

DETERMINANTS OF CREDIT LIFE INSURANCE UPTAKE AMONG MICRO-CREDIT LENDING INSTITUTIONS IN CENTRAL UGANDA

Prepared By:



In partnership with:



February 2026

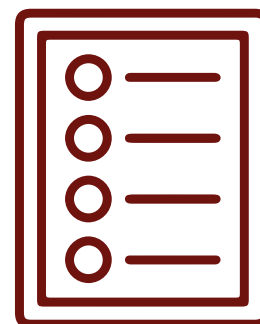
Executive Summary



Savings and Credit Cooperative Organizations (SACCOs) and Village Savings and Loan Associations (VSLAs) play a pivotal role in advancing financial inclusion in Uganda, particularly among low- and middle-income households facing income volatility, health shocks, and limited access to formal social protection mechanisms. This study assesses the determinants of credit life insurance uptake among SACCOs and VSLAs. The findings show that awareness of core insurance benefits, particularly loan balance repayment in the event of death (65%) and permanent disability (45%) is relatively strong among respondents. However, understanding of broader benefits such as hospitalization, temporary disability, and unemployment cover remains limited, suggesting only partial comprehension of the full insurance value proposition. Furthermore, the analysis indicates that institutions primarily perceive credit life insurance as protection against death and disability risks (46.7%) and as a mechanism for ensuring portfolio stability and peace of mind (28.3%). Despite this recognition, many SACCOs and VSLAs continue to view insurance as supplementary to traditional risk-mitigation mechanisms such as collateral and guarantors. Knowledge-related barriers (54%) and reliance on internal recovery systems (43.7%) emerge as the dominant constraints to uptake. Cost concerns (29%), trust and claims-related issues (24.7%), and institutional coordination gaps (19.7%) further compound resistance to adoption. Among insured institutions, 70% have made at least one claim, demonstrating engagement beyond policy purchase. Most claims (64.3%) were settled within 30 days, contributing to moderate-to-high satisfaction levels (64.3%). Nonetheless, documentation requirements and isolated disputes, such as exclusions linked to pre-existing conditions, have negatively influenced perceptions among some SACCOs and VSLAs. Hence, while credit life insurance is institutionally endorsed by adopters, with 60% expressing a high likelihood of recommending it. However, its broader uptake depends on improved product education, clearer communication of benefits, strengthened trust in claims settlement, and coordinated policy support to embed insurance within SACCO/VSLA risk-management frameworks.



Table of Contents



Executive Summary	i
List of Tables	iii
List of Figures	iv
1.0 Introduction	1
1.1 Problem Statement	2
1.2 General Objective of the Study	2
2.0 Methodology	4
3.0 Findings	5
3.1 Demographic Characteristics	5
4.0 Loan Portfolio Protection Mechanisms Used by SACCOs/VSLAs	14
5.0 Awareness and Understanding of Credit Life Insurance	17
6.0 Uptake of Credit Life Insurance by SACCOs/VSLAs	21
7.0 Demand-Side Risk Management Practices and Substitution Effects	22
8.0 Experience with Credit Life Insurance and Claims Performance	25
9.0 Perceived Barriers to Uptake among SACCOs/VSLAs	28
10. Discussions	30
11. Policy and Industry Recommendations	32
Reference	35
Survey Questionnaire	36

List of Tables

Table 1:	Length of Service of Respondents	6
Table 2:	The Training Category Received by Respondents	8
Table 3:	Age Distribution of the Selected SACCOs/VSLAs	10
Table 4:	Distribution of the Number of Clients Served	11
Table 5:	Number of Employees in the SACCOs/VSLAs	11
Table 6:	Financial Products Offered by the SACCOs/VSLAs	13
Table 7:	Loan Portfolio Protection Mechanisms Used	15
Table 8:	Perceived Adequacy of Existing Protection Mechanisms	15
Table 9:	Reasons Underlying Perceptions of Adequacy/Inadequacy of Loan Protection Mechanisms	16
Table 10:	Strategies for Increasing Awareness of the Credit Life Insurance	19
Table 11:	Benefits Provided by Credit Life Insurance Cover	22
Table 12:	Thematic Analysis of Perceived Value and Limitations of Credit Life Insurance	23
Table 13:	Experience of Making a Credit Life Insurance Claim	25
Table 14:	Overall Satisfaction with Credit Life Insurance Claims Process	27
Table 15:	Synthesis of Perceived Barriers to Credit Life Insurance Uptake among SACCOs/VSLAs	28
Table 16:	Likelihood of SACCO/VSLA Recommending Credit Life Insurance to Others	29



List of Figures

Figure 1:	Role of the Respondents Within the SACCO/VSLA	5
Figure 2:	The Highest Level of Education Attained	6
Figure 3:	Functional Departments in the SACCO/VSLA	7
Figure 4:	Training in Microfinance Received by the Respondents	8
Figure 5:	Geographical Location of the Study	9
Figure 6:	The Type of Ownership of SACCOs/VSLAs	10
Figure 7:	Loan Maturity Period	12
Figure 8:	Existence of Loan Portfolio Protection Mechanisms	14
Figure 9:	Awareness of Credit Life Insurance Among Respondents	17
Figure 10:	Reported Information Sources on Credit Life Insurance among SACCOs / VSLAs	18
Figure 11:	The Uptake of Credit Life Insurance	21
Figure 12:	Time Taken by Insurers to Pay Claims	26
Figure 13:	SACCOs/VSLAs' Experience with the Credit Life Insurance Claims Process (1=Very Poor, 5=Very Good)	26

1.0

Introduction



Savings and Credit Cooperative Organizations (SACCOs) and Village Savings and Loan Associations (VSLAs) play a key role in promoting and supporting the financial inclusion agenda of Uganda (Finscope report, 2023, Pride Bank Report, 2025, Bank of Uganda Supervision report, 2025). Hence, SACCOs/VSLAs contribute to the socio-economic transformation of the economy through the financial inclusion pillar of NDP IV.

However, microcredit lending is inherently exposed to borrower-related shocks, such as death, permanent disability, or severe illness, that can undermine borrowers' repayment capacity and threaten portfolio quality. Empirical evidence from microinsurance research consistently shows that such covariate and idiosyncratic shocks are among the most significant drivers of default in low-income lending environments (Churchill & Matul, 2012). Therefore, credit life insurance is specifically designed to mitigate these risks by settling outstanding loan balances when insured events occur. This protects the interests of both lending institutions and borrowers (Garrison, 2018; Anyigbo, 2016).

Despite its risk-mitigating potential, uptake of credit life insurance remains limited and inconsistent among micro-lenders in Uganda (Kiwanka & Sibindi, 2024). Furthermore, while overall insurance penetration has grown modestly, existing evidence indicates that microinsurance, particularly credit life insurance, continues to account for a small share of the insurance market (IRA Report, 2023). This raises important questions about the factors constraining its adoption and institutionalization.

Against that backdrop, Kyambogo University and the Uganda Insurers' Association jointly undertook this study to examine the level of awareness, understanding, demand-side and supply-side behavior patterns and constraints shaping credit life insurance uptake among SACCOs and VSLAs in Central Uganda, with a view to informing policy and practice.



1.1 Problem Statement

Despite growth in Uganda's life insurance sector from Ugx 501.6 billion in 2022 to Ugx 611.4 billion in 2023, representing a 21.9% increase, its penetration remains low at just 0.85% of gross domestic product (IRA Report, 2024). Although bancassurance through commercial banks recorded a significant 25.8% growth in 2023, reaching UGX 179.5 billion in premiums (IRA, 2024), there is no disaggregated data on the uptake of microfinance-linked credit life insurance.

Microcredit lending institutions, including Tier-4 MFIs and SACCOs, largely rely on credit life insurance to secure loan portfolios, yet adoption within this segment remains limited. As of 2020, only 5% of Ugandan adults held any form of formal insurance, with even lower uptake in rural areas (4.2%) where many microcredit clients are concentrated (Finscope Uganda, 2020). Furthermore, low financial and insurance literacy, evident by only 19% of adults who could correctly define "insurance," continues to constrain demand among low-income borrowers (Finscope Uganda, 2020).

Thus, while the life insurance industry is expanding, the uptake of credit life insurance among microcredit institutions remains underdeveloped and poorly documented, representing a critical gap in financial inclusion efforts. Therefore, this study is geared towards filling this knowledge gap by exploring the supply and demand-side structural and behavioral factors that affect the uptake of credit life insurance among microcredit institutions.

1.2. General Objective of the Study

The purpose of this study is to examine the determinants of credit life insurance uptake among SACCOs/VSLAs in Central Uganda.

1.2.1 Objectives of the Study

The study specifically sought to address the following objectives:

- i. To assess the level of awareness and understanding of credit life insurance among SACCOs and VSLAs.
- ii. To examine existing loan portfolio risk management practices among SACCOs/VSLAs
- iii. To assess the uptake of credit life insurance among SACCOs/VSLAs.
- iv. To analyze SACCOs/VSLAs' experiences with credit life insurance, particularly claims performance and satisfaction among adopters.
- v. To identify the key barriers constraining uptake and the conditions under which diffusion may be enhanced.

1.3 Research Questions

The key research questions of the study include:

- i. Do the owners and managers of SACCOs/VSLAs know about and understand the credit life insurance cover?
- ii. What are the supply and demand-side factors that influence the demand for credit life insurance services among SACCOs/VSLAs?
- iii. What are the experiences reported by SACCOs/VSLA regarding credit life insurance?
- iv. What are the barriers to the uptake of credit life insurance among SACCOs/VSLAs?

2.0

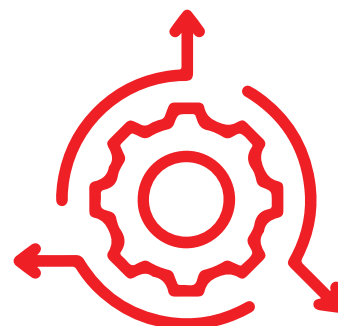
Methodology

The study employed a cross-sectional mixed-methods research design using a sequential explanatory triangulation approach (Greene & Caracelli, 1997). Hence, quantitative data was collected first, and after an interval of one month, the qualitative data was collected to guarantee construct validity (Creswell, 2009; Creswell, 2022).

Data were collected from 300 SACCOs and VSLAs operating across Kampala, Wakiso, Mukono and Masaka, as these areas have a higher concentration of SACCOs and VSLAs. Respondents were drawn from management, credit, operations, finance, and customer service functions to ensure an institutional decision-making perspective. The respondents were purposively selected for their key roles and responsibilities within the SACCO/VSLA (Patton, 2001). As part of the data quality control measures, the study conducted reliability and validity tests to ensure that the study instrument and data met minimum statistical standards before data analysis (Amin, 2005; Jack & Norman, 2006).

In effect, quantitative data were analyzed using descriptive and inferential statistics to establish patterns and relationships among the study variables of awareness, uptake, risk management practices, and claims experience. On the other hand, qualitative responses were analyzed inductively and thematically to uncover underlying perceptions, substitution logic, trust dynamics, and institutional constraints (Miles & Huberman, 1994; Huberman et al., 2013).

This integrated approach helped to provide a deeper understanding of the structural and behavioral factors shaping credit life insurance uptake within Uganda's microfinance sector.



