Uganda Insurers Association

Promoting Insurance. Protecting Your Future



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Uganda Insurers Association

Promoting Insurance. Protecting Your Future

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CREDIT LIFE INSURANCE: A PILLAR FOR FINANCIAL WELLNESS

Credit life insurance policies in Uganda play a significant role in the financial landscape, particularly within the microfinance and SACCO (Savings and Credit Cooperative) sectors. These policies provide essential protection for both lenders and borrowers by ensuring that outstanding loans are covered in the event of the borrower's death or other uncertainties. Despite these clear benefits, the adoption and understanding of credit life insurance in Uganda remain limited. This gap exposes microfinance industry players and customers to significant risk and deprives the insurance industry of the opportunity to support them effectively.

At the recent 2nd National Microfinance Conference 2024, held at Hotel Africana under the theme Consumer Protection Practices, Experiences, and Developing Action in Uganda in Relation to Microfinance and SACCOs, Jonan Kisakye, CEO of the Uganda Insurers Association (UIA), highlighted the strides insurers have made in educating customers about their policies before purchase. He emphasized the importance of Key Facts Documents (KFD), Know Your Customer (KYC) practices, and the complaint resolution mechanisms available to the insured. This demonstrates that these insurance policies are designed to protect savers' finances, thereby enhancing the credibility of the insurance industry.

UIA's participation in the 2nd National Microfinance Conference 2024 aimed to underscore the relevance of credit life insurance to stakeholders at the conference, which included banks, microfinance institutions, non-governmental organizations, development partners, and financial technology companies.

The Association collected data from its members on the uptake of credit insurance, intending to share the results with financial players and highlight the need for a formidable risk management framework for Tier IV financial institutions, especially SACCOs. This can be achieved by considering insurance as a requirement for both registration and ongoing licensing. Notably, this form of coverage has the lowest uptake among members of the Tier IV category.

According to a 2023 survey, banks had a 100% uptake of credit life insurance, while microfinance institutions had a 28% coverage rate among the 167 registered institutions as of June 2023. The uptake among the 33,000 registered SACCOs was about 0.3%. For insured institutions, the insurance industry's payouts stood at UGX 8.4 billion in 2020, UGX 19.7 billion in 2021, and UGX 17.8 billion in 2022, with the increase partly attributed to COVID-related payouts.

Licensed life insurers provide insurance as a measure against risks for financial institutions, including Tier IV institutions like SACCOs, which are severely exposed to risks such as loan default due to the death, incapacitation, or severe illness of a member borrower. Unfortunately, the survey results show a lower uptake of insurance among Tier IV financial institutions compared to higher-tier financial institutions like banks.

However, we are confident that financial institutions can integrate loan insurance into their digitization efforts with SACCOs through streamlined processes, making it easier for customers to access and understand. This integration ensures the protection and stability of members' savings, which are otherwise severely exposed without insurance. It also promotes trust and confidence among Tier IV financial institutions and ultimately strengthens the sector's resilience.



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STAKEHOLDER MEETING ON WORKER'S COMPENSATION COMPUTATION

In partnership with the Ministry of Gender, Labour & Social Development, the Uganda Insurers Association (UIA), organised a Consultative Stakeholder Meeting to discuss the Draft Guidelines on the Computation of Workers' Compensation at Mbale Courts View Hotel. The guidelines aim at streamlining processes for safeguarding employees' welfare.

Coordinating the event, Gilbert Emojong, UIA's Non-Life Technical Assistant, highlighted the fundamental role of the Workers' Compensation guidelines within the insurance framework, stressing insurers' critical involvement as risk carriers in the compensation process. He expressed gratitude to the Ministry for acting proactively towards revising the guidelines, addressing previous ambiguities, and conducting extensive consultations across Uganda's diverse regions.

Apollo Onzoma, Assistant Commissioner of Industrial Relations at the Ministry of Gender, Labour & Social Development, underscored the guidelines' significance not only to industry experts but also to the wider insurance community. Onzoma reaffirmed the universal right to workplace protection, acknowledging the inherent risks faced by workers despite regulatory safeguards.

Martha Irankunda, Labour Support Officer for Industrial Relations, provided a comprehensive overview of the Workers Compensation Act Cap. 225,



emphasizing its pivotal role in providing both wage replacement and medical benefits to injured employees, marking its alignment with broader insurance principles.





Doreen Nakubulwa, Senior Claims Manager at Britam Uganda, pointed out key challenges faced by insurers, notably inconsistencies in medical assessments, and emphasized the urgent need for improved collaboration between insurers and medical professionals to ensure accurate assessments and fair compensation outcomes. Nakubulwa called upon UIA to facilitate ongoing education initiatives for medical practitioners and their line Ministry to enhance claimant awareness to streamline the compensation process.

