



**BULLETIN OF THE INSURANCE MARKET  
PERFORMANCE**

**A STATISTICS DEPARTMENT QUARTERLY  
REPORT OF THE INSURANCE MARKET  
SECOND QUARTER, 2021**

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## Introduction

This chronicled analysis of the Insurance industry Statistics is a representation of the Market behavior in the quarter two of 2021. It depicts a whooping expansion in market performance of about forty six per cent (45.8%), quarter on quarter, posting ₦307.4billion in gross premium income. The Statistics also signified a higher market retention propensity, recorded a better business profitability and a modest industry expansion.

### 1.1 Gross Premium Income - Performance

Gross premium income in the second quarter of 2021 stood at ₦307.4billion, a whooping expansion in performance at about forty six per cent (45.8%), quarter on quarter. This is in clear reflection to the continued reopening of the economy. Table 1 maps the contribution of premium by each class of business.

**Table 1: Gross Premium Income: Non-Life & Life Businesses: Q2, 2021**

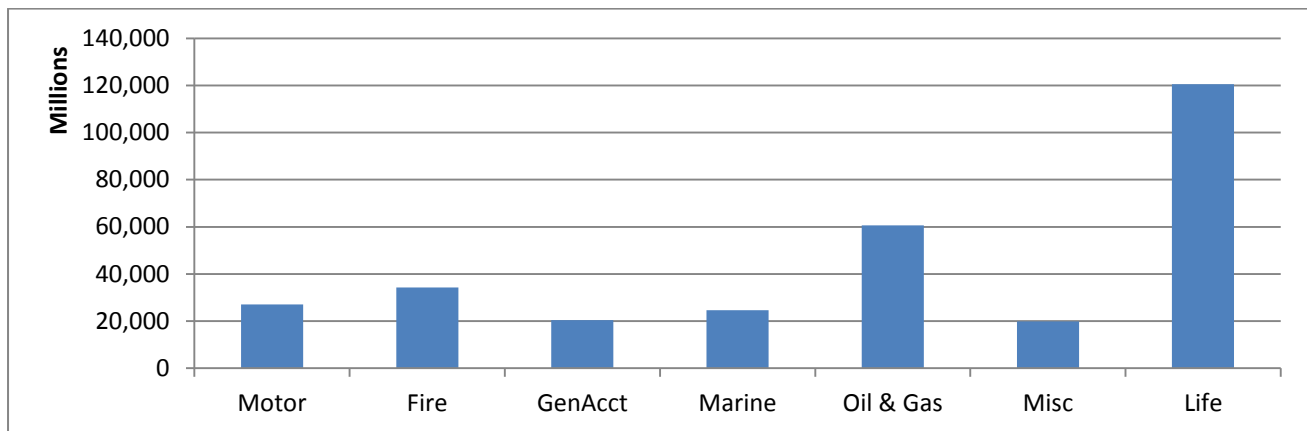
Currency: ₦Billions

Motor	Fire	Gen. Accident	Marine	Oil & Gas	Misc.	Life	Total
27.04	34.22	20.47	24.66	60.67	19.89	120.45	307.40

The market Data revealed that the industry grew at a far higher rate than the Nigeria's Gross Domestic product (GDP) which recorded a negative one per cent (-0.8%) during the same period on a quarter on quarter basis, a notable development owing to not just reopening of the economy but, growing market confidence and awareness.

Comparative descriptive of each class of business is further highlighted in Chart 1, signifying the sustained increase in the relevance of Life Insurance business share in the industry.