3.0 Findings

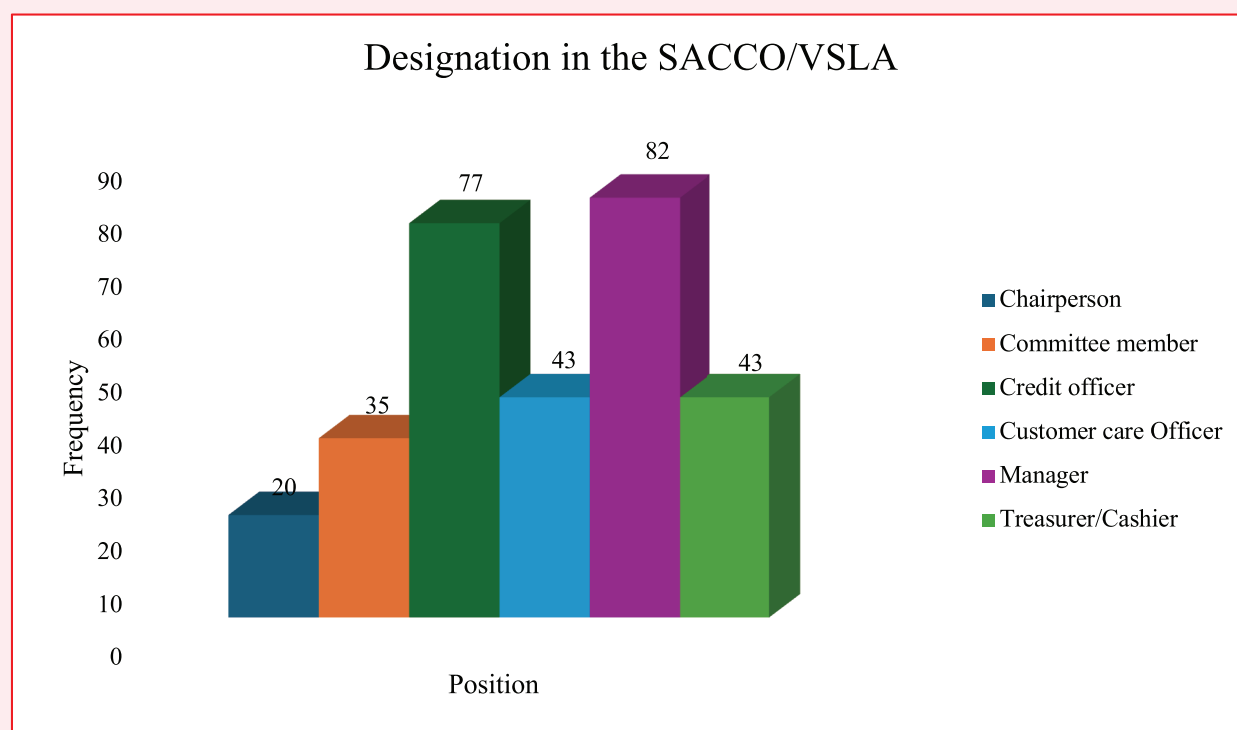


3.1 Demographic Characteristics

3.1.1 Respondents' Role Within the SACCOs and VSLAs

This section shows the institutional officers who provided information on behalf of the SACCOs in the study, as given in Figure 1 below.

Figure 1: Role of the Respondents Within the SACCO/VSLA



Source: Primary Data

The data in Figure 1 shows that the largest proportion of respondents were managers (27.3%, n=82), followed closely by credit officers (25.7%, n=77), who are directly responsible for loan assessment and monitoring. Customer care officers and treasurers each accounted for 14.3% (n=43), while Committee members accounted for 11.7% (n=35), and Chairpersons represented 6.7% (n=20). Hence, the study collected data from SACCO/VSLA staff occupying governance, management and operational positions who are well placed to provide reliable and correct information on credit life insurance in the institution.

3.1.2 Length of Service of Respondents

This section provides findings on the work experience of the respondents within their respective SACCOs/ VSLAs as summarized in Table 1 below.

Table 1: Length of Service of Respondents

Length of Service	Frequency (N)	Percentage (%)
Less than 1 year	29	9.7
years 3–1	159	53
years 6–4	96	32
years 10–7	13	4.3
Over 10 years	03	01
Total	300	100

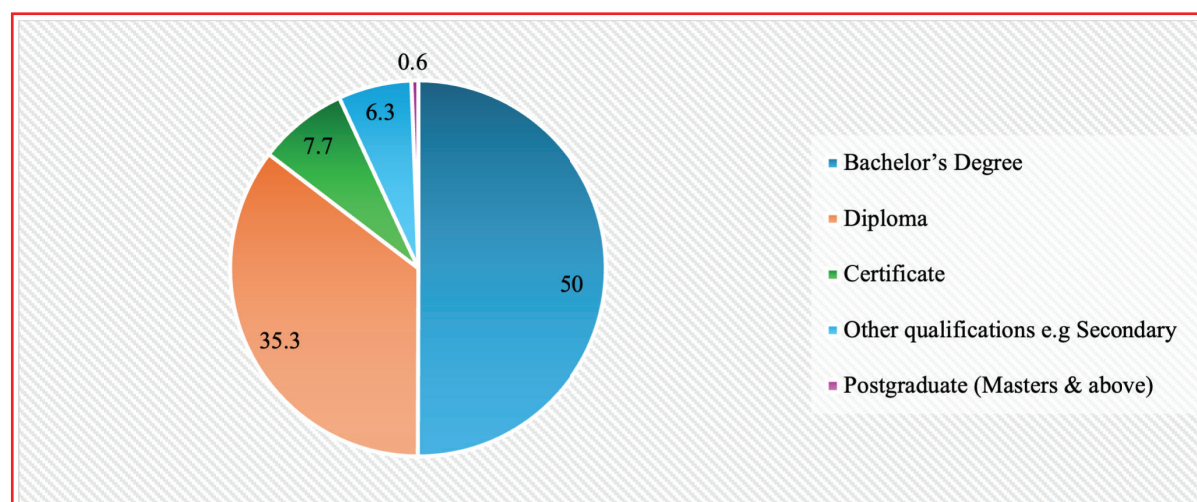
Source: Primary Data

The findings in Table 1 show that 53% (159 respondents) have served in their SACCOs/VSLAs for between one and three years, representing the largest proportion of participants. Additionally, 32% (96 respondents) reported a service period of four to six years, showing a significant share of moderately experienced members. Respondents with less than one year of service accounted for 9.7% (29 respondents) of the total sample. Those who had served between seven and ten years represented 4.3% (13 respondents). Only 1% (3 respondents) reported having more than ten years of service in their SACCOs/VSLAs. In the end, 85% of respondents fall within the one-to-six-year service category, indicating a strong concentration of members with moderate tenure. Overall, the statistics suggest that most respondents possess adequate exposure to SACCO/VSLA operations and lending processes.

3.1.3 Highest Level of Education Completed

Figure 2 below presents the educational background of SACCO/VSLA staff considered for the study.

Figure 2: The Highest Level of Education Attained



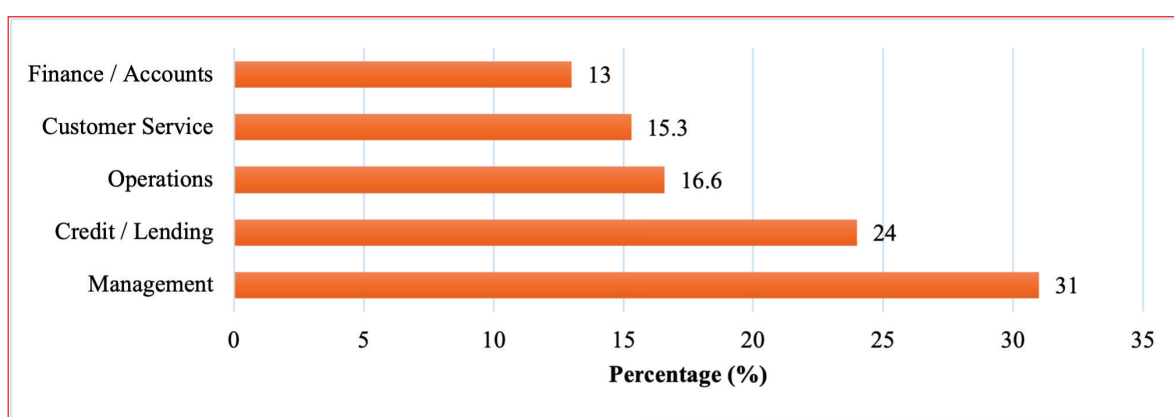
Source: Primary Data

The findings in Figure 2 show that 50% (n=150) of respondents hold bachelor's degrees, 35.3% (n=106) hold diplomas, 7.7% (n=23) hold certificates, 6.3% (n=19) report other qualifications, such as secondary education, and only 0.6% (n=2) hold postgraduate qualifications. This distribution indicates that SACCO/VSLA lending and insurance functions are largely handled by academically qualified personnel, suggesting strong professional capacity to manage financial services effectively.

3.1.4 Functional Departments of SACCOs/VSLA

The study drew respondents from different departments within SACCOs/VSLAs, as indicated in Figure 3 below.

Figure 3: Functional Departments in the SACCO/VSLA



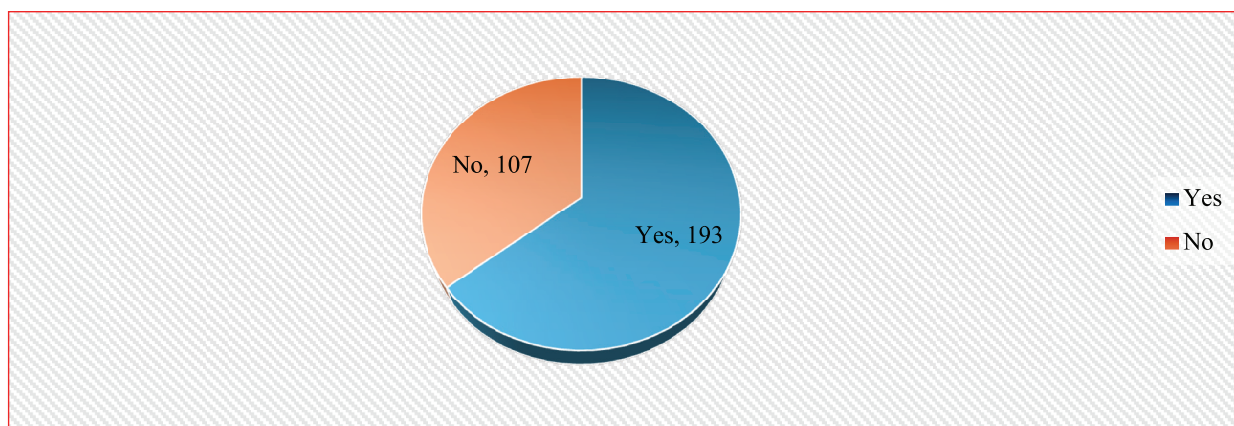
Source: Primary Data

The results in Figure 3 indicate that 31% (n=93) of respondents were from management, 24% (n=72) from the Credit/Lending department, 16.6% (n=50) from Operations, 15.3% (n=46) from Customer Service, and 13% (n=39) from Finance/Accounts. The findings suggest that the study captured perspectives from all key SACCO and VSLA functional areas, providing a comprehensive and reliable understanding of factors influencing microcredit insurance uptake.

