



**BULLETIN OF THE INSURANCE MARKET
PERFORMANCE**

**A STATISTICS DEPARTMENT QUARTERLY
SYNOPSIS OF THE INSURANCE MARKET
FIRST QUARTER, 2021**

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Introduction

The Nigerian Insurance Sector Data has revealed a sustained elasticity and noticeable market deepening capacity for the first quarter of 2021. This is obvious with a record of market expansion in terms of Premium generation of about two hundred and eleven billion (N210.8b) naira during the period, growing at a rate of about nine (8.7%) per cent.

The figures in a descriptive analytical technique, further chart insights into the market behaviour during the quarter.

1.1 Gross Premium Income - Performance

Gross premium income in the first quarter 2021 stood at N210.8billion, an impressive occasion attributable to the gradual total re-opening and recovery of the Nigerian economy since the effect of the novel COVID-19. Table 1 maps the contribution of premium by each class of business.

Table 1: Gross Premium Income: Non-Life & Life Businesses: Q1, 2021

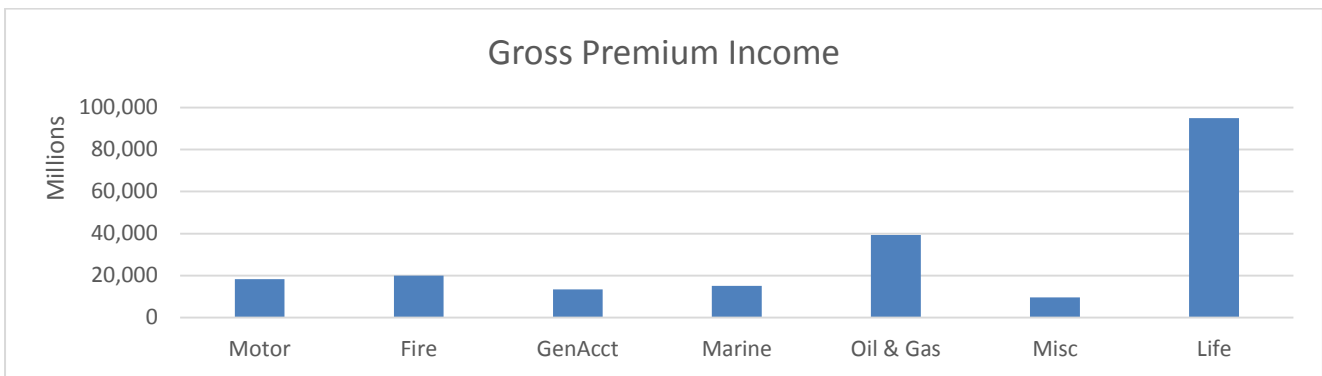
Currency: ₦-Million

Motor	Fire	Gen. Accident	Marine	Oil & Gas	Misc.	Life	Total
18,348.60	19,975.46	13,443.51	15,058.25	39,324.40	9,644.08	95,010.76	210,805.06

Data collated from the sector indicate a growth rate of 8.7% year on year, a notable development compared to the Nigeria's real Gross Domestic Product (GDP) growth of 0.5% during the same period.

Proportional contribution of each class of business is provided for in Chart 1, signifying the continued market share relevance of Life Insurance business as driven by its component of Annuity.

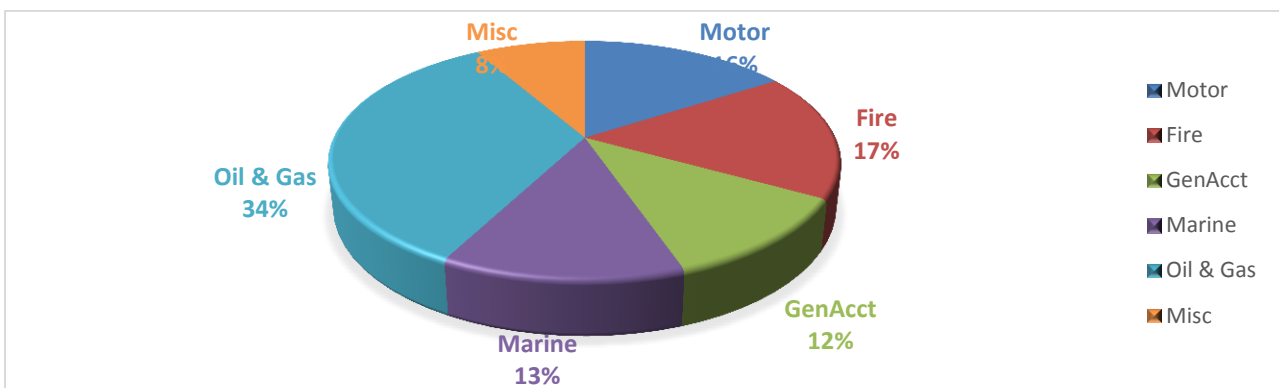
Chart1: Gross Premium Income By Class - Non-Life & Life Business: Q1, 2021



