Macro and Micro-Level Determinants of Life Insurance Consumption: A Case for Policy Intervention in Uganda

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By

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List of Acronyms

IRA  Insurance Regulatory Authority
IAIS  International Association of Insurance Supervisors
Swiss re  Swiss Reinsurance Company Ltd
OECD  Organization for Economic Co-operation and Development
FSDU  Financial Sector Deepening Uganda
IIU  The Insurance Institute of Uganda.
UIA  Uganda Insurers Association
ULII  Uganda Legal Information Institute
ABSTRACT

The importance of life insurance to the social and economic welfare of a country cannot be overemphasized. Life insurance does not only boost a nation’s financial investment sector, but it also ultimately creates a safety net for families. Despite the significant growth of the insurance industry in Africa over the years, the growth of the sector in Uganda continues to lag behind with a measly penetration rate of 0.8 percent. This low use of life insurance across Uganda raises questions about what determines life insurance consumption. This thesis addresses this concern through the application of a mixed methods approach—combining both quantitative and qualitative methodologies. The qualitative approach focused on capturing macro-level determinants of life insurance consumption through in-depth interviews conducted with life insurance experts and focus group discussions with educated and working-class youth in Kampala city. The quantitative approach on the other hand, focused on micro-level determinants such as marital status, income level, education level, number of dependents, level of insurance awareness and the perception of insurance as an important financial tool.

Results of the analyses showed that macro level factors such as inflation, political climate, financial sector development, consumer education, presence of other financial options have a strong influence on the demand for life insurance in Uganda. At the micro level, results of a logistic regression using a sample of 393 respondents, showed that all other things being equal, one’s marital status, income level, level of insurance awareness and the perception of insurance as an important financial tool significantly influence life insurance consumption in Uganda. Based on these findings, the study recommended that the inclusion of insurance in the school curriculum; reassessing the current tax system; creation of wealth accumulation products as well as affordable insurance policies.

Key words: Insurance, Life insurance Consumption, Government policy.
CHAPTER 1: INTRODUCTION

1.1 Overview

The importance of life insurance to the social and economic welfare of a country cannot
be overemphasized. Life insurance does not only boost a nation's financial investment
sector, but it also ultimately creates a sustainable safety net for families (Beck & Webb, 2003). Globally, there has been an increase in the sum of premiums\(^1\) written over the
years which, for the first time ever, exceeded the mark of USD 5 trillion in the year 2018.
Similarly, emerging markets have shown an upward trend for both life and non-life
insurance penetration\(^2\) in the past decade. Notwithstanding these worldwide insurance
improvements, the total penetration in Africa has remained low (Swiss Re, 2019). In their
study on the determinants of life consumption in thirty-one African countries, Alhassan &
Biekpe, (2016) proposed that more resources should be directed towards the development
of the demographic structure to stimulate the growth of life insurance business on the
continent. In the East African region, Uganda has the least insurance penetration rate
(0.84 percent) Kulabako, (2019) despite recent increase in life insurance businesses
across the region (IRA\(^3\), 2018). This low use of life insurance across Uganda raises
questions about the underlying factors that influence the consumption of life insurance in
the country.

This study is an attempt to understand the influence of selected macro and micro
factors on the consumption of life insurance policies in the Ugandan context. The analysis
of demand for life insurance is based on the life-cycle utility theoretical framework

\(^1\) An insurance premium is the amount of money that an individual or business pays to an insurance
company to own and keep a policy active (Loudenback, 2019).

\(^2\) Insurance penetration refers to the ratio of premium volume to GDP (Zerriaa, Amiri, Noubbigh, & Naoui,

\(^3\) IRA – Insurance Regulatory Authority, Uganda.
Within this framework, the demand for life insurance is driven by the desire to bequeath funds for the dependents and maintain income flow during retirement (Yaari, 1965). In that regard, this research analyses life insurance consumption through the variables that provide for both demand and supply of life insurance. Despite the increasing number of studies on the insurance industry and the factors that influence its growth in general, very little has been written on the Uganda insurance sector. The aim of this study is to help fill this literature gap.

The study explores the supply side of life insurance consumption through documentation of the experiences of life insurance experts as well as the educated and working-class youth in the Uganda. Macro level factors like inflation, devaluation, government policy and financial sector development are issues of interest regarding the supply side. The demand side of life insurance consumption is examined through education levels, marital status, level of income, level of awareness, importance of life insurance as a financial tool and the number of dependents.

The study is organized as follows: The next section presents a brief discussion on the overarching research question followed by a review of the life insurance literature in Chapter two. Following the literature review is the conceptual framework which highlights how the macro and micro-level factors influence life insurance consumption. The same section also showcases the research hypotheses to be investigated. Chapter four explains the research methodology by highlighting the qualitative and quantitative approaches that address the supply and demand sides of consumption respectively. Chapter five provides the results of the study followed by a detailed discussion of the main findings. The study

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NOTE: What governments decide to do or not directly affects the performance of economies. The health of an economy in turn influences the operations of different sectors in the economy.
concludes with a summarized discussion of the findings and recommendations in Chapter 6.

1.2 Research Problem

According to Arena, (2006), insurance markets have grown, particularly the emerging markets as a result of financial integration and liberalization in the past 20 years. Insurance markets are financial intermediaries that facilitate risk transfer and provide compensation in case of losses and/or damages. As a result, insurance contributes to economic growth and development by way of mobilizing savings locally as well as managing losses efficiently.

In Uganda, however, even though insurance products have existed for more than 20 years before the country’s independence, the level of knowledge about the industry and the consumption of life insurance in relation to non-life insurance is still low with a penetration rate less than one percent. In addition, very little has been done by way of academic research to investigate the underlying factors that contribute to this low demand.

1.3 Research Questions

The overarching question to be investigated is:

To what extent do economic and social factors influence the consumption of life insurance in Uganda? This question is supported by two related questions:

a) To what extent do macro-level factors (inflation rate, financial development and government policy) affect life insurance consumption in Uganda?

b) To what extent are micro-level factors (marital status, income level, level of education, number of dependents, level of life insurance awareness, importance of life insurance as a financial tool) associated with the consumption of life insurance in Uganda?
1.4 Research Objectives

The core objective of this research is to examine how policy interventions can be used to foster growth and development of the life insurance sector in Uganda.

Specific objectives include:

1. Evaluate the nexus between the macro-environment and life insurance consumption.
2. Assess the link between socio-demographic factors and life insurance consumption.
3. Identify policies that can boost the performance of the life insurance sector.
CHAPTER TWO: LITERATURE REVIEW

2.1 Defining Life Insurance

Life insurance has been defined as a bilateral contract that binds an insurer and an insured with a promise to protect the insured against risks associated with life, economic activities and property (Ward & Zurbruegg, 2000; Emamgholipour, Arab, & Mohajerzadeh, 2017). Life insurance contracts have four parties; the insured, insurer, policy holder and the user (Outreville, 1996). The insurer promises to pay the insured person an agreed sum of money (a lump sum or in installments) at the time of disability, death or even retirement, in exchange for a premium (Emamgholipour et al., 2017; Villeneuve, 2000). The risk covered is the death of the insured party. Both the insured and policy holder could be the same person, if, for instance a parent buying a coverage for the benefit of the children. Similarly, the user, insured person and the insured could be the same person for pension insurance or three different parties in case of a company (insurer) that purchases policies for its employees (insured) in the interest of their dependents (users). Life insurance is categorized into term life and whole life insurance. Term life insurance provides coverage against the risk of death only whereas whole life insurance comprises of a saving element (Frees & Sun, 2010).

Because insurance firms present an investment option and play a major role in risk management, life insurance provides financial services to individuals and economies. For households, life products are a mitigating tool for income loss in case of death and disability of the breadwinner. As financial intermediaries, life companies boost the growth of capital markets through long-term financing (Catalan et al., 2000). In fact, numerous studies have found a positive relationship between insurance and economic development (Ward & Zurbruegg, 2000). Moreover, the long-term nature of life insurance products
encourages fund mobilization especially for African markets that have a history of heavy dependence on foreign aid and loans to complement their budget.

### 2.2 Life Insurance Consumption

#### 2.2.1 The Global picture

Available studies indicate that globally, the sum of direct written premiums\(^5\) grew by 1.5 percent in 2017 from 2.2 percent in 2016 in real terms\(^6\). In nominal terms\(^7\), premiums rose from USD 4703 billion in 2016 to 4892 billion in 2017. On the other hand, the growth of non-life and life premiums slowed in 2017 according to (Swiss Re, 2018). The report further shows that life insurance in advanced markets dropped by 2.7 percent dragging the world insurance expansion whereas non-life insurance premium in the same markets remained unchanged at 1.9 percent. For emerging markets, there was a decrease in life insurance by 14 percent and non-life insurance by 6.1 percent. All in all, China accounts for the highest growth percentage.

The decline in premium growth has been attributed to the poor economic environment which is a key factor in the performance of insurance markets. Global premiums continue to remain below the financial crisis levels (IAIS, 2018). Based on a 1960-2017 global real premium growth analysis by Swiss Re (2018), the non-life sector in advanced markets outperformed the economy till 1990 due to the growing middle-class incomes and the less competition within the insurance market, recently. The life insurance sector growth, on the other hand, has been affected by regulations and taxes. The analysis further indicates that the advanced insurance markets have not recovered from the 2008/2009 recession.

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\(^5\) Direct written premiums are total premiums an insurance company receives before considering the amount ceded to reinsurance (Kagan, 2019). It comprises of all the policies written by the insurance company and its affiliates but not the premiums from reinsurance services rendered by that company.

\(^6\) Direct premiums in real terms refers to the premium values adjusted to take inflation into consideration.

\(^7\) Nominal terms are unadjusted values
Factors like economic depression, low income in addition to low-interest rates and unstable solvency rendered products of saving with defined interest rate returns very unappealing to both life insurers and customers. It was further noted that the downward trend in the life market could go on if no new attractive products are offered. Therefore, the macro environment of a country has an enormous impact on the performance of the insurance industry.

2.2.2 Life insurance in Africa

In Africa, where the focus of this paper lies, available research proposes an underdeveloped life insurance market. For example, a study by Sibindi, (2015) reports that Africa has the least developed insurance markets globally, except South Africa which accounts for 85 percent of the market share in Africa. Furthermore, the Swiss Re, (2018) report shows that slow growth of the South African Market in 2016, worsened the insurance performance on the continent. The poor and slow growth is attributed to political instability, weak economic growth, high levels of unemployment and poor economic performance. On a more positive note, the report also indicates that in 2017, some countries experienced growth in the life insurance market. Uganda grew at 18 percent, Namibia and Cote d’Ivoire at 12 percent followed by Egypt and Algeria at 9.7 percent and 6 percent respectively. In contrast, growth in Kenya (5.1 percent) and Morocco (3.1 percent) dropped because of the diminishing sales. There were also sharp declines in the life insurance market of Zimbabwe (-3.7 percent), Nigeria (-20 percent) and Mozambique (-39 percent). These fluctuations mirror the weak economic environment and the small sizes of these markets. The report further indicates that in recent times, the South African insurance market has benefited from a boost in confidence after the resignation of
President Jacob Zuma. The fiscal and economic changes that ensued from Zuma’s resignation led to increased demand in the market.

The Schanz, (2018) Africa insurance barometer market survey concludes that low life insurance penetration in major African markets presents an opportunity for growth if the industries devise means of offering affordable products to the low-income segment of the economy. Moreover, the Swiss Re, (2018) predicts that improved political leadership will promote confidence among business owners and investors and ultimately boost life insurance demand and growth of premiums on the continent.

2.2.3 Determinants of Life Insurance Consumption.

Based on prior empirical studies, several factors have been found to influence life insurance consumption. These factors include inflation, income levels, education level, financial sector development, marital status, dependency, social security, degree of urbanization and life expectancy at birth.

Inflation, which is the general increase in commodity prices has been found to have a negative relationship with life insurance consumption. The relationship between inflation and life insurance has been well documented (Emamgholipour et al., 2017; Alhassan & Biekpe, 2016; Sepehrdoust & Ebrahimnasab, 2015; Li, Moshirian, Nguyen, & Wee, 2007; Ward & Zurbruegg, 2000; Beck & Webb, 2003; Browne & Kim, 1993). The findings of the above authors indicate that an increase in commodity prices lowers the present value of benefits that insured individuals attain from purchasing life insurance, and thereby rendering insurance policies unattractive. Furthermore, the impact of this negative relationship is experienced mostly in the long run.

