

DETERMINANTS OF NON-LIFE INSURANCE DEMAND IN UGANDA

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ABSTRACT

The purpose of the study was to examine the determinants of non-life insurance demand in Uganda. It was guided by two study objectives that included examining the drivers of non-life insurance in Uganda and assessing the applicability of the drivers for non-life insurance in Uganda.

A cross-sectional and descriptive research design was employed to collect primary data using self-administered questionnaires. Data was gathered using a structured questionnaire from 23 staff members and 103 individual clients of AIG Uganda Limited. Interviews were carried out and used to collect qualitative data from some of the informants.

Results from the study show that the level of income affects one's purchasing decisions, the accumulation of capital assets calls for insurance policies, high rate of accidents in urban centers make people take non-life insurance policy and proximity of business ventures in urban areas influence clients to take on insurance policies. Furthermore study findings also showed that the educated take on insurance policies for unforeseeable circumstance which could cause serious damage to property. This further indicated that there is a strong association between education and asset ownership due to higher incomes among the educated thus acquisition of property that requires them taking insurance policies compared to the illiterate or semi illiterate.

The study concluded that demographic factors explain a greater variance relative to economic and institutional variables for insurance density while economic factors explain the greatest amount of variance in terms of insurance growth rates.

It is recommended that non-life insurance companies should give a wide service to the customers and maintain the attractive advertisement through Television. Small insurance companies should

merge so that they are able to widen their operations, increase on their capital base and reduce on the level of competition and rivalry for customers.