3.1.5 Training in Microfinance or Related Areas

This section assesses whether SACCO and VSLA staff have received formal training relevant to lending and insurance. Figure 4 below summarises the training received by the respondents.

Figure 4: Training in Microfinance Received by the Respondents



Source: Primary Data

In Figure 4 above, the findings show that 64.3% (n=193) of respondents had received formal training in microfinance, while 35.7% (n=107) reported having no formal training. The findings indicate that although most SACCO/VSLA staff possess relevant professional training to support effective microfinance and insurance service delivery, a significant skills gap remains, which may require targeted capacity building to enhance credit life insurance uptake.

Table 2: The Training Category Received by Respondents

Training Category	Frequency	Percentage (%)
Credit management	57	29.5
Customer relations management	41	21.2
Digital training	02	1.0
Financial literacy	07	3.6
Financial management	29	15.0
Governance and leadership	05	2.6
Human Resource management	03	1.6
Insurance knowledge	03	1.6
Operations management	36	18.6
Records management	10	5.2
Grand Total	193	100

Source: Primary Data

The findings in Table 2 show that credit management training accounted for 29.5% (57 mentions), followed by customer relations management at 21.2% (41 mentions), operations management at 18.6% (36 mentions), and financial management at 15% (29 mentions), while other areas recorded smaller proportions, including records management (5.2%), financial literacy (3.6%), governance and leadership (2.6%), insurance knowledge (1.6%), human resource management (1.6%), and digital training (1.0%). As a result, the findings described summarily suggest that although SACCO and VSLA staff are well trained in core operational and credit functions, the

very low level of insurance-related training reveals a critical capacity gap that may limit the effective promotion and uptake of microcredit insurance

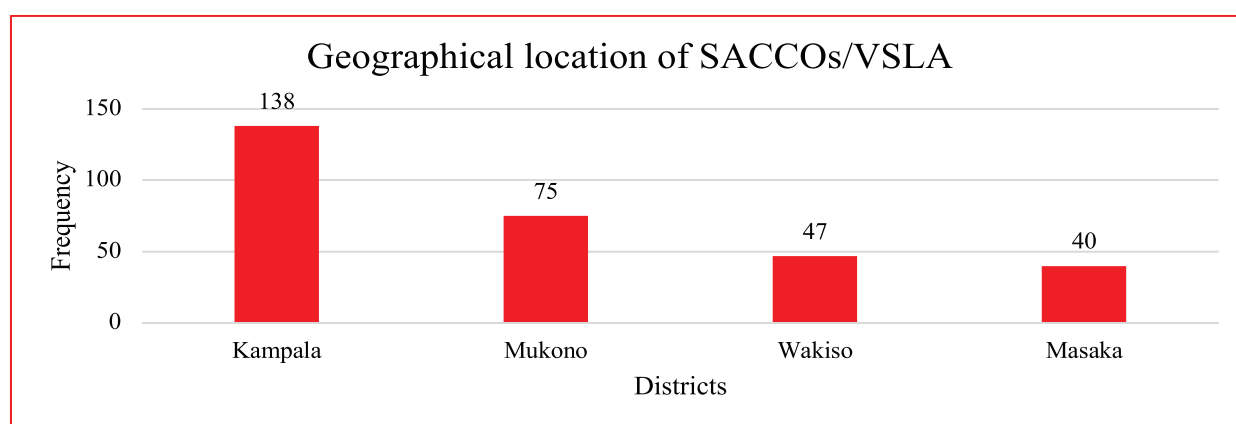
3.2 Organizational Characteristics

This section presents the key organizational characteristics of SACCOs and VSLAs included in the study. These characteristics collectively define the institutional context within which credit life insurance is embedded, implemented, and enforced across SACCO and VSLA lending operations.

3.2.1 Geographical Location of SACCOs and VSLAs

Figure 5 shows the geographic locations of the surveyed SACCOs/VSLAs in central Uganda.

Figure 5: Geographical Location of the Study



Source: Primary Data

In reference to Figure 5 above, the findings show that 46% (n=138) of SACCOs/VSLAs were located in Kampala, 25% (n=75) in Wakiso, 15.7% (n=47) in Mukono, and 13.3% (n=40) in Masaka. Hence, the findings indicate that the study captured SACCOs/VSLAs from both urban and semi-urban settings, providing a comprehensive understanding of microcredit insurance uptake across diverse geographic and socio-economic contexts

3.2.2 Age Distribution of the Selected SACCOs/VSLAs

The age distribution of the SACCOs and VSLAs considered in the study is presented in Table 3 below.

Table 3: Age Distribution of the Selected SACCOs/VSLAs

Age of SACCO/VSLA	Frequency (N)	Percentage (%)
years 5 $\geq$	105	39.3
years 10–6	124	46.4
years 20–11	27	10.1
Over 20 years	11	4.1
Total	267	100

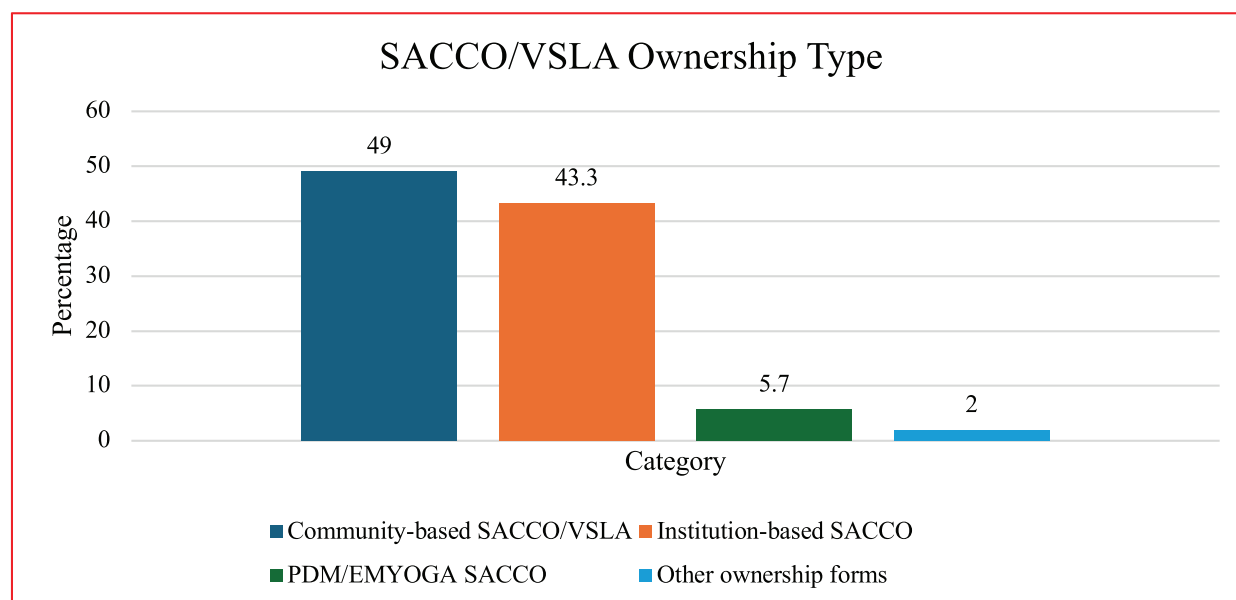
Source: Primary Data

The results in Table 3 show that 39.3% (n=105) of SACCOs and VSLAs have operated for five years or less, 46.4% (n=124) for six to ten years, 10.1% (n=27) for eleven to twenty years, and 4.1% (n=11) for more than twenty years. These findings highlight that the microcredit lending sector is largely composed of relatively young institutions, presenting both opportunities to integrate credit life insurance early in their development and challenges related to limited experience and evolving risk management capacity.

3.2.3 SACCO/VSLA Ownership Type

This section shows the ownership structure of SACCOs and VSLAs participating in the study, and Figure 6 below gives the different ownership types included in the study.

Figure 6: The Type of Ownership of SACCOs/VSLAs



Source: Primary Data

The findings show that 49% (n = 147) of SACCOs/VSLAs were community-based, 43.3% (n = 130) were institution-based, and 5.7% (n = 17) were PDM/EMYOGA SACCOs. The ownership mix included in the study provides a comprehensive basis for an effective examination of the differences in decision-making autonomy, risk tolerance, and

the adoption and enforcement of credit life insurance across a heterogeneous micro-lending environment established over the last five years.

3.2.4 Total Number of Clients Served

This section indicates the scale of SACCO/VSLA membership and lending outreach. In Table 4 below, the distribution of the total number of clients served is presented.

Table 4: Distribution of the Number of Clients Served

Number of Clients	Frequency (N)	Percentage (%)
Less than 50	50	16.7
100–50	75	25
500–101	99	33
1,000–501	63	21
More than 1,000	13	4.3
Total	300	100

Source: Primary Data

The findings in table 4 show that 16.7% (n = 50) of SACCOs/VSLAs serve fewer than 50 clients, 25% (n = 75) serve 50–100 clients, 33% (n = 99) serve 101–500 clients, 21% (n = 63) serve 501–1,000 clients, and 4.3% (n = 13) serve more than 1,000 clients. This implies that while most SACCOs/VSLAs operate at a moderate scale with manageable risk, larger institutions face higher exposure, making the adoption of credit life insurance increasingly important for protecting both the SACCO/VSLA and its members as operations grow.

3.2.5 Number of Employees in the SACCOs/VSLAs

This section presents the staffing levels of SACCOs/VSLAs as indicated in Table 5 below.

Table 5: Number of Employees in the SACCOs/VSLAs

Number of Employees	Frequency (N)	Percentage (%)
Less than 5	80	26.7
15–5	181	60.3
25–16	33	11
More than 25	06	02
Total	300	100

Source: Primary Data

The findings in Table 5 show that 60.3% (n=181) of SACCOs/VSLAs have 5–15 employees, 26.7% (n=80) have fewer than 5 employees, 11% (n=33) have 16–25 employees, and 2% (n=6) employ more than 25 employees. In essence, most SACCOs/

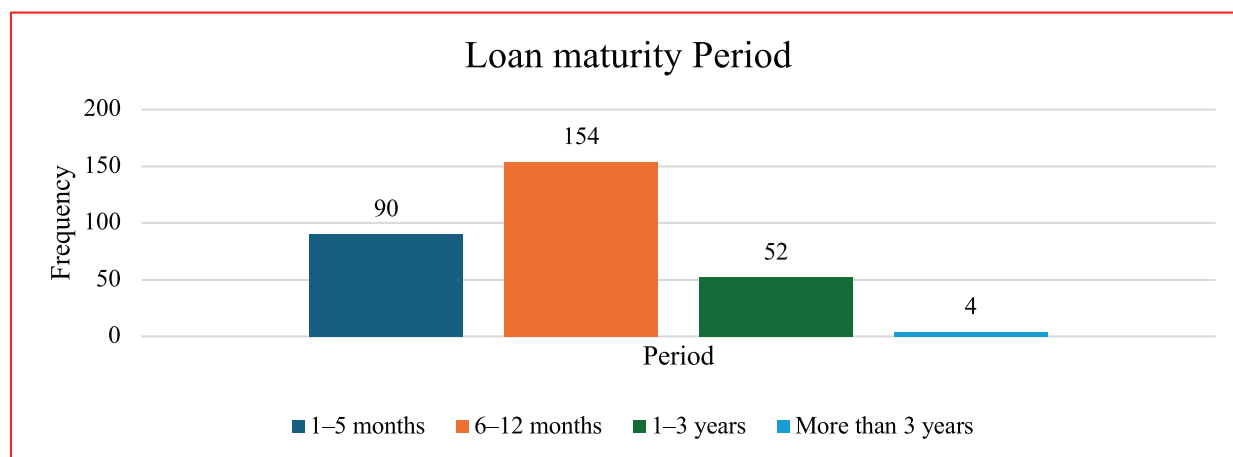


VSLAs operate with small, multi-functional teams, suggesting potential challenges in managing specialized services like credit life insurance and highlighting the need for efficient systems and targeted staff capacity-building.

