

## Insurance.

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The shift to a digital motor third-party insurance system is being promoted as a game-changer, but beneath the promise of efficiency lies a stark reality: the majority of vehicles on Ugandan roads remain uninsured.

Recent 2025 industry data paints a troubling picture. Out of more than two million vehicles nationwide, only 577,000 are insured. This translates to just about 29 percent compliance, leaving over 70 percent, approximately 1.4 million vehicles, operating illegally without mandatory cover.

For a product required by law, the gap is not just wide, it is systemic.

# Over 70% of vehicles uninsured

Motorcycles, which dominate Uganda's transport landscape, illustrate the crisis most clearly.

Despite estimates of nearly two million boda bodas nationwide, only 88,000 are insured, barely 4 percent coverage.

Even more concerning, uptake is declining: from 115,000 insured motorcycles in 2023 to 88,000 in 2025, marking a 24 percent drop over two years, including a 14 percent decline in the last year alone.

Commercial vehicles are not much better. Only 135,000 policies are active in a sector that carries millions of passengers daily.

Digitisation was meant to close this

gap, allowing motorists to pay via mobile money or online platforms and instantly receive digital stickers.

### Slowing progress

On paper, the system promised transparency and efficiency. But in practice, rollout challenges are slowing progress.

Network failures, limited awareness, and inconsistent enforcement have weakened adoption, while, in some cases, traffic officers are unfamiliar with the digital verification process.

Regulators also point to fraud as a major contributor to the compliance gap. Insurance Regulatory Authority (IRA) notes

that many vehicles display fake or unverifiable stickers, meaning actual insurance coverage may be even lower than reported. Despite low uptake, motor third-party insurance remains a strong revenue stream for government. In 2025 alone, it generated over Shs20b in taxes, about Shs1.7b per month.

Industry leaders argue that technology alone will not fix the problem. The legal framework itself is outdated. The current law, enacted in 1989, caps compensation at Shs1m per victim, an amount now too low to cover basic medical costs.

"The law no longer reflects economic realities," says Uganda Insurers Association

chief executive officer Jonan Kisakye.

Low compensation, he argues, discourages motorists from seeing value in the product.

However, reforms are underway. Proposed amendments include higher compensation limits, revised premiums, and mandatory inclusion of government vehicles, currently exempt.

The industry's immediate goal is to double compliance to at least one million insured vehicles, which would still leave nearly half of Uganda's vehicles uninsured.

Motor third-party insurance was designed as a social protection tool for pedestrians, passengers, and victims of road accidents. But until compliance improves significantly, that protection remains out of reach for the majority.