Financial sector development has also been found to be another important determinant of insurance demand. In their findings, Li et al., (2007), indicate that the
development of the financial sector is associated with securitization of cash flows which allows individuals to save for the future by owning financial assets. They further note that societies with well-developed financial sectors have a high demand for life insurance in relation to their counterparts that are not. Moreover, Beck & Webb, 2002) state that effective banking sectors enhance the confidence of people in other financial sectors. Therefore, a well-developed financial sector increases consumer confidence and consumption of life insurance (IRA, 2017). Additionally, the absence of private sector credit hinders the growth of the long-term life insurance investment in the economy (Beck & Webb, 2002). According to IRA annual reports, between 2013 and 2017, the absence or presence of private sector credit has been a major factor in the consumption rate of life insurance policies in Uganda (Swiss Re, 2018).

Moreover, most previous research shows educational level as an important determinant of life insurance consumption. Most scholars propose that an increase in the level of education leads to more awareness and knowledge of the existence of life insurance products. This, therefore results into an increased demand of life insurance policies (Truett & Truett, 1990). Additionally, other studies (Browne & Kim, 1993; Hwang & Gao, 2003; Bommier & Le Grand, 2014) indicate that higher levels of education may result in a higher level of risk aversion. However, in their research, Alhassan & Biekpe, (2016) found an inconsistent relationship between education and life insurance consumption across 31 African countries.

Consumer awareness about available insurance products gives consumers an opportunity to purchase a policy that meets their individual needs. The Organization for Economic Co-operation and Development (OECD) definition of financial awareness not only highlights the role of financial literacy in deciding on what financial product to purchase but also emphasizes the development of the skills to identify the available
opportunities and the choice of risks one can undertake in their given capacities. The OECD (2005), defines consumer awareness as

“the process by which financial consumers/investors improve their understanding of financial products, concepts and risks and, through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being.” (P. 4)

The impact of consumer awareness is supported by the IRA, (2018) research results. Moreover, consumer awareness about the available insurance products gives consumers an opportunity to purchase a policy that meets their individual needs. The Organization for OECD definition of financial awareness not only highlights the role of financial literacy in deciding on what financial product to purchase but also emphasizes the development of skills to identify the available opportunities and the choice of risks one can undertake in their given capacities.

Research findings on the relationship between marital status and life insurance demand shows mixed results. Those that show positive correlation include Anderson & Nevin, (1975) who found a positive relationship between life insurance consumption and marriage. Furthermore, Liebenberg, Carson, & Dumm, (2012) found that newly married couples were more likely to purchase whole life insurance than unmarried people. Also Hammond, Houston, & Melander, (1967) showed that households with married couples were more likely to purchase life insurance relative to the unmarried. In contrast, a study of life insurance demand in India by Dash, (2018) found that although most of the life insurance policies were consumed by married people, marital status had no significant
effect on the demand of these products. Furthermore, Walliser & Joachim, (1998) did not find any significant relationship between marital status and the face value of life insurance.

With respect to income, various studies have noted a positive relationship between income levels and life insurance demand (Zeriaa, Amiri, Noubbigh, & Kamel Naoui, 2017; Li et al., 2007; Browne & Kim, 1993). These authors argue that consumption of life insurance policies grows with an increase in individual income. In addition, the desire to save up the extra income for future consumption encourages individuals to opt for life insurance policies as one of the financial instruments for investment. Some studies like Yaari, (1965), further note that life insurance increases in need for the breadwinners to protect against any threats on the standard of living of their dependents. On the contrary, using panel data from 31 African countries between 1996 and 2010, Alhassan & Biekpe, (2016) found a negative relationship between life insurance and income. The difference in income effect is attributed to the perception of life insurance products as inferior to other financial tools. This conclusion is a justification of Hoy & Robson, (1981) theory on complementary goods.

The influence of having many dependents on life insurance demand remains unclear. Some studies have documented a positive relationship like the findings of Truett & Truett, (1990); Browne & Kim (1993) while others show a negative relationship (Beck & Webb, 2003). The former contends that the principal reason for purchasing life insurance is to ensure availability of income at the demise of the breadwinner while the latter find that the relationship is not consistent in both the developed and developing countries.

The findings of Beck & Webb, (2003) postulate that social security may substitute the need for private insurance. In an explanation of this substitution, Ward & Zurbruegge, (2000) assert that if the government provides benefits to the families of prematurely deceased breadwinners then the demand for life insurance is negatively affected. Some
studies, however, have found a complementary relationship between insurance demand and social security. Hence discarding the hypothesis of substitution. (Browne & Kim, 1993; Outreville, 1996; Alhassan & Biekpe, 2016).

Furthermore, some studies have found that a high degree of urbanization is likely to increase the demand of life insurance. This is based on the arguments that a shift from agricultural activities to industrialization increases the costs of raising children (Neumann, 1969; Outreville, 1996). In addition, some authors indicate that the costs of life insurance distribution reduce with clustered populations. Alhassan & Biekpe, (2016) findings on the other hand show a negative relationship between urban growth and life insurance demand in Africa particularly.

Finally, the absence of a commercial price of life insurance has influenced the inclusion of life expectancy at birth in the model to reflect the actually fair price of life insurance policies (Beenstock, Dickinson, & Khajuria, 1988; Outreville, 1996). These studies suggest that life insurance consumption increases with expected long span of life. The longevity of a consumer’s life is one of the main factors in determining life Insurance premiums, as a matter of fact. Individuals with a predicted long life purchase their policies at a lower cost than those with a short life span because of the varying degrees of risks to the insurance company. Thus, positive relationship between life expectancy at birth and life insurance demand.
CHAPTER THREE: CONCEPTUAL FRAMEWORK AND HYPOTHESES

3.1 Conceptual framework

Life insurance consumption is driven by both demand of consumers and the supply of insurance products. The demand\(^8\) and supply\(^9\) have been used to explain the interaction between buyers and sellers, to determine the prices and quantities of various commodities (Eastin & Arbogast, 2011). In the case of insurance, demand is referred to as the economic response of households to uncertainty (Schlesinger, 2012). The insurance demand was first explained by Yaari, (1965) and Hakansson, (1969). In their framework, the demand for life insurance is attributed to the desire of the consumer to bequeath funds to dependents in the event of premature death and/or ensure a continuous inflow of cash during the retirement period or disability. Therefore, households purchase life policies to increase their utility during the life cycle. Since the desire and willingness of households to consume depends on numerous factors, this study posits that the demand for life insurance in Uganda is a function of an individual’s education level, expected income over their lifetime, the number of dependents, marital status and life insurance ranking as a financial tool.

On the other hand, the supply side factors have been found to influence the price and the availability of life insurance products in the market (Beck & Webb, 2003; Kjosevski, 2012). Different degrees of financial institution development, fiscal policies, taxes rule of law among others, impact ability of insurers to provide cost effective life policies. These supply

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\(^8\) Demand is the willingness and ability of households to buy a good or service at a given price (Eastin & Arbogast, 2011).

\(^9\) Supply refers to the willingness of the seller to provide a given amount of goods and services at a certain price (Eastin & Arbogast, 2011). The supply of insurance consists of services provided by insurance companies.
side factors are referred to as policy loading factors by (Lewis, 1989). For the case of Uganda, the study focuses on the common themes from the interviews. They include government policy, financial development and inflation rates.

**Figure 1: Conceptual framework.**

**Construct by author, based on the literature review**

### 3.2 Hypotheses to be tested for the case of Uganda include;

Based on the literature review and conceptual framework, it is hypothesized in the case of Uganda that:

**H1.** Education levels: Ceteris paribus, the higher one’s education, the more likely a person will have life insurance. People with higher education are expected to better manage and understand their personal finances. In their study, Hogarth & Hilgert, (2002) show that
educated people are more likely to manage their finances terms of budgeting; saving; investment and insuring. Education level is operationalized as the number of years spent in school.

**H2.** Marital status: Ceteris paribus, married people are more likely to have life coverage than the unmarried because in case of death or disability, married people are responsible for their children and spouse’s financial freedom.

**H3.** Income levels: Ceteris paribus, those with high income levels are more likely to save hence a positive relationship with the demand of life insurance.

**H4.** Level of awareness: Ceteris paribus, Individuals who are aware about life insurance are more likely to patronize life insurance than those who are not aware.

**H5.** Importance of life insurance: Ceteris paribus, people who perceive life policies as important financial tools are more likely to patronize life insurance products.

**H6.** Number of dependents: Ceteris paribus, households with more dependents are less likely to consume life products because of the great responsibility that comes with high spending.
CHAPTER FOUR: RESEARCH METHODOLOGY

4.1 Methods

This study employs both qualitative and quantitative methodologies. The data included in the qualitative research draws on semi-structured in-depth interviews and one focus group discussion. All interviews were conducted with nine life insurance players in Kampala because of limited resources and time. They included: two chief operating officers, two managing directors, one chief executive officer, one head of group risk, one head of life and pensions, one chief financial officer as well as an underwriter, in the months, of July and August 2019. The nine respondents were purposively sampled because of their expertise and experience in the life insurance sector. Purposive sampling was employed with the aim of attaining detailed and extensive information (Tie et al., 2019). All the nine life insurance companies were contacted for participation in this study through phone calls and emails to schedule face-to-face interviews. A total of nine interviewees, one from each life insurance company agreed to participate. Of the interviews conducted, only one participant preferred writing down his responses to having them recorded due to company policy. The study does not claim representativeness of sample.

The focus group discussion was conducted in a book shop reading space in the Lukuli, Makindye sub-county in August 2019. Amongst those in attendance were seven young men (3) and women (4) in their late twenties, working as accountants, auditors, engineers in private companies as well as entrepreneurs who had previous experiences in life insurance sales within Kampala city. The purpose of the focus group was to facilitate an open discussion on the factors affecting patronage of life insurance policies. Focus groups are an effective tool for understanding how participants perceive and interpret the subject under study (Mack et al., 2005). The young, educated and working-class youth were purposefully selected because the study assumed this segment of society bears the
minimum working insurance knowledge and can also afford the available life products in the market. Emails containing the reason for the communication, the date, time and venue for the focus group were sent ten prospects. Of the emails sent, seven responded and took part in the discussion. All the nine interviews and the focus groups were conducted in English and the transcripts written verbatim. Moreover, pseudonyms are used in the presentation of the qualitative data as it is required in this method (Mack et al., 2005).

Beside the focus group exercise, a survey to understand the reasons why an individual is covered under a life policy or not, was conducted. The survey questionnaire was divided into two parts—a personal information section and a life insurance awareness section. The survey covered a representative sample of 393 out of the 500 prospect respondents in Kampala city. The study focused on Kampala district because of the limited time for research and available resources. The survey data was used to triangulate the qualitative data gathered from the focus group discussion. According to Denzin, (1970), triangulation refers to the application of different research techniques during the data analysis process to ensure validity of the researchers’ explanation.

4.2 Sampling the survey participants

Sampling has become a necessary method in data collection because not all potential respondents can be involved in the research process. Therefore, a relevant method of sampling is necessary to ensure representativeness of the entire population (Flick, 2009). The sampling technique adopted in this study is the stratified purposive sampling. Stratified sampling reduces sample selection bias and thereby addresses the challenges of under and over representation. Under this method, the participants are categorized according to how they affect the consumption of life insurance (Shringarpure & Xing, 2014). A total of 393 consumers (139) and non-consumers (254) completed the survey between June and August 2019. The survey participants were got through
recommendation (life insurance consumers) by insurance companies and by randomly sending survey links on various social media platforms that are limited to only Ugandans.

4.3 Definition of Variables

The dependent and explanatory variables for analyzing and operationalizing the study hypotheses are explained in Table 1 below:

Table 1: Definition of variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Measure</th>
<th>Operationalization</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dependent Variable</strong></td>
<td>Life Insurance Consumption</td>
<td>Dichotomous variable</td>
</tr>
<tr>
<td><strong>Explanatory Variables</strong></td>
<td>Education level</td>
<td>Dichotomous variable</td>
</tr>
<tr>
<td></td>
<td>Income level</td>
<td>Dichotomous variable</td>
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<td>Whether the respondent has dependents</td>
<td>Discrete Variable</td>
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<td></td>
<td>Level of Awareness</td>
<td>Dichotomous variable</td>
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<td></td>
<td>Marital status</td>
<td>Dichotomous variable</td>
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<td></td>
<td>Perception of life insurance in general</td>
<td>Dichotomous variable</td>
</tr>
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</table>

Source: Prepared by author, 2019, based on the authors survey data.

