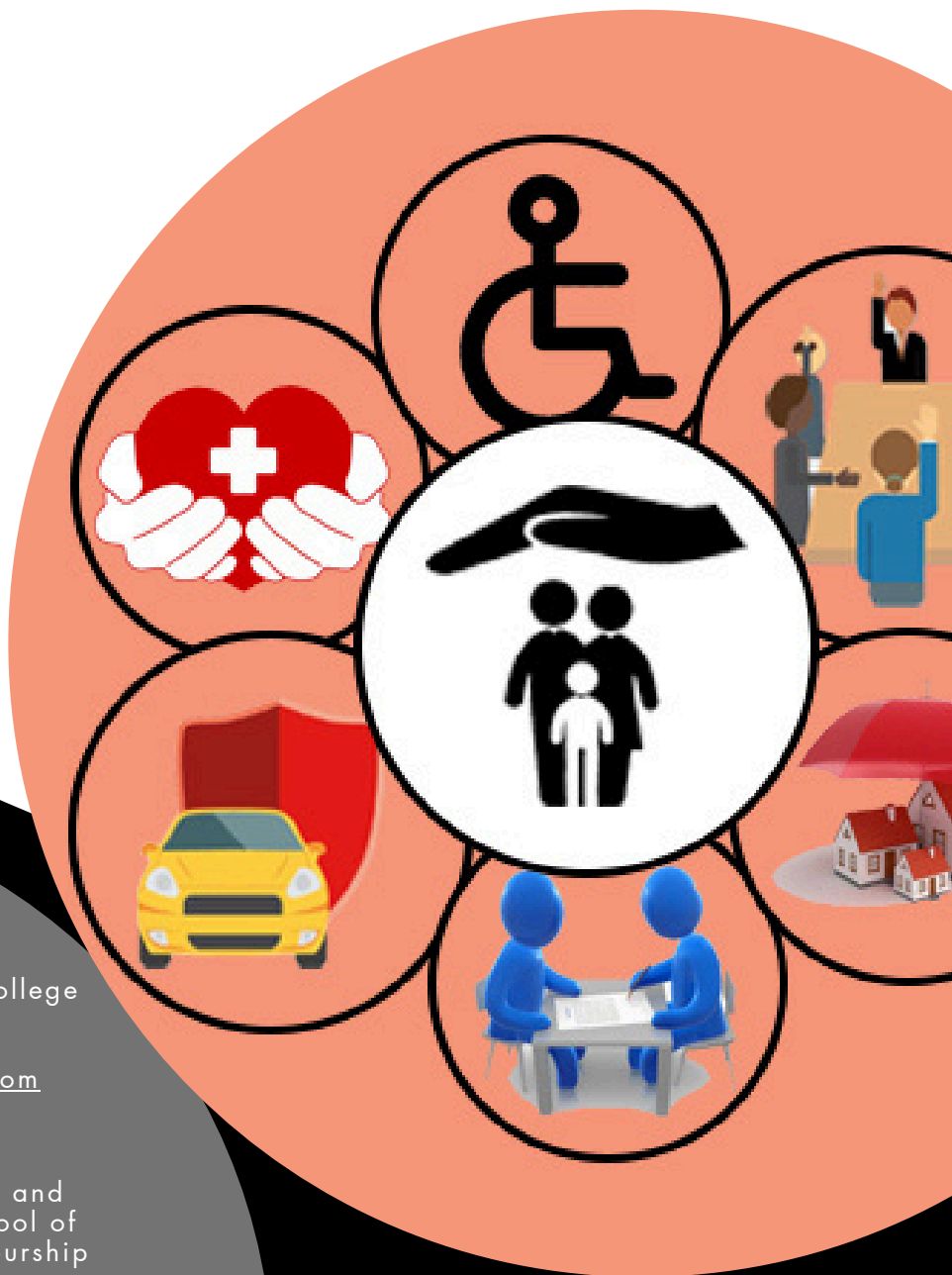


EXPLORING MICROINSURANCE OPPORTUNITIES IN THE UGANDA BOTTOM OF THE PYRAMID MARKET: A GAP ANALYSIS

A RESEARCH REPORT FOR INSURANCE TRAINING COLLEGE OF UGANDA (ITC) COMPETITIVE RESEARCH GRANT FOR THE YEAR 2021/2022



Richard Mwebesa
Facilitator Insurance Training College
of Uganda (ITC)
Email:
richardmwebesa707@gmail.com

Emmanuel Isiagi
Department of Management and
Administrative Sciences School of
Management, and Entrepreneurship
Kyambogo University
Email: iemmanuel@kyu.ac.ug

Table of **CONTENTS**

02	Abstract
04	Introduction
06	Literature Review
10	Research Design and Methodology
13	Data Analysis and Results
21	Discussion and Conclusion
25	References
28	Annexes



ABSTRACT

Purpose: The increasing uncertainties from the volatile environment are exposing a wide group of world's Bottom of Pyramid (BOP). In this case, microinsurance is considered the solution for the poor which the insurers should consider worthy exploiting. However, there is a gap between what insurers consider important and what customers would prefer if Insurers are to tap opportunities in the Microinsurance market. This study focused on exploring the microinsurance opportunities in the Ugandan bottom of the pyramid market and provide guidance on how insurers can tap into them from the perspective of both insurers and customers. The angle this study took was to establish a gap between what insurers thought was important and what customers considered important for microinsurance success by focusing on two areas. First, to identify the market entry requirements for the BOP market in Uganda and second, to examine the strategies required to tap microinsurance opportunities in Uganda's BOP market.

Research approach: The study employed an imbedded research design where the study was largely quantitative and qualitative element in the study was used to supplement and provide elaborate explanations to the quantitative finding.

Data was collected through questionnaires and interviews from the sample that composed of 60 managers (from the major insurance companies) and 120 microinsurance customers at the bottom of the pyramid classified as those that live on 1.04 dollar a day. A descriptive statistics analysis was used (paired t-test and independent t-test) to evaluate the gap between managers and customers perceptions on market entry requirements and strategies for consideration if insurers are to penetrate to microinsurance market in Uganda.



Findings: The results showed that there was a significant difference between customers and insurers perception on various market entry requirements and strategies for tapping microinsurance opportunities from the Ugandan BOP market. For instance, customers attached more importance on affordability (ability to purchase) and acceptability (meeting individual needs) more than awareness (continuous promotions) and accessibility (bring products close). Insurers, on the other hand, attached more importance on awareness and affordability. Furthermore, the results revealed significant difference between customers and insurers perception on what would be the appropriate microinsurance products, pricing, mode of payment and channel of communication for microinsurance success.

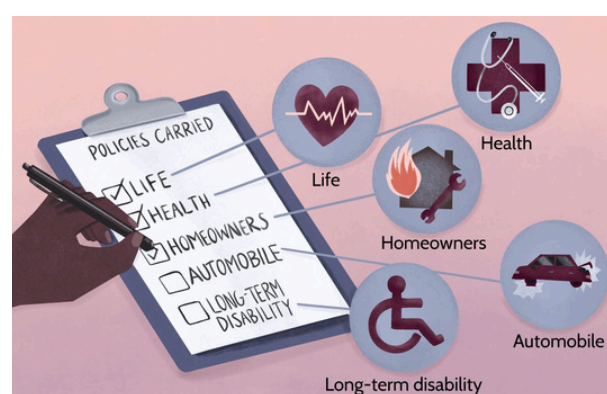
Practical implications: From the gap analysis, this study urges insurers to understand how customers perceive the microinsurance products so that insurers can be able to offer valuable microinsurance products that are tailored to demands of the customers at the bottom of the pyramid. Additionally, understanding the customers point of view enables insurers to identify and develop the most appropriate pricing, communication, delivery strategies and modes of payment appropriate for tapping microinsurance opportunities in the Uganda bottom of the pyramid market.

INTRODUCTION

The increasing uncertainties resulting from the most volatile environment are exposing a wide group of world's Bottom of Pyramid (BOP) to a variety of risks. There is a growing demand for insurance cover against risks from low income earners (Olaosebikan & Adams, 2014). The growing need for insurance products that are tailored to the needs of the poor has alerted the insurance players of an opportunity as they seek to expand their business portfolios and achieve market success over time (Lloyd's & Microinsurance Centre, 2009). In this case, microinsurance is considered the solution for the poor which the insurers should consider worthy exploiting (Castro-Molina, 2018). Microinsurance has become one of the most important and viable component of microfinance that provides cover for low income households that have low income access and owning low value assets (Eling et al., 2014).

According to Microinsurance Network Annual Report (2017), microinsurance market is gradually growing and accounts for one fifth of the total global premium in the emerging markets which represents 80% of the world's population. Today, microinsurance market in developing countries is gaining momentum.