3.2.6 Maturity Period of Loan Products

In this segment, the typical loan maturity periods of SACCOs/VSLAs are presented as seen Figure 7 below.

Figure 7: Loan Maturity Period



Source: Primary Data

The findings in Figure 7 highlight that 30% (n=90) of loans have a maturity of 1–5 months, 51.3% (n=154) mature within 6–12 months, 17.3% (n=52) have a tenure of 1–3 years, and only 1.3% (n=4) extend beyond three years. This implies that most SACCO and VSLA loans are short- to medium-term, creating higher repayment pressure and default risk, underscoring the importance of credit life insurance as a key risk-mitigation tool for both borrowers and institutions.

3.2.7 Financial Products Offered by the SACCOs/VSLAs

This section describes the core financial services provided by SACCOs/VSLAs, presented in Table 6 below.

Table 6: Financial Products Offered by the SACCOs/VSLAs

Product option	Frequency (N)	*Percentage (%)
Individual loans	283	94.3
Savings accounts	228	76
Group loans	227	75.7
SME loans	185	61.7
Agricultural loans	101	33.7
Fixed deposit accounts	64	21.3
Mobile banking services	17	5.7
Financial literacy training	07	2.3
Insurance products, i.e., credit life, health, .livestock, etc	04	1.3
Others (i.e., Boda-boda Emergency loans, School Fees Loans, and Property Manage- (ment	07	2.3

*N = 300 SACCO/VSLA. *Multiple response; percentages don't sum to 100%.*

Source: Primary Data

The findings presented in table 6 show that 94.3% (n=283) of SACCOs/VSLAs offer individual loans, 76% (n=228) provide savings accounts, 75.7% (n=227) offer group loans, 61.7% (n=185) provide SME loans, 33.7% (n=101) offer agricultural loans, 21.3% (n=64) have fixed deposits, 5.7% (n=17) offer mobile banking, 2.3% (n=7) provide financial literacy training, and only 1.3% (n=4) offer insurance products such as credit life, health, or livestock insurance. Therefore, the results indicate that SACCOs/VSLAs primarily focus on traditional savings and credit services, with insurance largely embedded in loans rather than offered as a standalone product, highlighting opportunities to expand insurance awareness and diversify offerings to enhance member protection.

4.0

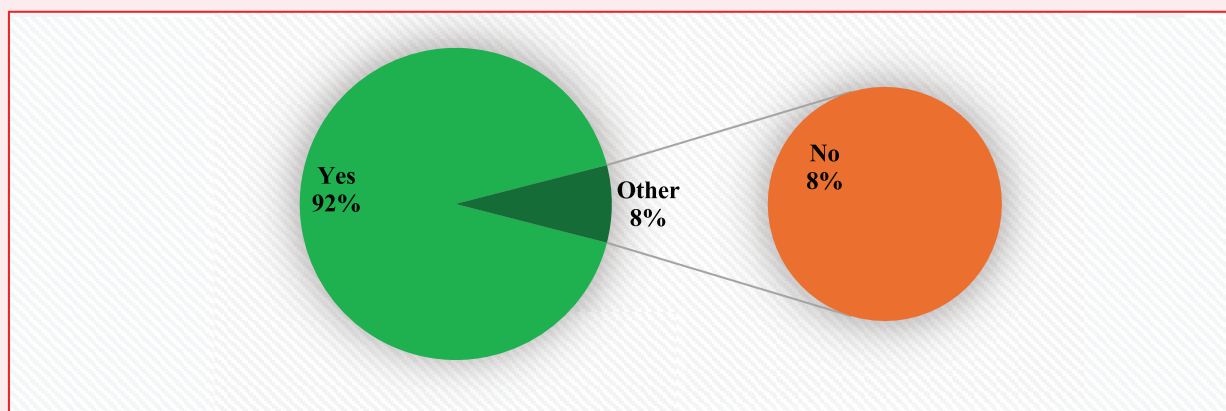
Loan Portfolio Protection Mechanisms Used by SACCOs/VSLAs

In this section, the findings on the existing loan portfolio protection mechanisms used by the SACCOs/VSLAs to protect their loan portfolio against financial and non-financial risks are presented.

4.1 Existing Loan Portfolio Protection Mechanisms

In Figure 8 below, the mechanisms implemented by SACCOs/VSLAs to protect their loan portfolios and the specific tools used are presented. These mechanisms may represent demand-side substitutes that influence the perceived necessity of credit life insurance.

Figure 8: Existence of Loan Portfolio Protection Mechanisms



Source: Primary Data

Figure 8 findings illustrate that 92% (n=276) of SACCOs/VSLAs have implemented loan portfolio protection mechanisms, while 8% (n=24) have no such measures. This distribution implies that most SACCOs/VSLAs proactively manage lending risks, relying on alternative strategies alongside limited formal insurance to safeguard their financial resources and ensure institutional sustainability.

Table 7: Loan Portfolio Protection Mechanisms Used

Loan portfolio protection mechanism	Frequency (mentions)	Percentage (%)
Collateral	207	44.1
Guarantors	173	36.9
Self-protection mechanisms	76	16.2
Formal insurance policy	12	2.6
Others–Employer recommendation	01	0.2
Total mentions	469	100

**Multiple responses required, leading to 469 total mentions*

Source: Primary Data

The findings indicate that collateral is used in 44.1% of cases (n=207), guarantors in 36.9% (n=173), internal self-protection mechanisms in 16.2% (n=76), formal insurance including credit life in 2.6% (n=12), and other niche strategies in 0.2% (n=1), as shown in Table 7. Interpretively, SACCOs/VSLAs primarily rely on traditional risk-mitigation methods, with limited adoption of formal insurance, highlighting an opportunity to integrate credit life insurance into existing portfolio protection frameworks

Table 8: Perceived Adequacy of Existing Protection Mechanisms

Response	Frequency (N)	Percentage (%)
Yes – mechanisms are adequate	260	94.5
No – mechanisms are not adequate	15	5.5
Total	275	100

Source: Primary Data

The findings show that 94.5% (n=260) of SACCOs and VSLAs perceive their existing loan portfolio protection mechanisms as adequate, while 5.5% (n=15) consider them insufficient. This indicates that institutions have strong confidence in internal controls, relying on collateral, guarantors, and self-protection measures, with qualitative insights reinforcing this: “We use guarantors as a basis in recovery, and in case someone dies, we automatically write off that loan. In fact, we even get our munno mukabbi bag and support the grieving family with burial expenses.” Hence, the findings suggest that reliance on familiar, community-based strategies may reduce the perceived need for formal insurance, highlighting a missed opportunity to strengthen portfolio resilience and long-term financial protection.

4.2 Reasons for Perceived Adequacy or Inadequacy of Protection Mechanisms

In this section, the qualitative responses regarding the reasons behind the perceptions of the adequacy of the adopted loan protection mechanism are presented, as indicated in Table 9 below.

Table 9: Reasons Underlying Perceptions of Adequacy/Inadequacy of Loan Protection Mechanisms

Theme	Illustrative Content (Condensed)	Frequency (N)	Percentage (%)
Effectiveness of collateral and guarantors	“Loans are well secured”, “Guarantors cover defaults”	118	45.4
Internal savings and risk funds	“We use internal savings/ risk funds”	62	23.8
Familiarity and institutional control	“We understand these mechanisms well”	49	18.8
Insurance is perceived as costly or unclear	“Insurance is expensive”, “Benefits not clear”	33	12.7
Insurance useful for death/disability risks	“Collateral cannot cover death or illness”	22	8.5

**Percentages exceed 100% because multiple themes were mentioned by a single respondent.*

Source: Primary Data

Table 9 presents the reasons SACCOs and VSLAs cited for perceiving their loan portfolio protection mechanisms as adequate or inadequate. Exploring these perceptions highlights attitudes toward risk management and factors influencing the adoption of formal insurance, such as credit life. The findings show that 45.4% (n=118) cited the effectiveness of collateral and guarantors as the main reason for adequacy, with statements like “Loans are well secured” and “Guarantors cover defaults.” Internal savings and risk funds accounted for 23.8% (n=62), indicating that institutions supplement external guarantees with internally managed reserves. Familiarity and institutional control were emphasized by 18.8% (n=49), showing confidence in mechanisms that are well-understood and managed internally. This underscores a preference for community-agreed processes over externally imposed solutions. In contrast, formal insurance mechanisms were less integrated, with 12.7% (n=33) citing cost or unclear benefits as barriers. Only 8.5% (n=22) recognized insurance as useful for covering risks such as death or disability not addressed by traditional mechanisms. Qualitative insights illustrate these dynamics further. One respondent explained: “Our protection mechanism is adequate because it is agreed upon by the members. In the SACCO setting, you don’t just impose or bring ideas from outside; it is members who decide which mechanism they are comfortable with. In case of discontentment, they will still sit and decide.” This highlights how member participation and consensus underpin perceptions of adequacy.

5.0

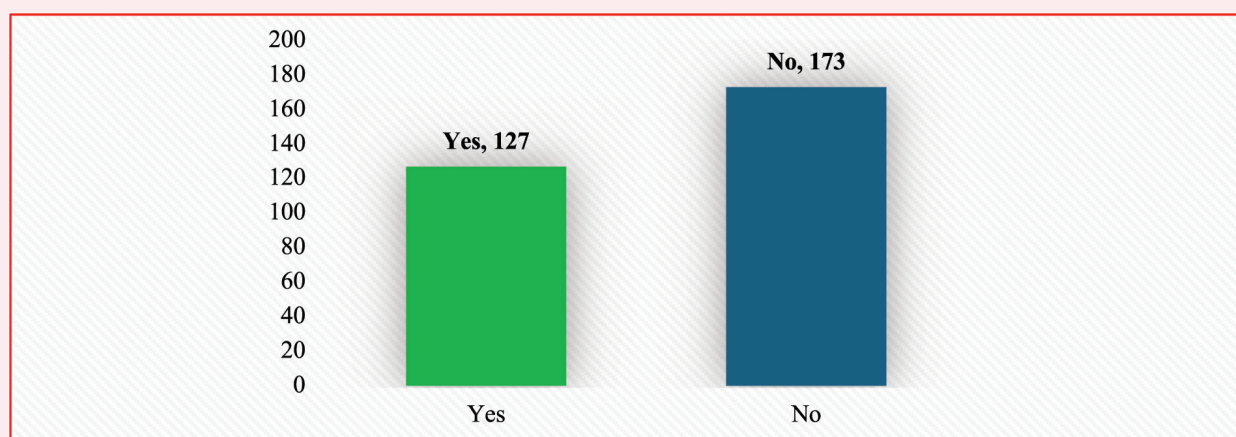
Awareness and Understanding of Credit Life Insurance

This section examines the extent to which SACCOs/VSLAs are aware of credit life insurance, the channels through which information about the policy is accessed, and institutional views on how awareness can be strengthened.