4.4 Data Analysis

Data obtained from interviews, focus groups and documents were coded in a systematic way. They were then compared to ascertain their reliability and validity. Research participants were the source of verification of the collected data. Considering that the interview questions focused on the influence of the Uganda macro environment on life
insurance consumption, analysis of the qualitative data is divided into three sections: discussion on the influence of inflation and devaluation (the value of a policy overtime), discussion on political climate (government policy) and discussion on financial sector development (the role of banc assurance in life assurance). The survey data was analyzed using logistic regression analysis with SPSS software. The regression model was of the form:

\[ \ln \left[ \frac{\Pi}{(1-\Pi)} \right] = \beta_0 + \beta_1 \text{INC} + \beta_2 \text{ND} + \beta_3 \text{EDU} + \beta_4 \text{MS} + \beta_5 \text{LA} + \beta_6 \text{IMP} + U \]

Where: \( \left[ \frac{\Pi}{(1-\Pi)} \right] \) = the odds of having life insurance;

\text{INC} =Income levels of the respondents;

\text{ND} = Number of dependents that the respondent has;

\text{EDU} = Education level of the respondent;

\text{MS} = Marital Status of the respondent;

\text{LA} = Level of awareness

\text{IMP} = whether life insurance is important;

\text{U} = Error term;

\( \beta_0, \beta_1, ..., \beta_4 \) = Parameters to be estimated

The study used frequency table for descriptive statistics and logistic regression tables to display the regression analysis. Frequency distribution tables are easy to interpret and can display large data sets in a precise manner (Reid, 2018). Logistic regression is increasingly being used as a standard method in the data analysis of product market penetration (Cramer, 2002) as it relates to this research. Furthermore, Logistic regression is applied because the method is appropriate in analyzing binary outcomes (1 if yes and 0 if no) (Ruzgar & Ruzgar, 2008; Ramosacaj, Hasani, & Dumi, 2015).
After establishing the logistic regression model, the validity of the model was assessed. Model validation refers to “the stability and reasonableness of the logistic regression coefficients, the plausibility and usability of the fitted logistic regression function, and the ability to generalize inferences drawn from the analysis” (Rana et al., 2010). The pseudo-$R^2$ statistic (Cox & Snell $R^2$ and Nagelkerke $R^2$) was used to evaluate the validity and performance of the model. Cox & Snell $R^2$ and Nagelkerke $R^2$ show the extent of the relationship between the independent variables and the dependent variables. They are the most used statistical measures for logistic regression analysis (Hair Jr., Black, Babin, & Anderson, 2014; Agresti, 2007).

4.5 Ethical considerations

Besides seeking the consent of the research participants before the commencement of the study, their names and identities remained anonymous after data analysis. Furthermore, all the information pertaining to the respondents was not used for any purpose other than during the research implementation. The interview questions are reviewed by the institutional review board, to ensure ethical standards.

4.5: Insurance Sector in Uganda

Brief History of insurance in Uganda

Insurance was introduced in Uganda in the late nineteenth century. East Africa General Insurance Company (EAGEN), formed in 1948, was the first local insurance company. Sixteen years later, National Insurance Corporation (NIC) was incorporated by the Act of Parliament and was therefore entirely state owned. Prior to that, around ninety-five insurance branches and agencies from foreign companies in the United Kingdom, United States of America and India were in operation by independence (Mpagi, 2012).
The Uganda Insurance Commission (UIC), currently the Insurance Regulatory Authority (IRA) was established in 1996 but started operations in 1977. UIC was a result of the liberalization policy adopted by the government. The policy changed its role from providing goods and services to supervision and regulation of the insurance industry (IRA, 2019). Today the authority ensures effective administration, supervision, regulation and control of the insurance business. Additionally, IRA is mandated to ensure smooth operations of the insurance players; guard the interests of policyholders and their beneficiaries; monitor the quality of insurance products and services as well as facilitate market development (IRA, 2018).

The Insurance Institute of Uganda (IIU) established in 1964, as the training branch of the insurance industry started its operations in the in 2011. IIU is recognized under the Insurance (Amendment) Act 2011. Moreover, it is responsible for Education, training and professional development in the insurance sector (IIU, 2019).

In 2017, following the amendment of the Financial Institutions Act, banc assurance was adopted by banks. Banc assurance has been a major driving force in the growth of insurance in Uganda (IRA, 2018). The parliament of Uganda passed the financial institutions amendment Act 2016 that provided for banc assurance (The financial institutions (amendment) Act, 2016. arrangement of sections, 2016). The service is defined as a partnership arrangement in which banks allow insurance companies to sell products to their customer base (Statutory Instruments, 2017). The aim of the partnership between banks and insurance companies is to grow the insurance industry through increasing access to the bank’s customer base, improving on the distribution and marketing channels (Busuulwa, 2018). Today, the formerly composite insurance companies operate as separate entities (life business and non-life business) as required by the law, as of 2014. Today, the formerly composite insurance companies operate as
separate entities (life business and non-life business) as required by the law, as of 2014.
There are 29 licensed insurance companies; 5 HMO’s; 1 Reinsurance Company, 34
insurance brokers; 1 reinsurance broker; 23 Loss Assessors; over 1500 Agents and 10
banc assurance agents (UIA, 2018).

In Uganda, insurance companies are registered as life assurance or non-life insurance
companies but not a combination of both (Kimbowa, 2013). The industry comprises 5
classes of insurance: motor insurance, fire and burglary, health/medical insurance, life
insurance and agricultural insurance (UIA, 2018). Of all the insurance classes, motor third
party liability and workers' compensation are compulsory insurance covers” Motor third
party is limited to a payment of a maximum of UGX 1 million for every accident and
individual. On the other hand, workers compensation payment is up to sixty times a
person's monthly earnings (IRA, 2018).

Furthermore, as of 2018, the Uganda insurance sector comprises of 9 life
insurance companies and 20 general insurance companies; 34 Insurance brokers, 1
Reinsurance company, 1 Reinsurance Broker; 5 Health Membership Organization (HMO);
24 Risk managers; 10 banc assurers and 1951 agents licensed by Insurance Regulatory
Authority (IRA) (UIA, 2019).
Figure 2: Performance of the Uganda insurance sector between 2013 and 2017.

constructed by author, based on the (IRA, 2017) annual insurance market report data from 2013-2017. Note: IRA= Insurance Regulatory Authority, Uganda. The insurance density figures were converted from United States dollars to Uganda shillings.
As demonstrated in Figure 2 above, between 2013 and 2017, the Uganda insurance industry witnessed an increase in the gross premium income from 634 billion in 2016 to 728 billion Uganda shillings in 2017. Notwithstanding the growth, insurance penetration and density stagnated at 0.81 percent and 5.34 United States dollars (19,284 UGX) respectively. These values are against the continent average of 2.96 percent and 54 United States dollars. Additionally, although non-life insurance composition continues to dominate the Uganda insurance industry IRA,(2017), Figure 3 shows that the growth of non-life insurance between 2013 (12.27 percent) and 2017 (12.68 percent) remained relatively unchanged. On the other hand, life insurance growth within the same period declined from 42.05 percent in 2013 to 27.91 percent in 2017.

Insurance penetration lies at a mere 0.81 percent despite the consistent growth of the insurance business between 2013 and 2017. The IRA, (2017) report shows that Gross
Written Premium (GWP) grew at a 14.75 percent rate, from Uganda shillings (UGX) 634.8 billion in 2016 to UGX 728.53 billion in 2017. Of the total written premium, 69.63 percent was non-life insurance while life insurance and HMO contributed 23.13 percent and 7.24 percent respectively. While the non-life insurance business accounted for the highest percentage of the GWP composition, the IRA reported a 1.27 percent drop in 2017. On the other hand, life insurance business grew at a rate of 27.19 percent within the same year. Moreover, the total gross claims payment of life insurance, non-life insurance and HMO grew by 11.71 percent from UGX 261 billion in 2016 to UGX 291 billion in the same year.

Furthermore, the industry’s ability to manage risks and to protect the citizens was backed by the 15.57 percent growth in assets owned. The notable growth in the insurance industry is attributed to firstly, the high demand of the medical insurance by corporations to a level of 33.16 percent. Secondly, the increased consumption of the agricultural policy under the agricultural insurance association by the 45,704 farmers who benefited from the Uganda shillings 3.2 billion. Fourthly, the boost in the consumer confidence as an aftermath of the industry prompt response to customer claims and complaints to mention a few. Fifthly, the increased sensitization and awareness among the people by the Uganda Investment Authority (UIA), Insurance Regulatory Authority (IRA) and the Insurance Institute of Uganda (IIU). Sixthly, the growth of Uganda’s GDP in 2017 supported the growth of insurable assets. Lastly, insurance companies have placed the customer at the core of the business thereby availing more affordable products on the market. Notwithstanding the performance, insurance penetration and insurance density remained unchanged at 0.18 percent and USD 5.3 respectively as against the 2.96 percent and USD 54 average performance recorded for the African continent. The low penetration and density of the insurance industry presents an opportunity for market growth.
The Insurance Regulatory Authority (IRA) has undertaken an initiative to promote public awareness in reducing uncertainties and the need for transferring risk; the features of different insurance products in the market as well as loss mitigation. The implementation of these aims has been outsourced to partners mainly because of the high costs associated with the promotion of awareness. The cause has been furthered through the various media sources including radio, television, and print journalism and internet platforms alongside awareness events.

*Figure 4: Uganda market Share of Life insurance in 2017*

![Bar chart showing market share of life insurance companies in Uganda]

*Constructed by author, based on the (IRA, 2017) annual insurance market report data.*

Figure 4 shows that of the nine life insurance companies in Uganda, UAP Life Assurance accounts for the highest market share of 26.19 percent, contributing a gross written premium of around UGX 44billion in 2017. It is followed by Liberty Life Assurance limited, ICEA Life, Sanlam Life Insurance; Jubilee life Insurance; Prudential Assurance; CIC Life;
NIC Life and Metropolitan Life Uganda Limited that accounts for the least gross written premium of about UGX 818 million and a 0.49 percent market share.

Moreover, according to IRA, (2018) report, life assurance is divided into 3 broad classes: life individual (whole life insurance, term life insurance, endowment insurance and pure endowment); life group (group life and credit life insurance) as well as pension products (annuities and deposit administration plan). The report further shows that life individual contributed 42.12 percent of the UGX 168 billion Life gross written premium income, followed by, life group (31.8 percent), medical (13.98) and DAP that accounts for the least at 12.1 percent.
CHAPTER FIVE: RESULTS AND DISCUSSION

This chapter presents and discusses the results of both macro-level and micro-level analyses. The macro level analyses cover the interviews, and focus groups discussions whilst the micro-level analyses deal with the findings on the basis of the results of the logistic regression.

5.1 Macro-Level Analyses

The result of this study shows that overall, the macro economy of Uganda has been harsh on the operations of the life insurance sector consequently slowing down the supply of life products. According to the results of the interviews and focus group discussions prevailing macro factors hindering the life insurance market in Uganda include; inflation, devaluation of the Uganda shilling (value of the policy overtime), the lack of support from government as well as the underdeveloped nature of Uganda’s financial sector.

5.1.1 Inflation and Devaluation: the value of a policy overtime.

Whilst, there is hardly any literature on the influence of price changes on the demand and supply of life insurance products in Uganda, there was a consensus among the interviewees that inflation negatively affects the consumption of life policies. When asked how inflation has affected the performance of her company, Martha, the head of life and pensions highlighted numerous issues with the emphasis on the decline of the purchasing power of the shilling as a result of inflation. She said;

*When you look at policies that were taken in the 70s and the premium paid (about one hundred shillings) ... with a target of Uganda shillings five hundred thousand in return. That was some good money then. Today, when the beneficiaries come to follow up on the benefits. They are told that his/her father saved for 10 years or 15 years to get only five hundred thousand Uganda shillings. These people look at us like it’s a joke. And rightly so, because the value of that amount has greatly dropped. (Ms. Martha, Head of life and pensions, interview, July 2019)*
In the quote above, the head of life and pensions highlights the change in the value of a Ugandan shilling overtime. This concern was voiced by all the interviewees who complained about the decrease in the worth of the long-term life policies in their respective life insurance companies. Depending on the type of life policy purchased, one of the ways in which life insurance works is having fixed premiums paid monthly or annually for the length of the policy. This implies that the value of the insurance remains unchanged and therefore the beneficiaries receive the same amount of insurance settlement. However, with inflation, what a Ugandan shilling can buy changes periodically. The views of the respondent further show that beneficiaries feel cheated at the maturity of the policy because of the negative change in the worth of the policy.