The Non-Life segment as seen in the figures sustained its market dominance with 54.9% of the total premium generated albeit, in a continually declining mode. Insights in the segment show Oil & Gas as the leading driver, at 33.9% with Fire at a far distant second at 17.3%. Motor Insurance stood at 15.9% while Marine & Aviation, General Accident and Miscellaneous reported a share of 13.0%, 11.8% and 8.3% in that order. Life business on the other hand recorded 45.1% of the market production as it gradually closes up in the share of the industry gross premium. The share of Annuity business stood at 38% of the total Life Insurance gross premium as the segment was led by Individual Life business at 43% contribution.

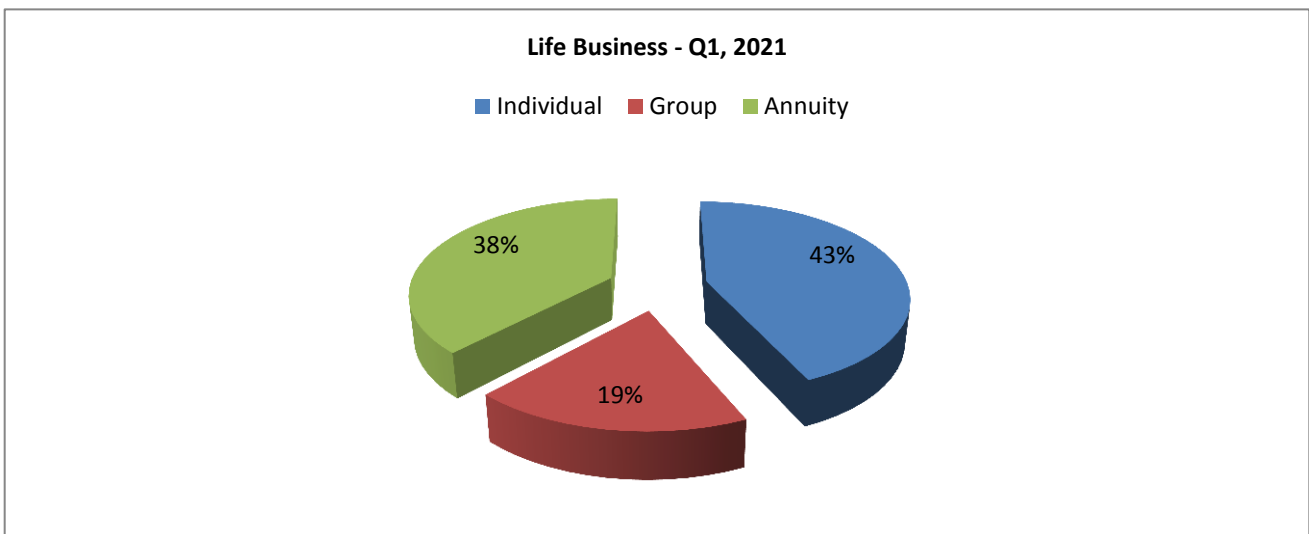
The info-graphic representations of the non-life and life businesses are further illustrated by Charts 2 and 3 herein.

Chart 2: Distribution of Gross Premium Income - Non Life



In an obvious bounce back of the Marine & Aviation businesses as the economy recovers, its relative contribution to the pool increased by two points from its place of about 11% in the fourth quarter of the preceding year. Contributions of Fire and Motor businesses however, remained flat compared to the previous period. A further insight into the Life business on the other hand is shown by figure 3.

