

INSURANCE INDUSTRY (UGANDA)

Industry Background

The insurance industry plays a critical role in economic resilience by providing financial protection against unforeseen risks. It encompasses risk pooling, underwriting, and claims management across various sectors. In Uganda, the insurance industry is segmented into three primary categories:

- Life insurance - Covers long-term risks such as death and retirement,
- Non-life (general) insurance - Includes motor, property, health, and liability covers.
- Reinsurance - Provides risk transfer support to primary insurers.

As of 2025, the Ugandan insurance market consists of 20 non-life insurers or general insurers, nine life insurers, and two reinsurers, reflecting a maturing but still underpenetrated market. The sector is regulated by the Insurance Regulatory Authority of Uganda (IRA), which oversees licensing, solvency, consumer protection, and market development.

Global Outlook

When looking at the international context, the global insurance industry enters 2025 in an optimistic but cautious phase. Deloitte forecasts premium growth of 3.3%, supported by improved underwriting margins, higher investment yields, and rising demand for life and annuity products. Non-life carriers benefit from rate hardening and better claims performance, while life insurers gain from demographic shifts and savings-linked demand. However, climate volatility, cyber risk, and geopolitical uncertainty continue to test resilience. Regulatory divergence across regions adds complexity, particularly in Europe, while the US and Asia-Pacific offer expansion upside. Digitalisation, embedded insurance, and AI-led transformation are reshaping distribution and customer engagement. Insurers must balance operational efficiency with innovation to remain competitive.

Uganda Industry Size and the Key Statistics

According to the Insurance Regulatory Authority, Uganda's insurance market recorded UGX 1,763.24bn in gross written premiums (GWP) for FY24, of which 56% was contributed by the non-life segment, driven by motor, medical, and property lines. Life insurance accounted for 40%, reflecting increased uptake of savings-linked and group life products. The remaining share was attributed to reinsurance and microinsurance. The market continues to show steady year-on-year growth, supported by regulatory reform and rising awareness, though overall penetration remains below 1% of GDP. Based on net assets, the industry stood at UGX 876.28bn, with a density of UGX 38,410, reflecting gross premiums per capita.

Looking at market shares, the life insurance sector is highly concentrated, with the top five players controlling 88% of the total share. This suggests limited room for smaller insurers and a mature competitive hierarchy dominated by regional and multinational brands. In contrast, the non-life sector is comparatively fragmented, with the top five firms accounting for 58%. The remaining 15 players each hold less than 5%, reflecting high competition, price sensitivity, and scope for consolidation or niche positioning.

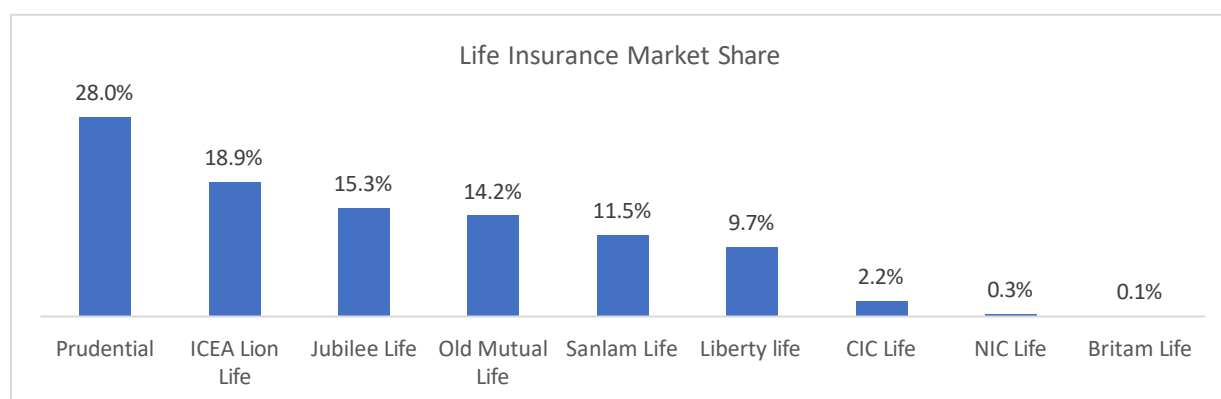


Exhibit 1 (Insurance Regulatory Authority of Uganda FY24 Annual Report)