For instance, the global microinsurance market is estimated to be increasing at 6.02%. Presently, over 78.4 billion microinsurance products are consumed worldwide and this number is estimated to rise to 111.84 billion products if insurers step up effort to tap into the market at the bottom of pyramid (IMARC Group Report, 2021). Furthermore, the microinsurance Network Annual Report (2017) asserts that almost 290 million people worldwide consume at least one microinsurance policy. The report further shows there is still wide market to be covered by different microinsurance products with property insurance currently standing at only 25%, health insurance at only 20%, life insurance, index insurance and accidental death and disability at only 15% each while others at only 10%.



In Uganda, despite a relatively low presence of micro insurers, there are overwhelming opportunities to grow microinsurance market especially at the BOP. In fact, the currently served microinsurance market stands at only 0.03% a clear indication of existing potential for insurers targeting this market segment (Financial Sector

Deepening (FSD) Report, 2018). It is also good to note that whereas, these promising microinsurance opportunity exists at the Bottom of Pyramid market in Uganda, there is a gap between how the insurers view the market and what customers would consider important in addressing their demands effectively. In fact, the variations in customer behavior in the market remains a challenge to insurers (IRA Report, 2020).

The microinsurance market in Uganda is not one huge homogenous market (Radermacher & Brinkmann, 2011). The gap is more problematic if no effort is taken to define it clearly.

Therefore, this study sought to provide guidance on how insurers can tap into microinsurance opportunities from the BOP market in Uganda. The goal of the study was to establish a gap between what insurers thought was important when targeting the BOP market and what customers considered important by focusing on two areas. First, to identify the market entry requirements for the BOP market in Uganda and second, to examine the strategies required to tap microinsurance opportunities in Uganda's BOP market.

LITERATURE REVIEW

2.1 Theoretical Literature

The study was grounded in the Integrative Justice Model (IJM) that was advanced by Santos et al. (2015). The model advances innovative approaches for marketing to the impoverished group at the bottom of pyramid (BOP). IJM, a normative theory inspired by management theories and marketing theories contends that firms should adopt innovative marketing strategies when they target the poor (American Association of Marketing, 2009). Specifically, IJM model highlights that organizations should emphasize authentic engagement, value co-creation and customer interest representation when marketing to the poor.

According to Santos et al. (2015), the IJM provides a guide of what organizations should consider when focusing on the disadvantaged customers. Bishops (2002) tested the model and urged that marketing to the BOP should be based on moral values where "fairness" is the major underlying value when transacting with the poor. Maxwell (2008) also applied the model in the context of pricing determination for the poor market segment and noted that prices

have to be personally fair to meet customers' expectation rather than maximizing profits for organizations at the expense of the same customers.

Santos et al. (2009) indicate that the IJM model is applicable in the impoverished markets where focus should be on value inputs advanced by the model including, authentic engagement with customers, value co-creation with the BOP customers and interest representation of all stakeholders. In other words, the positioning of the model is rich in supporting microinsurance and the related strategies at the BOP market by clarifying the notion of customer relationship management, customer needs satisfaction and value co-creation.



2.2 Developments in Microinsurance Markets

Insurers find it challenging to tap into the microinsurance opportunities in the market. There is a need for insurers to strategize on how they can tap on the opportunities (Elabed & Carter, 2015). This study draws from innovative literature of marketing to the BOP where some studies such as Radermacher and Brinkmann (2011), Weiss (2013), Leftley (2005) and Brown and Churchill (1999) have highlighted on some of the innovative marketing approaches that may be appropriate for tapping opportunities at BOP market.

For instance, Radermacher and Brinkmann (2011) and Weiss (2013) revealed that to maintain the involvement in the microinsurance market, insurers need to generate value for the insured while generating profits that are sufficient to compensate investors as well as satisfy the consumers of the products or services. Microinsurance is a tool to extend social protection in the context of providing security to populations in developing countries and contributing to poverty (Leftley, 2005).

Akotey, Osei, and Gemegah (2011) note that the demand for microinsurance services is rapidly growing because of the need for protection against exposure to risks. The higher demand was largely felt from the poor households who noted that they would be willing to take any means of protection that are affordable and accessible to them. However, according to Brown and Churchill (1999),

it is noted that despite insurance being highly demanded by the low-income individuals, majority of the poor households do not understand insurance products in the market hence presenting questionable microinsurance opportunity for exploitation.

According to Biener and Eling (2012) adoption of innovative approaches of serving the market at the BOP is paramount in exploiting microinsurance opportunities. For instance, the nature of the distribution of the insurance product is very paramount in addressing accessibility challenges experienced by low income customers. The product or service which the insurer underwrites is important in ensuring acceptability of the products. The manner in which the policy is sold to the policyholder and how the policy is communicated is very important in addressing affordability and awareness challenges respectively.

Umar, François and Ra'ees (2020) note that firms seeking to serve the BOP customer should consider digitalizing distribution so as to increase accessibility of the products from remote areas which are hard to reach. Emphasis should be on digital distribution given that majority of the BOP customers can access mobile phones and have access to agency financial services. Bendig and Arun (2016) urges firms to adopt innovative approaches in addressing market penetration issues. Firms should adopt technological infrastructures that promote innovative distribution so as to access remote geographical areas where majority of the customers are confined.

Insurance Regulatory Authority of Uganda (2020) also urges insurers to consider using technology-based platforms for accessibility. The technology-based platforms such as use of mobile phones has been slowly adopted and yet it would provide an efficient means of penetrating to the low-income market. Asian Development Bank (2017), for insurance players to penetrate into the microinsurance market, they ought to maintain the balance between simplifying access and protecting consumers interests. The major practices that are identified to facilitate microinsurance sustainability include; adopting innovative delivery channels that are affordable to the insured in terms of premiums, contributions and installments. Sułkowska (2021) asserts that to penetrate to the market, the distributions channels of insurance players whether they use institutions, service providers or point of sale should facilitate trust and be in proximity with the insured.

However, Koven and McCord (2014) had a different view on how firms can exploit market opportunities in the BOP. The study emphasizes firms to offer products that are affordable to the customers which according to the findings depends on the nature of risks carrier. The emphasis should be adopting a partner agent model where firms enter the market at the BOP through local institutions because of their ability to reach out to the customer. The study indicates that as much as technology-based distribution may be important, using local institutions such as MFT and NGOs is more effective because of their proximity to the potential client at the BOP.

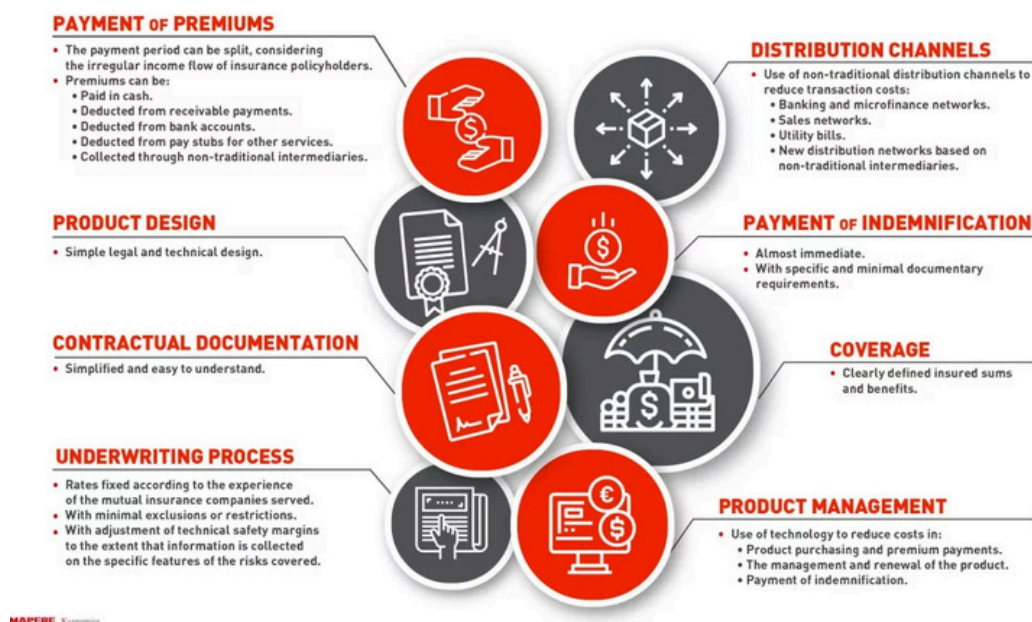
According to Mason, Chakrabarti and Singh (2017), when focusing on the BOP market, firms should know that one of the challenges that need to be addressed is acceptability of the products. As a result, they should target unique market segments and demands of the low-income customers because it would be meaningless to digitalize distribution to meet unrecognized customer demands. The study places more emphasis on identification of heterogeneous customer demands. Anderson (2006) Urges firms that consider serving poor customers to appreciate the uniqueness of the customer profile in the BOP market segments.

