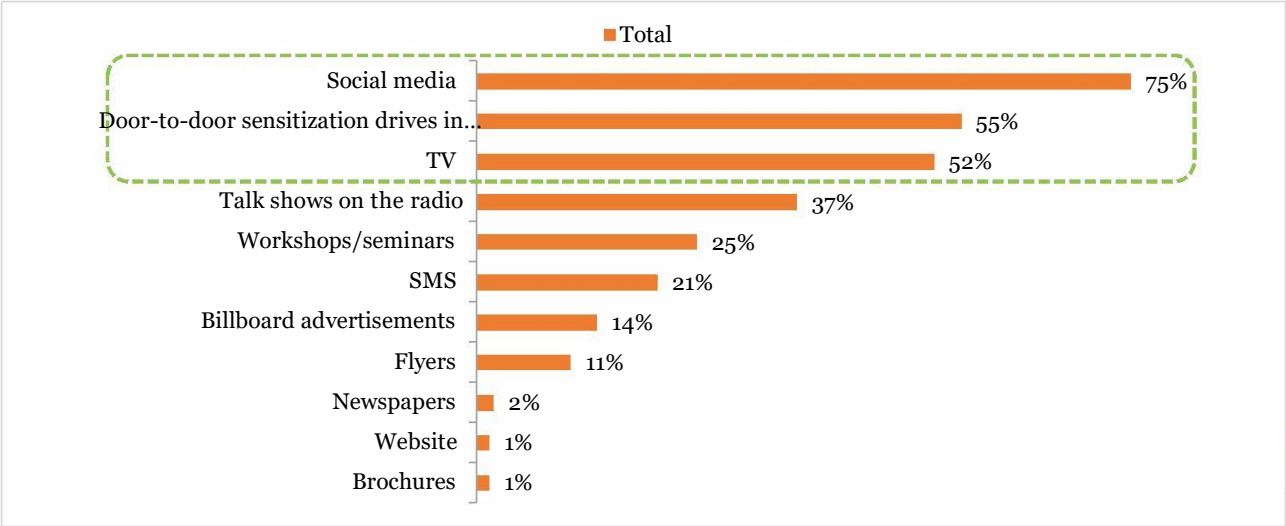
The findings revealed that respondents preferred paying for insurance through mobile money at 47%, followed by bank deposits at 40%. This was true across survey locations.

The results suggest a need for insurers to partner with money aggregators such as Airtel Money and MTN Mobile Money as a channel for selling insurance to the last mile.

3.7. To establish preferred sources of information about insurance

3.7.1. Preferred sources of information about insurance

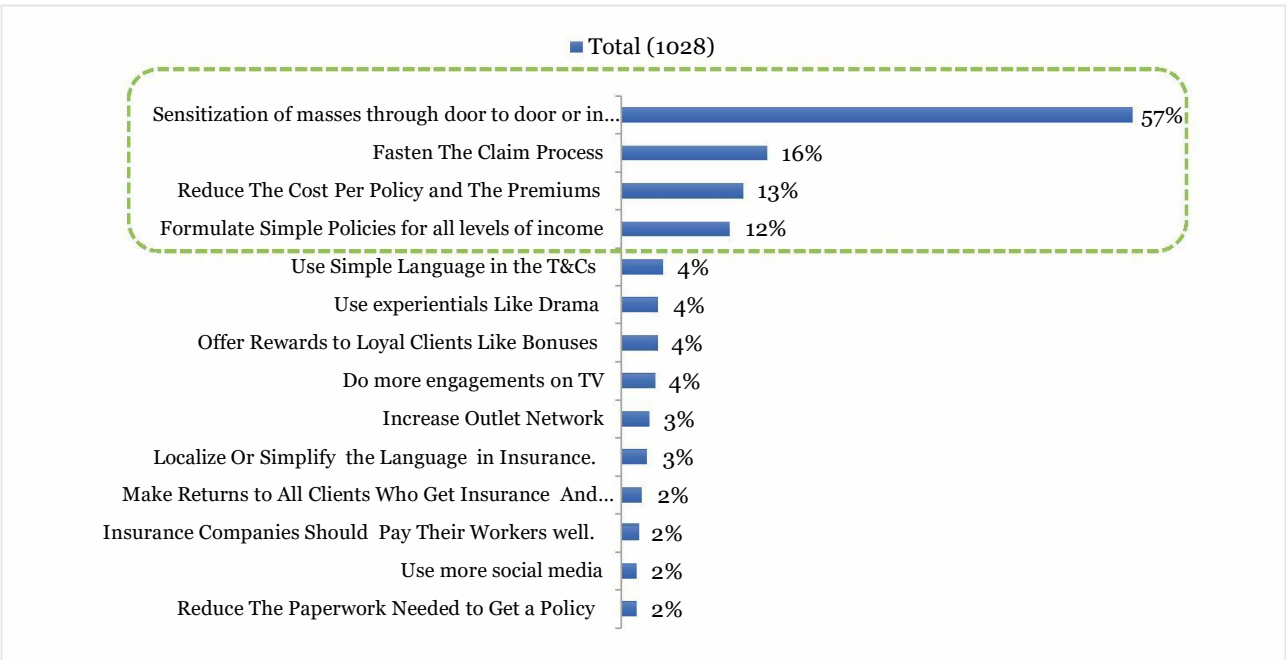
Figure 19: Preferred Methods for Obtaining Insurance Information



The figure above shows that 75% of respondents preferred receiving information about insurance through social media, followed by sensitization drives at 55%, TV at 52%, and distantly followed by talk shows on radio at 37%. The results suggest a need for targeted awareness initiatives conveyed through social media, door-to-door and TV.

3.8. Suggestions to attract more clients from the informal business sector

Figure 20: Insurers' Strategies to Attract Clients



According to the survey results, there is a lot that the insurance industry can do to attract clients from the informal business community. Sensitizing the public was the most commonly suggested solution, with 57% of respondents agreeing. This aligns with feedback from in-depth interviews and aims to raise awareness about insurance and ensure that the target audience understands it well enough to make informed decisions. Achieving this will require creativity and stakeholder collaboration to develop appropriate communication for the business community. Other suggestions included streamlining the claim process at 16%, reducing policy costs at 13% and creating straightforward policies that cater to all income groups at 12%.

“... sensitise the traders in groups because those people have different factors that affect their business...” **IDI respondent, MACITA**

“...they just need to continue engaging them. We just need to continue interesting them in several forums. where the beneficiaries can come out to testify because some believe that they don’t benefit... use the various channels of information like, WhatsApp groups, social media, radio, TV, and newspapers... now we have sectoral leadership in the business community, it can also be engaged” **IDI respondent, KACITA**

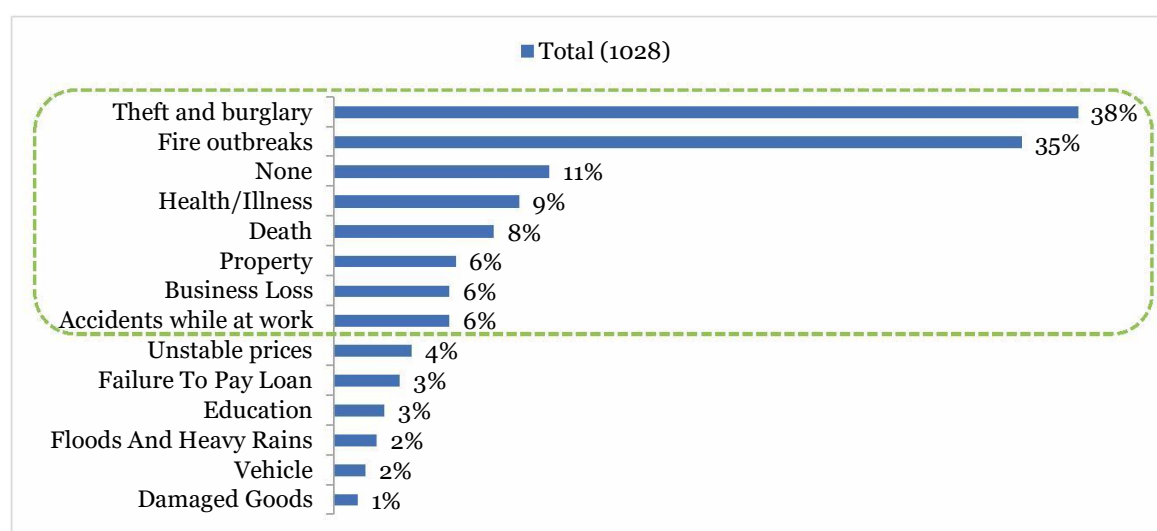
“...insurance companies can engage KACITA to organize meetings and training sessions where they train traders about insurance...” **IDI respondent, Exporter**

“... engage us through people we understand and believe in like KACITA, musicians who always speak to what people do. Every advert we see on TV is in English, you need to do something that even my son of 9 years can explain to me. If you ask my son of 9 years to explain to you about insurance he can’t because he has to look for perfect English words to explain to me and he doesn’t have that vocabulary there and then...” **IDI respondent, Importer**

Worth noting is that the suggested action points are critical in addressing the key barriers to the uptake of formal insurance as earlier discussed in this report.

