

Is digital motor insurance in fast lane or dead end?

As the country accelerates toward reform, uneven roll-out and lingering gaps reveal that the road ahead may be far from smooth.

BY RACHEAL NABISUBI

Uganda is steering into a new era of motor insurance, swapping paper stickers for digital verification in a bid to modernise coverage and curb fraud. The system promises speed, transparency, and peace of mind for motorists.

Yet as the country accelerates toward reform, uneven roll-out and lingering gaps reveal that the road ahead may be far from smooth.

Clare Atukwasa, who recently got a digital motor third sticker, told *Business Outlook* that fuel station agents often act as gatekeepers, refusing to print stickers unless purchases are made directly from them.

"Some even inflate prices, pocketing the difference, leaving motorists frustrated and questioning transparency," Atukwasa revealed, adding that self-service options could save money, but network glitches and traffic officers unfamiliar with the system expose drivers to unnecessary risk.

In remote areas, delays in validation add to the hassle. This persists, with many Ugandans unaware that the system even exists. All of this points to the need for an information campaign where product clarity ought to be prioritised.

For instance, several drivers *Business Outlook* sounded out were clueless about what happens if they miss a renewal. Does the unpaid year carry forward, or will penalties apply, one asked directly? Such ambiguity undermines confidence.

Step in the right direction

Despite these hurdles, the digital sticker system is widely seen as a step toward streamlining insurance. Greater education, stronger agent accountability, and better communication with enforcement officers could unlock its full potential—turning promise into progress. Yet there is a lot of work to be done.

Data from the 2025 insurance report reveals a troubling picture. Out of more than two million vehicles on Uganda's roads, only 577,000 took up motor third-party insurance, a product that is mandatory under the law. Commercial vehicles accounted for just 135,000 pol-



Traffic on Jinja Road in Kampala last week. In 2025, insurers sold 577,000 motor third-party policies across motorcycles, commercial vehicles, and private cars. PHOTO/GEOFFREY MUTUMBA

icies, while motorcycles, including boda bodas, stood at only 88,000.

"This is alarming given that Kampala alone is estimated to have nearly half a million boda bodas, and nationwide figures hover around two million. Even more concerning is the downward trend. In 2023, at least 115,000 motorcycles were insured. In 2024, the number dropped to 104,000. By 2025, it had fallen further to 88,000, a 14 percent decline in just one year," Mr Jonan Kisakye, the Chief Executive Officer of Uganda Insurers Association, said.

Despite the low uptake, motor third-party insurance remains a significant contributor to government revenue. In 2025 alone, the product generated Shs16.3b in stamp duty and Shs4.3b in Value Added Tax (VAT), amounting to more than Shs20b annually. This translates to Shs1.7b flowing into government coffers from just one product each month.

Currently, there are ongoing efforts to promote the digital Motor Third Party (MTP) product, which offers a convenient digital option for users. This is done in a way that when customers pay for this product, they'll receive a digital sticker, eliminating the need for a physical one.

"Our current numbers indicate that adoption of this product is quite low. It's crucial to address this issue, not just from a marketing perspective but also to ensure the public understands the legal implications. Operating a vehicle without this product is against the law," Mr Kisakye said.

Mr Sande Protazio, the director of strat-

ISSUE

Data from the 2025 insurance report reveals a troubling picture. Out of more than two million vehicles on Uganda's roads, only 577,000 took up motor third-party insurance, a product that is mandatory under the law. Commercial vehicles accounted for just 135,000 policies, while motorcycles, including boda bodas, stood at only 88,000.

egy, research, and market development at the Insurance Regulatory Authority (IRA), emphasised that MTP insurance is mandatory.

"While approximately 700,000 vehicles are insured annually, there are nearly two million vehicles on the road, highlighting significant non-compliance with insurance regulations," Mr Protazio stated, adding: "Through our discussions, we recognised that although we are fulfilling our regulatory responsibilities, challenges remain on the enforcement side. Many vehicles may display MTP insurance stickers, but a substantial number of these are not legitimate. It appears that some individuals are obtaining their insurance stickers from unofficial sources."