**Chart1: Gross Premium Income By Class - Non-Life & Life Business: Q2, 2021**

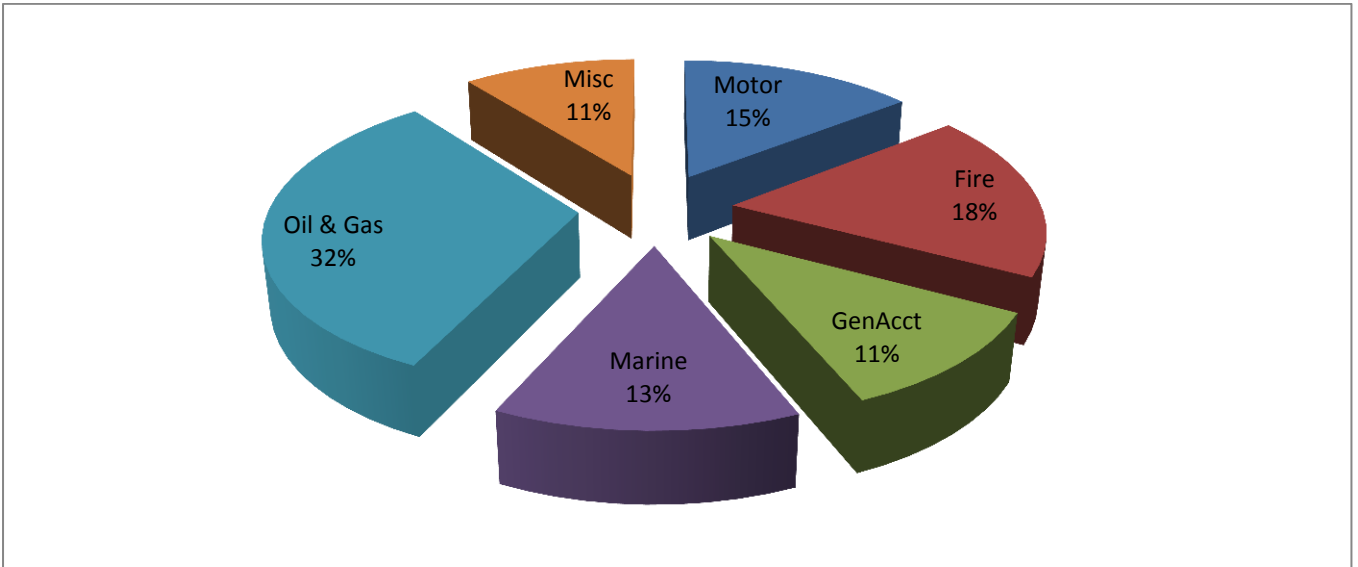


The share significance of Non-Life segment sustained its lead at about sixty one per cent (60.8%) on the whole with the life business contributing a total share of thirty nine per cent (39.2%). Figures shows that the Life segment despite its increasing relevance, recorded a declined share of the market in the second quarter compared to the preceding period when it stood at forty five per cent.

Insights in the Non-Life section show that Oil & Gas sustained its market share leadership at 32.5i% though slightly lower compared to its share in the first quarter of 33.9%. This is followed by Fire Insurance (18.3%), Motor Insurance (14.5%), Marine & Aviation (13.2%), General Accident (10.9%) and Miscellaneous (10.6%) in that order. On the other hand, Life business was driven by Individual Life insurance (57.6%), following the established trend as was recorded in period preceding. Group life contributed a distant second (24.3%) and then Annuity business with a control of eighteen per cent (18.1%%) of all premiums generated in the Life segment of the Insurance industry during the second quarter.

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

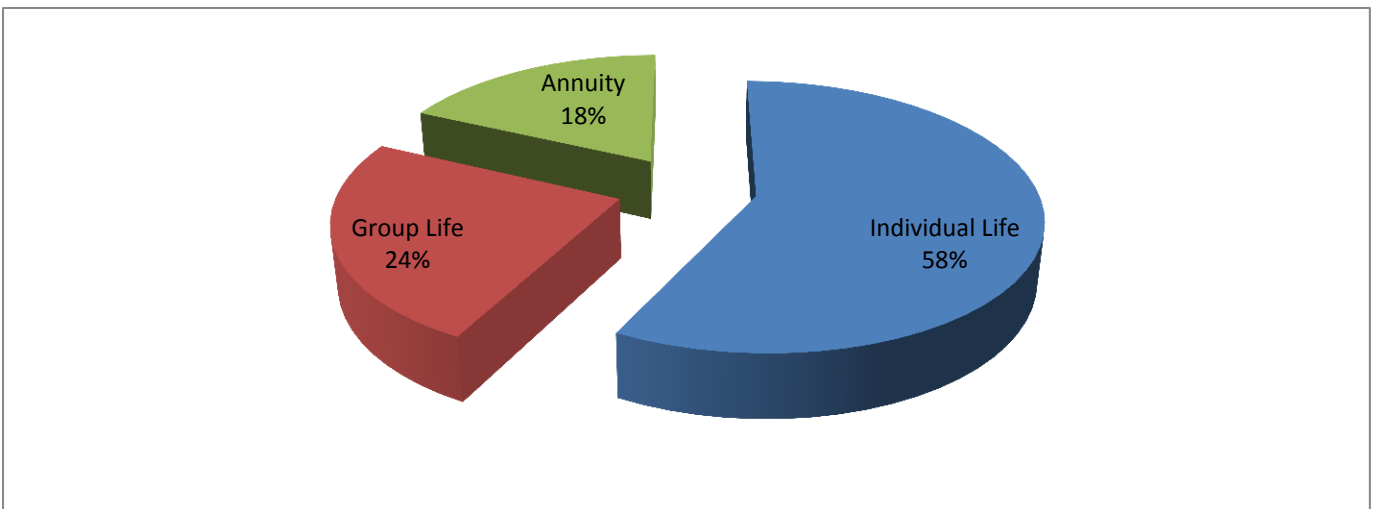
**Chart 2: Distribution of Gross Premium Income - Non Life**