Chickweche and Fletcher (2012) supports that idea that firms can only penetrate into the BOP market when they take time to understand customer demands and create a strong relationship that promote acceptability for the product. This is because serving some markets such as microinsurance market is challenging due to the nature of low-income customer demands. Leftley (2005) notes that microinsurance is a business of trust. the insurer should focus on enhancing trust of the insured by considering serving their customized demands.

As far as firms want to exploit opportunities in the BOP market segment, Joshi et al (2021) urges firms to adopt collaboration approach with the regulatory authorities in the government aimed at improving awareness. Bearing in mind the regulatory reforms is fundamental in registering deeper penetration and exploitation of microinsurance opportunities. This is because it supports the insurers to develop underwriting models that fit within the demands of the low-income customer. Must and Ludewig (2010) also recommended that insurers should seek for government collaboration which is paramount in the development of local insurance infrastructures for reaching out to the customers at the bottom of the pyramid.

Despite the studies pointing out to a number of innovative approaches, Significant gaps still exist. A number of microinsurance products have remained out of reach of the majority of the BOP clients in Uganda even when they are intended for them. Accordingly, this study explored the microinsurance opportunities in Uganda's BOP market by establishing what market entry requirements and strategies are necessary for tapping into microinsurance opportunities in Uganda's BOP market.

MAIN FEATURES OF MICROINSURANCE



RESEARCH DESIGN AND METHODOLOGY

3.1 Data Collection and Sample Characteristics

In order to achieve the purpose of the study that aimed at established how insurers would effective exploit the microinsurance opportunities at the bottom of pyramid, the sample was composed of both well knowledgeable staff (from the major insurance companies) drawn from the major insurance companies that interfaced with customers and microinsurance customers at the bottom of the pyramid classified as those that live on 1.04 dollar a day (Uganda National Household Survey Report, 2017).

The study employed imbedded research approach where quantitative approach was supplemented by qualitative approach. In qualitative approach data was collected through interview. Interviews were conducted with 6 Managers who had at least 5-year experience of serving the microinsurance market and 8 customers from Grand micro insurance, Edge micro insurance and Ayo micro insurance were also interviewed from their respective areas of work. The marketing departments supported with the initial contacts for clients of the insurance companies in question.

In the event that the current situation of COVID made it difficult to physically meet all our potential respondents (both customer and staff), telephone interviews were made to made. The interviews were guided by open ended questions for further probing into the interest to the study, namely: (1) the perceived successful market entry requirements for the microinsurance market in Uganda, and (2) the expected strategies that can lead to successful outcomes when targeting the microinsurance market in the country.

For the quantitative study, a survey on the potential respondents was done using a questionnaire that was sent electronically for respondents to fill. For managers, the sample included staff from sales and marketing, claims and underwriting department of major insurance companies who met the criteria of having at least 5 years of experience.



In this case, 60 questionnaires were administered with the support of the HR offices of the microinsurance companies which provided details of the staff that fitted the criteria of the respondents of interest. Of the 60 questionnaires, 45 were fully filled and returned constituting a response rate of 75% which was appropriate for the survey (Rea & Parker, 2014). From the managers who responded to the questionnaire, majority were male 52.9% and female were 47.1%. In regards to age bracket, majority (58.5%) were between 30-39 years, followed by 23.5% who were between 40-49 years. Those who were below 30 years were 11.8% and only 5.9% were between 50-59 years. This implies that majority of the managers in microinsurance firms were in their early ages of active employment which would be an opportunity for them to study the microinsurance market and gain much wider knowledge in many more years to come. Regarding the education levels, majority of the respondents had attained Bachelors (82.4%), 8.8% had attained certificates in insurance while those with masters, PhD and Diploma constituted 2.9% each. This implies that majority of the managers in Microinsurance firms had attained relevant academic qualification.

In regards to the designation of respondents, 38.2% were marketing and sales managers, equally customer relationship managers were also 38.2% while business development managers and claim managers equally constituted 11.8% each. Lastly, in regards to experience in the insurance sector, majority (55.9%) had 14 years and above, 26.5% had between 11-13 years' experience, 11.8% had

between 8-10 years' experience while only 5.9% of the respondents had 5-7 years' experience.

For customers, a simple random sampling was used to select a sample of 120. However, out of 120 questionnaires administered, only 85 were returned fully answered. This constituted a response rate of 70.8% which was appropriate for further analysis as supported by (Rea & Parker, 2014). Out of the 85 responses considered for analysis, majority (72.9%) were male customers while only 27.1% were female customers. In regards to their age bracket, 48.2% of the customers were between 30-39 years, 24.7% were between 40-49 years, 20.0% were below 30 years.

Customers between 50-59 years were 4.7% while only 2.4% of the customers were above 60 years. Considering the occupation of the customers that responded to the questionnaires, majority (54.7%) were from other occupations of Taxi drivers and conductors, welders and carpenters and fishermen. 27.1% of the customers were small business owners while street vendors, teachers, peasants and boda-boda riders all equally had same percentage of 4.7%. Regarding customers experience with microinsurance products, majority of the customers had between 1-2 years' experience with the products, 27.1% of respondents had between 3-4 years, 15.3% of the customers had between 5-7 years while only 20% had an experience of 8 years or above.

3.2 Data Quality Control

Interviews were conducted by knowledgeable researchers based on the expected standard. The interviews were recorded to ensure that an accurate record of the interview was achieved. The interviews were detailed to ensure that the data collected is informative enough to give the required details to understand the phenomenon under investigation.

For the quantitative part, the items in regards to affordability, awareness, acceptability and accessibility that were included in the questionnaire were obtained from previous research by Elabed and Carter (2015) as opposed to our own thinking. Further, when the questionnaire was completed, a pre-test was done to ensure clarity and relevance of items. Some items were reworded and refined before the final questionnaire was sent to the respondents.

DATA ANALYSIS AND RESULTS

4.1 Introduction

Since the study focused on comparing customers perception with insurers perception in relation to the market entry requirements and strategies appropriate for serving the local potential microinsurance market, the study compared means for customers and insurers using an independent sample t-test analysis. To establish the gap analysis between what customers perceived and what managers thought were appropriate strategies for reaching out to the microinsurance market, the study ranked preferences of the two comparable groups.

4.2 Market Entry Requirements for Microinsurance Market

In order to establish the gap between what customers consider important vis-à-vis insurers in achieving effective entry in the micro insurance market in Uganda, four potential market entry considerations for this market were considered, namely affordability, awareness, acceptability and accessibility of the microinsurance product. An independent t-test analysis was conducted to compare the perceived importance customers and insurers on these different aspects. In the subsections that follow, the results for each market entry consideration is presented.

4.2.1 Affordability

With regard to affordability both the customers and insurers were asked to indicate the extent to which the ability of the customer to purchase a product was an important consideration for success of a micro insurance product in the study context. The results are given in Table 1.

Table 1: The perceptions of customers vis-a-vis insurers with regard to the importance of affordability in the success of microinsurance products

Affordability	Customer (Mean & S.D)	Insurers (Mean & S.D)	Mean difference	T-test
Ability to purchase product	3.95 (1.154)	3.41 (1.282)	.541	t = 55.555 =2.139 and P<0.05

As indicated in Table 1, results indicate that customers and insurers differ in the level of importance they attach to the aspect of affordability with the mean score of 3.95 and 3.42 respectively. The mean difference is significant at $t = 55.555 = 2.139$ and $P < 0.05$.

Specifically, the result revealed that whereas both customers and insurers consider customer's ability to pay as an important element for consideration,

the customers find it far much more significant for penetration into microinsurance market than how it is perceived by insurers. This finding is supported by the detailed discussion from the interviews with the customers. For instance, one of the respondents who was interviewed indicated that without the price being low, it was not possible to consider the microinsurance as indicated to the excerpts below.



... when I subscribed to Ayo health micro insurance product, I was convinced that I can afford it because the pricing was favorable for a low-income customer. A low-income customer is willing to subscribe to a product that is within his income levels. Therefore, I can confidently say that if insurers offer microinsurance products that the targeted customer is able to pay, there will be success.
(Respondent4)



In addition, when asked what determines a low-income customers' ability to afford the microinsurance products, Respondent 3 added that:

...The most important thing is whether the pricing of the microinsurance product considers the level of income of this targeted person. I run a small business but I can only afford to pay may be 500 Uganda shillings per day.

