



**BULLETIN OF THE INSURANCE MARKET
PERFORMANCE**

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

OUTLINE

1.0 Introduction

1.1 Gross Premium Income - Performance

1.2 Premium Retention Capacity

2. Insurance Claims Component

3. Profitability of the Sector

4. Market Concentration Risk

5. The Market Size

LIST OF TABLES & FIGURES

Table 1: Gross Premium Income: Non-Life & Life Businesses: Q3, 2021

Table 2: Retention Ratios of Various Classes of Non-Life - Q3, 2021

Table 3: Percentage Claims Settlement of Non-Life - Q3, 2021

Table 4: Loss Ratios for Insurers in Q3, 2021

Table 5: Total Assets in Millions of Naira - Q3, 2021

Chart 1: Gross Premium Income by Class - Non-Life & Life Business: Q3, 2021

Chart 2: Distribution of Gross Premium Income - Non Life

Chart 3: Contribution of Gross Premium Income - Life

Chart 4: Relative Premium Retention - Q3, 2021

Chart 5: Comparative Sequence of Gross and Net Claims for Non-Life: Q3, 2021

Introduction

This analytical report of the Insurance industry Statistics is a depiction of the Market performance during the period of third quarter, 2021. It shows an impressive quarter on quarter growth rate of about fifty one per cent (50.8%) to close at N463.5billion in gross premium income. The Statistics also indicated an increased market retention capacity compared to the prior period, increased industry size and, an improved business quality and profitability.

1.1 Gross Premium Income - Performance

The Gross premium income of the industry during the third quarter of 2021 was recorded at ~~N~~463.5billion, representing about fifty one per cent (50.8%), quarter on quarter. This is in clear reflection to the continued regulatory market deepening measures being carried out and, reopening of the economy. Table 1 shows the contribution of the gross premium income by each class of business for the period under review.

Table 1: Gross Premium Income: Non-Life & Life Businesses: Q3, 2021

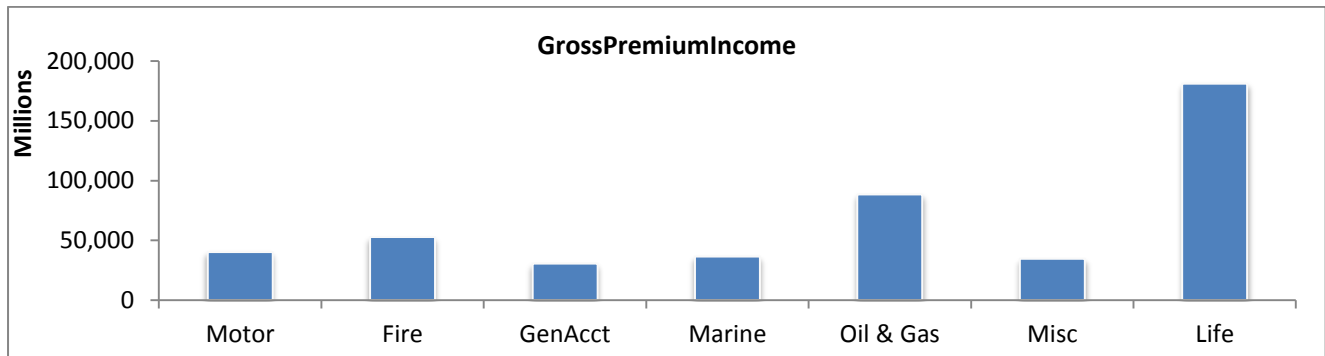
Currency: ~~N~~Billions

Motor	Fire	Gen. Accident	Marine	Oil &Gas	Misc.	Life	Total
40.2	52.6	30.4	36.4	88.4	34.4	181.0	463.5

The market Data revealed that the industry grew at a far higher rate than the Nigeria's real Gross Domestic product (GDP) which was 11.1% on a quarter on quarter basis.

Comparative impact of each class of business is further highlighted in Chart 1, signifying a sustained increase in the relative significance of Life Insurance business in the industry.