5.1 Awareness of Credit Life Insurance Policy among SACCOs/VSLAs

In this section, the level of awareness of credit life insurance among SACCOs/VSLAs is presented in Figure 9 below:

Figure 9: Awareness of Credit Life Insurance Among Respondents



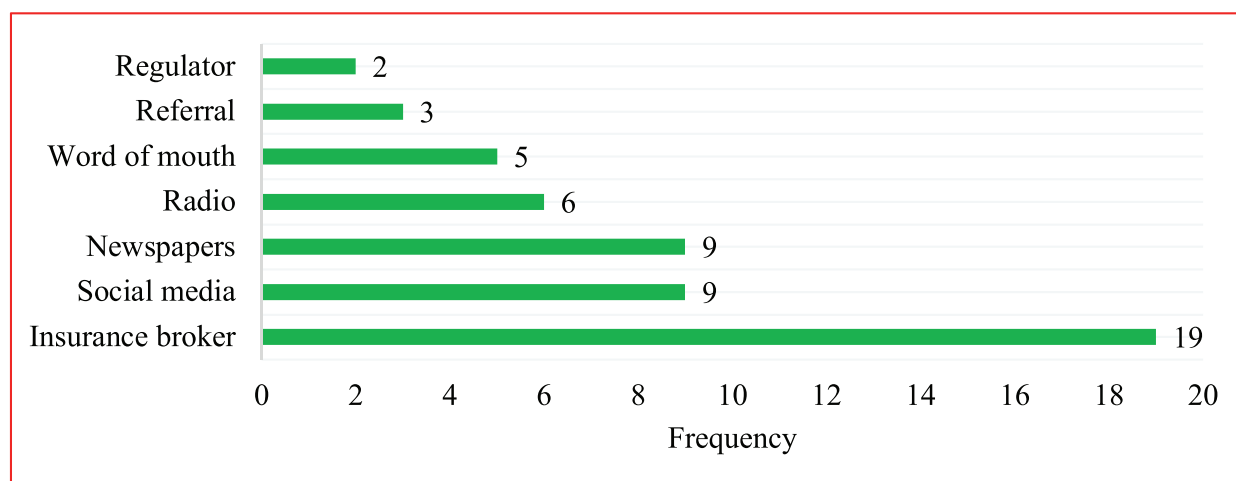
Source: Primary Data

The findings show that 42.3% (n=127) of respondents reported being aware of credit life insurance, while 57.7% (n=173) indicated no awareness, as evident in Figure 9. The statistical data above shows a substantial awareness gap within SACCOs and VSLAs, suggesting that limited staff knowledge constrains the adoption and effective implementation of credit life insurance, highlighting the need for targeted training and information dissemination.

5.2 Sources of Awareness about Credit Life Insurance Policy

Figure 10 below shows how the SACCO/VSLA decision-makers learned about credit life insurance cover.

Figure 10: Reported Information Sources on Credit Life Insurance among SACCOs / VSLAs



Source: Primary Data

Figure 10 presents the reported sources of information on credit life insurance among SACCO/VSLA respondents, shedding light on how awareness is generated and disseminated within the sector. Understanding the channels through which staff learn about insurance products is critical for designing effective outreach, training, and awareness campaigns that can enhance adoption and informed use.

The findings indicate that insurance brokers are the primary source of information, cited by 19 respondents. This underscores the sector's reliance on intermediaries to provide explanations, clarify product details, and address questions on an individual basis. One respondent explained: *"With the insurance person, you are able to ask questions one-on-one and also seek clarity in the language you understand."* This demonstrates that personalized interaction is highly valued, particularly in contexts where insurance concepts may be complex or unfamiliar.

Other sources of information, including social media (9 mentions), newspapers (9), radio (6), and word of mouth (5), play a comparatively minor role. Referrals (3) and regulatory bodies (2) are even less cited, highlighting that formal institutional communication and mass media channels are largely underutilized. The limited engagement in broader media and regulatory outreach presents a clear opportunity to expand awareness of credit life insurance by leveraging digital platforms, print media, radio campaigns, and regulatory guidance to reach a wider audience within SACCOs and VSLAs.

5.3 Suggested Strategies for Increasing Awareness of Credit Life Insurance

This section presents findings on strategies to enhance awareness of credit life insurance in the sector.

The responses were analyzed and categorized inductively, leading to the consolidation of key themes related to building awareness, identifying leadership roles, and addressing current obstacles to understanding. Over 90% of the responses fell into five main themes, as shown in Table 10 below.

Table 10: Strategies for Increasing Awareness of the Credit Life Insurance

Thematic Category	Illustrative Content (Condensed)	Frequency (N)	Percentage* (%)
Training and capacity building of SACCO/VSLA staff and leaders	Staff training, refresher workshops, leader education, AGMs, role-based training	214	46.2
Simplified, transparent communication of policy benefits and costs	Clear explanations, transparent fees, simple language, and visual aids	108	23.3
Outreach, sensitization, and community-based engagement	Workshops, village meetings, LC/parish outreach, door-to-door sensitization	92	19.9
Use of mass media and digital platforms	Radio, TV, WhatsApp, SMS, social media campaigns	64	13.8
Partnerships with insurers, regulators, and government	Joint trainings, regulator-led sensitization, public-private collaboration	51	11
Use of testimonies and real-life success stories	Member testimonies, case studies, claims, and success stories	37	8
Uncertainty/lack of ("knowledge ("Not sure	Explicit statements of not knowing what should be done	48	10.4

**Percentages exceed 100% because responses often contained multiple strategies*

Source: Primary Data

The findings in Table 10 show that 46.2% (n=214) of respondents perceive training and capacity-building of SACCO and VSLA staff and leaders as the most effective strategy, including formal training, refresher workshops, targeted leader education,



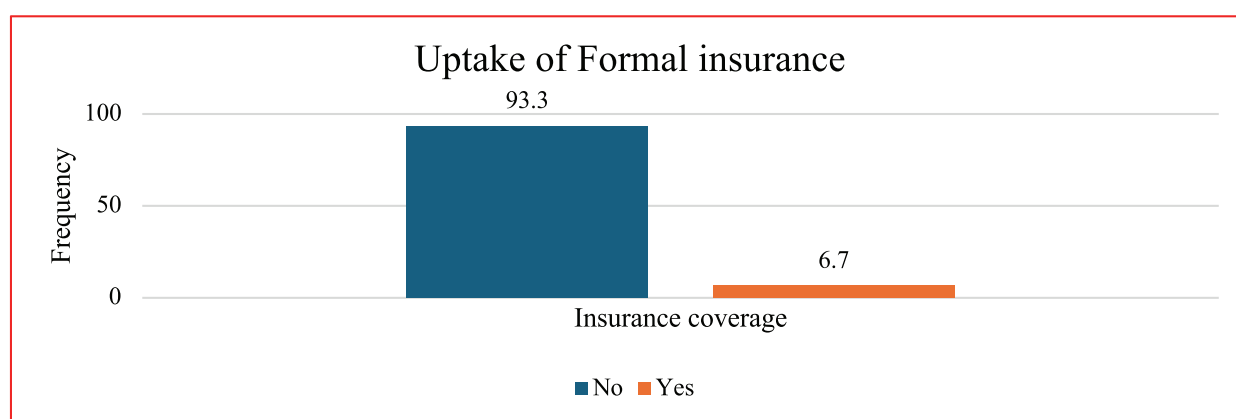
AGMs, and role-based training. This highlights that awareness gaps are largely attributed to limited organizational preparedness rather than individual resistance. Simplified and transparent communication of policy benefits and costs was identified by 23.3% (n=108), emphasizing clear explanations, transparent fees, simple language, and visual aids to make insurance more accessible. Community-based outreach and sensitization, cited by 19.9% (n=92), involves workshops, village meetings, LC/parish-level engagement, and door-to-door sensitization, reflecting the value of local, participatory approaches. Other strategies include mass media and digital platforms (13.8%, n=64), partnerships with insurers, regulators, and government bodies (11%, n=51), and the use of testimonies or real-life success stories (8%, n=37). Additionally, 10.4% (n=48) expressed uncertainty or lack of knowledge regarding effective strategies. Therefore, these findings illustrate that a combination of institutional capacity-building, clear communication, and community engagement is critical to promoting awareness of credit life insurance. The findings also suggest that structured guidance on best practices could address remaining gaps. An emphasis on participatory and accessible approaches may increase understanding of and trust in insurance products. Effective awareness creation requires integrating training, communication, outreach, and strategic partnerships to reach both staff and members.

6.0

Uptake of Credit Life Insurance by SACCOs/VSLAs

This section assesses the extent to which SACCOs and VSLAs have adopted formal credit life insurance for their loan products. Figure 11 below shows the findings on whether the loan products/services offered by SACCOs/VSLAs are formally insured.

Figure 11: The Uptake of Credit Life Insurance



Source: Primary Data

Figure 11 findings demonstrate an extremely low adoption rate, with only 6.7% (n=20) of SACCOs/VSLAs reporting formal insurance coverage. The overwhelming majority (93.3%; n=280) operate without any formal insurance. This pattern underscores that, despite its relevance for mitigating default risk and safeguarding borrower welfare, credit life insurance has not been mainstreamed into SACCO/VSLA lending practices. The low uptake reflects institutional, perceptual, and operational barriers preventing broader adoption. Qualitative insights illustrate reasons behind this limited uptake. One respondent explained: “The reason why I may not advocate our SACCO to take up insurance is that insurance does not in any way help a borrower, yet we pay the money... Insurance only wants us lame or dead but can’t help in these unfortunate circumstances. That is why, after this loan, I am not getting any other loan from the bank. For us in our SACCO, if one dies, we close off the loan, but at least we listen during trying moments; we give someone more time, and in case of default we have guarantors and collateral.” This testimony highlights a key perception: insurance is often seen as unresponsive to everyday risks, only activating in cases of death or total disability. In contrast, SACCOs/VSLAs rely on flexible, member-centered mechanisms such as loan rescheduling, personal support, guarantors, and collateral.

7.0

Demand-Side Risk Management Practices and Substitution Effects

This section presents findings on why SACCOs/VSLAs choose or avoid credit life insurance. It starts by examining the perceived value of credit insurance and how these practices shape institutional demand for credit life insurance.