4.2.2 Awareness

With regard to awareness both the customers and insurers were asked to indicate the extent to which continuous promotion of microinsurance product was an important consideration for success of a microinsurance product in the study context. The results are given in Table 2.

Table 2: The perceptions of customers vis-a-vis insurers with regard to the importance of creation of awareness in the success of microinsurance products

Awareness	Customer (Mean & S.D)	Insurers (Mean & S.D)	Mean difference	T-test
Promotion of microinsurance products	3.78 (1.285)	3.18 (1.218)	.600	t 63.966 = 2.389 and P<0.05

As indicate in Table 2, it is observed that whereas both customers and insurers consider creation of awareness through promotion important for penetration into the microinsurance market (mean score of 3.78 and 3.18 respectively), it is clear that customers and insurers perceptions were significantly different (t 55.555 =2.139 and P<0.05). Customers attached more significant importance on the need to enhance promotion compared to how insurers perceived it with results showing a mean difference of 0.600. This finding relates with the detailed discussion from the interviews with the customers. For instance, when asked whether insurers had done enough to promote microinsurance products, a customer said that;

“I cannot say they have not, they have tried because on my phone I could always see messages encouraging me to subscribe for Ayo products. That is how I developed interest to buy the product. However, there is a need for insurers to have continuous promotions. I am not aware of other microinsurance products because I have not received much information.
(Respondent 5)



4.2.3 Acceptability

With regard to acceptability both the customers and insurers were asked to indicate the extent to which offering a micro insurance product that meets the demand of a customer was an important consideration for success of a micro insurance product in the study context. The results are given in Table 3.

Table 3: The perceptions of customers vis-a-vis insurers with regard to the importance of acceptability in the success of microinsurance products.

Acceptability	Customer (Mean & S.D)	Managers (Mean & S.D)	Mean difference	T-test
Offering a product that meets customer demands	3.59 (1.137)	3.00 (1.371)	.588	t 52.114 =2.216 and P<0.05

As indicate in Table 3, results revealed that whereas both customers and insurers attached more importance on aspect of acceptability for easy penetration into microinsurance market in Uganda, there was a significant difference on the level of importance

attached by customers to acceptability compared to insurers (mean score of 3.55 for customers and 3.00 for insurers). The difference is significant at t 52.114 =2.216 and P<0.05. Specifically, the results indicate that customers consider insurers ability to offer a product that meets their demands for microinsurance product success in the study context. This finding relates with the detailed discussion from the interviews with the customers. One of the customers said that;



...as long as the product does not address my immediate demand, it becomes hard for me to take it. At my level now given the little money I earn per day, I prefer paying for health products because I know at any time I can be involved in emergencies like accidents or one of my family members can fall sick. That is my demand now and if insurers are not clear about what microinsurance products can benefit me then it becomes hard.
(Respondent 3).



4.2.4 Accessibility

With regard to accessibility both the customers and insurers were asked to indicate the extent to which continuous promotion of microinsurance product was an important consideration for success of a micro insurance product in the study context. The results are given in Table 4.

Table 4: The perceptions of customers vis-a-vis insurers with regard to the importance of accessibility in the success of microinsurance products.

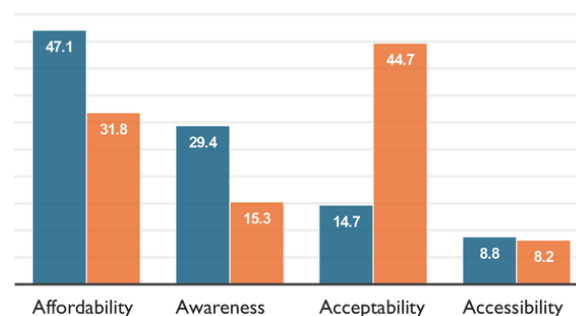
Accessibility	Customer (Mean & S.D)	Managers (Mean & S.D)	Mean difference	T-test
Microinsurance products are accessible to Low-income earners	3.94 (1.266)	3.44 (1.375)	.50	t = 63.280 = 2.553 and P<0.05

Results in Table 4 show that both customers and insurers consider accessibility of microinsurance product an important consideration for entry into micro insurance market. However, there is a significant mean difference between customers and insurers perception (mean score of 3.94 and 3.44 respectively). The mean difference is significant at $t = 63.280 = 2.553$ and $P < 0.05$. Specifically, result revealed that customers find extension of microinsurance products nearer to Low-income earners far much more significant for consideration into penetrating into microinsurance market in Uganda than how insurers perceived it.

4.2.5 Order of Preference for Market Entry Requirements

Both customers and insurers were asked to indicate the order of preference for aspects of affordability, awareness, acceptability and accessibility for successful penetration into the BOP market of Uganda. The results are given in Graph 1.

Graph 1: Ranking for market entry requirements according to preference.

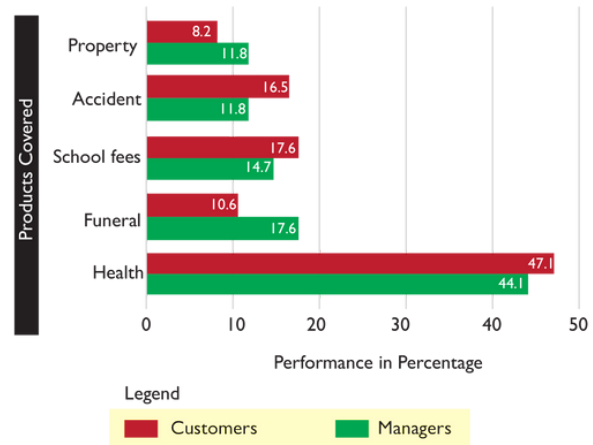


According to Graph 1, it is clear that customers order of preference for market entry requirements for microinsurance success in Uganda's BOP market was different from that of insurers. For instance, whereas insurers considered affordability as the most important aspect for consideration which was followed by awareness, this was not the case with customers who attached more preference to Acceptability and followed by affordability.

To both customers and insurers, accessibility ranked the last in their order of preference. This implies that as insurers consider penetration into microinsurance market of Uganda, microinsurance products success will depend on whether they have been accepted by mostly customers and whether they can be afforded by the targeted customers. The ranking of market entry consideration received support from the detailed discussion from the interviews with the customers. For instance, a customer that was interviewed indicated that;

...If insurers want to convince customers, they should not waste time coming with products which cannot be afforded. Following that, insurers should give us much more information about the products. Currently, customers who have subscribed to insurance are those who stay in urban areas like Kampala but when you go deep in rural areas, most people are not aware. When the information about insurance reaches to intended customers, it is likely to trigger acceptance which will prompt a customer to look for where he or she can access the products. (Respondent 1).

Graph 2: Ranking for market entry requirements according to preference.



According to the results, it is clear that whereas both customers and insurers consider health cover products far much important products for microinsurance market, this was not the case with other choices.

4.3 Market Entry Strategies

In regards to the market entry strategies for consideration when penetrating to microinsurance market in Uganda, customers and insurers were required to indicate the extent which they attached importance to microinsurance products, pricing, mode of payment, communication channels and who they considered to be the ideal customer.

4.3.1 Microinsurance Products

In regards to which microinsurance products would be ideal for the microinsurance market of Uganda given the level of income and nature of the customers target by insurers, both customers and insurers were asked to provide their order of preference. The results are given in Graph 2.

For instance, customers consider school fee cover products and accident cover products as their 2nd and 3rd choice products respectively which was different from insurers who consider funeral products and school fees cover products as 2nd and 3rd choices respectively. This implies that there exists a gap between the importance attached to microinsurance products by customers from that of insurers. This finding relates with the detailed discussion from the interviews with the customers. One of the customers that was interviewed indicated that;

“...Given the nature of my work of riding a motorcycle daily, I am exposed to a number of health risks. In this regard health insurance products would work mostly for low income earners. Low income earners rarely save money for health and yet falling sick can happen at any time. Therefore, if insurers can shorten the process of claiming, health products would work best for the low-income earner.
(Respondent 2).