3.8.1. Business risks that would be covered under formal insurance

Figure 21: Desired Coverage for Business Risks under Formal Insurance



Survey results revealed that 38% of the respondents would like insurance to cover theft and burglary, followed by fire outbreaks at 35%, followed by health/illness at 9%, death at 8%, property, business loss and accidents while at work at 6% each. The results speak to the business risks respondents said their businesses were exposed to, as earlier discussed in this report.

The results suggest a need for insurance companies to innovate or package simple and cheap products in the highlighted product categories that would address the traders’ needs.

Table 12: Business risks that would be covered under formal insurance by survey location

	Survey location			
	Total (1028)	Mbale (193)	Greater Kampala (637)	Mbarara (198)
Theft and burglary	38%	46%	34%	42%
Fire outbreaks	35%	41%	34%	31%
None	11%	10%	13%	5%
Health/Illness	9%	7%	8%	17%
Death	8%	13%	5%	14%
Property	6%	9%	7%	2%
Accidents while at work	6%	8%	4%	11%
Business Loss	6%	7%	5%	8%
Unstable prices	4%	3%	5%	1%
Failure To Pay Loan	3%	3%	4%	3%
Education	3%	2%	2%	5%
Floods And Heavy Rains	2%	0%	3%	0%
Vehicle	2%	0%	1%	4%
Damaged Goods	1%	0%	2%	1%

Further comparison by survey locations revealed that across all survey locations, respondents mentioned that they would like to insure against theft and burglary and fire outbreaks. In Mbale, respondent traders also said death at 13% while, in Mbarara, they mentioned health (17%), death (14%) and accidents at work at 11%. The findings suggest a need for targeted initiatives to empower the traders with knowledge of the availability of the various policies that could cater for their risks and a necessity for insurers to tailor-make policies that are affordable to the informal traders.

Table 12: Business risks that would be covered under formal insurance by survey location

	Total	General Merchandise	Hardware	Garments	Spare Parts	Electrical And Electronics	Textile	Agro Input Dealers	Phone Accessories	Footwear
Theft and burglary	38%	37%	26%	43%	49%	41%	26%	31%	46%	27%
Fire outbreaks	35%	38%	29%	34%	34%	27%	38%	44%	36%	32%
None	11%	12%	16%	9%	14%	11%	14%	9%	14%	22%
Health/Illness	9%	9%	14%	17%	5%	14%	3%	11%	4%	7%
Life	7%	8%	5%	4%	3%	5%	7%	2%	6%	5%
Property	6%	7%	5%	6%	8%	5%	9%	5%	4%	10%
Accidents	6%	5%	8%	10%	3%	8%	0%	2%	8%	2%
Business Loss	6%	8%	5%	9%	9%	8%	5%	9%	4%	0%
Unstable prices	4%	6%	5%	3%	2%	0%	10%	7%	4%	2%
Failure To Pay Loan	3%	4%	5%	6%	8%	3%	2%	0%	0%	0%
Education	3%	1%	3%	6%	2%	2%	2%	0%	2%	5%
Floods And Heavy Rains	2%	1%	1%	7%	0%	0%	5%	5%	0%	0%
Vehicle	2%	1%	4%	1%	0%	3%	2%	0%	0%	0%
Damaged Goods	1%	2%	4%	0%	2%	0%	0%	2%	2%	0%
Death	1%	1%	1%	3%	2%	3%	2%	0%	0%	0%
Machine Failure	1%	0%	1%	0%	2%	0%	0%	0%	0%	0%

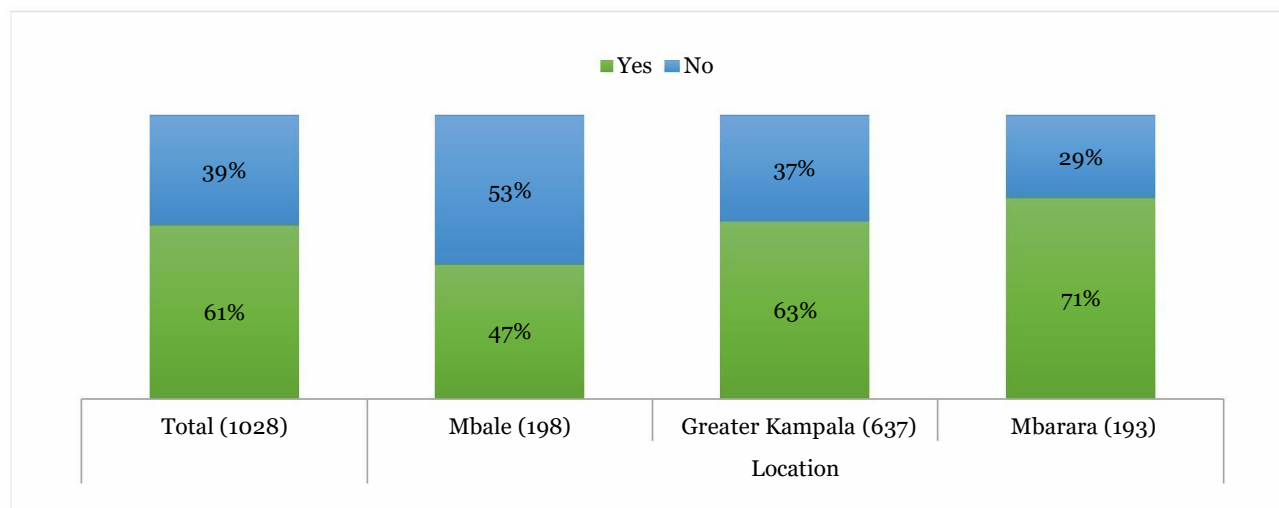
	Total	Bridals	Printing And Stationary	Events management & Décor	Second Hand Clothes	Logistics	Agriculture	Timber Supplier	Agent Banking and Mobile Money	Wines and Spirits
Theft and burglary	38%	53%	45%	41%	24%	49%	33%	18%	71%	59%
Fire outbreaks	35%	47%	53%	35%	43%	9%	17%	57%	4%	36%
None	11%	11%	0%	8%	8%	6%	17%	0%	0%	18%
Health/Illness	9%	3%	13%	3%	3%	9%	13%	14%	4%	0%
Life	7%	3%	0%	8%	0%	11%	20%	21%	13%	0%
Property	6%	8%	5%	8%	5%	9%	0%	0%	0%	14%
Accidents	6%	5%	11%	5%	3%	6%	10%	14%	0%	0%
Business Loss	6%	0%	3%	5%	0%	11%	7%	4%	4%	5%
Unstable prices	4%	0%	0%	3%	5%	0%	3%	0%	0%	9%
Failure To Pay Loan	3%	3%	3%	0%	14%	0%	0%	7%	0%	0%
Education	3%	0%	5%	5%	0%	0%	3%	4%	0%	0%
Floods And Heavy Rains	2%	0%	0%	0%	8%	3%	0%	0%	0%	0%
Vehicle	2%	3%	3%	0%	0%	6%	3%	0%	4%	0%
Damaged Goods	1%	0%	0%	3%	5%	0%	0%	0%	0%	0%
Death	1%	0%	3%	0%	0%	3%	0%	0%	0%	0%
Machine Failure	1%	5%	0%	0%	0%	0%	0%	0%	0%	5%

After analyzing the different sectors represented by KACITA, results showed that theft/burglary and fire outbreaks are the top two concerns for traders seeking formal insurance across all categories. The general merchandise and hardware sectors mentioned health at 9% and 14% respectively. The garments sector cited health at 17% and workplace accidents at 10%. The electrical and electronics sector alluded to health at 14%. The textile sector cited unstable prices at 10%. The agro-input sector mentioned health at 11%. The footwear sector said property at 10%. The printing and stationery sector cited health at 13% and workplace accidents at 11%. The events management and décor sector mentioned property at 8%. The second-hand clothes sector cited failure to pay loans at 14%. In the logistics sector, business loss was a concern at 11%. Finally, the agriculture sector mentioned health and workplace accidents at 13% and 10% respectively.