Marine & Aviation sustained a relative flat share at 13% signifying stability as the economy continues to reopen. The contributions of Motor and Oil & Gas also drop by about two and two points respectively when compared to the first quarter while Fire Insurance share of the market in terms of Premium income generation gained by one point at 18%.

For the life business section of the industry, a further insight is represented by figure 3.

**Chart 3: Contribution of Gross Premium Income - Life**

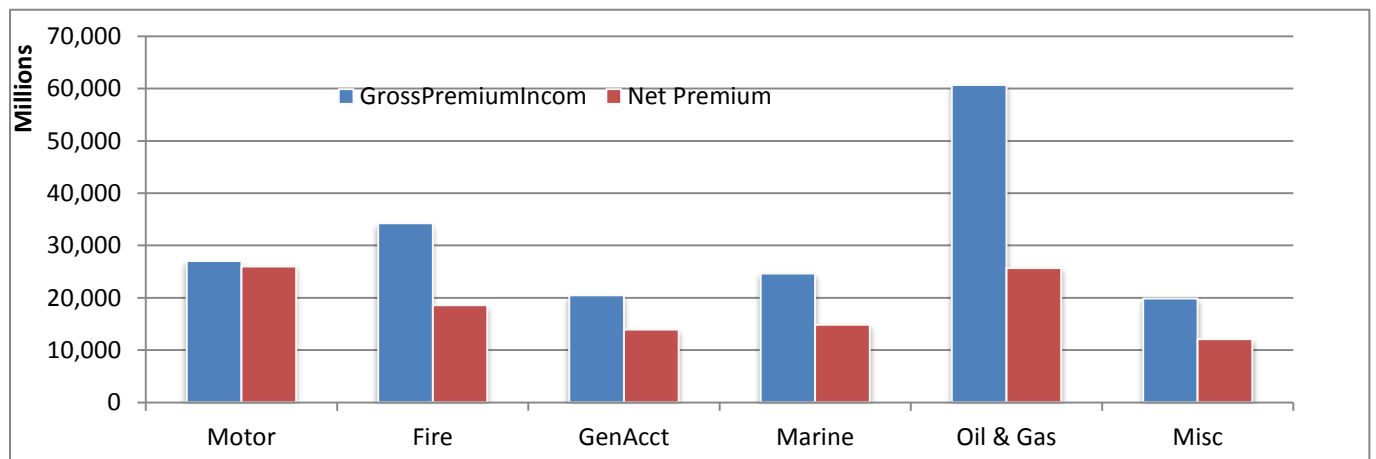


## 1.2 Premium Retention Capacity

Despite the evident operational, macroeconomic and the on-going pandemic challenges, underwriters remained significantly confident as evidenced a sustained retention capacity of overall industry average at seventy one per cent (71.1%), recorded in the second quarter. On the scale of individual classes, the Life business stood at 89% albeit, a slide from its position of the first quarter (91.7%). In the Non-Life segment, Motor Insurance reported the highest retention of ninety six per cent (96.0%) while Oil & Gas had the least at forty two per cent (42.3%). It is abundantly obvious that for a better retention capacity of the special risk coverage of Oil and Gas, the industry would aside the recapitalisation, also need an urgent human capacity development in such a technical area of insurance business. Overall Non-Life business retention during the period was reported at fifty nine per cent.