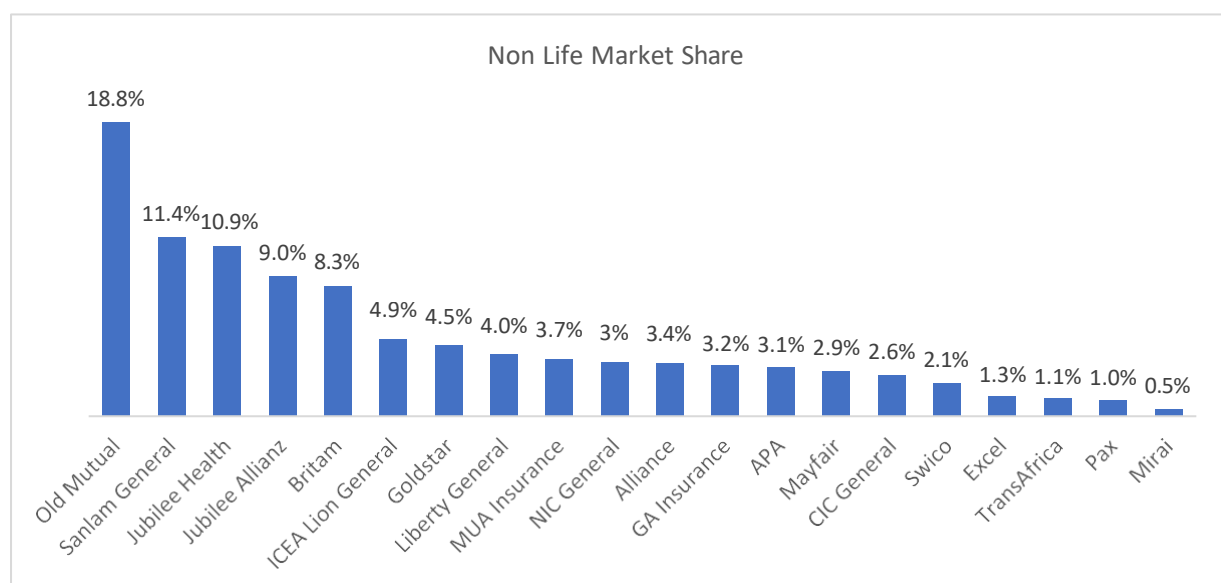


Exhibit 2 (Insurance Regulatory Authority of Uganda FY24 Annual Report)

Challenges

Despite favourable growth and regulatory reform, Uganda's insurance industry continues to face structural and operational challenges that constrain deeper market penetration. These issues affect both life and non-life segments, particularly in terms of consumer engagement, pricing discipline, and

distribution reach. Addressing these challenges is critical to unlocking the sector's full potential and ensuring long-term sustainability.

- **Low Insurance Literacy:** Many Ugandans lack understanding of insurance products, limiting uptake and renewal rates.
- **Public Trust Deficit:** Historical delays in claims settlement and opaque policy terms have eroded consumer confidence.
- **Distribution Constraints:** Limited reach in rural areas and reliance on traditional agents hinder market expansion.
- **Regulatory Compliance Costs:** Adapting to new mandates (e.g. marine insurance localisation) requires system upgrades and operational realignment.
- **Capital Adequacy Pressure:** Smaller insurers face challenges meeting solvency and reserve requirements, especially under risk-based supervision, affecting competitiveness and long-term viability.

Key Trends

- **Mandatory Marine Insurance:** Localisation of marine cover for imports is boosting premium retention and formalising trade-related risk.
- **Digital Onboarding:** Mobile apps and online portals are streamlining policy issuance, renewals, and claims, especially for retail clients.
- **SME-Focused Products:** Tailored covers for small businesses—such as asset protection and group health—are gaining traction.
- **Microinsurance Growth:** Affordable, simplified products targeting low-income groups are expanding access and inclusion.
- **ESG and Climate Risk Awareness:** Insurers are beginning to integrate environmental and social risk factors into underwriting and product design.

Conclusion

Uganda's insurance market presents a moderately attractive risk profile. While penetration remains low, regulatory reforms, digitalisation, and mandatory marine insurance are driving structural improvements. The life segment is concentrated and stable, whereas the non-life sector is fragmented and price-sensitive, posing underwriting challenges. Regional competition and evolving consumer expectations are pushing innovation, but public trust and literacy gaps persist. Overall, the market offers growth potential for well-capitalised, agile insurers with strong governance and distribution reach. Risk level remained Moderate, with upside for players able to navigate regulatory shifts and build consumer confidence.