Similarly, the Chief Operating Officer of one of the life businesses in Kampala reported that inflation creates a lack of trust and appreciation of the industry. He noted:

_Inflation is real, and it affects life insurance. People don’t buy whole life policies anymore. They often ask if we have a 2-year policy to avoid the effects of inflation on the value of the policy over the long periods. Yet in life insurance it’s not viable to have short life policies because you won’t get any value from it. Life insurance is a matter of compounding interest over a long period of time. So, we find that most people buy policies of an average life of 5-6 years while in other countries the average life is 15 years. So, it’s a big issue that people still have trouble trusting us with their money for more than 5 years._ (Mr. Timothy, Chief Operating Officer, interview, July 2019)

Mr. Timothy explained that several of his clients prefer buying short term life policies as opposed to lifelong policies. This, he says, results from the fear of the decline in the value of the policy at the maturity date. In Uganda, term life and endowment policies provide coverage for a certain period and premiums paid either as a sum of the future benefits or throughout that time. Under term life, payments are only made if the insured person dies within the specified time other than that no payments are made, and the premiums are not refunded. However, endowment policies allow for payments at death or maturity. Whole life insurance policies on the other hand provide a lifelong coverage and the benefits
provided at the death of the insured person. In his view, the chief operating officer notes that short term policies deny the insured person the advantages of compound interest. The interest earned on principal plus interest creates a considerable cash accumulation over a long time. Another respondent, Peter, with more than fifteen years of experience in the insurance industry says that high prices of household essentials negates the need for insurance.

*In the last ten years, the trend with regards to prices of products and services has been one-way, that of escalating prices. This obviously has meant erosion over the years of disposable incomes thereby reducing public ability of taking out life insurance. (Mr. Peter, Chief Operations Officer, August 2019)*

Over the years, Uganda has experienced a sudden increase in prices of the most basic commodities especially in the years 2008 and 2011 where prices rose up to forty percent. As a result, several Ugandans could not afford the most essential commodities. That said, it is worth mentioning that people consider saving after their basic needs are catered for, otherwise life insurance remains but a dream. FSDU, (2018) survey findings show that 37 percent of Ugandan adults save to cover daily expenses on rainy days, 26 percent save to insure for unexpected expenditures and the majority (46 percent) do not save because they have no disposable income after expenses. In the quote above, the Chief Operations Officer ascribes the low consumption of life products to the little or no excess income left for saving after households attain their immediate needs. Moreover, the managing director of one of the key players in the industry shows how the history of the Uganda foreign exchange system has shaped the perception of the public about life insurance.

*Historically, in the 80s and mid 80s when Uganda devalued the shilling, three zeroes were removed. Insurance was hard hit because anyone who had a policy of one million shillings, the value became one thousand shillings. That has affected the industry immensely to the point where the older generation is very scared of putting money in financial institutions. 60-year old’s and above, don’t have very kind words for insurance (Mr. Daniel, Managing Director-Life assurance, interview, July 2019).*
Between 1980 and 1989, Uganda experienced a persistent and high increase in the rate of inflation with an average of 200 percent. The sudden increase in inflation was partly attributed to the devaluation of the foreign exchange rate (Barungi, March 1997). Devaluation refers to the fall in the value of a currency. In 1981, the Ugandan shilling (shs) was devalued from shs 8 per dollar to Shs. 94.17 in the following year. Moreover, the local currency against the United States dollar continued to depreciate to shs 1480 by early 1986 (Williams, 2017). Consequently, life insurance policies that were purchased during that period lost value as shown by Mr. Daniel. This created distrust of the financial institutions and life insurance sector particularly among the older generation who, today, would rather invest in any other asset but life insurance.

Generally, the explanations by research participants show that inflation and currency devaluation has negatively affected the performance of the life sector in Uganda. This is evident with the decline in the worth of a policy, over a long period of time, across the different life companies.

5.1.2 Political environment: The impact of the Government policies.

High taxation is one of the major hindrances to the growth of insurance penetration in Uganda. The industry is the third most taxed after alcohol and telecom companies, bearing a stamp duty of Uganda shillings thirty-five thousand (35,000), value added tax of eighteen percent (18 percent), ten percent (10 percent) withholding tax on reinsurance services and the training levy of two percent (2 percent) as of 2011 and 2014 (Ekudu et al., 2017). According to the chief executive officer of the Uganda Insurers Association (UIA), these taxes drive up the cost of insurance products by around 40 percent and as a result, she says, some of the customers decide not to revive their policies (NTV, Uganda., 2014). The views of the head of life and pensions department confirms the extent of the tax policy impact on insurance;
When you look at the penetration of insurance companies it is still below 1 percent. So, when government keeps on coming up with new taxes and increasing the existing, for example 5 years or 7 years ago stamp duty was five thousand Uganda shillings but now it is thirty-five thousand Uganda shillings. Keep in mind, some of our clients are low income earners. So, every time you tell them that we are introducing a new tax, maybe effective the next financial year, you increase the levies on the premiums they are supposed to pay you. So, at times instead of taking a policy of maybe two hundred thousand Uganda shillings they will take a policy of one hundred thousand Uganda shillings in order to afford all the levies imposed on them or even not renew their policies. (Ms. Martha, Head of life and pensions, interview, July 2019)

This experience shows that the current tax policies do not aid the demand and supply of life insurance products in Uganda. The respondent points out that an increase in the taxes imposed by the government on insurance directly increases the amount of premiums paid by the existing customers and prospect consumers. Consequently, Ms. Martha stresses, the low-income earners will decide to withdraw from the saving scheme or even reduce on the amount of premiums they pay periodically. Insurance relies on the law of large numbers for business stability. The more policies sold for a given class of insurance, the easier it is for an insurer to determine the correct amount of premium to be paid per head, thereby lowering the risk exposure of the company. This means that for everyone customer who cancels a policy or even reduces on the agreed upon amounts of premiums, the insurance companies are exposed to risks arising from the discrepancy between the actual loss and the expected loss. Furthermore, during an interview with Ms. Jackie, the Chief Executive Officer, with tremendous experience in sales and marketing, she expressed discontent with the current Ugandan government efforts towards the growth of insurance. She was quick to note;

*There is no deliberate policy in this country to promote life insurance. In other markets like Kenya, policyholders get a tax relief on premiums paid. This encourages more people to take life insurance.* (Ms. Jackie, Chief Executive Officer-Life Assurance, June 2019)

Ms. Jackie’s response shows the absence of government intervention to boost the growth of life insurance in the country. Taxes should be understood in view of their impact on
prices since insurance services are extremely sensitive to price changes. Before the taxation period, the Uganda insurance industry grew at a rate between 18 percent -20 percent, after 2014, the sector grew at only fifteen percent (Ekudu et al., 2017). This also highlights the fact that life insurance consumption responds to the tax advantages within an economy.

The same emphasis on tax relief is repeated by the Chief Operations Officer, who has not only worked in the Ugandan life business but also in the Kenyan life insurance sector. He attributes the poor performance of the group life business to the unfavorable economic climate in the country. He argues that business owners are discouraged to take out life coverage for the employees because it is an added expense to the business yet cost reduction is a necessity in maintaining the health of businesses.

He notes;

*Now on the corporate side, the issues which are there come down to government policies in taxation. If an employer wants to buy group life policy for the employees, the premiums they pay are not allowed as a tax expense. They cannot be deducted before they compute their tax. Therefore, most employers find it unattractive to buy that policy because if it is an expense, they are bearing for improving the welfare of the staff then the government should also give them an exemption in terms of taxation which is not happening.* (Mr. Peter, Chief Operations Officer, August 2019)

This quote draws attention to the role of tax incentives in the consumption of group life insurance. In their study, Hecht & Hanewald, (2012) find tax incentives to have a significant effect on the demand for life insurance in Germany. Additionally, the research highlighted that the reaction to tax reforms affects the highly educated and uneducated differently. The educated were found to purchase life endowment policies in the face of uncertainty while the less educated refrained from buying. In the interview, the chief operations officer emphasizes the need for the government to deduct premiums before income taxes are calculated for an employer-provided corporate insurance.
While most interviewees spoke of the indirect participation of government in supporting the growth of life insurance, some of them spoke of the government abstinence from buying life covers for public servants. The case of one of the respondents is very telling. She is a principal manager of life and pensions with a specialty in claims and underwriting. She described the situation noting;

_We also feel like the government is not pushing for insurance. First, government doesn’t insure. Yet the public service employs so many people. Therefore, the fact that they don’t take up insurance, it’s already not contributing to the insurance consumption. Second, the mainstream government does not even provide the basic Workman Compensation (W.C). They believe they have enough money to compensate their workers. Government cars are not insured; their employees are not insured. So, it slows down the penetration of insurance. Because, just imagine, if ministries had life cover for personal accidents of their employees or if they insured their assets, we would be so far in having the premiums collected. I don’t know if that would be in the form of government policy, or, but for me, one of the things that really hurts me is that government doesn’t take up insurance. Yeah, and yet other governments they do. (Ms. Robinah, Principle manager, life and pensions, July 2019)_

The above quote summarizes the lack of direct support of the insurance industry and life business by the government of Uganda. The first key issue is that the government does not insure against the life of the public servants, which contributes to the unawareness of the operations of the sector and as a result, low insurance uptake as the Ms. Robinah explained. The respondent believes that since the government has the largest labor force in the country, insuring of not only life but also the non-life will tremendously boost the penetration which lies very low compared to other east African countries. Furthermore, she indicates that the government does not provide workers compensation to the employees. Besides motor insurance, Workers compensation is mandatory insurance according to the Workers Compensation Act 2000. The Act provides for compensation to workers for injuries and diseases suffered in the course of their employment (ULII, 2019). Other than not providing life coverage to the employees, the government of Uganda does not comply with the bare minimum requirements of insurance in the country. This situation
not only portrays the obvious disinterest of the government on the growth of the industry but also paints a picture of lax regulations in the country.

Consumer education has become increasingly essential for not only investors but also households making decisions on budgeting, saving and meeting daily expenses. (OECD). Moreover, financial literacy does not make insurance products more affordable especially to the poor but ensures that people have enough knowledge and understanding to choose a product that suits their needs. Furthermore, in Uganda, according to UIA, (2018) annual report, IRA and UIA have invested heavily in sensitizing the public about insurance and as a result, there is a significant improvement in the level of awareness. However, the managing director of the top two life insurance players disagrees with this report when he says;

*I think that still a lot has not been done by IRA in terms of consumer education and financial inclusion. Some people consuming insurance don’t understand insurance or how it works. Let us also talk about the school curriculum for instance, when did you learn about insurance? It should have been in the curriculum from primary school all through high school and university. This will create appreciation of life insurance. (Mr. Daniel, Managing director, Interview, August 2019)*

Consumer education is introduced in this quote as the role of government through the insurance regulatory authority. The lack of insurance knowledge, in the Mr. Daniel’s view is a clear sign that the government is yet to promote financial inclusion and education among Ugandans. The emphasis in this rationale is rooted in the absence of the working knowledge of life insurance products by the current consumers. Mr. Daniel further suggests that one effective way for the government to educate the masses is through introducing insurance as a course of study in the education curriculum.

Nevertheless, the government of Uganda has played a role in propelling the growth of life insurance to some extent. According to one of the respondents, life insurance has become more focused over the years. He says;
The reason why life insurance has grown faster than non-life is simply because life insurance is now more focused. Before 2014, most life insurance companies were operating as composite insurance but today every company aims at increasing numbers and therefore when you look at the statistics of the agents, they have also grown overtime and with many people out there selling insurance. (Mr. Peter, Chief Operating Officer, June 2019).

The influence of government policy is shown by the respondent. He, like all other participants, is attributing the recent significant growth of life insurance sector, to the separation of the life business from the general insurance business. The interviewee is talking about the insurance amendment act, 2011 that required the insurance business to split into two entities effective from September 2014. Furthermore, he indicates that the growth and expansion of the sector has created employment opportunities for people as salespeople.