Table 11: Benefits Provided by Credit Life Insurance Cover

Insurance Benefit	Frequency (N)	Percentage (%) *
Loan balance repayment in case of death	13	65
Loan repayment cover	12	60
Loan balance repayment in case of permanent disability	09	45
Funeral / last expense benefit	08	40
Critical illness cover	06	30
Hospitalization benefit	05	25
Loan balance repayment in case of temporary disability or income loss	04	20
Credit unemployment cover	02	10
Other benefits	01	05

**Multiple responses allowed*

Source: Primary Data

The findings in Table 11 show that 65% (n=13) of respondents cited loan repayment in the event of death, 45% (n=9) cited permanent disability, 60% (n=12) mentioned general loan repayment coverage, 40% (n=8) noted funeral or last expense benefits, 30% (n=6) cited critical illness cover, 25% (n=5) mentioned hospitalization benefits, 20% (n=4) noted temporary disability or income loss, 10% (n=2) cited credit unemployment cover, and 5% (n=1) mentioned other miscellaneous benefits. The results indicate that respondents primarily recognize credit life insurance for protection against catastrophic events like death or permanent disability, while a narrower awareness of other benefits suggests limited understanding or product availability. This highlights the need for education to enhance uptake and appreciation of the full range of protections.

7.1 Perceived Value of Credit Life Insurance Relative to Existing Risk Mechanisms

In this section, we examine how SACCOs/VSLAs interpret insurance benefits in relation to their existing risk management practices, to clarify why insurance is regarded as complementary rather than essential. Table 12 below presents the results of the qualitative responses.

Table 12: Thematic Analysis of Perceived Value and Limitations of Credit Life Insurance

Theme	Illustrative Content (Condensed)	Frequency (N)	Percentage (%)
Insurance protects against death and disability risks	"Insurance pays when the borrower dies." "Covers illness and disability."	28	46.7
Insurance provides peace of mind and portfolio stability	"Protects SACCO from shocks", "Ensures loan recovery."	17	28.3
Insurance is seen as supplementary to collateral and guarantors	"Still need guarantors." "Insurance is an addition."	14	23.3
Limited understanding of benefit scope	"Not sure what it covers", "Benefits not clear."	11	18.3
Insurance is perceived as costly relative to benefits	"Premiums reduce returns", "Costs are high."	9	15.0

**Percentages exceed 100% because multiple themes were allowed by a single respondent.*
Source: Primary Data

Table 12 presents a thematic analysis of SACCOs' and VSLA respondents' perceptions regarding the value and limitations of credit life insurance. Understanding these perceptions is crucial for identifying both the recognized benefits and the barriers to adoption, as well as for designing interventions that can enhance uptake and integration of insurance into SACCO/VSLA lending practices.

The analysis indicates that the most frequently cited theme, mentioned by 46.7% (n=28) of respondents, is that insurance protects against the risks of death and disability. Statements such as "*Insurance pays when borrower dies*" and "*Covers illness and disability*" highlight the unique capacity of credit life insurance to mitigate financial shocks that traditional mechanisms, such as collateral or guarantors, cannot cover.

A further 28.3% (n=17) emphasized that insurance provides peace of mind and enhances portfolio stability. Respondents noted that it "*Protects SACCO from shocks*" and "*Ensures loan recovery*", signaling recognition of insurance's institutional value in safeguarding both the lending institution and its members.



However, 23.3% (n=14) of respondents perceived insurance as supplementary to existing mechanisms, indicating that collateral and guarantors remain the primary tools for risk mitigation. Illustrative comments such as “*Still need guarantors*” and “*Insurance is an addition*” reflect the entrenched reliance on traditional practices. Limited understanding of the full scope of benefits was reported by 18.3% (n=11), with respondents expressing uncertainty about coverage details: “*Not sure what it covers*” and “*Benefits not clear*”. Additionally, 15% (n=9) perceived insurance as costly relative to its benefits, noting that “*Premiums reduce returns*” and “*Costs are high*”, which further constrains adoption.

8.0

Experience with Credit Life Insurance and Claims Performance

This section examines SACCOs/VSLAs' direct experiences with credit life insurance, focusing on claims incidence, settlement timelines, and satisfaction with the claims process.

8.1 Claims Incidence among Insured SACCOs/VSLAs

This section evaluates the experience of insured SACCOs/VSLAs when making a credit life insurance claim. The findings are presented in Table 13 below.

Table 13: Experience of Making a Credit Life Insurance Claim

Response	Frequency (N)	Percentage (%)
Yes – Institution has made a claim	14	70
No – Institution has not made a claim	06	30
Total	20	100

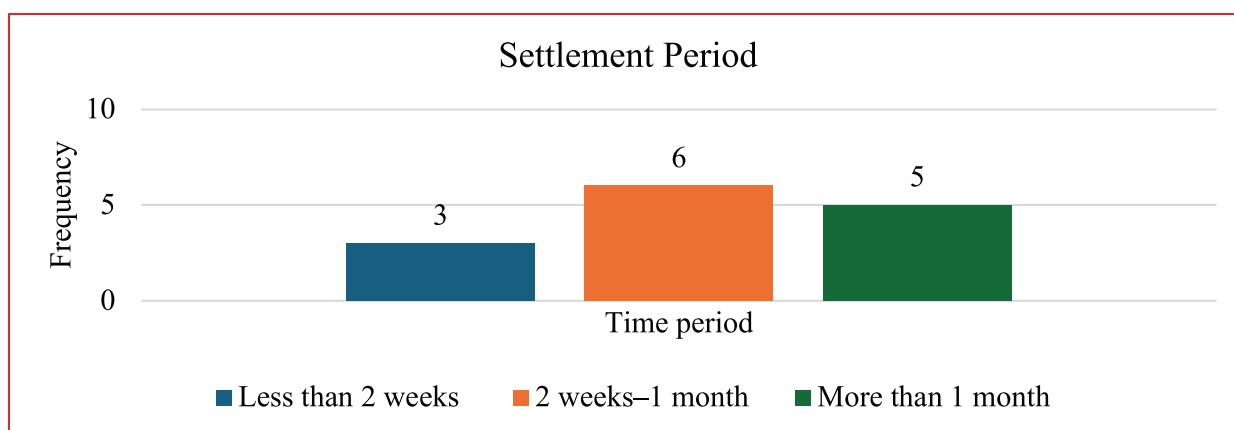
Source: Primary Data

The findings show that among the 20 SACCOs/VSLA with formal credit life insurance, 70% (n=14) have filed at least one claim, while 30% (n=6) have not, as evidenced in Table 16. This indicates that most insured institutions actively engage with insurers, demonstrating that when policies exist, they are utilized to address borrower risks, while also highlighting the need to expand coverage to more SACCOs/VSLAs to reduce the sector's protection gap.

8.2 Time Taken to Settle Credit Life Insurance Claims

Figure 12 below presents findings on how long insurers take to honour claims once submitted, an important factor likely to shape confidence in and the perceived reliability of insurance services.

Figure 12: Time Taken by Insurers to Pay Claims



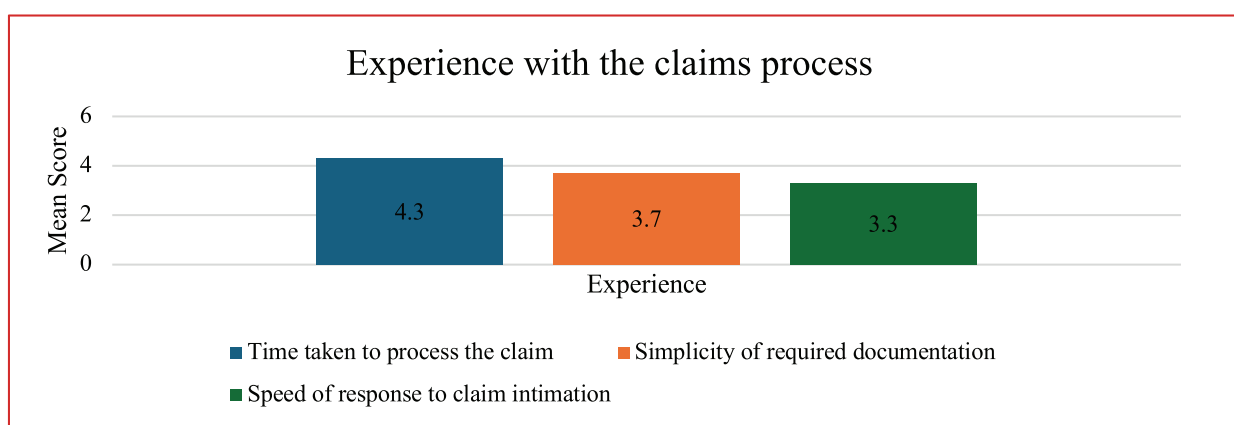
Source: Primary Data

The results in Figure 12 show that of the 14 SACCOs/VSLAs that filed claims, 21.4% (n=3) received settlement within two weeks, 42.9% (n=6) between two weeks and one month, and 35.7% (n=5) took more than one month. This implies that while most claims are settled within 30 days, demonstrating generally responsive service, occasional delays highlight the need for consistent, timely claims processing to maintain trust and encourage broader adoption of credit life insurance

8.3 Experience with the Claims Process

In Fig. 13 below, the SACCOs/VSLAs' experiences with key dimensions of the claims process, including processing time, documentation requirements, and responsiveness, are presented.

Figure 13: SACCOs/VSLAs' Experience with the Credit Life Insurance Claims Process (1=Very Poor, 5=Very Good)



Source: Primary Data

In Figure 13, the results show that SACCOs/VSLAs rated the *time taken to process claims* highest, with a mean score of 4.3, interpreted as “fair.” This suggests that, overall, insurers are reasonably responsive once a claim is submitted. The *simplicity of required documentation* received a mean score of 3.7 (“moderate”), indicating that paperwork

and procedural requirements remain somewhat cumbersome. The *speed of response to claim intimation* scored lowest at 3.3, also interpreted as moderate, highlighting that while insurers eventually act, initial communication and follow-up could be improved. Hence, the findings suggest that SACCOs/VSLAs perceive the claims process as average to fairly good.

8.4 Overall Satisfaction with the Claims Process

To evaluate overall satisfaction with SACCOs/VSLAs' claims processes, three aspects were examined: efficiency, clarity, and insurer responsiveness. The results are presented in Table 14 below.

Table 14: Overall Satisfaction with Credit Life Insurance Claims Process

Satisfaction Level (1–5)	Frequency (N)	Percentage (%)
Low (1–2)	01	7.1
Moderate (3)	04	28.6
High (4–5)	09	64.3
Total	14	100

Source: Primary Data

The findings in Table 14 highlight that the majority of SACCOs/VSLAs express moderate to high satisfaction. Specifically, 64.3% (n=9) reported high satisfaction with the claims process, while 28.6% (n=4) indicated moderate satisfaction. Only one SACCO/VSLA (7.1%) reported low satisfaction. These results suggest that, for most institutions, the claims process meets expectations and reinforces the perceived value of credit life insurance.

However, qualitative evidence highlights that dissatisfaction, even among a minority, can have substantial implications for trust and adoption. One SACCO respondent explained:

“We made a claim when we lost our client and the insurance company refused to compensate the SACCO because the client died of HIV/AIDS. We don’t ask our clients for their health status; our interest is business, and that is why we closed up the policy and started doing our own in-house cover.” This testimony illustrates a critical limitation of formal credit life insurance.