Chart 3: Contribution of Gross Premium Income - Life

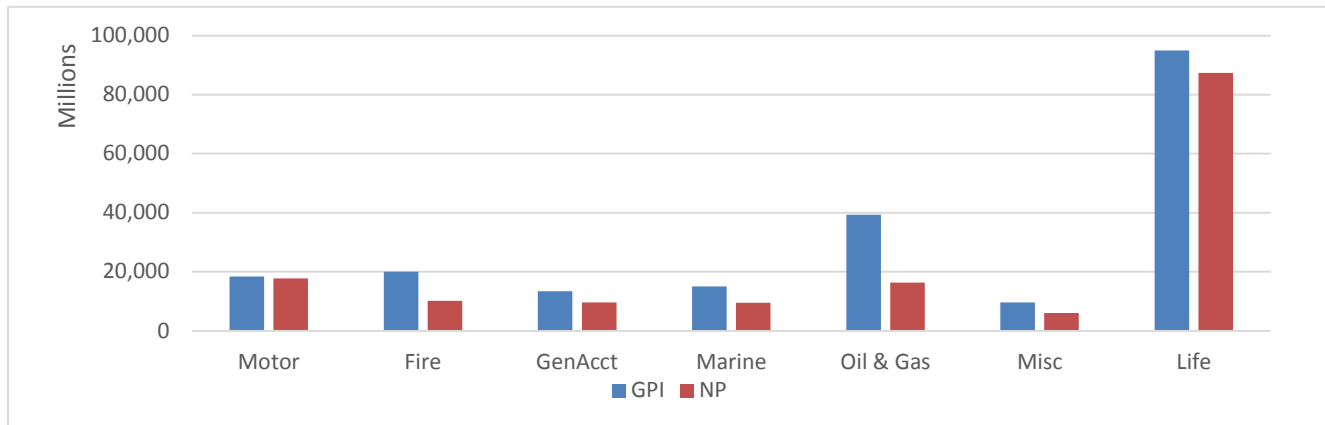


1.2 Premium Retention Capacity

Despite the obvious operational challenges in the financial sector, underwriters remained significantly confident as evidenced by the relevant retention positions in the sector. The Life business retention for the period was 91.7% while non-life recorded a ratio of 59.7%.

Chart 3 illustrates the relative retentions of various classes of Insurance business during the first quarter.

Chart 4: Relative Premium Retention - Q1, 2021



Analytical insight of performance by various classes in the non-life segment of the market as revealed in Table 2 shows that all classes stood at an above average position except, in the Oil & Gas (41.4%) business where retention capacity of local underwriters fell below average.

Table 2: Retention Ratios of Various Classes of Non-Life - Q1, 2021

Motor	Fire	Gen. Accident	Marine	Oil & Gas	Misc.	Total
96.5	50.6	71.3	62.8	41.4	61.9	59.7

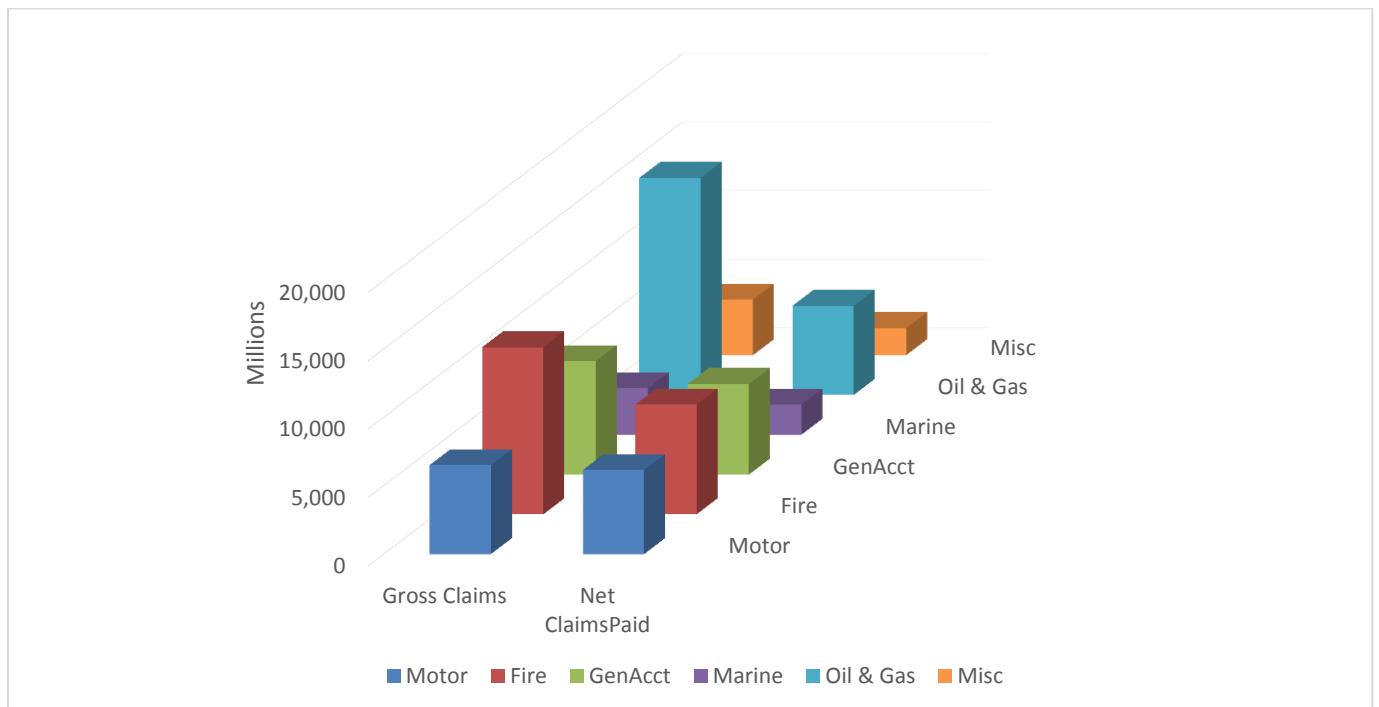
2. Insurance Claims Component

More public enlightenment with regards Insurance claims and, indeed growing confidence had resulted to increased gross claims reported. In Q1 of 2021, it was reported at N168.8billion which is eighty (80.1%) per cent of all premiums generated during the period. This occasion is a call for a need of faster relativity growth in premium generation and adequate rate quoting. The growing confidence is supported by the Statistics of net claims paid of N147.3billion, signifying an 87.3% of gross claims reported during the period. The Life Insurance business

recorded an almost perfect point of 97.8% claims settlement against reported claims while non-life segment stood at 62.6 per cent.