Government policy has to a greater extent negatively influenced life insurance consumption in Uganda. The negative effect of taxes on the life insurance sector is very clear in the interviews above. High taxes imposed on the company and the products increases the amount of premiums paid by the individual consumers. Additionally, the absence of the tax relief discourages employees from assuring the lives of their workers. Moreover, the failure of the government to comply with the law that stipulates the mandatory insurance is an indication of the lack of its involvement in boosting the growth of the industry. Furthermore, consumer education approaches applied by IRA are not effective in the area of financial inclusion. However, the separation of the composite insurance into life business and non-life insurance has encouraged the growth of life insurance.

5.1.3 Financial Development: The role of banc assurance in life business

The major issue voiced by the respondents concerns the growth and adoption of banc assurance. Despite the distribution platform being recent in the life insurance market, all
interviewees’ talk of the influence this service has had on the respective companies. Peter, a chief operations officer of life insurance analyzed the effect of banc assurance on the performance of the life insurance sector and concluded that although the channel has improved individual life insurance uptake, it has not done much in terms of penetration. He explained that several banks have provided a platform to sell life insurance. The challenge, however, is that banks have been providing credit insurance for so long now. Credit insurance implies that when people go to the bank to borrow loans, they must insure the borrowed amount by purchasing a life policy. This policy is used as a risk mitigation against death, disability and/or sickness of the borrower. Therefore, the interests of the bank are covered but no increase on the demand of individual life demand because customers perceive credit life as forced insurance and in addition creates a negative attitude towards all the other insurance types. To address this issue, Mr. Peter suggested that, to increase uptake, life insurance should not be more tied to something that is compulsory but rather voluntary. Because, he continued, when a product is made compulsory, the level of consumption increases but in the short run. Also, consumers tend to purchase the bare minimum.

Similarly, another interviewee spoke of how banc assurance has boosted individual/ retail business in Uganda when she said;

Before using banks as a channel, we used only brokers. However, brokers, are not interested in retail business as it is time consuming and long term. Banks are willing to take on this business because it is home and most of our clients are their customers. So, you find that we’ve even diversified our direct cost. Previously we were doing direct debit with just a few banks. In other words, we previously forced all clients in other banks to sign through a single bank. But now with bank assurance we have business with different banks, so premiums are paid through the banks in which policy holders have accounts and can open Electronic Data Interchange (EDI) as required by the banks. (Ms. Susan, Manager Life and pensions, interview, July 2019)
Individual life insurance contributes significantly to the performance of life insurance in Uganda. The IRA, (2018) report shows that individual life insurance accounts for the highest premium gross income within that year. The report further shows a growth from UGX 23bn to UGX 34bn between 2017 and 2018. In this quote, banc assurance is reflected as an alternative platform for distributing retail policies. Brokers avoid dealing with individual policies because these products are long term and therefore involve periodic premium payments while most group life premiums are paid annually and the policies last for a year, according to the interviewee. Furthermore, Ms. Susan points out that banc assurance channel has created convenience in premium payments and claims processing. Today, premiums are deducted from credited policy holders’ accounts through standing orders in banks. This has reduced the rate of defaulting in payments. The claim processing has also been improved because the payments are made directly to the banks.

All in all, bancassurance has provided another platform through which life insurance is sold in addition to the new channel that provides insurance companies access to the customer base of the banking sector.

5.1.4 Awareness: Inadequate consumer education

According to IRA, (2018) educating the citizens about the insurance products available in the market plays a major role in consumer decisions. In addition, enough consumer education improves the ability of the consumers to obtain value from the life policies they choose to purchase (IRA, 2015). In addition, the same report states that whereas the discrepancy between the potential demand and actual demand of insurance products can be attributed to numerous economic reasons, the lack of awareness of the value of insurance accounts for the greater deal. Although one would expect individuals who have attained at least a bachelor’s degree to have the minimum working knowledge of life
insurance and insurance products and services in Uganda, the focus group responses show insufficient knowledge about the industry within this segment of the society. Moreover, all the participants said that the insurance industry does not provide the necessary information about their products and services. The following analysis is separated into consumer knowledge and sales agent knowledge.

The UIA, (2014) market report shows that in Uganda, prospective buyers are not purchasing life insurance products because of the lack of knowledge of the policies offered. When asked why she doesn’t have a life coverage, Matilda, an auditor at Good man, Uganda, had numerous reasons with an emphasis on the prices of the available products in the market. However, her queries were counted by an underwriter. Matilda noted;

The policy that I wanted to buy is new on the market. I found the product quite costly - at 100,000 UGX. Mind you, by the time I opted to take on this cover, I had expectations of getting another job with a better salary, but the job didn’t come as expected. So, I registered but never took on cover. (Matilda, Focus Group, July 2019)

Matilda, like many other participants attributes not having a life policy to her inability to afford the products. In the quote she indicates that getting a policy, for her, is dependent on the increase in her earnings. However, my interview with one underwriter of a life insurance company painted a different picture on the affordability of the life products on the market today.

He said;

“Life insurance today is affordable to everyone. We have micro-insurance which best suits people earning below one hundred thousand Uganda shillings (100,000). It targets the self-employed and those not earning so much. We also have a personal pension plan that allows individuals to contribute any amount of money they want periodically among other products” (Denis, Underwriter, interview, June 2019)
Matilda’s complaint about her inability to pay for a life policy because of the cost, and the negation of the statement by an insurance underwriter portrays the level of unawareness that prevails even amongst the educated and employed segment within the Ugandan market. Consumer education of life insurance prospects can be discussed through life sector target marketing. Moreover, this reflects the poor circulation of information by the life insurance industry and the urgent need to change publicizing strategies. Furthermore, Matilda’s interview highlights the belief that life insurance is a product afforded by some classes of people within the country.

Insufficient life policy knowledge is also portrayed in Emily’s interview. She is a professional accountant working as a finance officer in a non-governmental organization, in Kampala. After several unsuccessful attempts of getting an educational policy that covers her nephews’ education, she decided to settle for a fixed deposit account in the bank. Her failure to get the desired policy, she said, is because the sales agents who approached her failed to establish the advantage that the policy in question had against saving with the bank. Despite all the above effort to get a cover, Emily expressed her disappointment when she noted;

“Let’s take an example of the time I went to purchase a life policy from a Bank. They never explain to the customer the importance and the need for one to have an insurance cover. So, one ends up not buying due to the failure of the insurance agent to clearly articulate the long-term benefits inherent in the policy.” (Emily, Focus group, July 2019)

In the quote, Emily shows that sales agents play an important role in influencing the appreciation of life insurance. Insurance agents bring new business by selling life insurance products as well as educate potential consumers about various insurance policies on the market. Additionally, they provide guidance on what policies meet the buyer’s needs (Truity, 2017). That stated, their degree of understanding of the life products is directly passed on to the potential customers they approach like in Emily’s case.
Similarly, Doreen, a certified public accountant and a salesperson of the biggest life company in Kampala, shared inaccurate information concerning the maturity of a life policy and the premium payments. In the course of the group discussion about the periodic contribution by the policyholder, Doreen noted;

*And I’m willing to bet, most people who buy insurance policies do not know that their savings work just like in a bank. On the day you’re not able to pay you come we refund you.* (Doreen, Focus group, July 2019)

Besides the obscurity in the response, Doreen does not have a clear understanding of the significance of the consumers’ obligation to pay up the periodic premiums. Life policies are tricky. For life companies to admit liability, the policy must be active. An active policy demands a consistent periodic payment of the premiums for the duration agreed upon between the inceptions of the policy and expending. Moreover, a failure of the insured person to pay the premiums even for one-month results into the policy lapsing (in active). This implies that incase of any incapacitation during that month, the insurer will not compensate the insured. This was supported by the Managing director, when he said;

*When you buy a 2year policy and only pay premiums for 6 months, and then you don’t contribute in the following months. Your policy becomes inactive. So, in case anything happens within those months you did not contribute, the policy is not active, and so insurance companies cannot admit liability. Also, there is the surrender value in case the policy terminated early.* (Managing director, interview, June 2019)

Furthermore, studies show that after-sale services increase customer satisfaction and retention (Choudhary et al., 2011). In the Ugandan context, one managing director acknowledges that most salespeople focus on selling policies at all costs with less effort towards after-sell services required. The UIA, (2014) annual market report indicates that prospective and current customers choose to work with an insurance company if it “keeps its promises” after the inception of the policy. The survey further shows that there was a
twenty-percent loss of clients from a prominent insurance company due to poor follow-up services. In agreement with these results, the managing director stated;

*Salespeople sell something that is intangible. They’re paid on commission and therefore not driven by your need but rather by their need for money. So, salespeople focus on collecting premiums periodically with less concern for follow up on the performance of the policy.* (Managing director, interview, 2019)

This quote not only highlights the total disregard that salespeople have for the essence of after-sale services but also reflects on the nature of sales training provided by the companies represented. Moreover, the poor client follow-up effects exceed the client-sales person relationship by affecting the reputation of the companies specifically and the insurance industry. Today, Mosley, (2018) says, word of mouth plays a vital role in crippling or promoting business brands and products.

Generally, the focus group discussion results show that even the educated and working-class Ugandans do not have life policies because they have limited or no knowledge about the availability of affordable products on the market. Additionally, the ill-preparation of insurance agents before they interact with consumers and future consumers not only slows down the flow of information about life insurance but also creates a chain of misleading information from one individual to the next. Also, the unsatisfactory after-sell services increase termination and lapse of life insurance policies.

### 5.1.5 Alternatives: presence of other financial options

Whereas most of the focus group discussion showed insufficient knowledge of life insurance products, they also reflect a lack of trust in the insurance industry; and consequently, a preference for other investment and saving options in the Ugandan market. Seetharaman, Niranjan, Patwa, & Kejriwal, (2017) study on factors that affect investments behavior concludes that investment choices are influenced by investment
targets and the degree of asset familiarity. Asset familiarity was found to be the major determinant of confidence that people had in any financial tool. They also point out that the reasons for investing vary from one person to another.

For many Ugandan parents, education is a major investment. Some families go as far as expecting returns from sending their children to school. By returns I mean taking care of the parents in their old age as well as ensuring siblings get a quality education. Even if paying school tuition does not bring back tangible profits but rather appreciates the value of an individual, education is a preferred investment because of the high level of familiarity. When asked why she has no policy to date, Emily who was quoted earlier, expressed her preference in investing in her children’s future rather than preparing for the inevitable. She noted;

*In Uganda today, education is very expensive. So instead of spending my entire life preparing for my death I would rather equip my children with the skills to make their own money by taking them through school.* (Emily, Focus group, July 2019)

In Emily’s opinion, spending money on a child’s education is a more secure investment as opposed to purchasing a life insurance policy. Her preference to prepare children for their future instead of her own death signifies her level of confidence in the investment choice. Additionally, Emily represents a segment of Ugandans who take time to weigh the long-run effect of their investment choices. However, her inability to distinguish a financial investment (life-insurance) from other investments (education) may reflect on the failure of the Uganda financial sector in promoting inclusion and consumer education. Furthermore, the increasing tuition fees in schools highlights the politics of higher education that is currently prevailing in the country. This wave has not only hit the public universities but also secondary schools (Newvision, 2019; Ahimbisibwe, 2018). As a result, most prospects and consumers are resorting to life insurance policies that cover education.
Property is considered a stepping-stone to wealth for many countries. Within the East African region, land ownership in Uganda specifically has been one of the best investment choices with guaranteed returns on the capital attributed to the constant value growth (Ecoland Property Services, 2018). Most Ugandans today invest in property like land, not because they carry out the necessary research to ascertain if the land is legit but due to asset familiarity. This is quite common among both the educated and uneducated people. As an experienced salesperson at Jubilee insurance, Denise, noticed a similar pattern overtime; he noted;

*The challenge, however, is that most Ugandans are still concentrating on acquiring property as a means of investing and saving because property is something you see; you touch, and you feel; life insurance is something that is promised to you. For the case of Banks, we still provide a much higher interest than them* (Manager life insurance, interview, 2019)

The above quote shows that Ugandans have got several investment options. Acquisition of assets as a form of financial security has for so long been an investment choice within various families. It justifies the force of asset familiarity because most of our forefathers owned land on which Ugandans are traditionally buried. As a result, the subsequent generations have taken it upon themselves to buy land as a symbol of wealth and continuity within families. Additionally, the Manager life insurance concludes his comment showing the competitive edge of higher interest that life policies (4 percent) offer relative to the banks (3 percent).