Mr Protazio added that the IRA frequently receives complaints from individuals who claim their insurers deny any knowledge of policies they took out

with them. To address this issue, the IRA is taking proactive measures. One proposed solution is to reduce potential manipulation through digitisation.

By enabling consumers to purchase insurance stickers via a digital platform, law enforcement can use mobile devices to verify the authenticity of the insurance associated with a vehicle. If a sticker is found to be fake, it can be quickly identified. This approach aims to assure consumers they are genuinely protected.

Push for amendments

Uganda's MTP insurance system is undergoing reform to restore public trust. Long plagued by outdated laws, counterfeit stickers, and weak enforcement, the product has struggled to gain traction, with dangerously low uptake figures.

The rollout of digital stickers has been a breakthrough. Payments are made via mobile money or online platforms, stickers are issued instantly, and police can verify authenticity in real time. Adoption has surged, proving digitisation is the future of compliance.

But technology alone cannot solve the problem. The Motor Vehicles Third Party Risks Act, dating back to 1989, caps compensation at Shs1 million—about \$300 (Shs1.1m) today. What was meaningful then is now inadequate, barely covering medical costs.

"The law is outdated and no longer reflects economic realities," Kisakye said, noting that low compensation discourages compliance and leaves victims underprotected.

The IRA has since drafted proposals

limits, revised premium rates, and inclusion of government vehicles, which, despite being one of the largest fleets, are currently exempt from MTP. An actuarial study is underway to determine sustainable premium structures, since insurers retain as little as Shs4,000 from a motorcycle premium of Shs45,000, yet must pay out up to Shs1m.

Already, insurers have introduced enhanced MTP policies.

"Just as airtime comes in different denominations, motorists can now choose higher coverage levels at corresponding premiums," Kisakye disclosed.

For commercial operators, this is critical: if an accident claim exceeds the Shs1m cap, the vehicle owner must pay the difference out of pocket. Enhanced cover provides a safety net that better reflects real risks.

Reforms also target government fleets, recommending mandatory coverage and the development of a National Insurance Policy to guide protection of State assets and employees. Alternative models such as a government insurance fund, are being explored to manage costs.

Going forward...

The industry's immediate goal is to double compliance, raising insured vehicles from 550,000 to at least one million. With digital platforms simplifying access and police enforcement tightening, insurers believe this target is achievable. Motorists are reminded that failure to comply attracts fines of Shs100,000 to Shs200,000, far higher than the Shs68,000 cost of a private car sticker.

Mr Kisakye notes that MTP insurance is not just a legal requirement. "It is a social protection tool. With digitisation closing loopholes and reforms on the horizon, Uganda's insurance industry is determined to make compliance easier, compensation fairer, and public trust stronger."

MTP insurance is not new. Introduced under the Motor Vehicles Third-Party Risks Act of 1989, it is a legal requirement designed as a social protection product. It covers bodily injury or death of pedestrians and fare-paying passengers in commercial vehicles. Importantly, it does not cover the vehicle owner, damage to vehicles, or property.

"The policy protects the third party—the pedestrian injured in an accident or the passenger in a taxi—not the owner of the vehicle," Mr Kisakye said, adding that liability limits are set by law: up to Shs1m per person, capped at Shs10m if more than 10 people are injured in a single accident.

In 2025, insurers sold 577,000 motor third-party policies across motorcycles, commercial vehicles, and private cars. But the traditional paper-based system was prone to inefficiencies, fraud, and delays. The digital migration branded Digital aims to streamline processes, improve transparency, and make it easier for motorists to access cover.

"The digital scheme brings convenience, accountability, and faster claims processing," Mr Kisakye explained, adding that motorists can now purchase and verify policies online, while accident victims benefit from quicker compensation."