3.9. Saving for retirement

3.9.1. Whether traders are saving for retirement

Figure 22: Retirement Saving Status



Survey findings revealed that 61% of the respondents were saving for retirement. Comparison by survey locations revealed that saving for retirement was highest in Mbarara at 71%, followed by greater Kampala at 63% and lowest in Mbale at 47%. The results point to a gap in knowledge about the benefits of saving for retirement. The insurance industry should educate the traders, especially in Mbale, on the benefits of saving for retirement.

3.9.2. Ways traders are saving for retirement

Table 13: Retirement Saving Strategies

	Total (630)	Mbale (94)	Greater Kampala- (399)	Mbarara (137)
Have investments like rentals, livestock, land etc.	83%	89%	78%	90%
Save with NSSF	13%	18%	13%	10%
Save with the Bank	8%	5%	9%	7%
I save with a retirement benefit scheme MAZIMA, KACITA etc.	7%	3%	7%	9%
Have an insurance cover to cater for my retirement	6%	4%	7%	3%
Invested in securities	5%	3%	7%	1%
Save with a SACCO/VSLA	3%	1%	2%	8%

Survey findings revealed that generally, 83% of the respondents who said they were saving for retirement did so by investing in rentals, livestock and land. This cut across survey locations. Only 6% of the respondents revealed that they had an insurance cover to cater for their retirement. The findings could imply little information about the life pension products. Therefore, insurers should sensitize the business community about life pension products and their benefits.

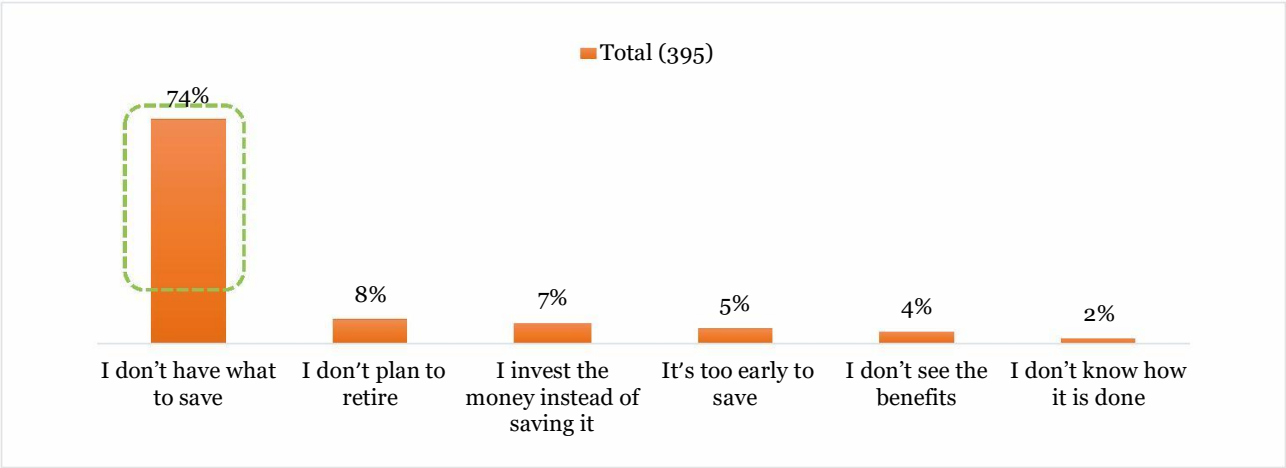
Furthermore, feedback from the in-depth interviews revealed that traders relied on physical investments as a way of saving for retirement. Below is what they said...

“...we invest so much in rentals, so you can keep earning that is one. You can also have multiple sources of income as most traders do. They have farms, schools, hotels or lodges...” **IDI respondent, Shoe importer**

“...Save in things you understand...a plot of land then the next year construct four rentals that I understand. That is my way of saving for old age...” **IDI respondent, Electricals importer**

3.9.3. Reasons for not saving for retirement

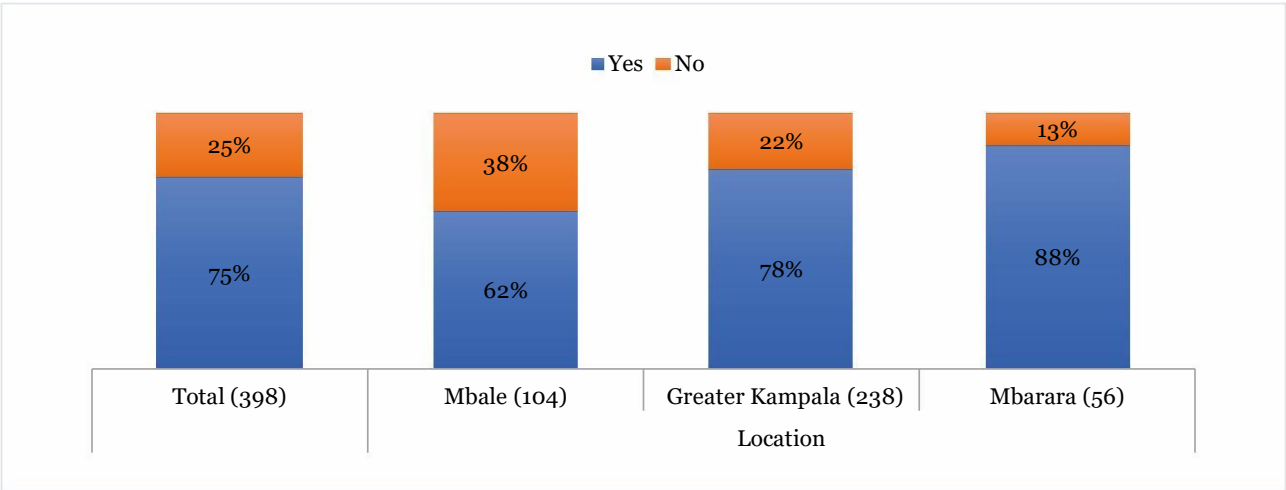
Table 14: Reasons for non-retirement savings



Survey results showed that 74% of the respondents who were not saving for retirement didn't have what to save. There were no big variations in terms of regions.

3.9.4. Whether members of KACITA would consider saving for retirement

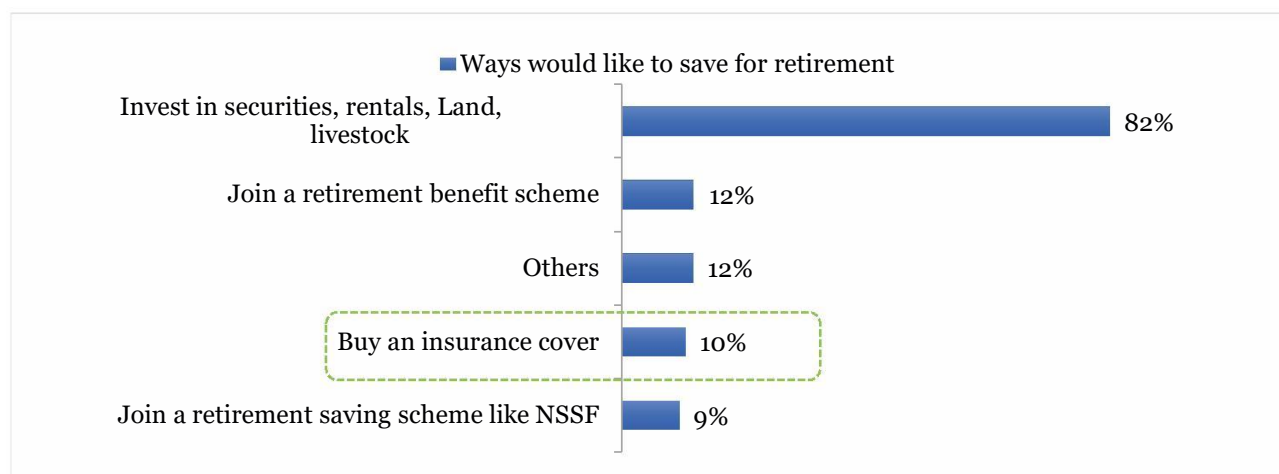
Figure 23: Consideration for Retirement Savings



Survey findings revealed that 75% of respondents would consider saving for retirement. Comparison by locations revealed that consideration for saving for retirement was lower in Mbale at 62%.