Jerome Onyango, District Labour Officer for Tororo District, advocated for enhanced harmonization of compensation processes and recommended extending the consultation period to deepen stakeholders' understanding of the Compensation Act's intricacies. Onyango requested UIA's continued support in ensuring local governments adhere to these guidelines and effectively implement insurance protections for workers.

Key To Note

- *The Mbale consultation deepened UIA's collaborative efforts with the Ministry and stakeholders to refine Workers' Compensation guidelines.*
- *The meeting also provided a pivotal platform for constructive dialogue, aiming to foster more effective & inclusive insurance practices across the region.*





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FINTECH & INSURANCE TRAINING WORKSHOP

The Fintech & Insurance Training Workshop, a collaborative effort between UIA, Financial Technologies Service Providers Association (FITSPA), and Reinsurance Solutions, took place on July 4th, 2024, at Protea Hotel Kampala. The workshop aimed at equipping fintech entrepreneurs with essential insights into insurance mechanisms for sustainable business operations.



UIA Market Development Manager, Annet Katusiime emphasized the significance of the UIA-FITSPA partnership in fostering growth opportunities for their respective memberships. She noted that the workshop sought to raise awareness among fintech entrepreneurs about available insurance solutions for their businesses, urging them to leverage the workshop as a networking platform and to continue the conversations beyond
the event.

Carol Mambo, the Regional Manager East Africa at Reinsurance Solutions presented on Commercial Crime and Cyber Insurance Policies detailing how these policies address financial risks inherent in businesses, particularly emphasizing the threats posed by employee infidelity and cyber incidents. She encouraged entrepreneurs to adopt stringent measures and consider comprehensive insurance coverage to mitigate evolving risks effectively. The Executive Director of Reinsurance Solutions,
Harold Mbati stressed the importance of proactive risk management strategies for entrepreneurs in safeguarding their businesses amidst the increasing incidences of cyber-attacks.



The closing remarks were delivered by UIA CEO, Jonan Kisakye who highlighted the strategic objectives of the UIA-FITSPA partnership and its potential to foster significant advancements in insurance practices. He introduced the technical committee members tasked with facilitating meaningful engagements and ensuring the effective implementation of the partnership's collaborative initiatives.



Jonan commended FITSPA for promoting insurance literacy and proposed more initiatives to streamline insurance product understanding among its members. He also extended his appreciation to Reinsurance Solutions for their support.



Key To Note

- *UIA is committed to creating platforms for its members to discuss availableinsurance solutions with prospective clients by providing critical information necessary to obtain coverage.*
- *To meet the strategic objectives of the UIA-FITSPA partnership, a technical committee was formed and tasked with facilitating meaningful engagements and ensuring the effective implementation of the partnership's collaborative initiatives.*



INDUSTRY ACTIVITY HIGHLIGHTS





Britam Asset Managers Uganda won the Capital Markets Authority's 'Most Innovative Fund of the Year' award for 2023-2024!





UAP Old Mutual Uganda bid farewell to Mr. Simon Mwebaze, who had been the Managing Director of the OldMutual Investment on the 5th of July, 2024 at the Kampala Sheraton Hotel.





Liberty Uganda, in partnership with AAR Insurance Uganda, launched the Munno Mukabi Platinum product in collaboration with the Buganda Kingdom.





Prudential Uganda, through their Prudent City initiative, visited CURE Children's Hospital in Mbale City and donated running kits worth UGX 2.5 million for the Cure Run on October 19, 2024, aimed at raising awareness about hydrocephalus. They also brought toys to aid in the children's healing.





Jubilee Insurance Uganda officially launched their J-Junior Medical Insurance Plan, a product designed to provide comprehensive medical insurance to individuals who are 17 years old and below, on July 16th, 2024.





Sanlam Uganda, in partnership with World Vision, initiated the final phase of the UGX 670 million 'Sanlam School Project,' which focuses on reconstructing classrooms, providing scholastic materials, and improving teaching environments in Northern Uganda.





Pax Insurance joined Nsambya Babies' Home at the launch of the 2nd Nsambya Babies' Charity Walk, inaugurated by Archbishop Paul Ssemogerere.





SWICO contributed fifteen million shillings to the Rotary Cancer Run, with a commitment to bring hope and support to those battling cancer.





ICEA Lion Uganda, in partnership with C-Care Uganda, carried out a blood donation drive in Mbarara City as part of its commitment to sustainability..





Mayfair Insurance Uganda participated in the Rotary 5-A-Side Sports Gala at the MTN Philip Omondi Stadium in Lugogo.





Jubilee Allianz participated in the Aga Khan Primary School zebra crossing painting, highlighting its shared responsibility toward road safety for all.