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

**Chart 4: Relative Premium Retention - Non-Life**



Analytical insight of performance by various classes in the non-life segment of the market as revealed in Table 2 shows that the market sustained its posture of the previous period in maintaining an above average retention. The same is true at the micro basis of individual businesses except for the Oil & Gas (42.3%) which continually remained below average despite a slightly positive improvement of one point increase from its previous position.

**Table 2: Retention Ratios of Various Classes of Non-Life - Q2, 2021**

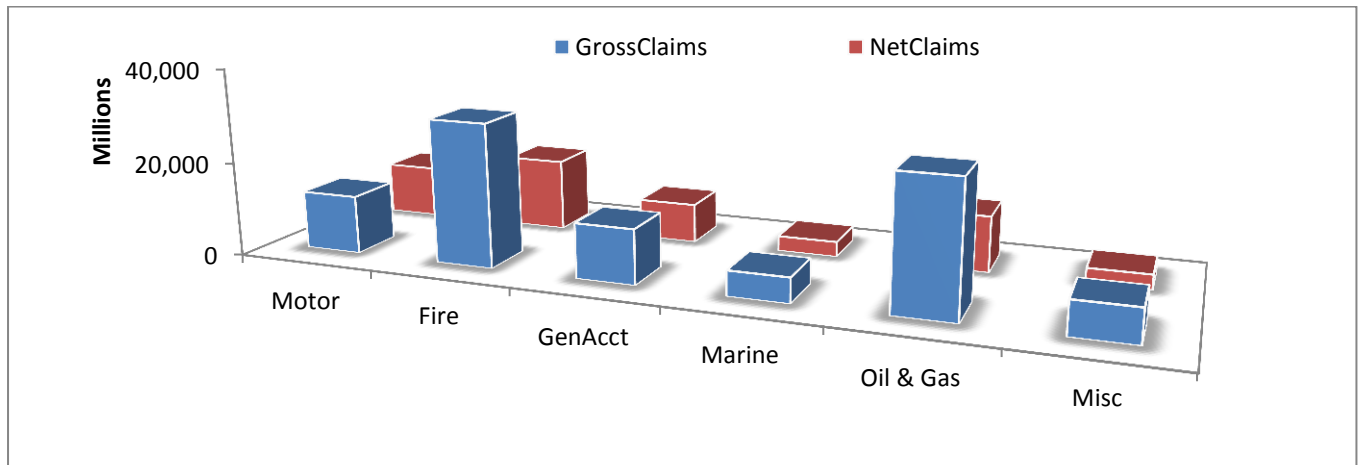
Motor	Fire	Gen. Accident	Marine & Aviation	Oil & Gas	Misc.	Total
96.0	54.3	67.9	60.1	42.3	60.8	59.4

## 2. Insurance Claims Component

Claim remains one of the most essential components of the insurance business model, without which there would have been no reason to insure. Due to the continued and deliberate regulatory measures with regards public awareness and enforcement of timely claims settlement, claims continue to grow in reportage and timely settlement as demonstrated by the second quarter market Statistics. Reported Claims grew at 3.4% compared to the preceding period to stand at N174.5billion, representing about fifty seven per cent (56.7%) of all premiums generated during the period. This is a huge improvement relative to the last occasion when it was 81% of the gross premium income. It is suggested that the industry should improve on prudent underwriting and expertise to attain profitability as going concern entities. The impressive Statistics of net Claims paid of the industry also stood at N126.2billion, signifying a seventy two per cent (72.3%) of all Claims reported during the period under review. The Life Insurance business although dropped by six points compared to the first quarter record still was put at ninety one per cent (91.4%) settlement ratio as against the reported portion while the Non-Life segment trailed at fifty six per cent (56.3%) during the quarter.