3.9.5. Ways members of KACITA would like to save for retirement

Figure 24: Retirement Savings Preferences

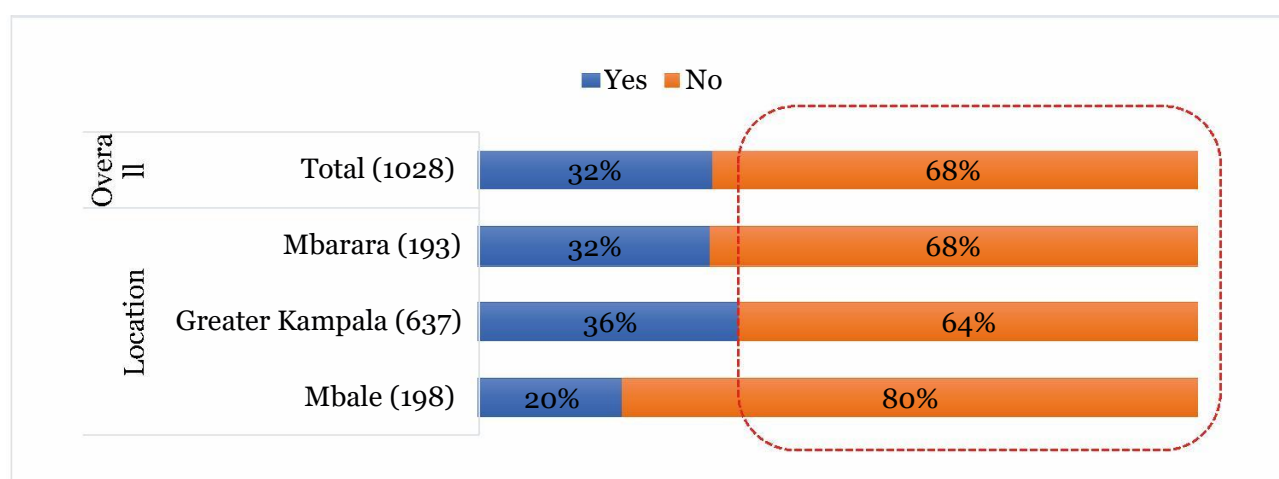


The findings revealed that overall, respondents would save for retirement by investing in securities, rentals, land and livestock at 82%. Only 10% would save for retirement by buying an insurance cover. Results show a need to sensitize the traders on the possibility of saving for retirement through insurance.

3.10. To understand their media consumption habits

3.10.1. Awareness of any educational campaigns or promotions on insurance

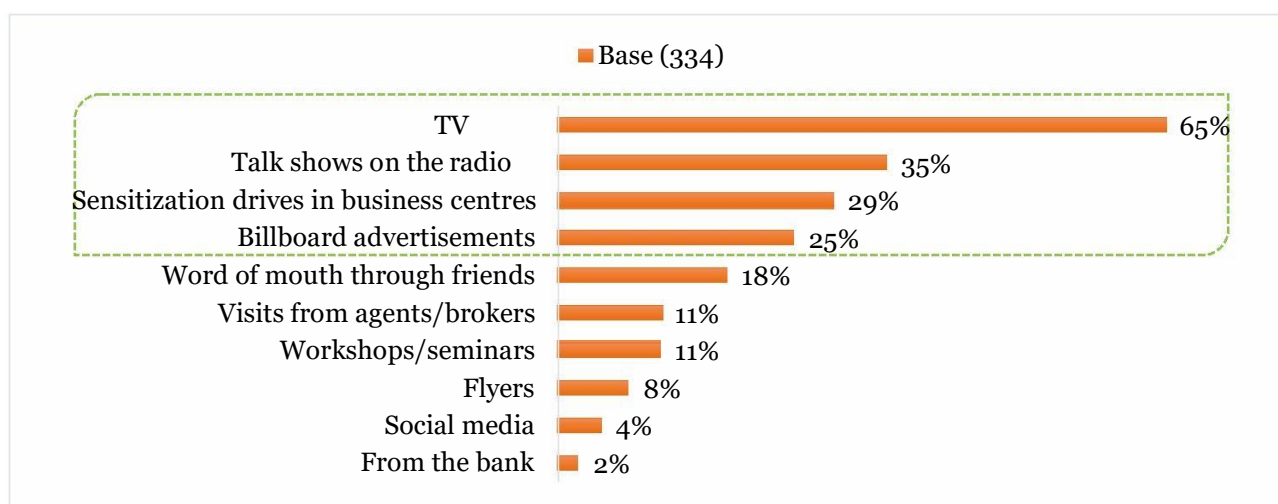
Figure 25: Awareness of Educational Insurance Campaigns in the Past Year



Survey findings revealed that only 32% of the respondent traders were aware of an educational campaign on insurance carried out in the last year. Awareness levels were lowest in Mbale at 20%, followed by Mbarara at 32% and Greater Kampala at 36%. The low levels of awareness could indicate that the initiatives carried out by the different stakeholders in the industry are not focused. Therefore, players need to develop creative publicity initiatives that can leave a print in the minds of the targeted audience.

3.10.2. Source about educational campaigns or promotions on insurance

Figure 26: Information Sources for Educational Insurance Campaigns



Survey findings revealed that overall, TV at 65% was the most popular source of information about campaigns/promotions about insurance, distantly followed by talk shows on the radio at 35%, sensitization drives in business centres at 29%, and billboard advertisements at 25%. Word of mouth was at 18%. The low mention of word of mouth as a source of information could imply that people have little information to talk about insurance with their peers. Results call for strategies to demystify insurance to ease comprehension and information sharing among peers. Further, people tend to buy what has been recommended by their peers, which calls for the need for stakeholders to be strategic in their marketing initiatives to get people talking about insurance positively.

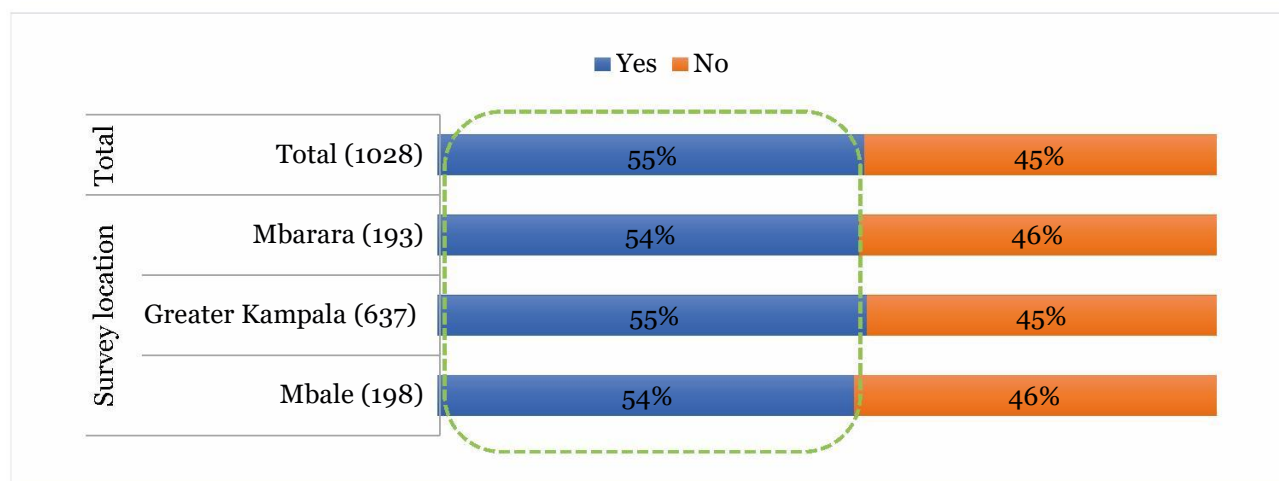
Table 15: Through what source of information did you get to see/hear an educational campaign or promotion on insurance?