Furthermore, Paul, an entrepreneur and engineer shows that land ownership is more reliable in the long run compared to life insurance, when he said;

*So you're telling me to buy life insurance from an institution that has just been around for 30 years and you are selling on the premise that you are going to give me or be operating forever which is not quite right, the mere fact that you have just been around for 50 years there is no guarantee. If I am to live up to maybe 90 years but you have been in existence for like 30 years old or 50 years old what guarantee is there that you are going to be around for more than 500 years so that*
I will be able to benefit directly from the insurance that I am buying yet I can easily buy land instead of putting my money with an insurance company, besides I don’t want to think about death but rather enjoy my life (Paul, focus group, July 2019)

This quote draws attention to the saving culture among the educated and working-class segment of some Ugandans. In a local newspaper article, Akumu, (2012) describes Uganda’s saving culture as “appalling”. The description is supported by her findings that with thirty million people in the country, there are only three hundred bank accounts. Many people like to spend excessively on their day today needs to live a comfortable life, as described by Paul. This behavior leaves an individual with little or nothing to save, later on invest.

Furthermore, a close emphasis is made by an underwriter who started out his career as a salesperson in an insurance company. At the beginning of his work with the industry, he reflects on the time he attempted to sell life products to various prospects. With his detailed pitch and persuasion, he was disappointed to learn that the majority of the people were certain of money returns from other investments but insurance. He recalled;

I talked to a man about how insurance operates, he then told me that instead of giving you my money, I would rather buy goods and turn around that 100,000ugx then put it aside for a rainy day because now there is no value in saving with insurance. If I go to Kikubo with 100,000ugx in the morning, by the evening I will have sold made a tiny profit of maybe 20000 ugx (Underwriter, interview, July 2019)

Despite the underwriter’s effort to teach his prospects about the working knowledge of life insurance, he was met with disinterest. This quote shows that some salespeople are well equipped with the necessary information about the products. It also points out the absence of an open mind to learn about a product or service offered, taking the time to weigh the viability and making an informed decision to purchase or not to purchase.
In addition to the availability of investment substitutes, the focus group results show the low confidence that people have in the life insurance industry. Heim, (2010), study on the impact of Consumer confidence on consumption finds a positive correlation between the two concepts. This means that the level of consumption of a product increases with the increase in consumer demand. Furthermore, the discussion draws attention to the significance of asset familiarity (Seetharaman et al., 2017). Most Ugandans tend to own property because of the positive word of mouth about them and the confidence of return from properties relative to life insurance that is common only among a small portion of the population. Moreover, the interviews also indicate the poor saving culture among the general population.

5.2 Micro Analysis

The summary in Table 2 below show the descriptive statistics of the variables used in the study. The table reports the number of observations, frequency as well as the categorical and discrete variables. The dependent variable is whether the respondent has a life insurance policy. Of all the respondents, 35.4 percent have a life insurance policy while the remaining 64.6 percent have no life cover. From the total of 393 respondents, 348 have a higher education (university degree and above) while 45 got secondary school certificates and diplomas. In terms of marital status, 31.3 percent were married while 68.7 percent were unmarried. As for levels of income, 34.4 percent earned an income above 1000, 000 Uganda shilling (Ugx) while 65.6 percent received an amount below 1000, 000Ugx. In terms of sufficiency of life insurance knowledge, the respondents were made up of 31.6 percent (No) and 68.4 percent (Yes). The respondents who ranked life insurance as an important financial tool were 70 percent while 30 percent thought it was not important. Moreover, table 3, shows that the number of dependents is widespread with a minimum of zero and a maximum of seventeen.
dependents. The table also shows that the average number of dependents per respondent is approximately 3.

Table 2: Descriptive statistics for categorical variables

<table>
<thead>
<tr>
<th>Education qualification</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below higher education</td>
<td>45</td>
<td>11.5</td>
</tr>
<tr>
<td>Higher education</td>
<td>348</td>
<td>88.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Marital Status</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unmarried</td>
<td>270</td>
<td>68.7</td>
</tr>
<tr>
<td>Married</td>
<td>123</td>
<td>31.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income levels</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below UGX 1000000</td>
<td>258</td>
<td>65.6</td>
</tr>
<tr>
<td>Above UGX 1000000</td>
<td>135</td>
<td>34.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Awareness of life insurance</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>124</td>
<td>31.6</td>
</tr>
<tr>
<td>Yes</td>
<td>269</td>
<td>68.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Perception about importance of life insurance</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not important</td>
<td>118</td>
<td>30.0</td>
</tr>
<tr>
<td>Important</td>
<td>275</td>
<td>70.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Have life insurance policy</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>254</td>
<td>64.6</td>
</tr>
<tr>
<td>Yes</td>
<td>139</td>
<td>35.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total no. of respondents</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>393</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Constructed by author, 2019.

Table 3: Descriptive statistics for discrete variables (N=Observations).

Number of dependents

<table>
<thead>
<tr>
<th>N</th>
<th>Valid</th>
<th>Missing</th>
<th>Mean</th>
<th>Median</th>
<th>Mode</th>
<th>Std. Deviation</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>393</td>
<td>0</td>
<td>2.524</td>
<td>2.000</td>
<td>.0</td>
<td>2.6755</td>
<td>.0</td>
<td>17.0</td>
</tr>
</tbody>
</table>

Source: Constructed by author, 2019.
Table 4 below displays the results of the final logistic regression model. Apart from educational level and the number of dependents which are not significant predictors of life insurance consumption, all other variables including marital status, income level, level of awareness, perception about importance of life insurance and number of dependents significantly predict consumption of life insurance in Uganda. The model explained approximately 16 percent of the unexplained variance of the dependent variable (i.e. Cox and Snell $R^2 = 0.16$; Nagelkerke $R^2 = 0.23$).

Table 4: Binary logistic regression models predicting the odds of consuming life insurance in Uganda

<table>
<thead>
<tr>
<th>Variable</th>
<th>Odds</th>
<th>Probabilities (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education qualification</td>
<td>1.157</td>
<td>54</td>
</tr>
<tr>
<td>Marital status</td>
<td>2.439***</td>
<td>71</td>
</tr>
<tr>
<td>Income level in Uganda shillings</td>
<td>2.594***</td>
<td>72</td>
</tr>
<tr>
<td>Level of awareness</td>
<td>3.362***</td>
<td>77</td>
</tr>
<tr>
<td>Perception about importance of life insurance</td>
<td>2.531***</td>
<td>72</td>
</tr>
<tr>
<td>Number of dependents</td>
<td>.985</td>
<td>50</td>
</tr>
<tr>
<td>Constant</td>
<td>.052</td>
<td></td>
</tr>
</tbody>
</table>

Based on n= 393 respondents, Cox & Snell $R^2 = 0.163$, Nagelkerke $R^2 = 0.225$ and -2 Loglikelihood = 435.850 for the full model. Numbers shown are odds ratios. *** indicate variables with $P < 0.01$


Compared to unmarried respondents, the odds of married participants owning a life insurance policy increases by 71 percent. Similar to the hypothesis, the regression output shows a positive and a very high statistically significant relationship between being married and the demand for life insurance. The positive relationship implies that when people get married, they are more likely to buy life insurance than their single counterparts. This result is contrary to the study of (Walliser & Joachim, 1998; Ćurak,
Džaja, & Pepur, 2013; Dash, 2018), who finds that marital status has no impact on the purchase of life insurance. Nevertheless, the findings in this research are similar to (Hammond et al. (1967); Liebenberg et al. (2012) who find that married households with or without children were more likely to spend more on life insurance products. In the Ugandan context, married people have a higher demand for life insurance policies because they are responsible for the financial comfort and freedom of their spouses and children.

Compared to respondents who earn below 1 million Uganda shillings, the odds of those with an income above 1 million holding a life policy increases by 72 percent. Like the hypothesis three, the regression outcomes indicate a positive and a very high statistically significant relationship between life insurance demand and income levels. The positive relationship means that as income increases, life insurance products are less expensive. This output is supported by several research findings such as (Truett & Truett, (1990); Browne & Kim, (1993); Outreville, (1996); Li et al., (2007); Zerriaa, Amiri, Noubbigh, & Kamel Naoui, (2017) among others. Their findings confirm a positive relationship between income levels and the demand for life insurance. Although an increase in income increases affordability of life products, in the case of Uganda, life companies should take into consideration the low-income earners because they make up the biggest percentage of prospective consumers. With a decrease in the premiums paid, life insurance will become more affordable to this segment of society.

Compared to participants who said did not have knowledge about life insurance, the odds of those that did, possessing life insurance cover increases by 77 percent. Like hypothesis four, the logistic regression results show a positive and a very high statistically significant relationship between the demand for life insurance and the level of awareness. The positive relationship implies that prospects who are informed about life
insurance products and services are more likely to purchase a life policy than otherwise. This points to findings that with low levels of awareness, society does not take advantage of the numerous financial products available in the market (Bhushan, 2014). Furthermore, the Uganda Insurance Authority, (2014) market report concludes that low levels of public awareness of the existing insurance products in the market accounts, to a greater extent, for the low uptake. Moreover, the Truity, (2017) website also shows that the knowledge and information that salespeople transfer to prospects influences their consumption decisions. For the case of Uganda, most of the prospect customers do not have life policies because they get inaccurate information about the products available in the market which has bred a lack trust in the insurance industry overtime.

Compared to respondents who did not regard life insurance as an important financial tool, the odds of the individuals who consider life policies important, to own a policy increases by 72 percent. Like the hypothesis 5, the results show a positive and very high statistically significant relationship between perception of life insurance and its demand. The positive relationship means that respondents who believe life insurance is an important financial instrument are more likely to buy the policies than those who don’t. The outcomes confirm that perception of life insurance has a major influence on the demand of the life products (Sarkodie & Yusif, 2015). In Uganda, Uganda Insurance Authority, (2014) reports that one of the major reasons why people were not taking life insurance is that most of them perceived life insurance as a waste of money. Thus, the perceptions of life insurance companies shape the attitudes of the prospective consumers and their desire to purchase life products.
CHAPTER SIX: CONCLUSION AND POLICY

RECOMMENDATIONS

In Uganda, life insurance consumption is still low (IRA, 2017). Whereas the previous literature outlines various determinants in the rest of Africa and the world, the lack of academic literature about the performance of life insurance in Uganda has created a gap explored by this research. The study applies both qualitative and quantitative methods of analysis. The study relied on in-depth interviews with life insurance experts, one focus group discussion with educated and working-class youth and a survey that was completed by the consumers and non-consumers of life products. Whereas the sample was not representative of the population, we managed to get an understanding of the Uganda life insurance sector. To understand the factors underlying the performance of life insurance requires a study of the relationship of both macro and micro variables in life business operations.

In this study, the research is analyzed through the following approaches: First, to what extent have the macro factors affected life insurance consumption? The factors include inflation and devaluation (the value of a policy overtime); political climate (government policy); financial development (the role of banc assurance); alternatives (presence of other financial tools) and awareness. Second, to what extent have the micro factors influenced the demand of life insurance? The socio-demographic variables include education level; marital status; income levels; level of awareness, whether life insurance is important and the number of dependents.

With respect to the first approach, most interviewed life insurance experts in Uganda suggested that the macro environment has been quite harsh on the life business operations. The results show that Inflation and devaluation negatively affect life insurance
consumption. Inflation reduces the purchasing power of the consumers and as a result, less life products are bought. Additionally, one of the elements of a good investment is the constant or increase in the value of the benefits during the investment period. Therefore, an increase in inflation and devaluation rates reduces the value of the present benefits of the life insurance policies and as a result, the negative impact is even stronger in the long run (Li et al., 2007). The findings are the same as (Emamgholipour et al., 2017; Alhassan & Biekpe, 2016; Browne & Kim, 1993). Government policy findings, in form of taxes; consumer education and the direct government involvement in encouraging the growth of the life insurance sector shows a negative impact to a greater extent. The results show that taxes play a major role in the pricing of life insurance policies. The higher the taxes imposed on life insurance products or companies, the higher the premiums. This is similar to the findings of (Hecht & Hanewald, 2012) and (Walliser & Joachim, 1998). In Uganda, the current unfavorable tax environment could be the cause of the high cost of premiums and therefore the low consumption rate. Furthermore, the reluctance of the government of Uganda to purchase mandatory insurance coverages for the public servants has hindered the growth and appreciation of insurance and life insurance in the country. The government is a major employer. On that account, the public sector presents a platform on which the industry can improve on its awareness and recognition among the public. Moreover, the results show that the current consumer education strategies applied by IRA are ineffective in the area of financial inclusion. Nonetheless, the separation of the composite insurance into life business and general insurance has encouraged the growth of life insurance.