9.0

Perceived Barriers to Uptake among SACCOs/VSLAs

In this section, we synthesize qualitative evidence across the study to identify the key barriers constraining the uptake of credit life insurance among SACCOs/VSLAs. Table 15 below consolidates and categorizes the perceived qualitative barriers into analytically distinct barrier types, thereby clarifying targeted policy and industry intervention points.

Table 15: Synthesis of Perceived Barriers to Credit Life Insurance Uptake among SACCOs/VSLAs

Barrier Category	Illustrative Qualitative Evidence (Condensed)	Frequency (N)	Percentage (%)
Knowledge-related barriers	"We don't understand how it works", "Benefits are not clearly explained", "Information is inadequate"	162	54
Substitution-related barriers	"We rely on collateral and guarantors", "Our internal mechanisms are sufficient"	131	43.7
Cost-related barriers	"Premiums reduce returns", "Insurance increases loan costs"	87	29
Trust and claims-related barriers	"Claims take long", "Fear of not being paid", "Documentation is complicated"	74	24.7
Institutional and regulatory barriers	"Limited regulator engagement", "No clear policy guidance", "Weak insurer-SACCO coordination"	59	19.7

**Percentages exceed 100% because multiple barriers were often cited by the respondent.*

Source: Primary Data

Table 15 presents the barriers to the uptake of credit life insurance among SACCOs and VSLAs, using both quantitative and qualitative evidence. Knowledge-related barriers were most cited, reported by 54% (n=162) of respondents, with statements such as "We don't understand how it works", "Benefits are not clearly explained", and "Information is inadequate." Secondly, Substitution-related barriers were mentioned by 43.7% (n=131), reflecting reliance on traditional mechanisms, as highlighted by "We rely on collateral and guarantors" and "Our internal mechanisms are sufficient." Thirdly, Cost concerns (29%, n=87) and trust or claims-related issues (24.7%, n=74) also limit uptake, with respondents noting "Premiums reduce returns", "Insurance increases loan

costs”, “Claims take long”, “Fear of not being paid”, and “Documentation is complicated.” Lastly, institutional and regulatory barriers (19.7%, n=59) point to weak coordination and unclear policies. One Mukono respondent explained: “Our SACCO is PDM, so for us government just brings us money. Issues of insurance, you go back to government; ours is to enforce recovery through tracking and guarantors.”

9.1 Likelihood of SACCO/VSLA Recommending Credit Life Insurance to Others

Table 16 below presents the likelihood of insured SACCOs/VSLAs recommending credit life insurance, providing insight into institutional satisfaction and advocacy potential.

Table 16: Likelihood of SACCO/VSLA Recommending Credit Life Insurance to Others

Likelihood to Recommend (1–5)	Frequency (N)	Percentage (%)
(Low (1–2	2	10
(Moderate (3	6	30
(High (4–5	12	60
Total	20	100

Source: Primary Data

The findings in Table 16 show that 60% (n=12) of insured SACCOs/VSLAs reported a high likelihood (ratings 4–5) of recommending credit life insurance, 30% (n=6) indicated a moderate likelihood (rating 3), and 10% (n=2) expressed low willingness to recommend the product. Hence, the statistical findings indicate generally positive institutional perceptions among adopters, suggesting that satisfied SACCOs/VSLAs can act as peer advocates and potentially drive wider uptake of credit life insurance within the sector.

10

Discussion



This study examined awareness, understanding, determinants and barriers of the uptake of credit life insurance among SACCOs and VSLAs in Uganda. The findings reveal a mixed picture: while SACCOs/VSLAs widely employ several risk-mitigation mechanisms, formal uptake of credit life insurance remains low, despite its recognized relevance.

First, the results show that low uptake is not driven by ignorance of risk, since the respondents in the study were drawn from the management, credit, operations, and finance departments, who have relevant educational qualifications and work in SACCOs/VSLAs that actively manage credit risk through multiple mechanisms.

Second, the findings highlight a critical gap in awareness and understanding. Less than half of SACCO/VSLA decision-makers are aware of credit life insurance, and where awareness exists, it is primarily broker-mediated. The findings also show low prevalence of insurance-specific training among SACCO/VSLA staff, reinforcing the conclusion that insurance remains poorly embedded within microfinance capacity-building practices.

Third, the study demonstrates a strong substitution-effect on the demand side. SACCOs/VSLAs overwhelmingly rely on collateral, guarantors, savings linkages, and internal risk funds, which they perceive as adequate. These mechanisms are familiar, internally controlled, and immediately enforceable. Credit life insurance, by contrast, is perceived as external, less transparent, and cost-augmenting. As a result, insurance is framed as supplementary rather than essential, even though respondents clearly acknowledge that collateral and guarantors cannot address death- and disability-related risks.

Fourth, evidence from insured SACCOs/VSLAs challenges common trust-based objections to insurance. Among adopters, claims incidence is meaningful, settlement timelines are generally reasonable, and overall satisfaction with claims processes is moderate to high. While documentation complexity and occasional delays remain concerns, these experiences suggest that trust barriers are not inherent to insurance itself, but rather shaped by limited exposure and weak institutional

feedback loops between insurers and SACCOs/VSLAs.

Finally, the high likelihood of recommending credit life insurance among insured SACCOs/VSLAs signals strong potential for diffusion once adoption occurs. This finding is particularly important: it indicates that credit life insurance can achieve organic institutional endorsement if upstream constraints knowledge gaps, substitution logic, cost perceptions, and weak coordination are systematically addressed.



11

Policy and Industry Recommendations

Drawing from the study findings, this section outlines targeted recommendations for key actors in Uganda's insurance and microfinance ecosystem.

11.1 Recommendations for the Microfinance Regulatory Department of Uganda

11.1.1 Institutionalize credit life insurance within SACCO regulatory framework

The regulator should issue explicit guidance notes clarifying the role of credit life insurance as a portfolio-protection instrument for SACCOs, rather than leaving it as a discretionary add-on. This would strengthen institutional legitimacy and reduce ambiguity surrounding its use.

11.1.2 Lead regulator-driven sensitization and capacity building

The regulators should partner with district commercial officers, SACCO unions, and apex bodies to conduct regulator-branded sensitization programs, which tend to command higher institutional trust than broker-led initiatives.

11.1.3 Simplify and standardize credit life insurance disclosures to address knowledge and trust barriers

The regulator should promote standardized, simplified policy summaries for credit life insurance, including benefit scope, exclusions, claims timelines, and premium structures, tailored specifically for SACCO contexts.

11.2 Recommendations for the Uganda Insurers' Association and Insurance Companies

11.2.1 Reframe credit life insurance as a risk governance tool rather than just a product

Insurers should align their messaging with the decision-making processes of SACCOs (Savings and Credit Cooperative Organizations) by presenting credit life insurance as a governance mechanism for loan portfolios that can effectively complement collateral and guarantors rather than serving as just an alternative.

11.2.2 Develop SACCO-specific, modular product designs

Considering cost sensitivities, insurers should explore tiered or modular credit life products tailored to loan size, tenure, and borrower profiles. This approach would allow SACCOs to align coverage with actual risk exposure.

11.2.3 Enhance claims communication and feedback mechanisms

Even when claims are paid, a lack of visibility can undermine trust. Insurers should establish feedback mechanisms for claims, including post-settlement briefings or anonymized case summaries, to demonstrate the value of the product and reinforce confidence among clients.

11.3 Recommendations for SACCOs and VSLAs Leadership

11.3.1 Integrate credit life insurance into loan governance frameworks

SACCO/VSLA boards and management should formally embed credit life insurance within credit policy manuals, risk committees, and loan appraisal processes, rather than treating it as an optional external arrangement.

11.3.2 Invest in targeted insurance training for staff and leaders

The low prevalence of insurance-related training suggests a clear capacity gap. SACCOs/VSLAs should prioritize insurance literacy training for credit officers, managers, and board members to improve informed decision-making. This will help staff and leaders to better understand the additional benefits of credit life insurance.

11.3.3 Leverage peer learning and testimonials

SACCO/VSLA sector associations should facilitate peer-to-peer learning forums, where adopters share practical experiences with non-adopters.

11.4 Cross-Sector Coordination Recommendations

11.4.1 Establish structured engagements that bring together insurers, SACCOs, and the regulator

A structured engagement platform involving insurers, SACCO representatives, and regulators would help align expectations, address misconceptions, and jointly resolve issues regarding insurance products and policies, or even develop more appropriate products.



11.4.2 Leverage mass media and digital platforms strategically

The underutilization of social media and SMS represents a missed opportunity. Coordinated campaigns using simple, localized messaging can significantly improve awareness at scale.

Reference

Amin, M. E. (2005). *Social science research: Conception, methodology and analysis*: Makerere University.

Anyigbo, C. (2016). *Microinsurance and credit risk management in developing countries*. [Publisher information if available].

Bank of Uganda. (2025). *Bank of Uganda supervision report 2025*. Bank of Uganda.

Creswell, J. W. (2009). *Research design: Qualitative, quantitative, and mixed methods approaches* (3rd ed.). Sage Publications.

Creswell, J. W. (2022). *Qualitative inquiry and research design: Choosing among five approaches* (2nd ed.). Sage Publications.

Churchill, C., & Matul, M. (2012). *Protecting the poor: A microinsurance compendium* (Vol. 1). Munich: Microinsurance Network.

Finscope Uganda. (2020). *Finscope Uganda survey report 2020*. Kampala: Finscope Uganda.

Finscope Uganda. (2023). *Finscope Uganda report 2023*. Kampala: Finscope Uganda.

Garrison, D. (2018). *Credit life insurance and micro-lending risk management*. [Publisher information if available].

Greene, J. C., & Caracelli, V. J. (1997). *Advances in mixed-method evaluation: The challenges and benefits of integrating diverse paradigms*: Jossey-Bass Publishers.

Insurance Regulatory Authority (IRA). (2023). *Microinsurance sector report 2023*. Kampala: IRA Uganda.

Insurance Regulatory Authority (IRA). (2024). *Life insurance industry performance report 2024*. Kampala: IRA Uganda.

Kiwanuka, A., & Sibindi, A. B. (2023). *Insurance Inclusion in Uganda: Impact of Perceived Value, Insurance Literacy and Perceived Trust*. *Journal of Risk and Financial Management*, 16(2), 81. <https://doi.org/10.3390/jrfm16020081>

Miles, M. B., Huberman, A. M., Huberman, M. A., & Huberman, M. (1994). *Qualitative data analysis: An expanded sourcebook*: sage.

Miles, M. B., Huberman, A. M., & Saldana, J. (2013). *Qualitative data analysis*: Sage.

Patton, M. Q. (2001). Evaluation, knowledge management, best practices, and high quality lessons learned. *American Journal of Evaluation*, 22(3), 329–336.

Pride Bank. (2025). *Pride Bank financial inclusion report 2025*. Kampala: Pride Bank Uganda



Survey Questionnaire

Dear Respondent,

We appreciate your participation in this survey. The goal of this study is to learn more about the awareness and understanding, demand and supply side factors as well as barriers to credit life insurance among Microfinance Institutions. Your answers will be useful in pinpointing areas that need attention and improving the awareness and understanding of credit life insurance among microfinance institution players. The data you provide will be handled in the strictest confidence and used only for academic reasons. Take some time and give a careful response.