Chart 5, provides the relative industry Gross and Net claims reported and paid in non-life section of the market.

Chart 5: Comparative Sequence of Gross and Net Claims for Non-Life: Q1, 2021



The pattern of the percentage claims settlement was a direct reflection of the market retention position, except again for the Oil & Gas business (41.1%); in all other classes the ratio of net claims paid recorded an above average position against the figures reported with Motor at an exceptional ratio of 94.5%. This is brilliantly followed by General Accident (79.9%), Fire (65.7%), Marine (64.7%) and Miscellaneous (48.7%).

Table 3 provides the percentage of net claims paid against total claims reported with respect to non-life classes for the period.

Table 3: Percentage Claims Settlement of Non-Life - Q1, 2021

Motor	Fire	Gen. Accident	Marine	Oil & Gas	Misc.	Total-Non Life
94.5	65.7	79.9	64.7	41.1	48.7	62.6

Performance in the Oil & gas portfolio continue to lag as a result of skill gaps in the sector, additional short term measures are sure necessary aside the on-going recapitalisation drive and the local content enforcement, to reverse the massive capital plight in that corner of the market.

3. Profitability of the Sector

The market held a less robust regime during the period, recording a loss ratio of 94.1% overall average, about two points higher than the immediate past quarter of the preceding year. However, that experience was particularly swayed by the massive net claims ratio of the Life Insurance (133%) as the non-Life section was much profitable recorded just about 45.6% loss ratio during the same period. The non-life has sustained its good profitability standing which is good for market confidence as only profitable ventures could easily settle policyholders' obligations.

The surge of claims paid in Life Insurance segment of the market, mostly attributable to the COVID-19 phenomenon is expected to quickly normalise. Seven (7) underwriters with a record of loss ratios above 100% and seventeen (17) others at above 50% were responsible for the surge. Nonetheless, the overall profitability of the industry and its outlook especially, remains good and suitable for gainful returns on investment.

Table 4 provides insight into the number of Insurers with highest loss ratios, with at least 100% or greater during the period.

Table 4: Loss Ratios for Insurers in Q1, 2021

Composite	Non-Life	Life	Reinsurance	Total
5	1	1	0	7

4. Market Concentration Risk

The market vulnerability associated with over concentration was more acute in the Life sector relative to Non-Life whereby, top three Life Insurance institutions controls about sixty four (63.6%) of the total Life market in contrast to only thirty one (31.0%) per cent controlled by the top three in the Non-Life segment. Eighty seven (87.2%) per cent of all life business is concentrated in the top ten (10) of players in the market and, only about five (4.7%) per cent is life business premium was contributed by the least ten (10) players in the portfolio.

On the other hand, the top ten (10) underwriters in the Non-Life section of the industry contributed about sixty four of the gross premiums income while just one (1.4%) per cent of the market was controlled by the least ten (10) insurance companies operating the non-life business during the period under review. Although the non-life proved more competitive, it is however only on relativity basis but, not adequate in terms of exposure to market concentration risks vulnerabilities.

5. The Market Size

The Sector recorded a N1.99 trillion in total assets which indicates a contraction of 4.3% compared to 2.08 trillion reported in Q4, 2020. The industry balance sheet reported a significant decrease in the Liquid Assets of the market at 15.8% which is attributable to substantial outflows occasioned by Claims settlement regime of the industry during the quarter.

Table 5 provides the necessary insight into the Market size of the Insurance sector in first quarter of 2021.

Table 5: Total Assets in Millions of Naira - Q1, 2021

Insurance Business	N Mn
Non-Life Insurance Business	1,515,806.7
Life Insurance Business	476,886.6
Total	1,992,693.3

From the above, the industry could be defined as sound. In cognisance also to the on-going digitisation, recapitalisation, market deepening drives and inward investment flows from abroad, the market remain an embodiment of a positive outlook . The market deepening drive of the Commission while achieving its enlightenment component as seen in the confidence surge, should also focus on catalysts of premium generation and inclusion of the un-serviced into the Insurance net. It is strongly recommended that the current strides on market deepening and inclusion be sustained while monitoring and, evaluation of policies be adequately enshrined as a guide to supervisory performance.