



**Insurance  
Regulatory  
Authority  
of Uganda**

*Driving insurance growth*

COVID-19 Impact Analysis on the Insurance Sector; **An opportunity for collaboration:** How do we build an anti-fragile insurance sector in Uganda

**4<sup>th</sup> September 2020**



**GROW**  
**LEARN**  
**EXPLORE**

Protazio Sande

Director Planning, Research & Market Development

# PRESENTATION OUTLINE



- ❖ *The bigger Picture /Macro perspectives*
- ❖ *Insurance and Covid 19*
- ❖ *Opportunities/Silver lining in the cloud?*
- ❖ *Changes needed to SURVIVE & THRIVE*
- ❖ *Conclusion*



# THE BIGGER PICTURE (1)



- ❖ Uganda is estimated to suffer 7-10% point drop compared to its 6.5% forecasted growth rate for 2020, that could result into stagnation or -3% GDP growth, (*McKinsey & Company, 2020*)
- ❖ The largest GDP losses are anticipated to come from tourism (43%), wholesale and retail trade (26%), transportation (8-12%); Manufacturing (7%); *Financial Services (4%)*

## THE BIGGER PICTURE (2)

- ❖ Gross output for the formal economy excluding finance and insurance services decreased from 7.3Tns in March to 5.8Tns in August (26%) - *(UBOS Business Survey, August 2020)*
- ❖ About 2.3 to 3.0 million formal and informal jobs at risk (largely informal); particularly in wholesale and retail, manufacturing and tourism sectors *(UBOS/WB, July 2020)*
- ❖ 51.5% of employees sampled have reduced their payroll size *(UBOS/WB, July 2020)*
- ❖ Bounce-back projected at 3-4% growth in 2021, -Covid-19 Fiscal Stimulus (**5.5 Trillion - 4% of GDP**) and the **Temporary tax relief measures.**



# INSURANCE AND COVID 19 (1)



- ❖ Insurance thrives in a thriving economy
- ❖ The sector has suffered shocks (A/D shocks and its consequences on A/S – Generally, slow down in both economic and, to an extent, social life.
- ❖ These have impacted on Revenue, Liquidity, Investment income and employment.

## INSURANCE AND COVID 19 (2)



- ❖ Claims are likely to increase – Business disruption, medical, liability insurance; workers compensation etc.

# INSURANCE AND COVID 19 (3)

## Impact Analysis in Figures

	2019	2020	Change
Q1 GWP <sub>s</sub>	283.5Bn	324.1Bn	14%
Q2 GWP <sub>s</sub>	336.1Bn	347.6Bn	3%
Q2 Premium Receivables	92.8Bn	117.8Bn	27%



SILVER LINING IN THE CLOUD??????



Insurance  
Regulatory  
Authority  
of Uganda

*Driving insurance growth*

YES.....



## SILVER LINING IN THE CLOUD?.....(2)

- ❖ Digitization/Connected Living – opportunity to innovate and design models around technology (Questions are changing)
- ❖ Safety and reliability first – declining risk appetite...opportunity to prospect around this emerging trend.
- ❖ Forced change to survive (operational efficiency – proper underwriting, proper pricing, proper collection efforts...)

## SILVER LINING IN THE CLOUD?.....(3)

- ❖ New opportunities for partnership along delivering a financial package (increased competition for Disp.Y which is itself declining).
- ❖ Leveraging on existing IT platforms to distribute financial services
- ❖ Leveraging on data to develop appropriate solutions (not products parse)
- ❖ Insurance Premium financing at competitive rates



## SILVER LINING IN THE CLOUD?.....(4)

- ❖ Where the need for de-risking Investment strategies is pressing, we can partner around provision of alternative investment profiles for a good return (Large holdings of equity and property inv. may no longer be a suitable strategy for the industry.
- ❖ Use of the agency banking as a distribution channel????.

## SO, WHAT CHANGES?

- ❖ Rethink New generation of products and services that fit the new circumstances/Carve out new revenue streams
- ❖ Realign Cost structure and sharpen productivity
- ❖ Supercharge Digital transformation to create digital enterprises
- ❖ Prepare your workforce for the new world
- ❖ Strengthen capital efficiency



## CONCLUSION

No easy ANSWERS. However there is need to:

- ❖ *Re-Think*
- ❖ *Re-Engage*
- ❖ *Re-Launch*



Insurance  
Regulatory  
Authority  
of Uganda

*Driving insurance growth*

**“There is no better time to re-Think, Re-Engage and Re-Launch than now when stress and change are being forced upon us. It is glaringly evident that we have to change if we must survive”.**



---

**Thank you for Listening**