	Total	Survey location		
	Total (333)	Mbale (40)	Greater Kampala (231)	Mbarara (62)
TV	65%	80%	65%	55%
Talk shows on the radio	35%	33%	35%	35%
Sensitization drives in business centres	29%	38%	23%	47%
Billboard advertisements	25%	13%	29%	21%
Through friends	18%	18%	23%	2%
Visits from agents/brokers	11%	5%	14%	3%
Workshops/seminars	11%	20%	9%	13%
Flyers	8%	15%	6%	6%
Social media	5%	0%	3%	13%
From the bank	2%	0%	3%	0%

Findings revealed that, overall, TV was the most popular source of insurance information, followed by radio and sensitization drives. Comparison by locations revealed that TV was at 80% in Mbale, in Greater Kampala at 65%, and in Mbarara at 55%.

3.10.3. G04. Radio listenership

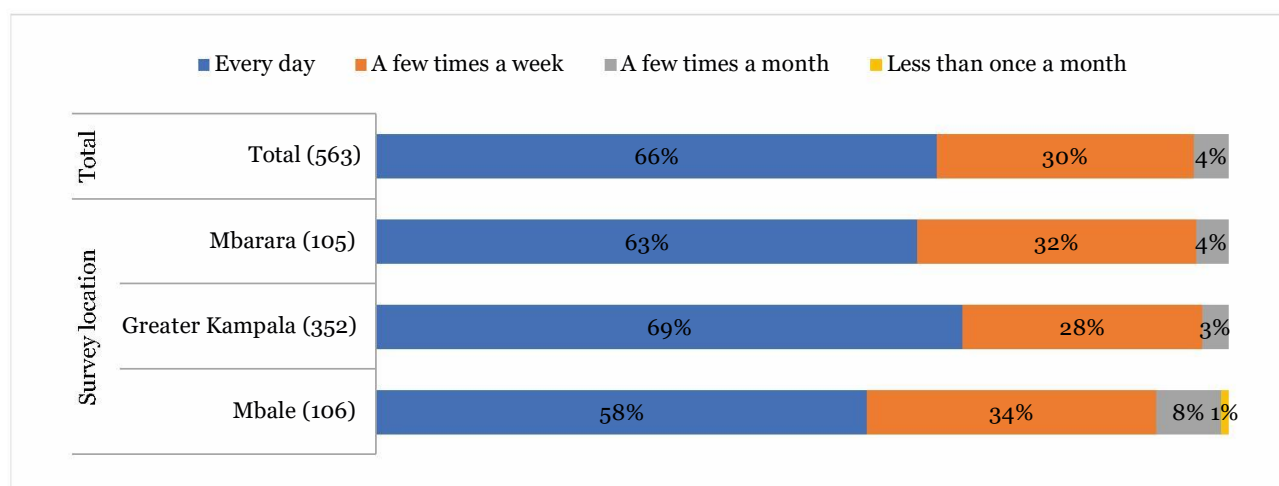
Figure 27: Radio Listenership in the last 7 days



Findings revealed that overall, 55% of the respondents had listened to the radio in the last seven days. This was true across survey locations.

3.10.4. Frequency of radio listenership

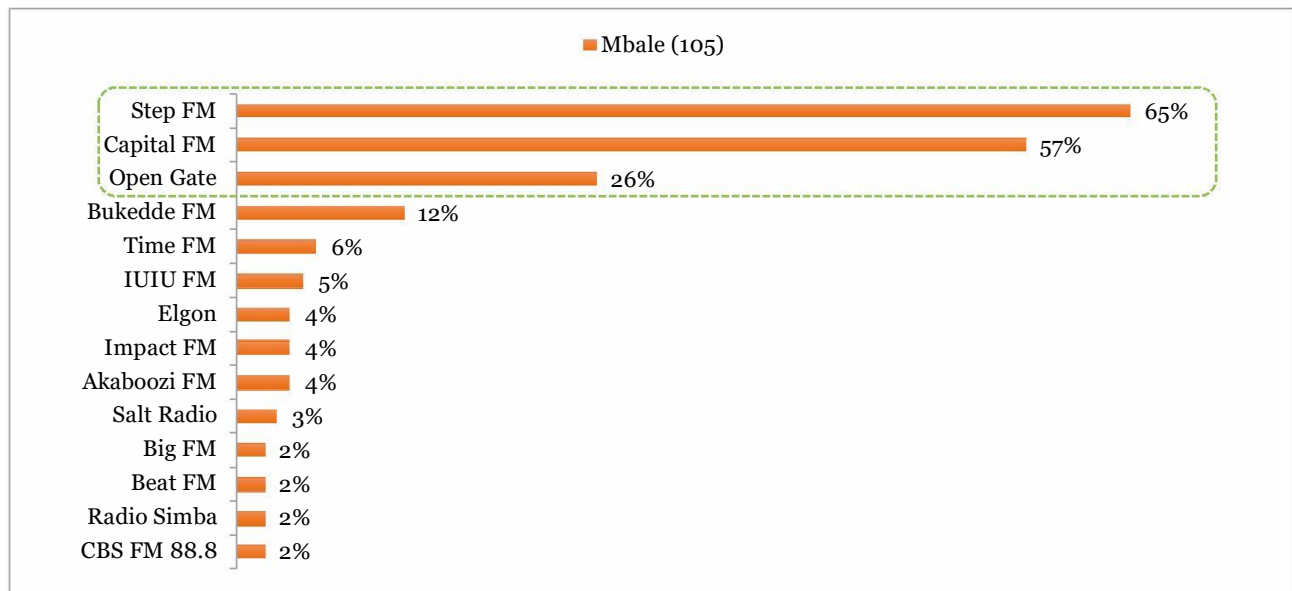
Figure 28: Frequency of Radio Listenership



Survey findings revealed that 66% of respondents who had listened to the radio in the last seven days usually listened to it daily, followed by 30% who listened to it a few times a week, and 4% a few times a month. This trend was the case across survey locations.

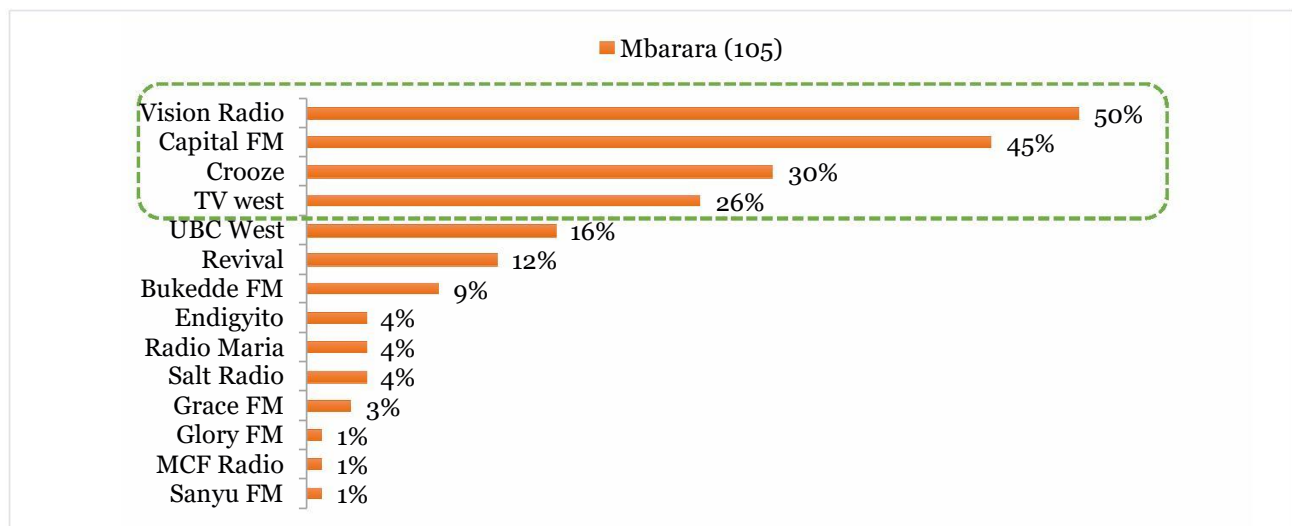
3.10.5. Top 3 Radio stations mostly listened to