Demographic Data

Section A: Sample Characteristics

1. What is your current job title or role within the SACCO/VSLA?

2. What is your gender?

- 1. Male ☐
- 2. Female ☐

3. How long have you worked with this SACCO/VSLA?

- 1. Less than 1 year ☐
- 2. 1–3 years ☐
- 3. 4–6 years ☐
- 4. 7–10 years ☐
- 5. Over 10 years ☐

4. What is your highest level of education?

- 1. Certificate ☐
- 2. Diploma ☐
- 3. Bachelor's Degree ☐
- 4. Postgraduate Diploma ☐
- 5. Master's Degree or higher ☐
- 6. Other (specify):

5. What department or functional area do you work in?

1. Credit/Lending ☐
2. Operations ☐
3. Customer Service ☐
4. Finance/Accounts ☐
5. IT/MIS ☐
6. Management ☐
7. Other (specify): _____

6. Have you received any formal training in microfinance business or related areas?

1. Yes ☐
2. No ☐
3. If Yes, please specify the type of training: _____

Section B: Organizational Characteristics

Please indicate the following details about your institution:

- a) Name of Institution (Optional): _____ district
- b) Year of Establishment: _____

c) Ownership Type:

1. Institution-based SACCO
2. Community-based SACCO
3. PDM/Mgoya SACCOs
4. Other (please specify): _____

d) Number of Branches: _____

e) Total Number of Clients Served: _____

f) Approximate Number of Employees: _____

Survey location

g) Geographical Location:

1. Rural only ☐
2. Urban only ☐
3. Peri-Urban ☐
4. Rural and Urban ☐



i) What types of financial products/services does your SACCO/VSLA currently offer? (Tick all that apply)

1. Individual loans ☐
2. Group loans ☐
3. Agricultural loans ☐
4. SME loans ☐
5. Savings accounts ☐
6. Fixed deposit accounts ☐
7. Mobile banking services ☐
8. Financial literacy training ☐
9. Other (please specify): _____

j) what is the maturity period of your loan products?

- a) 1-3months ☐ b) 6-12months ☐ c) 1-3-year ☐ d) more than 3 years ☐

`Credit Life Insurance

Do you insure your loan products/services?

1. Yes ☐
2. No ☐

If **yes** go to question 3

If No.....Why?

Which insurance company do you partner with to provide insurance products to your SACCO/VSLA?

1. UAP
2. Sanlam
3. Jubilee
4. Britam
5. ICEA
6. Goldstar
7. Liberty
8. SWICO
9. Excel
10. PAX
11. Others specify _____

4) How did you know about the policy cover?

- (a) Word of mouth ☐ (b) Social media ☐ (c) Newspaper ☐ (d) Radio ☐
(e) An agent ☐ (f) Regulator ☐ (g) Referral ☐

5) For how long have you had the policy cover?

(a) 1 year ☐ (b) 1-3 years ☐ (c) more than 3 years ☐

6) what does your insurance policy cover?

1. Loan balance repayment in case of death
2. Loan balance repayment in case of permanent disability
3. Loan balance repayment in case of critical illness
4. Loan balance repayment in case of temporary disability or loss of income
5. Funeral expense benefit
6. Hospitalization benefit
7. Credit protection for co-borrowers/guarantors
8. Other (please specify) _____

7) Have you had a claim for your policy cover?

1. Yes ☐
2. No ☐

If **yes** How long did it take you to receive the compensation?

(a) 1-3months ☐ (b) 6-12 months ☐ (c) more than 12 months ☐

If No.....Why?

8) what was your experience with the claim process?

1	Time	Short	Moderate	Long
2	Cost	Low	Moderate	High
3	Documentation	Simple	Quite simple	Complex
4	Feedback	Timely	delayed	No

9) Overall, were you satisfied with the entire claim process?

(a) Satisfied ☐ (b) Fairly satisfied ☐ (c) not satisfied ☐

10) Can you recommend other SACCOs/ VSLAs in future?

(a) Very much so ☐ (b) Much so ☐ (c) Not at all ☐



STRUCTURED

Provide the Right Response by Ticking the correct box based on the 5-Point Likert Scale below:

Likert Scale:

1 = Strongly Disagree (SD)

2 = Disagree (D)

3 = Neutral(N)

4 = Agree (A)

5 = Strongly Agree (SA)

	SECTION C: AWARENESS AND UNDERSTANDING OF CREDIT LIFE INSURANCE	SD	D	N	A	SA
		1	2	3	4	5
	Section C(a): Awareness of Credit Life Insurance					
ALU 1	We are familiar with the concept of credit life insurance in micro-credit lending.					
ALU 2	My institution offers credit life insurance bundled in our loan/credit products.					
ALU 3	We have received information or training about credit life insurance from my institution.					
ALU 4	Clients frequently inquire about credit life insurance during the loan application process.					
ALU 5	We can identify the key providers of credit life insurance in our market.					
	Section C(b): Understanding of Credit Life Insurance					
ULU 1	We understand how credit life insurance protects the institution in the event of the borrower's death or disability.					
ULU2	We can accurately explain the benefits and terms of credit life insurance to a client.					
ULU3	We are aware of the eligibility criteria and claims process for credit life insurance.					
ULU4	We understand how credit life insurance premiums are calculated and collected.					
ULU 5	We believe that credit life insurance contributes to the sustainability of micro-credit lending operations.					
D	SECTION D: DEMAND SIDE FACTORS THAT INFLUENCE DEMAND	SD	D	N	A	SA
		1	2	3	4	5
	Section D: Demand-Side Factors (SACCO/VSLA)					
DSF1	Members take up credit life insurance mainly because it is a requirement for accessing loans					
DSF 2	Members value credit life insurance for protecting their families from loan repayment burdens in case of death or disability.					

DSF 3	The affordability of premiums significantly influences member acceptance.					
DSF 4	Clear explanation of benefits increases customer/member appreciation of credit life insurance					
DSF 5	Members' trust in fair and timely claims processing affects their willingness to embrace credit life insurance					
DSF 6	We need insurance cover to secure our loans from default in case of death or permanent disability					
DSF 7	We need credit life insurance to secure our loan capital as a SACCO/VSLA					
SECTION E: BARRIERS TO THE UPTAKE OF CREDIT LIFE INSURANCE		SD	D	N	A	SA
		1	2	3	4	5
	To what extent do you agree with the following statements about the barriers that limit your customers'/members' uptake of credit life insurance					
BTU1	Low awareness and understanding of credit life insurance reduces uptake.					
BTU 2	SACCOs often perceive credit life insurance as an extra cost rather than a benefit.					
BTU 3	Lack of transparency about benefits and exclusions discourages SACCOs from appreciating credit life insurance.					
BTU 4	Delays or negative perceptions of claims processing reduce customer/member confidence in credit life insurance.					
BTU 5	Limited flexibility or customization of products makes credit life insurance less attractive to diverse SACCOs needs.					
BTU 6	Cultural or religious beliefs among clients contribute to low demand for credit life insurance products					
SECTION F: DIMENSIONS OF CREDIT LIFE INSURANCE		SD	D	N	A	SA
s/n	Statements	1	2	3	4	5
Affordability and Income						
CLIU 1	Credit life insurance premiums are affordable to the SACCO.					
CLIU2	Our SACCO consistently meet the premium payments for credit life insurance.					
CLIU3	Our SACCO is consistently able to pay off their loan debt and insurance premiums.					
Service Quality/Provider Performance						
CLIU4	Communication from our insurance partner is clear and understandable.					
CLIU5	Our borrowers are satisfied with the overall quality of credit life insurance services provided.					

CLIU6	Our borrowers often provide timely feedback on the quality of the insurance services provided.					
	Purchase Purpose & Intentions					
CLIU8	Our institution regularly collaborates with insurance companies to offer credit life insurance policies alongside its loan products.					
CLIU9	Our institution incorporates credit life insurance as part of its loan products to safeguard against potential credit risks.					
CLIU11	Our institution would recommend that other financial institutions integrate credit life insurance policies into their loan products.					
CLIU12	Our institution intends to renew its partnership with an insurance company to continue providing credit life insurance policies as part of its loan products.					
	Awareness and Trust					
CLIU13	Our institution is aware of the different forms of credit life insurance policies available.					
CLIU 14	Our institution is aware of the different distribution channels for credit life insurance.					
CLIU 15	Our institution is aware of the pricing structures of different credit life insurance products.					
CLIU14	Our institution receives clear information before partnering with an insurance company to provide credit life insurance.					
LIU 15	Our institution trusts the claims process of its insurance provider.					
LIU 16	Our insurance partner regularly educates us about available insurance services.					

INTERVIEW GUIDE

SECTION 1: Awareness and Understanding of Credit Life Insurance

1. How familiar are you with the concept of credit life insurance in the context of microcredit lending?
2. What role does credit life insurance play in your institution's financial services?
3. How did you or your team first learn about credit life insurance?
4. What kind of training or support has your institution provided regarding credit life insurance?
5. Can you describe how credit life insurance benefits both the institution and the borrower?
6. How confident are you in explaining credit life insurance terms and benefits to clients?
7. In your experience, how well do clients understand credit life insurance?
8. What are the most common client questions or misconceptions you encounter about credit life insurance?
9. How is credit life insurance integrated into your loan products?

10. Are there any areas where you feel your understanding of credit life insurance could be improved?

SECTION 2: Supply- and Demand-Side Factors

Supply-Side (Institutional/Provider)

1. What motivates your institution to offer or not offer credit life insurance?
2. How would you describe the support you receive from insurance partners or providers?
3. What internal resources (staff, technology, knowledge) does your institution have to manage credit life insurance?
4. How does regulation affect your institution's decision to offer or expand credit life insurance products?
5. What role does staff capacity and training play in shaping supply of credit life insurance?

Demand-Side (Client/Market)

6. In your view, how interested are clients in purchasing credit life insurance?
7. What factors encourage or discourage clients from accepting credit life insurance?
8. How do client income levels or financial literacy impact their demand for this service?
9. Have you noticed any cultural or community attitudes that affect client decisions regarding credit life insurance?
10. Can you describe any trends in demand for credit life insurance you've observed over time?

SECTION 3: Interview Questions on Barriers to Uptake

1. What do you see as the biggest challenge your institution faces in offering credit life insurance?
2. Are there operational or system-related difficulties in integrating credit life insurance with loan processing?
3. How would you describe your institution's relationship with insurance providers?
4. Do you think the pricing or premium structure of credit life insurance is a barrier for your institution or clients?
5. What regulatory or policy challenges have you encountered regarding the adoption of credit life insurance?
6. How do clients typically respond when offered credit life insurance—do they resist, accept, or question it?
7. Have you faced any claims-related challenges that discourage use or trust in credit life insurance?
8. In your opinion, what institutional factors prevent wider uptake of credit life insurance?
9. How do you think the design of the insurance product could be improved to increase adoption?
10. Are there any incentives that could encourage your institution to increase its use of credit life insurance?

Insurers House,
Plot 24 John Babiha (Acacia) Ave,
Kampala, Uganda

Tel: 0800105050

Email : info@uia.co.ug

www.uia.co.ug

