

Insurance emerges as SMEs' lifeline amid rising risks

Mitigating risks. |

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Small and medium enterprises (SMEs) are the unsung heroes driving growth, creating jobs, and fueling innovation.

Employing more than 2.5 million people, generating 80 percent of manufactured output, and contributing nearly 20 percent to the country's Gross Domestic Product (GDP), SMEs are the backbone of the nation's economic engine.

However, despite their immense contribution, many are dangerously exposed to risks that can wipe out years of hard

work overnight. A single fire, theft, accident, equipment breakdown, or health emergency can force a business to shut down, collapsing dreams and livelihoods in an instant.

Industry leaders now say insurance is emerging as a game-changer, not merely a safeguard for large corporations, but a critical lifeline for small businesses seeking resilience and continuity.

Speaking at the Small-Scale Industries Association Awareness Engagement, Mr Ibrahim Lubega Kaddunabbi, Insurance Regulatory Authority (IRA) chief executive officer, said the urgency of insurance adoption among SMEs is no longer

a "side story, but the real story. "They are innovators, job creators, problem solvers, and quiet heroes," he said, noting that leaving them exposed to manageable risk is no longer affordable.

"For SMEs, embracing insurance means safeguarding livelihoods, securing continuity, and building legacies that outlive their founders," he said.

Business Research Insights estimates that the global SME insurance market will be valued at \$446b by the end of this year and is projected to nearly double to \$858b by 2035, growing at a compound annual rate of 7 percent.

The expansion reflects a growing

worldwide recognition that insurance is essential for business survival and long-term sustainability, supported by technology, which Mr Kaddunabbi says has seen at least 64 percent of SMEs now using digital platforms to purchase policies and process claims.

IRA is working with insurers to develop products tailored specifically for SMEs, which include coverage for property, equipment, workers' compensation, and business interruption.

During Covid-19, such policies helped many businesses stay afloat by compensating for income losses when operations were halted. As Uganda's insur-

ance sector evolves, micro-insurance and SME-focused products are increasingly being designed to match the scale and needs of small industries. Insurers and intermediaries are being encouraged to engage directly with SMEs to craft solutions suited to their operations.

Mr Joseph Mulindwa, the Uganda Small-Scale Industries Association chairperson, said that, whereas there has been talk that insurance is beneficial, small traders lack the necessary information.

"This meeting has provided an opportunity to learn how insurance can be a pivotal resource for resilience. The size of our businesses should not deter us from considering insurance as vital for our future. Just as we plan for production, we must plan for protection," he said.