Figure 29: Top 3 radio stations listened to in Mbale



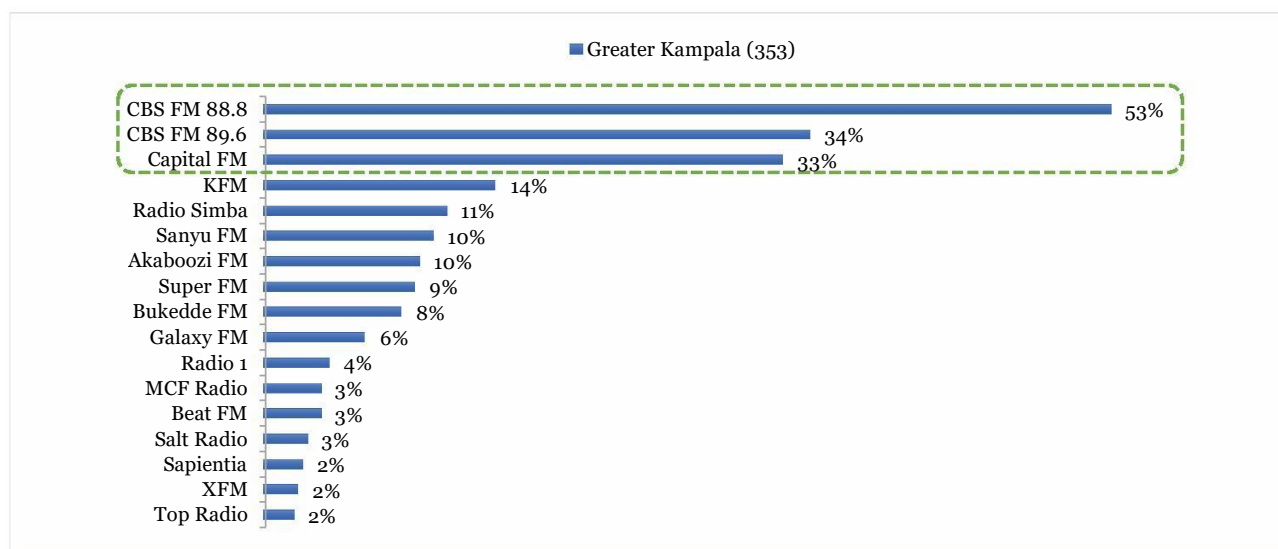
Survey findings revealed that the top 3 most listened to radio stations in Mbale were Step FM at 65%, Capital FM at 57%, and Open Gate FM at 26%. These should be given priority in future sensitization initiatives among traders.

Figure 30: Top 3 radio stations listened to in Mbarara



Survey findings revealed that the top 3 radio stations listened to in Mbarara were Vision Radio at 50%, Capital FM at 45%, and Crooze FM at 30%. These should be given priority in future sensitization initiatives among the traders.

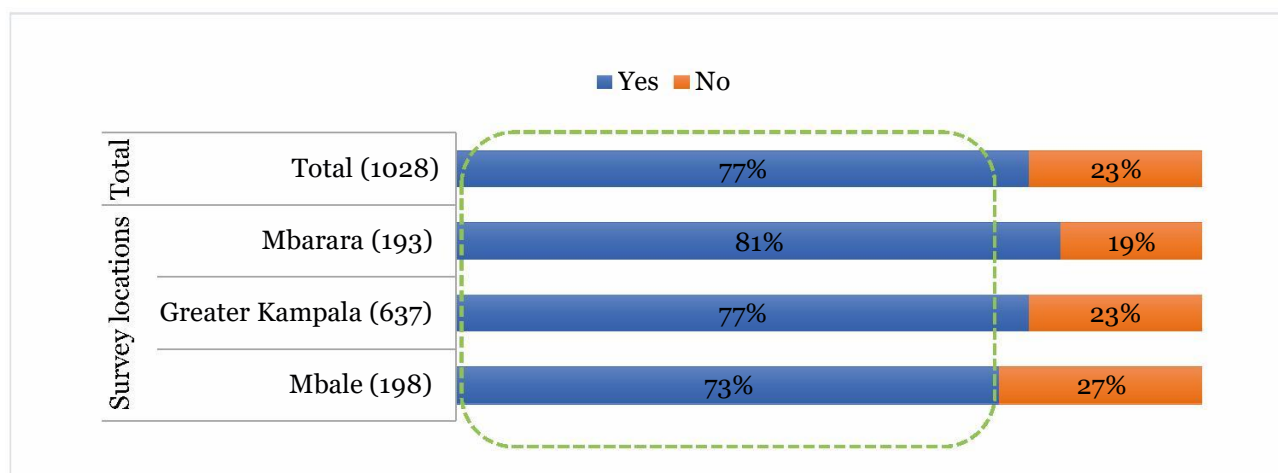
Figure 31: Top 3 radio stations listened to in Greater Kampala



Findings revealed that the top 3 radio stations listened to in Greater Kampala by the respondents were CBS FM 88.8 at 53%, CBS FM 89.6 at 34%, and Capital FM at 33%. These should be given priority in future sensitization initiatives among the traders.

3.10.6. TV viewership

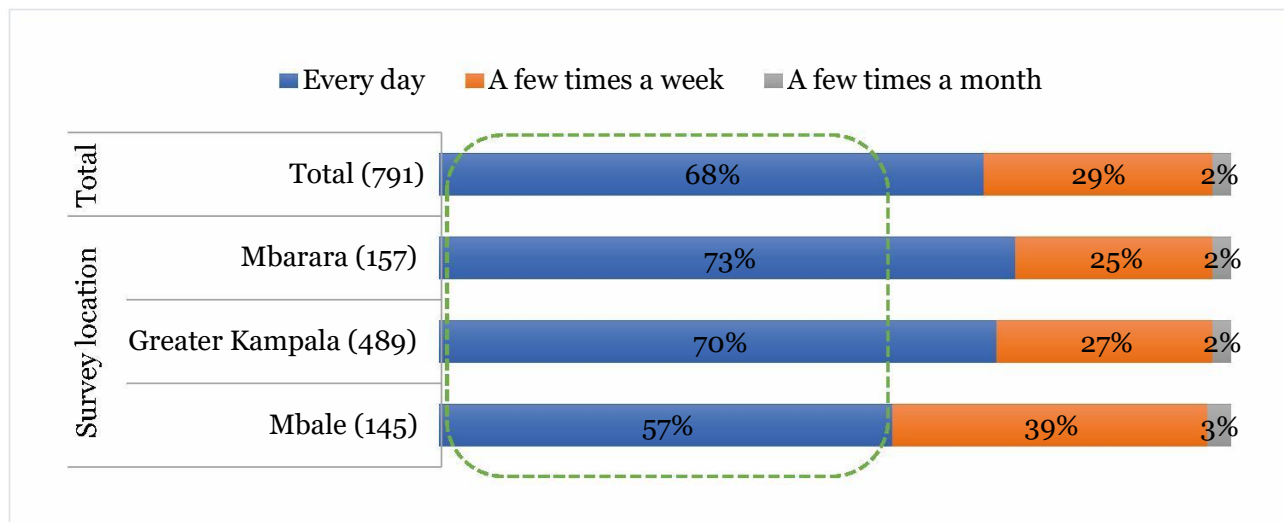
Figure 32: TV Viewing in the Last 7 Days



Survey findings revealed that 77% of respondents had watched TV in the last seven days. This was true across survey locations. The results showed a need to utilize TV as the main above-the-line publicity tool in all engagements with the public.

3.10.7. Frequency of TV viewership

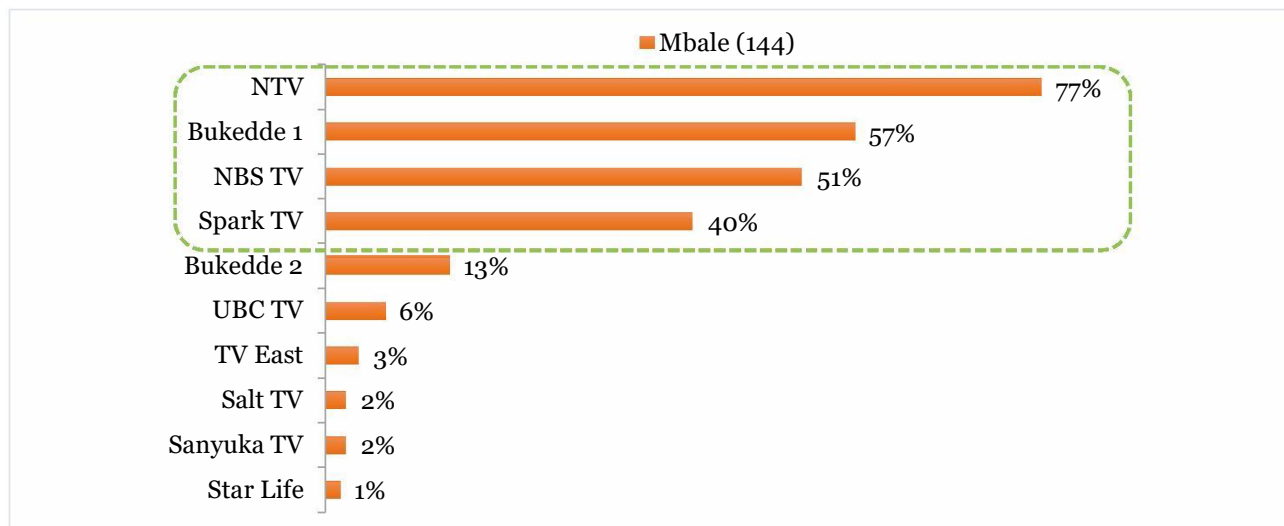
Figure 33: Television Viewing Frequency



Survey findings revealed that overall, 68% of the respondents who watched TV did so daily. Comparison by locations revealed that TV was watched most in Mbarara at 73%, followed by Greater Kampala at 70% and Mbale at 57%.