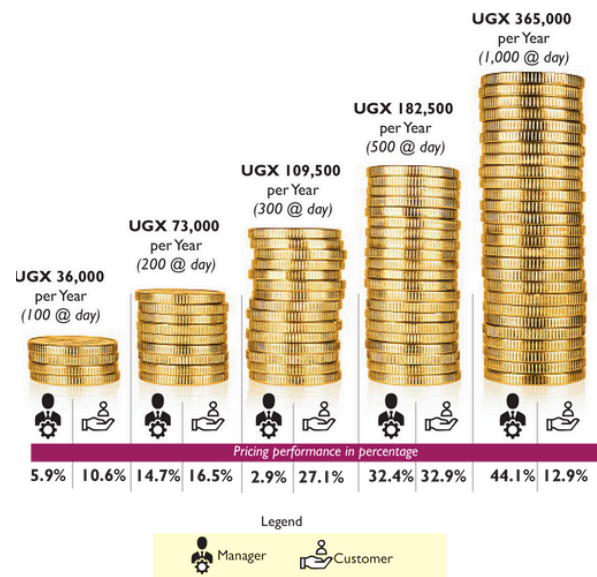
Similarly, another respondent added that;

“... Health products are very vital for a person in the bottom of pyramid because however much the money may not be the same amongst people, sicknesses do not segregate. Low income earners suffer from very severe sicknesses which require huge sums of money which they can not afford suddenly. But through insurance, it would give them a chance to save. In addition to health cover products, also see the need for school fees cover because education has become expensive for me and yet I would wish to do everything for my kids to study in a better school.
(Respondent 3).

4.3.2 Pricing for Microinsurance Products

Concerning the pricing strategy, customers and insurers were asked to rank what they perceived to be the most appropriate pricing for microinsurance products. The results are given in Graph 3.

Graph 3: Pricing for microinsurance products



Results in Graph 3 show that there was a difference between the perceived pricing by customers from what insurers thought. For instance, it is clear that whereas insurers perceived charging 1,000 Uganda shillings (UGX) per day for a microinsurance product, that was not the case with customers whose preference was 500 Uganda shillings per day.

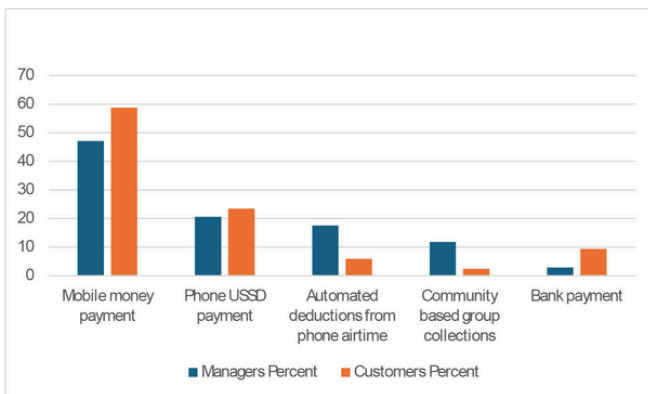
Customers second choice was 300 Uganda shillings per day as compared to managers who would wish to charge 500 Uganda shillings. This implies that there is a gap regarding pricing and if not harmonized has an effect on microinsurance product success in Ugandan market. This finding relates with the detailed discussion from the interviews with the customers. One of customers that was interviewed said that;

*...honestly speaking 1,000 Uganda shillings per day is very high for me to pay for microinsurance. I can afford 500 Uganda shillings or less because paying for insurance is like paying for the unknown. Even after subscribing, claiming for it is a long process. So, I would prefer to pay less than 1,000 Shillings.
(Respondent 1).*

4.3.3 Mode of Payment

Regarding the mode of payment, customers and insurers were asked to provide their order of preference on what would be the appropriate mode for payment for microinsurance products in Ugandan market. Graph 4 below presents the findings.

Graph 4: Mode of payment



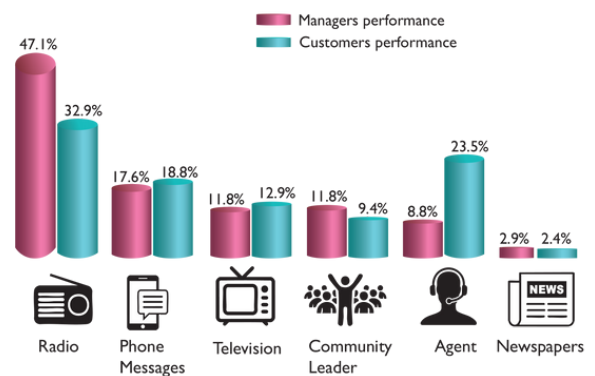
According to the findings in Graph 4, both customers and insurers attached more importance on mobile money payments and phone USSD payments for microinsurance product success in study context. However, there was a variance on the third choice with customers preferring bank payments while on side of insurers they consider automated deductions from airtime.

Similarly, community-based group collections were considered by insurers as the 4th choice and yet to customers it ranked the least preferred.

4.3.4 Channel of Communication

Regarding the channels for communication, customers and insurers were asked to provide their order of preference on what would be the appropriate channel for communication for microinsurance products in Ugandan market. Graph 5 below presents the findings.

Graph 5: Channel of Communication



The findings in graph 5 indicate that both customers and insurers consider radio communication as the most appropriate channel for communication for microinsurance products in the Ugandan Market. However, when it comes to other channels, customers attached more importance to Agents and yet to insurers this channel was among the least ranked choice. Whereas, insurers attached more importance to phone messages given its second rank, phone messages ranked third according to customers.

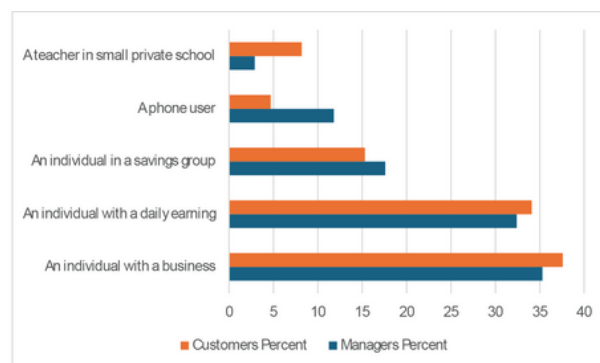
This finding indicates that there are gaps between what insurers would prefer to use for communicating microinsurance products from what customers need. This finding relates with the detailed discussion from the interviews with the customers. For instance, one of the customers that were interviewed indicated that;

“
...Radios are the easiest means of reaching out to majority of low-income earners in Uganda. I have no time to watch television because I am up and down looking for all ways to earn a coin. But oftentimes when I am at work, I turn on the radio in my phone and listen to it.” (Respondent 5)
 ”

4.3.5 Ideal Target Customer for Microinsurance Products

In reference to what ideal customer microinsurance products should be intended for when reaching out to low income customers in the Ugandan market, customers and insurers were asked to provide a rank list according to order of preference of what they perceived to be the ideal target market. Graph 6 below presents the results.

Graph 6: Ideal target customer for microinsurance products



According to table 10, it is clear that both customers and insurers perceived an individual with a small business to be the most ideal customer for the microinsurance product success. Similarly, customers and insurers had similar perception and shared similar rank on other target group of customers such as individuals with daily earnings and those in saving groups. It is observed that there was variance in only phone users and private teachers in small schools.

DISCUSSION AND CONCLUSION

As insurers seek to penetrate and become successful in microinsurance market, taking into consideration the business environment dynamics and realigning business strategies with consumer purchase behaviors is very paramount. The purchase behavior of the bottom of pyramid customer becomes even more volatile and unpredictable especially for microinsurance products. Customers are core for the success of microinsurance in Uganda and therefore, bridging the gap between insurers and low-income customers is a task lying ahead for insurers. Based on the guiding principle of Integrative Justice Model (IJM) that was advanced by Santos et al. (2015), this study was conducted to explore the microinsurance opportunities in the BOP market. The study took the angle of establishing the difference between what insurers considered as important market entry requirements and strategies for target low-income customers and the customers perceived to be the most appropriate.

The study findings revealed that the means on market entry requirements which included affordability, acceptability, awareness and accessibility for customers and insurers was statistically

different. Implying that, there was a significant mean difference between customers and managers perceptions on appropriate entry requirement for the BOP market in Uganda. On average, the extent to which customers perceived affordability, acceptability, awareness and accessibility as very important market entry requirements for insurers to reach the bottom of pyramid customers was higher than that of managers. There is a significant gap between what managers considered important for penetrating into microinsurance market and what customers would require insurers to consider if they are to penetrate into BOP market. This is an indication that insurers are yet to meet the expectations of the customers if they are to penetrate to the low-income customers in Uganda. The study also established contrary rankings on the importance attached to the market entry requirements between managers and customers where according to managers, fronting affordability of microinsurance products was much more important market entry requirement while according to customers acceptability of these products by low-income individuals was considered much more important.

The study findings are in congruence with the findings of Brown and Churchill (1999) who note that despite microinsurance products being recommendable insurance solutions for the low-income individuals, majority of the poor households do not understand microinsurance products in the market. Which according to the study findings indicate that the market entry requirements used by insurers are not meeting the expectations of low-income customers. The findings also concur with Umar, François and Ra'ees (2020) who also established that customers preference was on digitalization of microinsurance products to increase accessibility in hard to reach areas where majority of the low-income customers were confined.