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: Q2, 2021**



The directional behaviour of the Claims paid sustains a direct reflection of the market retention view whereby it shows a positive trajectory with the industry retention behaviour during the year. It is also noticeable that in all classes, except in the Oil & Gas (42.8%) and Miscellaneous (44.9%) businesses; the ratio of net claims paid as against reported claims stood above average. In the Non-Life it recorded over ninety per cent (90.4%) for Motor as highest and fifty one per cent (50.7%) for Fire as the least both of which, dropped from the positions preceding of 94.5% and 65.7% respectively. The ratio in Life business was impressively above ninety one per cent (91.4%) as fully settled claims against total reported claims before all necessary adjustments during the period.

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 - Q2, 2021**

Motor	Fire	Gen. Accident	Marine	Oil & Gas	Misc.	Total-Non Life
90.4	50.7	72.0	61.0	42.8	44.9	56.3

It is an obvious fact that the much needed performance in the Oil & Gas portfolio continue to lag behind due to technical and financial constraints, therefore for a long term breakthrough, aside the on-going recapitalisation drive and the local content enforcement, a deliberate investment in human and capital resources in highly and urgently needed in the market.

### 3. Profitability of the Sector

Notably the industry registered a thirty six point improvement in profitability stage compared to its previous position. The market held a net loss ratio of about fifty eight per cent (57.7%) during the period, a modest development relative to a loss ratio of 94.1% overall industry average in the first quarter. The experience was particularly driven by a robust performance of Non-Life sustaining its positive trajectory at 48.2% net loss ratio in the current period, a good omen for attraction of investment into the sector as the industry recapitalises.

Drivers for lower net loss ratios were mainly some seventeen (17) Insurers with a record of net loss ratios not above twenty five per cent (25%). In the overall analysis, despite the fact that this is an occasion for the second quarter period, it is yet an indication of a healthy performance in the market as is depicted by increased volume in Premium generation and improved retention capacity of the market.

Table 4 provides insight into the number of Insurers with lowest figures of the net loss ratios, with at least 25% or lower during the period.

**Table 4: Loss Ratios for Insurers in Q2, 2021**

Composite	Non-Life	Life	Reinsurance	Total
2	9	5	1	17

#### **4. Market Concentration Risk**

The negative exposure associated with over concentration of market share continue to be more apparent in the Life segment of the industry compared to Non-Life whereby, top three Life Insurance institutions controls about fifty per cent of all premiums generated during the period, though with substantial improvement compared to its prior position. This dominion is worse for the least ten of Insurers underwriting the Life business when it is found that less than one per cent of all premiums generated in the market is contributed by the least class.

On the other hand, the top ten (10) underwriters in the Non-Life section of the industry contributed about sixty per cent (60.2%) of the gross premiums income indicating an improvement from its prior position of 64% while a less than one per cent (0.7%) is attributed to the least ten underwriters in the Non-Life business. The top three Non-Life underwriters in the quarter also controlled about twenty six per cent (26.3%) of the market. This trend has followed a historic pattern of the industry where the Non-Life segment has always fared better in terms of Market concentration risk compared to the Life Insurers. It is however worthy to note that the number of registered Life Insures in the market is quite smaller relative to Non-Life.

#### **5. The Market Size**

The Insurance industry size grew in the second quarter at about three per cent (2.5%) quarter on quarter to close at over two trillion Naira in total Assets. This development is commendable compared to an occasion of contraction of four per cent (4.3%) recorded in the prior quarter.

Table 5 provides the necessary insight into the Market size distribution of the Insurance market in the second quarter of 2021.

**Table 5: Total Assets in Millions of Naira - Q2, 2021**

<b>Insurance Business</b>	<b>N Mn</b>
<b>Non-Life Insurance Business</b>	<b>1,560,007.7</b>
<b>Life Insurance Business</b>	<b>479,802.1</b>
<b>Total</b>	<b>2,039,809.8</b>

From the figures of market size, it is obvious that the industry is back to a positive path of growth despite the gloom in the capital market and negative effects of the COVID-19 pandemic. The industry's profitability and premium generation experiences also could be defined as sound and prospective. In cognisance to the on-going digitisation, recapitalisation and the regulatory market deepening measures, the industry will continue to sustain a positive outlook and a destination of choice for local and foreign investors.