Chart1: Gross Premium Income By Class - Non-Life & Life Business: Q3, 2021

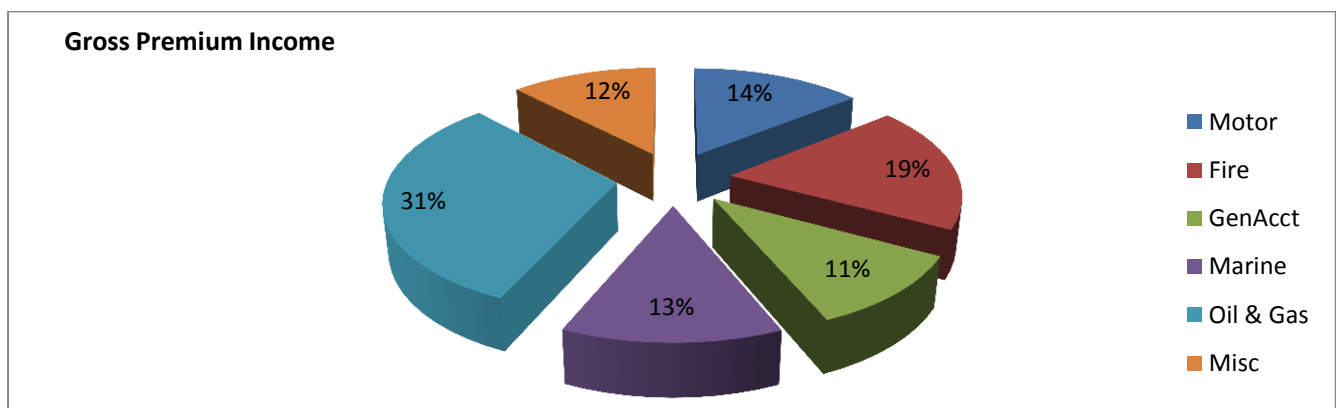


The share significance of Non-Life business sustained its dominance with a share of about sixty one per cent (60.9%), same as in the prior period while the life business held a market share of thirty nine per cent (39.1%).

In-depth analysis of the market statistics shows that in the Non-Life segment, Oil & Gas sustained its market share dominance at 31.3% but, also maintaining a downward trend it recorded since in the first quarter (33.9%) and in the second (32.5%). As it were in the prior period, is was followed by Fire Insurance (18.6%), Motor Insurance (14.2%), Marine & Aviation (12.9%), Miscellaneous (12.2%) and General Accident (10.8%) in that order. On the other hand, Life business was driven by Individual Life Insurance (57.7%), following the established trend as was recorded in the preceding quarters, with Annuity business following as second (23.7%) and then Group life (18.6%) during the period.

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

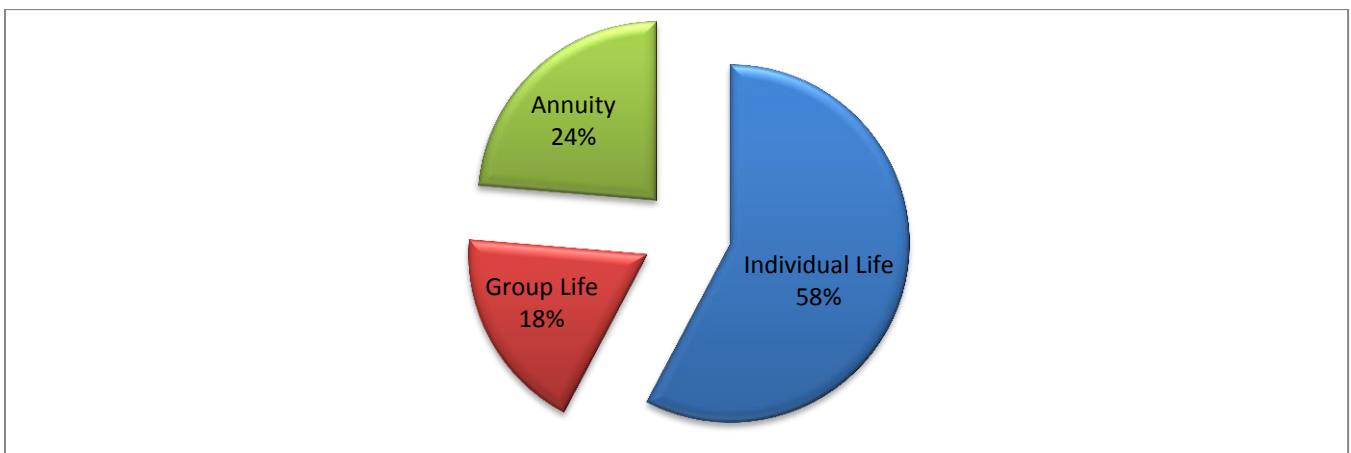
Chart 2: Distribution of Gross Premium Income - Non Life