The insures are yet to embrace digitalization of microinsurance products. Similarly, the study findings concur with Koven and McCord (2014) and Mason, Chakrabarti and Singh (2017) who note that exploitation of microinsurance opportunities require insurers to consider affordability for microinsurance products but above all ensure that there is acceptance of microinsurance products by customers targeted. Customers often feel comfortable and at times remain loyal to the products that have been accepted by them. Insurers ought to consider uniqueness of targeted market segment and ensure that they appreciate the uniqueness of the customers at the BOP market.

The study also established that the means variance on strategies for tapping into microinsurance opportunities at the BOP market for customers and managers was not statistically different. The mean differences between customers perception and insurers perception on required marketing strategies for exploiting microinsurance opportunities was not significant. This implies that both customers and managers equally perceived product strategies, pricing strategies, promotion and distribution strategies to be very important in enabling insures exploit microinsurance opportunities at the BOP market in Uganda. There is literary no gap between how insurers viewed the strategies and how customers viewed them.

There is a need for insurers to work together with customers to design appropriate product, pricing, promotion and distribution strategies for microinsurance products. For instance, on product strategies, the study revealed that both managers and customers

demonstrated agreement that product strategies are very vital in exploiting microinsurance opportunities. Both managers and customers perceived health cover products as mostly demanded microinsurance products by low-income individuals. This finding is in congruence with Asian Development Bank (2017) which asserted that for insurers to exploit the microinsurance opportunities, there is a need for microinsurance products to be tailored to the needs of low income customers

The findings also revealed that there was no significant difference between customers and managers perception of the importance of pricing strategies in exploiting microinsurance opportunities. However, due to the varying interest between insurers and customers, there is a notable gap between how much managers would prefer customers to pay for microinsurance products from what customers revealed they would be willing to pay. This implies that pricing strategies are also very vital in enabling the microinsurance firms to exploit microinsurance opportunities. This is supported by the findings of Radermacher and Brinkmann (2011) and Weiss (2013) who revealed that the pricing strategies should focus on generating value for the insured while generating sufficient profits for the investors. There is a need for insurers to harmonize their pricing approaches with the levels of income of the targeted customers.

The study established that both managers and customers perceived promotion strategies as important strategies for exploiting microinsurance opportunities. There was no significant difference between mean variances of the two groups. This implies that both groups equally perceived promotion as important. Considering the channel of communication that the two groups would perceive as most necessary for reaching BOP market, both groups ranked radio communication and phone messages as the most preferred.

The findings also agree with Leftley (2005) who also noted that insurance is a business of trust that requires promotional strategies aimed at building trust of low-income individual.

The study established that both customers and managers of the insurance firms perceived distribution strategies to be very vital in exploiting microinsurance opportunities. This was revealed by results that demonstrated that there was no

significant difference between means for customers and managers perception for distribution strategies. Microinsurance product distribution through digitalized means such as mobile money and USSD payments were ranked highly by both managers and customers. The study also revealed that both customers and managers perceived an individual with a business and those with daily earnings to be the most appropriate target customers that distribution strategies should aim at. The findings concur with Sułkowska (2021) and Umar, François and Ra'ees (2020) who asserted that for insurers to succeed in the market, they ought to scale up distribution strategies through use of digitalized distribution, service providers and stretch points of sale to bottom of pyramid customers.

5.1 Recommendations

With insurance being considered a business of trust (Leftley, 2005), there is a need for insurers to meet the demands of the customers and given that microinsurance products are a good fit for low-income customers who toil to earn 1.04 dollar per day for both consumption and meeting other demands such as handling emergencies, there is a need for insurers to put customers' interests at the forefront. In this study, it has been established that customers and insurers differ on what they consider as appropriate market entry requirements and strategies for tapping microinsurance opportunities at BOP market. As a result, insurers should focus more on acceptability and awareness by offering valuable microinsurance products such as health cover products and creation of awareness for microinsurance products via radios.

Additionally, this study recommends insurers to adopt digitalized distribution strategies which is customers' preference in Uganda's BOP market. The focus should be on the use of mobile money and Phone USSD modes of payment that were highlighted by majority of the customers as the cheapest and quickest approaches of subscribing to microinsurance. This may be backed by the statistics that show that there are 27.67 million cellular mobile connections in Uganda and over 34 million registered mobile money customers (Uganda Communication Commission Report, 2022).

There is also need for insurers to revise their pricing strategies for microinsurance products in Uganda by considering the levels of income of the targeted customer. This study established that majority of the customers would prefer to pay 500 Uganda Shillings per day as compared to managers who would wish customers to pay 1000 Uganda Shillings per day for microinsurance products. Because of this gap, the success of microinsurance products is likely to be jeopardized. In this case, it is appropriate for insurers to engage customers in pricing, so that both customers and insurers interests are considered because it will not make sense if insurers can not break even neither will it if customers are not able to pay for the products.

5.2 Limitations and Further Research Areas

The study had some limitations and therefore we urge future studies to explore more in the area of microinsurance uptake in Uganda.

First, the study applied a cross sectional survey design approach which was limited to a single point in time and yet microinsurance is evolving. The BOP market is becoming largely unpredictable with purchase behaviors changing every now and then. As a result, this study recommends a further research using a longitudinal approach to establish how changes in customers' purchase behavior in BOP market would affect the market entry requirements and strategies used by insurers at different period intervals.

Secondly, the study was mainly an exploratory study that focused on establishing the gap between what insurers considered appropriate market entry requirements and strategies for exploiting microinsurance opportunities. This study therefore recommends a further study to focus on establishing the effect of marketing strategies used by insurers on adoption of microinsurance products by BOP market.

The study should also be conducted to establish the effect of stakeholder engagement on the uptake of microinsurance in Uganda.



REFERENCES

- Adebayo, E. F., Uthman, O. A., Wiysonge, C. S., Stern, E. A., Lamont, K. T., & Ataguba, J. E. (2015). A systematic review of factors that affect uptake of community-based health insurance in low-income and middle-income countries. *BMC Health Services Research*. <https://doi.org/10.1186/s12913-015-1179-3>
- Akotey, O.J., Osei, K.A. and Gemegah, A. (2011), The demand for micro insurance in Ghana, *Journal of Risk Finance*, Vol. 12 No. 3, pp. 182-194.
- Anderson, J. (2006). A Structured Approach for Bringing Mobile Telecommunications to the World's Poor. *The Electronic Journal of Information Systems in Developing Countries*, 27(1), 1–9. <https://doi.org/10.1002/j.1681-4835.2006.tb00179.x>
- Asian Development Bank. (2017). *Assessment of Microinsurance as Emerging Microfinance*.
- Bagus, U., François Jurd, D. G., Ra'ees Mahmood, & Manji, Q. (2020, Dec 16). Africa's insurance market is set for take off. *McKinsey Insights*, Retrieved from <https://www.proquest.com/magazines/africa-s-insurance-market-is-set-takeoff/docview/2470457915/se-2?accountid=173659>
- Banerjee, A., Duflo, E., & Hornbeck, R. (2014). Bundling health insurance and microfinance in India: There cannot be adverse selection if there is no demand. *American Economic Review*, 104(5), 291–297.
- Bendig, M., & Arun, T. (2016). Uptake of Multiple Microinsurance Schemes : Evidence from Sri Lanka. 41(2), 205–224. <https://doi.org/10.1057/gpp.2015.36>
- Biener, C., & Eling, M. (2012). Insurability in Microinsurance Markets: An Analysis of Problems and Potential Solutions. 37(1), 77–107. <https://doi.org/10.1057/gpp.2011.29>
- Brown, W., & Churchill, C. (1999). *Providing insurance to low-income households: Part I: A primer on insurance principles and products, Microenterprise best practices project*. Bethesda, MD: DAI/USAID1–92.
- Castro-Molina, F. J. (2018). Abraham Maslow, human needs and their relationship with professional caregivers. *Cultura de Los Cuidados*. <https://doi.org/10.14198/cuid.2018.52.09>

