

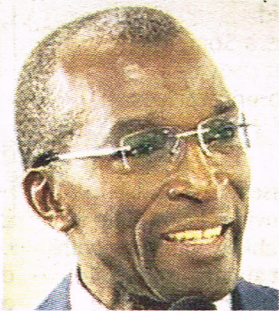
Small enterprises urged to embrace insurance

BY SIMON OKITELA

The Insurance Regulatory Authority (IRA) has urged Micro, Small, and Medium Enterprises (MSMEs) to view insurance as a safety net for business continuity rather than a luxury.

According to the chief executive officer of the IRA, Ibrahim Kaddunabbi, MSMEs play a pivotal role in the economic development of Uganda, employing over 2.5m people and contributing 80% of manufactured products.

Kaddunabbi made



Kaddunabbi

the remarks during an engagement with MSMEs under the umbrella body, the Uganda Small Scale Industries Association (USSIA), at the IRA headquarters in Kampala.

The engagement was

WHY SMES SHUN INSURANCE

SMEs in Uganda often shun insurance due to a negative perception of insurance, limited knowledge, and pressing needs. Despite the potential benefits, and economic stability, the insurance market remains significantly low. The challenges include public mistrust, weak enforcement of mandatory insurance policies, and financial constraints faced by many Ugandans. These factors contribute to the low insurance uptake, making it crucial for SMEs to embrace insurance to ensure their longevity, growth, and risk management.

aimed at equipping them with practical knowledge on how insurance can mitigate risk, support business continuity and enhance investment confidence

amidst operational and sustainability-related uncertainties.

He explained that MSMEs present a force that drives and sustains Uganda's

economy and aligns with the country's growth aspiration of Vision 2040, noting that the engagement is timely to ensure they align. These enterprises account for approximately 90% of private sector production, and approximately 2.5 million people are employed by these enterprises. They generate 80% of the manufactured output and contribute approximately 20% of the GDP."

To assert the relevance of the meeting, he highlighted that the global SME insurance market is poised to grow rapidly and is

currently valued at \$446b as of 2026 and expected to increase to \$858b by 2035. This signals the fact that many SMEs around the world are increasingly insuring against their operational and financial risks.

Jose Mulindwa, the USSIA chairperson for Kampala, welcomed the initiative by IRA. He attributed the low insurance uptake to a knowledge gap.

"The engagement has helped us know how beneficial insurance is and we believe that as SMEs going forward, we will take up insurance covers," Mulindwa said.