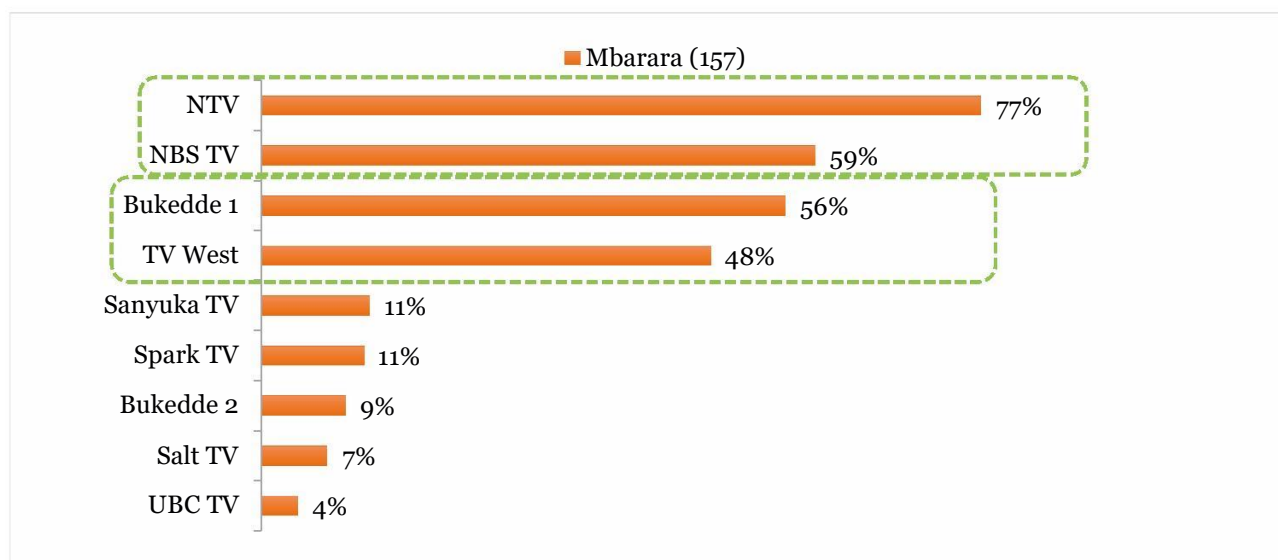
3.10.8. G09. Preferred TV Channels

Figure 34: Top 3 often watched TV channels in Mbale



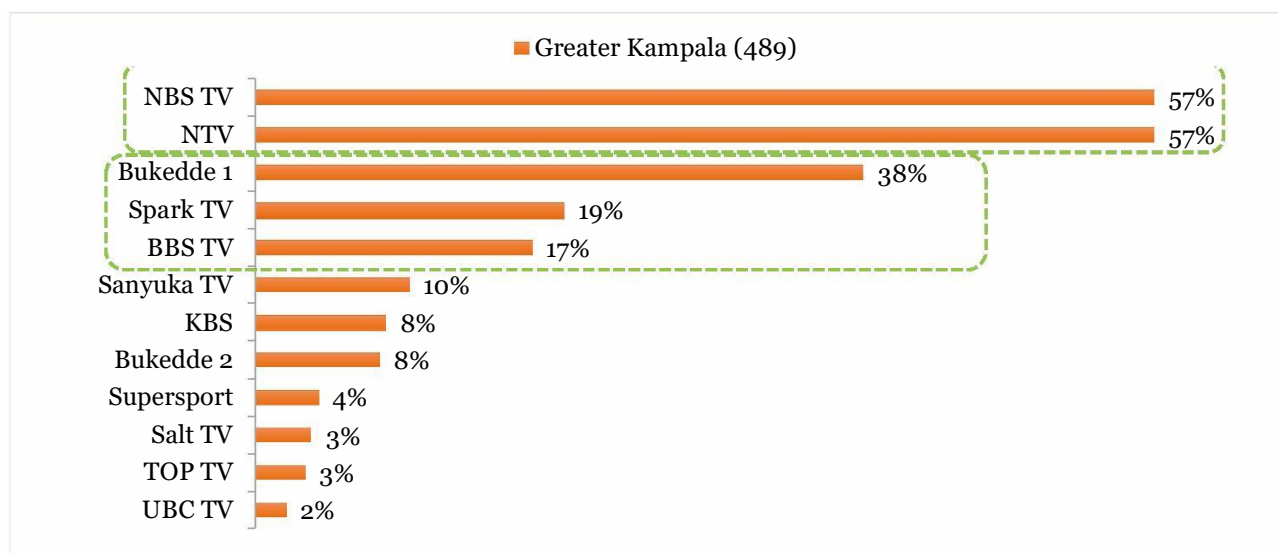
%. Survey results revealed that in Mbale, the most-watched English station was NTV at 77%, followed by NBS TV at 51%, while for the local languages, it was Bukedde 1 at 57%, followed by Spark TV at 40%.

Figure 35: Most watched TV channels in Mbarara



Survey results showed that in Mbarara, the most watched English TV stations were NTV at 77% and NBS TV at 59%, while for the local languages, Bukedde 1 at 56% and TV West at 48%.

Figure 36: Top 3 often watched TV channels in Greater Kampala

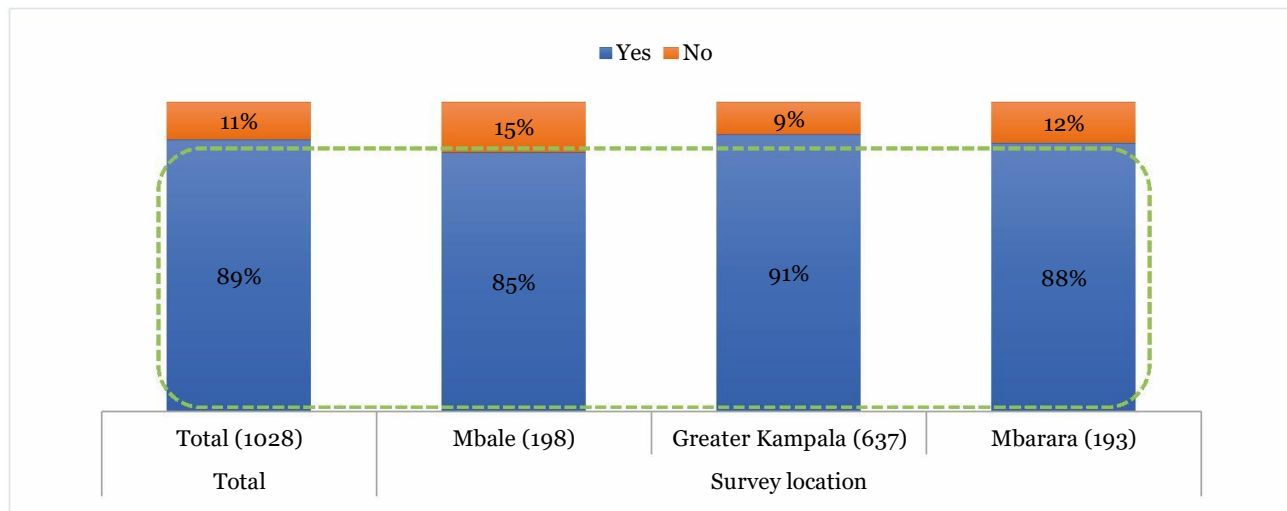


Survey findings revealed that in Greater Kampala, the most watched TV stations that air in English were NBS TV and NTV at 57% each, while the top 3 watched TV stations that air in Luganda were Bukedde 1 TV at 38% and Spark TV at 19% and BBS TV at 17%.