- Chikweche, T., & Fletcher, R. (2012). Revisiting the marketing mix at the bottom of pyramid (BOP): From theoretical considerations to practical realities. *Journal of Consumer Marketing*, 29(7), 507–520. <https://doi.org/10.1108/07363761211275018>
- Coy, M. J. (2019). Research Methodologies: Increasing Understanding of the World. *International Journal of Scientific and Research Publications (IJSRP)*. <https://doi.org/10.29322/ijsrp.9.01.2019.p8511>
- Elabed, G., & Carter, M. R. (2015). Compound-risk aversion, ambiguity and the willingness to pay for micro-insurance. *Journal of Economic Behaviour & Organization*, 118, 150–166.
- Eling, M., Pradhan, S., & Schmit, J. T. (2014). The Determinants of Microinsurance Demand. 39(2), 224–263. <https://doi.org/10.1057/gpp.2014.5>
- Elo, S., Kääriäinen, M., Kanste, O., Pölkki, T., Utriainen, K., & Kyngäs, H. (2014). *Qualitative Content Analysis*. SAGE Open. <https://doi.org/10.1177/2158244014522633>
- Financial Sector Deepening. (2018). Report on Uptake of Insurance Services in Uganda.
- Guha-Khasnobis, B., & Ahuja, R. (2004). Extending formal insurance to the informal economy workers in India. Parallel session 3.2. EGDI and UNU-WIDER.
- Insurance Regulatory Authority of Uganda.(2020). Annual Insurance Market Report.
- Jose, S., & Buchanan, F. R. (2013). Marketing at the bottom of the pyramid: Service quality sensitivity of captive microfinance borrowers. *The Journal of Consumer Marketing*, 30(7), 573-582. doi: <https://doi.org/10.1108/JCM-03-2013-0499>
- Joshi, R., Chauhan, V., & Choudhary, V. (2021). Marketing of Life Insurance to the Indian BOP Segment: A Literature Review Using the 4A Framework. *IUP Journal of Marketing Management*, 20(4), 208–226.
- Kajwang, B. (2021). Factors Influencing the Uptake of Microinsurance Products. *International Journal of Strategic Management*, 1(1), 59-68.
- King, J. (2017). IMF world bank: Microinsurance - financial protection - will the sun shine on african microinsurance? *The Banker*, Retrieved from <https://www.proquest.com/trade-journals/imf-world-bank-microinsurance-financial/docview/1938603925/se-2?accountid=173659>
- Koven, R. C., & McCord, M. J. (2014). Is there a business case for microinsurance? *Best's Review*, (6), 76-78. Retrieved from <https://www.proquest.com/trade-journals/is-there-business-case-microinsurance/docview/1609199529/se-2?accountid=173659>
- Leftley, R. (2005). Technical Assistance for the Promotion of Microinsurance The Experience of Opportunity International. 11.
- Lloyd's & Microinsurance Centre. (2009). Insurance in Developing Countries: Exploring opportunities in microinsurance. *Lloyds' 360's Risk Insight*.
- Magliano, R. P. (2017). *The Uganda Microinsurance Context (Vol. 9)*. Edizioni Nuova Cultura.

- Mason, K., Chakrabarti, R., & Singh, R. (2017). Markets and marketing at the bottom of the pyramid. *Marketing Theory*, 17(3), 261–270.
<https://doi.org/10.1177/1470593117702286>
- Moura, C. (2010). Beyond social responsibility: Microinsurance: Reaching the poorest of the poor. *LIMRA's Market Facts Quarterly*, 29(3), 54-63. Retrieved from <https://www.proquest.com/trade-journals/beyond-social-responsibility-microinsurance/docview/758898039/se-2?accountid=173659>
- Namugenyi, B. (2019). An assessment of the factors affecting the uptake of micro insurance in Uganda: A case study of Wandegaya Market (Doctoral dissertation).
- Olaosebikan, O., & Adams, M. (2014). Prospects for micro-insurance in promoting micro-credit in sub-Sahara Africa. <https://doi.org/10.1108/QRFM-09-2012-0028>
- Platteau, J., De Bock, O., & Gelade, W. (2017). The demand for microinsurance: A literature review. *World Development*, 94, 139. Retrieved from <https://www.proquest.com/scholarly-journals/demand-microinsurance-literature-review/docview/1899014950/se-2?accountid=173659>
- Radermacher, R., & Brinkmann, J. (2011). Insurance for the Poor? *Journal of Business Ethics*, 103(SUPPL.1), 63–76. <https://doi.org/10.1007/s10551-012-1223-8>
- Reeves, M., & Sabharwal, N. (2013). Microfinance and mobile banking for the bottom of the pyramid. *Journal of Enterprising Communities*, 7(2), 155–166.
<https://doi.org/10.1108/17506201311325805>
- Rejda, G. E. (2012). Social insurance and economic security, UK.
- Santos, N. J. C., Laczniak, G. R., & Baker, S. M. (2009). Marketing to the poor: An integrative justice model for engaging impoverished market segments. *Journal of Public Policy and Marketing*, 28(1), 3–15. <https://doi.org/10.1509/jppm.28.1.3>
- Sebageni, G. (2002). Assessing the Demand for Microinsurance in Uganda. June.
- Sekaran, U., & Bougie, R. (2010). *Research method for business: A skill building approach*, 5th edition. In United States: John Wiley & Sons Inc.
- Ssembajjwe, B. (2020). An evaluation of the impact of microfinance on poverty alleviation: Evidence from Uganda. *Acta Universitatis Danubius. Œconomica*, 16(5).
- Sułkowska, W. (2021). In search of opportunities for development of microinsurance by drawing on the experience of previous generations. *Ekonomia i Prawo*, 20(4), 861-873: <https://doi.org/10.12775/EiP.2021.051>
- Taherdoost, H. (2018). *Sampling Methods in Research Methodology; How to Choose a Sampling Technique for Research*. SSRN Electronic Journal.
<https://doi.org/10.2139/ssrn.3205035>
- Tangeland, T., Vennesland, B., & Nybakk, E. (2013). Second-home owners' intention to purchase nature-based tourism activity products - A Norwegian case study. *Tourism Management*, 36, 364–376.
- Uganda National Household Survey Report(2017). Poverty in Uganda.
- Umar, B. François, J., Ra'ees, M. (2020). The African insurance market is set for take-off. McKinsey & Company, December, 10.

ANNEXES

Appendix One: Questionnaire for Managers

Dear Respondent;

This questionnaire is intended to collect data regarding market entry requirements and strategies that insurers have been considering important for tapping microinsurance opportunities in the Ugandan Market. The study is aimed at supporting insurance players in the industry develop effective strategies for reaching out to the customers at the Bottom of pyramid. I humbly request you to provide some insights based on your knowledge and experience to the study. The information you provide will strictly be confidential and used only for study purposes. You are kindly requested to spare few minutes to respond to the questionnaire. This study is carried out under the supervision of the Insurance Training College of Uganda. If you require any additional information or wish to obtain the study's findings, please contact us at the following location and/or our contacts.

We thank you in advance for accepting to work with us.

Contact person: Mwebesa Richard
Tel. 0776-712962/0758-712962
Email: richardmwebesa707@gmail.com

8. What is the most preferable means for customers paying for microinsurance products?

- a) Phone USSD payment
- b) Banking payment
- c) mobile money
- d) Automated deductions from airtime
- e) Collections from community-based groups
- f) Others specify.....

9. Which of the following is the most preferred periodic payment for microinsurance products by low income customers?

- a) Daily
- b) Weekly
- c) Monthly
- d) Annual

10. What is the most amount low income earners often afford to pay for microinsurance products depending on their daily earnings

- a) 1000 Shs per day = 365,000 Shs per Year
- b) 500 Shs per day = 182,500Shs per year
- c) 300 Shs per day = 109,500Shs per year
- d) 200 Shs per day = 73,000 Shs per year
- e) Others specify.....

SECTION B: MARKET ENTRY REQUIREMENTS

For this section, tick appropriately the degree to which you agree or disagree with the statements using a scale provided below.

1. Strongly Disagree 2. Disagree 3. Not Sure 4. Agree 5. Strongly Agree

Evaluate your knowledge on the following		1	2	3	4	5
		SD	D	NS	A	SA
Affordability						
11.	Low-income customers often purchase a microinsurance product based on affordability					
12.	Majority of Low-income customers often pay for microinsurance products according to their daily earnings					
Awareness						
13.	Majority of low-income customers are often confident of using a microinsurance product which they are aware					
14.	Insurers have done enough promotional campaigns to create awareness					
Acceptability						
15.	Customers often accept the product that meets their demands					
16.	We have done enough to build trust from low income earners to accept the products					
Accessibility						
17.	Low-income customers are often interested in using a microinsurance product that easily reach them on time					
18.	We have reach out to most localities in Uganda with microinsurance products					

Relating to responses above, provide further explanation below if any.