Like Li et al., (2007) among the findings of several researchers, the results of this study show a positive relationship between life insurance consumption and financial development. This is to say banc assurance has provided another platform through which
life insurance is sold. Additionally, the service has created a new channel that provides insurance companies access to the banking sector customer base, thereby boosting the uptake of life insurance products.

Furthermore, although there is limited academic literature on the level of awareness of insurance and life insurance, in Uganda, the lack of awareness of the value of life insurance among consumers and non-consumers is a notable determinant of life insurance demand. The UIA, (2014) market survey report shows that prospective buyers are not purchasing insurance because of the lack of awareness and poor sensitization. Of all the 835 participants in the study, only 5 percent said they knew about whole life insurance. The UIA findings are confirmed in this study. The results show that even the educated and working-class Ugandans do not have life policies because they have limited or no knowledge about the availability of affordable products on the market. Additionally, the ill-preparation of insurance agents before they interact with consumers and prospective consumers not only slows down but also creates a flow of inaccurate information about life insurance from one individual to the next. What’s more, the unsatisfactory after-sell services increase termination and lapse of life insurance policies.

Moreover, the presence of other investment and financial options play a major role in the demand and supply of life insurance policies. Most participants pointed out other options like education and land ownership because of the confidence they have in getting back their returns from their investments. In other words, the participants indicate a lack of trust and confidence in the life insurance sector and insurance industry generally. In addition, since insurance in Uganda is consumed by a small segment of the society, the concept of asset familiarity downplays the importance of life products and services.

The second approach examined the relationship between micro variables and the demand for life insurance. The results revealed that all socio-demographic variables
except education levels and the number of dependents have a significant impact on the demand for life insurance. Contrary to numerous studies, education has no effect on the demand of life insurance in the case of Uganda. This is because the number of years spent in school do not translate into financial literacy (Alhassan & Biekpe, 2016). These findings are further confirmed by the focus group discussion that comprised of only the educated and working-class youth. The discussion outcomes indicated that this segment did not possess life insurance policies and lacked the understanding of life insurance as a financial tool.

On the other hand, marital status is highly significant. Whereas the findings contradict the findings of Ćurak et al. (2013); Dash, (2018), the study shows that married people in Uganda are more likely to possess life insurance policies relative to their single counterparts. A conceivable explanation could be that married people are responsible for the financial wellbeing and freedom of their children and spouses in the event of premature death and/or disability.

Furthermore, the research indicates that income levels are significant in determining life insurance demand. The results are in sync with (Truett & Truett, 1990; Browne & Kim, 1993; Outreville, 1996; Li et al., 2007; Zerriaa, Amiri, Noubbigh, & Kamel Naoui, 2017). An increase in income levels of a society renders life products affordable. That said, since most of the respondents in the survey were low-income earners, I suggest that insurance companies take into consideration this segment of society by decreasing the premiums paid on given life products.

Moreover, the level of awareness was found to be positively related to the demand for life insurance. The finding supports (UIA, 2014; Bhushan, 2014) and it implies that individuals who are aware of the available financial tools in the market are more likely to purchase life insurance policies. In Uganda, the study finds that most of the prospective consumers do
not have life coverage because they lack the knowledge and understanding of life insurance products.

In terms of importance, the study shows that perception of life insurance is significant in the demand for life insurance. Individuals that consider life insurance an important financial tool were more likely to have life insurance than those that didn’t. The results confirm the (UIA, 2014), marketing report which shows that most Ugandans did not own policies because they perceived insurance as a waste of time.

The study revealed that the whether the respondent had a dependent, had no impact on life insurance demand. The results confirm (Čurak et al., 2013). This means that regardless of whether respondents had dependents or not, they could still demand life insurance or not at all.

6.1 Policy Recommendations

Numerous studies confirm the growing contribution of insurance companies to the growth of an entire economy. For instance, Dickinson, (2000) reports that life insurance companies pool individual savings into large funds that are made available to both public and private entities, in the form of debt or equity capital. He further explains that the capital expenditures and investments supported by insurance savings not only boost the level of employment but also increases the productive capacity of a nation. Hence improved standards of living, increased export base and decreased number of imports.

Moreover, life insurance businesses relieve the Government of the retirement burden by providing private pension plans. In 2007, OECD highlighted the need for extensive coverage for health risks and ageing because of the increasing life expectancy (OECD, 2007). Therefore, the large young population in Uganda necessitates life pension
products because of the larger future financial risks resulting from the limited national revenues to cater for the retirement coverages.

In that respect, the study proposes the following policy interventions for the betterment of the insurance industry and life insurance business in Uganda. First, a focus on building financial education as a core recommendation, with detailed emphasis on insurance consumer attitudes and knowledge (awareness).

That noted, in recent years, the government of Uganda engaged in developing financial education programs with the purpose to improve financial knowledge; financial skills; financial inclusion in addition to raising awareness on the issues surrounding finances. These programs targeted low income earners, women and the youth. Regardless of the overall low financial inclusion in the country, there was remarkable progress in the consumption of financial services (Messy & Monticone, 2012). As of June 2018, 78 percent of Ugandans had access to either formal or informal financial services, with mobile money services accounting for the highest percentage (56%) of the uptake while insurance and capital markets were the least demanded at 1 percent for each (FSD, 2018). The low insurance uptake was attributed to the lack of understanding of insurance by the public.

Therefore, the study recommends that insurance is included in the school curriculum as a subject so that the concept of risk and the role of insurance in this respect are introduced to children. Including financial education into the school curriculums from the early stages of learning equips children with the knowledge and skills to build responsible financial habits at different levels of their education (OECD, 2008). Money attitudes have been found to be formed by the time children turn seven years of age (Whitebread & Bingham, 2013). Additionally, the study recommends awareness
campaigns targeted at low income households, the uneducated and women. These recommendations are based on best practices successfully applied by countries like South Africa, Japan, Northern Ireland, Korea Canada to mention a few.

Three main stakeholders must be considered in the endeavor to promote insurance awareness and foster positive attitudes towards insurance. They include; the government of Uganda; Insurers as well as teachers and parents (OECD, 2013; OECD, 2008).

Figure 5: Main players in the promotion of insurance awareness in Uganda.

![Stakeholders in promoting insurance awareness](image)

1. The role of the government of Uganda.

The government of Uganda through the Ministry of Education and Sports (MoES) should include insurance in the formal school curriculum. Previous experience shows that this policy tool is an efficient and a fair way of reaching an entire generation. (OECD, 2013). Moreover, school curriculums span several years starting from elementary school all through university. This aspect makes curricula a necessary tool in instilling and nurturing responsible financial behaviors and cultures in the future generation of citizens. (OECD, 2012) Through this policy, the government will ensure that the future generation of adults are knowledgeable about financial risks and the role of insurance in this regard.
The government can implement this through the following actions¹⁰;

At the elementary and primary level, insurance should be taught within mathematics and across other disciplines. At this level, children may talk about the exchange of money for services and goods, how money is got and multiplied (saving and investment).

At the secondary school level, insurance can be integrated in accounting (risk management) and mathematics. The aim at this stage should be to develop financial knowledge, skills and responsibility. Students at this level can be assigned insurance projects to work on. For instance, presenting problems that require risk management and insurance solutions.

At higher levels of education, insurance courses should be included for specialization in addition, to insurance conferences and competitions.

Although this approach has been proven efficient, integrating insurance as a subject in the school curricula is challenging because; Firstly, limited resources and time, lack of enough expertise in insurance, absence of political willingness and the overall accountability (OECD, 2012). Nevertheless, these problems can be overcome by including insurance in a number of subjects like mathematics, entrepreneurship and economics etcetera rather than being taught as a standalone subject. Furthermore, collaboration of the MoES with insurance companies to provide insurance literacy booklets (Messy & Monticone, 2012). In addition to providing appropriate training, tools, and incentives to the teaching staff.

¹⁰ Based on the approach undertaken by Northern Ireland to promote financial education through school curriculum. Find it on http://www.nicurriculum.org.uk/curriculum_microsite/financial_capability/
2. The role of teachers.

Teachers should be at the center of introducing insurance in schools. They should be adequately trained, made aware of the relevance of insurance and well-resourced (OECD, 2012). The close relationships that teachers have with the students facilitates the easy transfer of knowledge from the teachers to students and vis-versa. Therefore, ill preparation of teachers may create a trail of inadequate information across several students or peers.

3. The role of Insurers.

Insurance players should provide quality and accurate information with the aim of educating the masses about their risk exposure and their needs. This is to say, the information provided should be clearly distinct from advertisement and promotion of the products and services provided (OECD, 2008). Furthermore, insurance market players should ensure that sales agents / representatives have an adequate understanding of the products they offer to their clients. This can be done through periodic assessment of the agent's knowledge about the products offered by the respective companies. Insurance Regulatory Authority and the insurers’ website should provide general knowledge about the products provided and also free online consultation for the prospective consumers.

Secondly, although insurance services are extremely sensitive to price changes, the Uganda insurance industry is the third most taxed in the country. The tax component in Uganda sometimes exceeds the actual premiums paid by insurance consumers according to the tax report by (Ekudu et al., 2017). Consequently, insurance products become unaffordable and unattractive financial tools. The report further states that this
kind of taxation applied by the Government of Uganda is designed to discourage the consumption of products in an economy as quoted by the chief executive officer, Uganda Insurers Association. Also, in his study of the impact of state taxation on the largest one hundred insurance companies in the United States, Wheaton, (1986) finds a negative and significant effect of state domestic taxes on insurance companies. He further indicates that even a small tax liability as a portion of the total net income of a company hinders the growth of that company. The Government of Uganda can therefore reassess the interaction of insurance and the tax system. Furthermore, insurance companies can create wealth accumulation products targeted at married people because of their bequest motives. Also, insurance companies can tailor affordable policies to the low-income earners to boost the consumption rate.

6.2 Limitations of the study
Whereas the research achieved its aims, there were some unavoidable limitations. First, the data of this study were collected through interviews, focus groups and surveys from participants within the insurance market of Uganda, therefore the findings of this research cannot be generalized or even explain the performance of life insurance in Africa to any other country. Second, the growing number of insurance companies in the country presents a reasonable population to choose from. However, several of them have only been in operation for a short period of time to provide information that represents the fluctuations in life insurance consumption overtime. Third, the number of interviewees in this research is relatively small because it was difficult to find respondents willing to voluntarily participate in this research. Fourth, the information collected is highly subjective because they were opinions of respondents. Thus, the accuracy of the information collected depends on the perceptions of individual participants and the circumstances.
6.3 Suggestions for future research

The study has focused on analyzing some of the macro and micro-level elements and their influence on life insurance consumption in Uganda. For better understanding of the performance of life insurance, studies could focus on the impact of insurance agents on the perception of insurance and life insurance in Uganda.
APPENDICES

Logistic regression results

Table 5: Model Summary

<table>
<thead>
<tr>
<th>Step</th>
<th>-2 Log likelihood</th>
<th>Cox &amp; Snell R Square</th>
<th>Nagelkerke R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>435.850a</td>
<td>.163</td>
<td>.225</td>
</tr>
</tbody>
</table>

Source: Constructed by author, 2019.

a. Estimation terminated at iteration number 5 because parameter estimates changed by less than .001.