The results suggest that stakeholders should align their media spending to the TV stations with high viewership for this target group, such as NBS TV, NTV, Bukedde 1, and TV West for the western region.

3.10.9. Social media usage

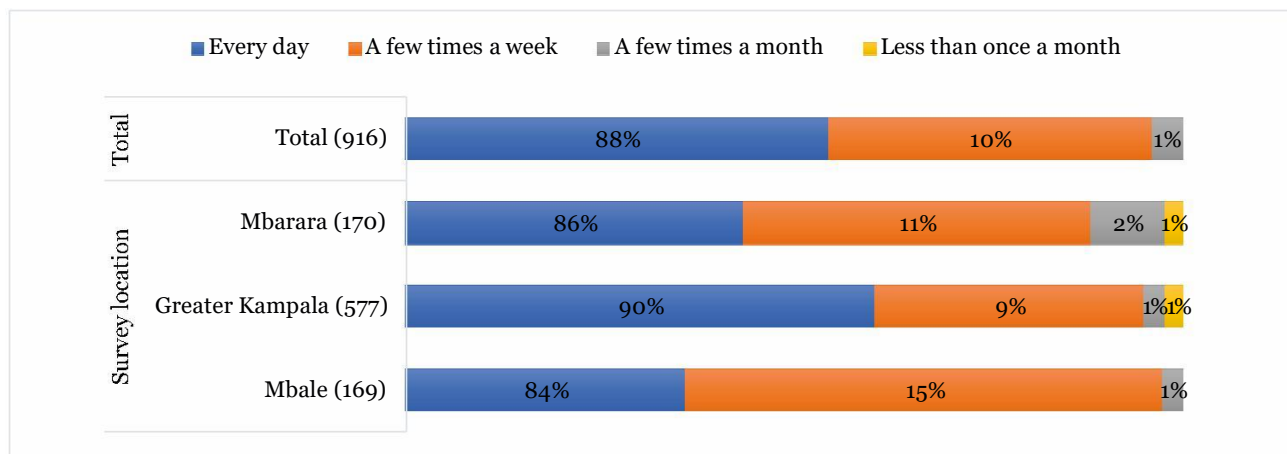
Figure 37: Social media Usage



Survey findings revealed that overall, 89% of the respondents used social media. This was true across all survey locations.

3.10.10. Frequency of usage of social media

Figure 38: Social Media Usage Frequency

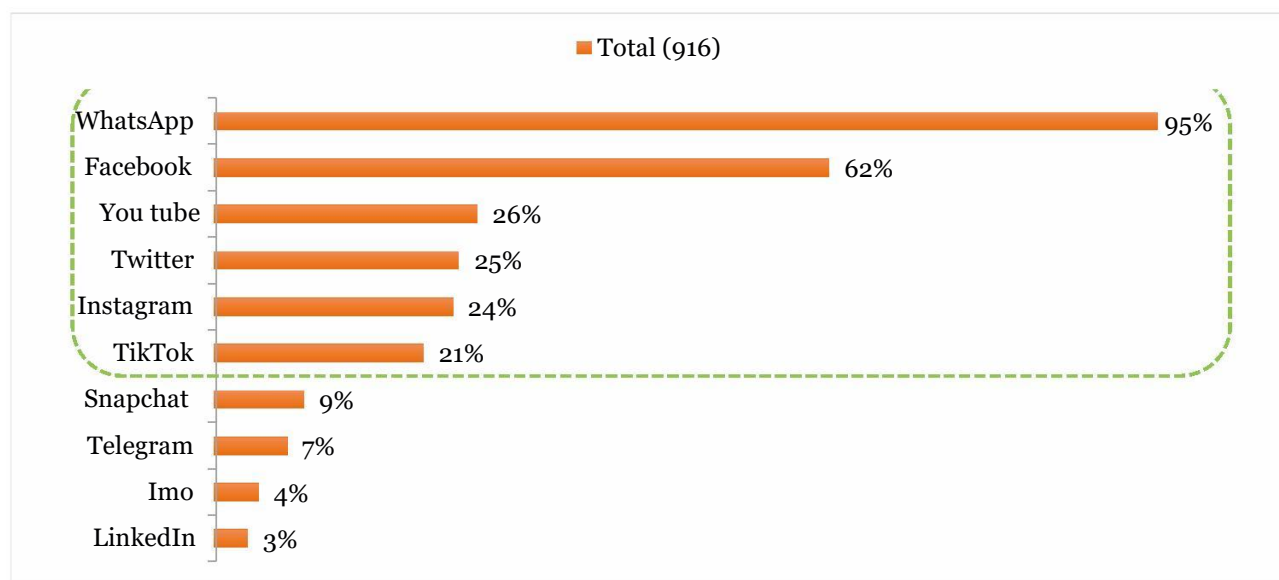


Survey findings revealed that 88% of the respondents who used social media interacted with it daily, followed by 10% who interacted with it a few times a week, and 1% did so less than once a month. The trend was noted across survey locations.

The findings suggest a need to utilize social media as a core knowledge-sharing platform in all engagements with the public.

3.10.11. Social media platforms interacted with the most

Figure 39: Social media platforms interacted with the most



Survey findings revealed that overall, respondents who used social media interacted with WhatsApp most at 95%, followed by Facebook at 62%, YouTube at 26%, Twitter at 25%, Instagram at 24% and TikTok at 21%.

The results suggest myriad potential in social media as a channel for creating awareness about insurance. Therefore, stakeholders should aggressively and creatively use social media platforms such as Facebook, YouTube, Twitter, Instagram and TikTok as sensitization tools.

4. RECOMMENDATIONS AND CONCLUSION

4.1. Recommendations

- i. Insurers should formulate theft/burglary, fire and property policies as they were the top risks the businesses were exposed to. Others include medical, workers' compensation and machine breakdown insurance.
- ii Only 2% of people rely on insurance as a way to mitigate risk, which suggests that there is a lack of understanding about its importance. To address this knowledge gap, industry stakeholders should work to clarify and demystify insurance for the public.
- iii The low awareness levels of marine insurance in Mbale (11.2%) and Mbarara (4.7%) call for stakeholders to develop measures to increase its awareness outside Greater Kampala.
- iv Word of mouth as a source of awareness about insurance at 50% is an indication that the industry has a lot to do to ensure that the public understands insurance and that clients have positive experiences that they can share with their friends/colleagues/family to gain public trust which could contribute to increased uptake of insurance services.
- v The low uptake of formal insurance at 4% presents a need to address the concerns that the traders have about insurance, especially on the speed of claims processing and pricing of insurance products.
- vi To address the identified barriers to uptake of formal insurance among the members of KACITA, players within the insurance industry;
 - a. Breakdown insurance aspects to make it easy for the layman to understand to inform their decision-making process;
 - b. Design simple and cheap products for the traders/informal business community;
 - c. The insurers need to quicken the claim process.
- vii To make it easy for the respondents to pay monthly premiums, insurers should partner with money aggregators such as Airtel Money and MTN Mobile Money as channels for selling insurance to the last mile.

- viii The results exhibited a need for targeted awareness initiatives conveyed through social media, door-to-door drives and TV, as they were the top 3 preferred sources of insurance information. For TV, caution should be exercised when selecting channels per location to ensure the messaging reaches the target audience.
- ix The low reliance on insurance as a saving for retirement package at 6% shows that industry players need to sensitize the business community about pension products and their benefits.
- x Lastly, Industry stakeholders should use social media to share insurance information since only 4% saw a campaign through this channel despite 89% social media usage.

4.2. Conclusion

Only 4% of the members of KACITA and its affiliated associations have an insurance cover for their business. The limited availability of insurance information (42%), high insurance product prices (32%), and delays in claim settlement (12%) are the main obstacles to formal insurance. Nonetheless, 42% of those surveyed expressed interest in insuring their businesses against risks. To make this a reality, industry stakeholders must take deliberate action to address the barriers identified in this report and implement the recommended measures to enhance awareness and promote trust among the target audience.

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