19. Please rank the market requirements below from the most to the least preference according to your perception of what you think customers consider important if insurers are to serve the low-income customer effectively. (Rank from 1-4 as an order from highest preference to the least preference where 1=highest preferred to 4 = least preferred)

Requirement	Rank
Awareness	
Acceptability	
Affordability	
Accessibility	

C. Strategies of reaching out to low income customers

Tick appropriately the degree to which you agree or disagree with the statements below. Use the scale of;

1. Strongly Disagree 2. Disagree 3. Not Sure 4. Agree 5. Strongly Agree

	Statement	1 SD	2 D	3 NS	4 A	5 SA
	Product strategies					
20.	Customers purchase microinsurance products that only satisfy their demands and expectation					
21.	Customers often prefer microinsurance products that are simple for them to use					
22.	The products that prioritize the low-income customers would be bought more					
23.	We have micro-insurance products that fit low-income customer segment					
24.	Customers are often attracted to products whose brand name boosts trust in the insurer					
	Pricing strategies					
25.	Transparent and well-explained prices stimulate low-income customers to purchase microinsurance products					
26.	Charging different prices according to risks would stimulate customers to purchase microinsurance products					
27.	When prices are set according to customer purchase power, more microinsurance products are purchased					
28.	We have microinsurance products' prices that fit the demands of low-income customers.					

	Promotional strategies					
29.	Conducting educational promotions for microinsurance products encourages customers to buy a product					
30.	Collaboration with government to create awareness increases customers confidence to use microinsurance products					
31.	Whenever we promote our products, customers often understand the product and get interested to purchase the products					
32.	Promotions that emphasize how premium payments are made register tremendous success					
33.	Customers often get motivated to buy insurance if clear and simple language is used to explain product terms and benefits					
	Distribution strategies					
34.	Customers often find it easy to buy microinsurance product from the agents in the area					
35.	Customers are often willing and find it easy to access microinsurance products through digital means like mobile phone					
36.	We have digitalized distribution mechanisms for our microinsurance products					

Appendix Two: Questionnaire for Customers

Dear Respondent;

This questionnaire is intended to collect data regarding what customers perceive to be important market entry requirements and strategies for insurance players to consider if they are to effectively reach out to the low-income customers in Uganda. The study is aimed at supporting insurance players in the Industry to design mechanisms of serving low income customers effectively. I humbly request you to provide some insights based on your knowledge and experience to the study. The information you provide will strictly be confidential and used only for study purposes. You are kindly requested to spare few minutes to respond to the questionnaire. This study is carried out under the supervision of the Insurance Training College of Uganda. If you require any additional information or wish to obtain the study's findings, please contact us at the following location and/or our contacts.

We thank you in advance for accepting to work with us.

Contact person: Mwebesa Richard
 Tel. 0776-712962/0758-712962
 Email: richardmwebesa707@gmail.com

8.As a customer, which of the following means would you prefer to use when paying for micor-insurance products?

- a) Phone USSD payment
- b) Banking payment
- c) mobile money
- d) Automated deductions from airtime
- e) Collections from community-based groups
- f) Others specify.....

9.Which of the following is the most preferred periodic payment for micro-insurance products?

- a) Daily
- b) Weekly
- c) Monthly
- d) Annual

10.What is the most amount you would afford to pay for micro-insurance products depending on their daily earnings?

- a) 1000 Shs per day = 365,000 Shs per Year
- b) 500 Shs per day = 182,500Shs per year
- c) 300 Shs per day = 109,500Shs per year
- d) 200 Shs per day = 73,000 Shs per year
- e) Others specify.....

SECTION B: MARKET ENTRY REQUIREMENTS

For this section, tick appropriately the degree to which you agree or disagree with the statements using a scale provided below.

1. Strongly Disagree 2. Disagree 3. Not Sure 4. Agree 5. Strongly Agree

Evaluate your knowledge on the following		1 SD	2 D	3 NS	4 A	5 SA
Affordability						
11.	I would purchase a product that is affordable to me					
12.	I would pay for a microinsurance product according to my daily earnings					
Awareness						
13.	I am often confident of using a microinsurance product that I am aware.					
14.	There is a need to for insurance players to increase promotional campaigns to create awareness					
Acceptability						
15.	I would only accept the product that meets my demands					
16.	The insurers have done enough to build trust from low-income earners to accept the products					
Accessibility						
17.	I would get interested in using a microinsurance product that easily reaches me on time					
18.	Insurance players have reached my locality with microinsurance products					

Relating to responses above, provide further explanation below if any.

19. Please rank the market requirements below from the most to the least preference according to your perception of what you would consider important for insurer to emphasize if they are to serve the low-income customer effectively. (Rank from 1-4 as an order from highest preference to the least preference where 1=highest preferred to 4 = least preferred).

Requirement	Rank
Awareness	
Acceptability	
Affordability	
Accessibility	

C. STRATEGIES OF REACHING OUT TO LOW INCOME CUSTOMER

Tick appropriately the degree to which you agree or disagree with the statements below. Use the scale of;

1. Strongly Disagree 2. Disagree 3. Not Sure 4. Agree 5. Strongly Agree

	Statement	1 SD	2 D	3 NS	4 A	5 SA
	Product strategies					
20.	I would purchase microinsurance products when it satisfies my demand and expectation					
21.	I would purchase microinsurance products that is simple for me to use					
22.	The products that prioritize the low-income customer would be bought more					
23.	The insurers have often brought microinsurance products that fit low-income customer demands					
24.	I am attracted to insurance products whose brand name boosts my trust for the insurer					
	Pricing strategies					
25.	Transparent and well explained prices stimulate me to purchase microinsurance products					
26.	Charging different prices according to risks would stimulate me to purchase microinsurance products					
27.	When prices are set according to my purchase power, I would purchase microinsurance products					
28.	The prices of microinsurance products fit into my demands					

	Promotional strategies					
29.	The insurance players should carry out educative promotions for microinsurance products if I am to buy a product					
30.	When insurance players collaborate with government to create awareness, I would gain confidence to use microinsurance products					
31.	When promotion is done by insurance players for me to understand the product, I would purchase the products					
32.	Promotions should often emphasize how premium payments are made					
33.	I would be willing to buy insurance if clear and simple language is used to explain product terms and benefits					
	Distribution strategies					
34.	I would find it easy to buy microinsurance product from the agents in the area					
35.	I would be willing and finding it easy to access microinsurance products through digital means like mobile phone					
36.	Insurers have digitalized distribution strategies to reach out to low-income customers					

Appendix Three: Interview Guide for qualitative data

1. What do you always consider before choosing a microinsurance products to purchase in terms of the following

- The microinsurance product
- The pricing of these microinsurance products
- The way distribution is done
- The promotions about micro insurance products

2. What do you think insurance players have not yet done and should do to ensure they register a breakthrough into the low-income market in terms of;

- Their microinsurance products
- Their pricing for microinsurance products
- The way distribution is done
- The creation of awareness

Appendix Four: The Budget

	Activity	Unit	Unit Cost (UGX)	Amount (UGX)	Justification
a	PHASE I: INFORMATION SOURCE				
1	Stationery and internet				
2	Printing paper	04 Ream	20,000	80,000	
3	Internet subscription	01x5 Month	120,000	600,000	Required to have access to internet sources
	Sub – total Phase I			680,000	
	PHASE II: DATA COLLECTION				
1	Training Research Assistants (RAs)	03 RAs x 2days	30,000	180,000	They will need time to be compensated
2	Data collection tools	01	1,280,000	1,280,000	Used to simplify data collection in Covid era
3	Costs for data collection (Transport 10,000, Lunch 10,000 Facilitation 30,000)	3 RAs x 15 working days	50,000	2,250,000	To facilitate the process of data collection
4	Allowance for administering interviews by the chief investigator (Transport 10,000, Lunch 10,000 Facilitation 40,000)	1 x 5 working days	60,000	300,000	To facilitate the process of data collection
	Sub – total II			4,010,000	
	PHASE III: DATA ANALYSIS & REPORT WRITING				
1	Data entry/Transfer to SPSS	01	100,000	200,000	For data management
2	Data Analyst hire	01	600,000	600,000	Required to produce output from the analysis
3	Cost of data analysis	01	2,400,000	2,400,000	To generate findings
4	Sub-total			3,200,000	
	CONSULTATION COSTS				
	University consultants (Kyambogo University and Makerere University)	02 consultants x 4 times	150,000	1,200,000	Required to support proof reading and validating research instruments
	Plagiarism tests	01 x 2 days	50,000	100,000	To ensure compliance to ethical principles
	Sub-total			1,300,000	
	Other Costs				
	Transport costs at the field	20 days	30,000	600,000	Facilitate movement and coordination of data collection
	Meals at the field	07 days	30,000	210,000	
	Sub-total			810,000	
	Subtotal Phase III			5,310,000	
	GRAND TOTAL			10,000,000	

Appendix Five: The Workplan

ACTIVITIES	TIME (MONTHS 6)					
	May	June	July	Aug	Sept	Oct
1. Research proposal writing and presentation						
3. Development of research instruments and pilot study						
4. Data collection, data input, data analysis and writing of the draft report						
5. Compilation and submission of the final report						