Table 6: Variables in the Equation

<table>
<thead>
<tr>
<th>Step 1a</th>
<th>Education qualification</th>
<th>B</th>
<th>S.E.</th>
<th>Wald</th>
<th>df</th>
<th>Sig.</th>
<th>Exp(B)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Marital status</td>
<td>.891</td>
<td>.267</td>
<td>11.136</td>
<td>1</td>
<td>.001</td>
<td>2.439</td>
</tr>
<tr>
<td></td>
<td>Income level in Uganda shillings</td>
<td>.953</td>
<td>.246</td>
<td>14.965</td>
<td>1</td>
<td>.000</td>
<td>2.594</td>
</tr>
<tr>
<td></td>
<td>Awareness of life insurance</td>
<td>1.212</td>
<td>.279</td>
<td>18.949</td>
<td>1</td>
<td>.000</td>
<td>3.362</td>
</tr>
<tr>
<td></td>
<td>Perception about importance of life insurance</td>
<td>.929</td>
<td>.277</td>
<td>11.239</td>
<td>1</td>
<td>.001</td>
<td>2.531</td>
</tr>
<tr>
<td></td>
<td>Whether the respondent has dependents</td>
<td>-.015</td>
<td>.047</td>
<td>.106</td>
<td>1</td>
<td>.744</td>
<td>.985</td>
</tr>
<tr>
<td></td>
<td>Constant</td>
<td>-2.959</td>
<td>.497</td>
<td>35.434</td>
<td>1</td>
<td>.000</td>
<td>.052</td>
</tr>
</tbody>
</table>

Source: Constructed by author, 2019.
Online survey results and questions.

Marital status.

Gender

- Male: 40%
- Female: 60%

Age (in years).

- 18-35: 340
- 35-65: 51
- above 65: 1
- Under 18: 1

Monthly income levels in Uganda shillings

- Below UGX 1000000: 2
- Above UGX 1000000: 2

Education qualification.

- University degree: 294
- Masters/PHD: 54
- High school certificate: 36
- Diploma: 7

Income source.

- Employment: 285
- Self-employment: 93
- Other: 14
- Unemployment: 1
Do you think life insurance is essential?

- Yes: 340 (87%)
- No: 64 (13%)

Do you have a life insurance policy?

- Yes: 254
- No: 139

Do you think life insurance is an important financial tool?

- Important: 275
- Not important: 118

If not, why are you not insured?

- Complicated: 84
- Expensive: 111
- unreliable: 198

If yes, choose the main reason.

- Family cover: 198 (81%)
- Investment/Saving: 49 (19%)
How did you learn about life insurance?

- Television or Radio: 54
- Seminars: 33
- Others: 68
- Insurance Agents: 169
- School: 2
- Friends: 67

Do you think that your source of life insurance knowledge had enough information on the life products in the market?

- Maybe: 109
- No: 124
- Yes: 160

Nature of Job

- Other: 45
- Permanent: 191
- Temporary: 157

Number of Dependents

- No dependent: 117
- One dependent: 56
- Two or more: 159
- Two dependents: 61

Nature of Job

- Other: 45
- Permanent: 191
- Temporary: 157

Number of Dependents

- No dependent: 117
- One dependent: 56
- Two or more: 159
- Two dependents: 61
Life insurance consumption in Uganda

The purpose of this survey is to get the perception of the performance of life insurance in Uganda.

All the information provided below will strictly be used for only academic purposes.

**Personal information**

Name: (Optional)

Age (in years). *

- Under 18
- 18-35
- 35-65
- above 65

Gender. *

- Female
- Male

Marital status. *

- Married
- Unmarried
- Divorced
- widowed

Income level in Ugandan shillings. *

- Under shs 100,000
- Between shs 100,000 and 500,000
- Between shs 500,000 and shs 1000,000
- Above 1000,000

Income source. *

- Employment
- Self-employment
- Other:
Nature of job. *

- Temporary
- Permanent

Education qualification. *

- Masters/PHD
- University degree
- High school certificate
- primary school certificate

Number of dependents *

----------------------------------

**Life insurance knowledge and use**

Do you know what life insurance is? *

- Yes
- No

How did you learn about life insurance? *

- other (please state): ------------------------
- Insurance Agents
- Television or Radio
- colleagues
- seminars

Do you think that your source of life insurance knowledge had enough information on the products provided? *

- Yes
- No
- Maybe

From the above question, state why you think so? *

---

Do you think life insurance is essential? *

- Yes
- No
Maybe

Why do you think life insurance is important or not or maybe? *

For long term financial security, how would you rank life insurance? *
1
2
3
4
5

Are you insured under the life insurance policy? *

- Yes
- No

If yes, choose the main reason.

- Death cover
- Education cover
- Long-term investment
- Obligations

If no, why are you not insured?

- Expensive
- Complicated
- Unreliable

Table 7: Interviewees Profile

<table>
<thead>
<tr>
<th>CODE</th>
<th>INITIALS</th>
<th>DATE</th>
<th>GENDER</th>
<th>POSITION IN THE COMPANY</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Code</th>
<th>Initials</th>
<th>Profession</th>
</tr>
</thead>
<tbody>
<tr>
<td>P1</td>
<td>KP</td>
<td>Chief Operating Officer Life Assurance</td>
</tr>
<tr>
<td>P2</td>
<td>SP</td>
<td>Chief Financial Officer-Life Assurance</td>
</tr>
<tr>
<td>P3</td>
<td>NM</td>
<td>Head of Life and Pension</td>
</tr>
<tr>
<td>P4</td>
<td>LN</td>
<td>Head Group Risk</td>
</tr>
<tr>
<td>P5</td>
<td>AG</td>
<td>Underwriter</td>
</tr>
<tr>
<td>P6</td>
<td>GA</td>
<td>Managing Director-Life assurance</td>
</tr>
<tr>
<td>P7</td>
<td>NM</td>
<td>Chief Executive Officer-Life Assurance</td>
</tr>
<tr>
<td>P8</td>
<td>NF</td>
<td>Manager, Life and Pensions</td>
</tr>
<tr>
<td>P9</td>
<td>DZ</td>
<td>Chief Operations Officer</td>
</tr>
</tbody>
</table>

Source: Constructed by author, 2019.

Table 8: Focus group profile.

<table>
<thead>
<tr>
<th>Code</th>
<th>Initials</th>
<th>Profession</th>
</tr>
</thead>
<tbody>
<tr>
<td>F1</td>
<td>NN</td>
<td>Auditor at PWC</td>
</tr>
<tr>
<td>F2</td>
<td>AE</td>
<td>Accountant at Ernst and Young</td>
</tr>
<tr>
<td>F3</td>
<td>NB</td>
<td>Auditor at Goodman firm</td>
</tr>
<tr>
<td>F4</td>
<td>AEM</td>
<td>Administrator at Whave international</td>
</tr>
<tr>
<td>F5</td>
<td>WP</td>
<td>Engineer, self employed</td>
</tr>
<tr>
<td>F6</td>
<td>OP</td>
<td>Engineer</td>
</tr>
</tbody>
</table>
Table 9: Insurance industry performance

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggregated Industry Gross Written Premiums (UGX. Billions)</td>
<td>463</td>
<td>504.8</td>
<td>612.1</td>
<td>634.8</td>
<td>728.53</td>
</tr>
<tr>
<td>Industry Premium Growth rates (%)</td>
<td>31.53</td>
<td>9.03</td>
<td>21.26</td>
<td>3.71</td>
<td>14.75</td>
</tr>
<tr>
<td>Non-life Gross Premium (UGX.Billions)</td>
<td>351.4</td>
<td>384</td>
<td>464.4</td>
<td>450.1</td>
<td>507.25</td>
</tr>
<tr>
<td>Non-life Growth rates (%)</td>
<td>12.27</td>
<td>9.28</td>
<td>20.94</td>
<td>-3.08</td>
<td>12.68</td>
</tr>
<tr>
<td>Life Gross Premium (UGX. Billions)</td>
<td>55.4</td>
<td>74</td>
<td>99.8</td>
<td>132.5</td>
<td>168.53</td>
</tr>
<tr>
<td>Life growth rates (%)</td>
<td>42.05</td>
<td>33.57</td>
<td>34.86</td>
<td>32.77</td>
<td>27.19</td>
</tr>
<tr>
<td>HMOs Gross Premium (UGX Billions)</td>
<td>56</td>
<td>46.8</td>
<td>46.9</td>
<td>52.1</td>
<td>52.76</td>
</tr>
<tr>
<td>HMO growth rates (%)</td>
<td>0</td>
<td>-16.43</td>
<td>0.21</td>
<td>11.09</td>
<td>1.05</td>
</tr>
<tr>
<td>GDP at market prices (UGX Billions)</td>
<td>66,764</td>
<td>72,660</td>
<td>81,688</td>
<td>86,555</td>
<td>90,450</td>
</tr>
<tr>
<td>GDP growth rates (%)</td>
<td>4.7</td>
<td>4.6</td>
<td>5.7</td>
<td>2.3</td>
<td>4.5 (est).</td>
</tr>
<tr>
<td>Insurance Penetration (%)</td>
<td>0.85</td>
<td>0.86</td>
<td>0.76</td>
<td>0.73</td>
<td>0.81</td>
</tr>
<tr>
<td>Insurance Policies</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>930,323</td>
</tr>
<tr>
<td>The UGX/US$ Exchange Rate (annual)</td>
<td>2,532.93</td>
<td>2,600.33</td>
<td>3,245.54</td>
<td>3,420.45</td>
<td>3,611.36</td>
</tr>
<tr>
<td>Insurance Density ($)</td>
<td>5.2</td>
<td>5.3</td>
<td>5.4</td>
<td>5.1</td>
<td>5.34</td>
</tr>
<tr>
<td>Insurance Density (UGX)</td>
<td>13,171</td>
<td>13,781</td>
<td>17,525</td>
<td>17,444</td>
<td>19,284</td>
</tr>
</tbody>
</table>

### Table 10: Life Business Gross Written Premium income - 2017

<table>
<thead>
<tr>
<th>Name of the Company</th>
<th>2017 GWP</th>
<th>2016 GWP</th>
<th>Change (%)</th>
<th>Market Share 2017(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>UAP Life Assurance Co</td>
<td>44133097000</td>
<td>30203538000</td>
<td>46.12</td>
<td>26.19</td>
</tr>
<tr>
<td>Liberty Life Assurance Ltd</td>
<td>37568103000</td>
<td>39317249000</td>
<td>-4.45</td>
<td>22.29</td>
</tr>
<tr>
<td>ICEA Life Assurance Company</td>
<td>27595189000</td>
<td>22968033000</td>
<td>20.15</td>
<td>16.37</td>
</tr>
<tr>
<td>Sanlam Life Insurance (U) Ltd</td>
<td>24803785000</td>
<td>21266940000</td>
<td>16.63</td>
<td>14.72</td>
</tr>
<tr>
<td>Jubilee life Insurance</td>
<td>21662905000</td>
<td>14697148000</td>
<td>47.4</td>
<td>12.85</td>
</tr>
<tr>
<td>Prudential Assurance Uganda Ltd</td>
<td>6968482000</td>
<td>2196491000</td>
<td>217.26</td>
<td>4.13</td>
</tr>
<tr>
<td>CIC Life</td>
<td>3347473000</td>
<td>395757000</td>
<td>745.84</td>
<td>1.99</td>
</tr>
<tr>
<td>NIC Life</td>
<td>1632681000</td>
<td>1454575000</td>
<td>12.24</td>
<td>0.97</td>
</tr>
<tr>
<td>Metropolitan Life Uganda Limited</td>
<td>818590000</td>
<td>0</td>
<td>0</td>
<td>0.49</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>168,530,305,000</strong></td>
<td><strong>132,499,731,000</strong></td>
<td><strong>27.19</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>


---

**Consent Forms**

**Documentation of Informed Consent for Participation in Research Study**

**Project Title:** Performance of the insurance market in Uganda. A focus on the life insurance sector.

**Principal Investigator:** Doreen Nambafu,

Mobile: 01280027768,
Email: nambafudoreen@aucegypt.edu

*You are being asked to participate in a research study. The purpose of the research is to determine the factors influencing life insurance demand in Uganda, and the findings may be published and presented. The expected duration of your participation is 15min.

The procedures of the research will be as follows; Surveys will be sent to the participants as well as requests for face to face interview schedule requests. Following the data collection will be organizing the data and later on analyze it.

One of the risks or discomforts associated with this research, that am currently aware of may be disclosure of some information by some participants. However, all the interview questions asked are generic, hence eliminating the risk.

I acknowledge that the data on income and sources of income is private, yet though it is one of the most important factors for my research. That said, the participants may or may not include their names on the survey for anonymity and confidentiality.

*The information you provide for purposes of this research is confidential.

*Participation in this study is voluntary. Refusal to participate will involve no penalty or loss of benefits to which you are otherwise entitled. You may discontinue participation at any time without penalty or the loss of benefits to which you are otherwise entitled.

Signature _______________________________________

Printed Name ___________________________________

Date________________________________________
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