Respective portfolios retained mostly a flat position of market share as in the prior quarter, in fact as in the two preceding periods, Marine & Aviation remained on same share position of 13%, Motor (14.2%), Fire (18.6%) and General Accident (10.8%) all retained almost the same market share positions as in the previous period.

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

Chart 3: Contribution of Gross Premium Income - Life

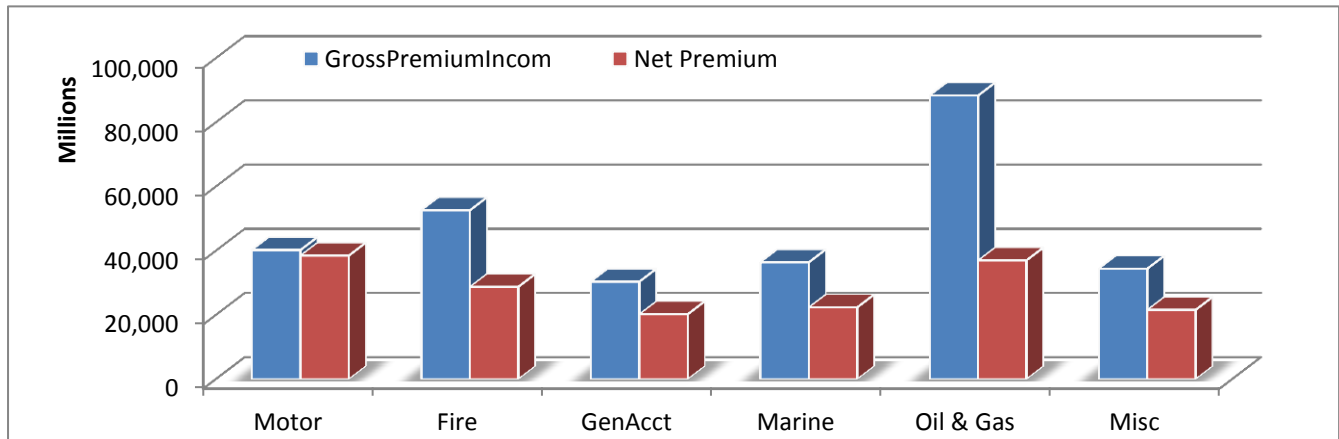


1.2 Premium Retention Capacity

Despite the apparent struggling economy, colossal operational challenges and the on-going COVID-19 pandemic, the insurance industry has continue to demonstrate resilience in terms of its capacity to retain business as evidenced by the seventy three per cent (72.7%) business retention, a two points growth compared to its prior level. On the scale of individual portfolios, the Life business stood at 93%, an upward change of a four point position relative to its position of the erstwhile quarter. In the Non-Life segment, Motor Insurance sustained its lead as the highest retaining portfolio at about ninety six per cent (95.7%) while Oil & Gas recorded the least at about forty two per cent (41.9%). It is evident that to achieve any meaningful business retention in the special risks portfolios especially Oil and Gas, the industry would need a deliberate enhancement in both human and capital resource improvements. Overall Non-Life business retention during the period was reported at about sixty per cent (59.7%), one point above its previous position.

Chart 3 illustrates the relative retentions of various portfolios of the non-life business during the third quarter.

Chart 4: Relative Premium Retention - Non-Life



Analytical insight of the market performance by various classes in the non-life segment of the market as revealed in Table 2 shows that not only that it sustained its position in the previous period the segment even recorded some modest improvement. The same is true at the micro basis of individual classes except for the Oil & Gas (41.9%) which had a slide fall in retention compared to quarter two and, continually remained below average.

Table 2: Retention Ratios of Various Classes of Non-Life - Q3, 2021

Motor	Fire	Gen. Accident	Marine & Aviation	Oil & Gas	Misc.	Total
95.7	54.7	66.6	61.5	41.9	62.8	59.7

2. Insurance Claims Component

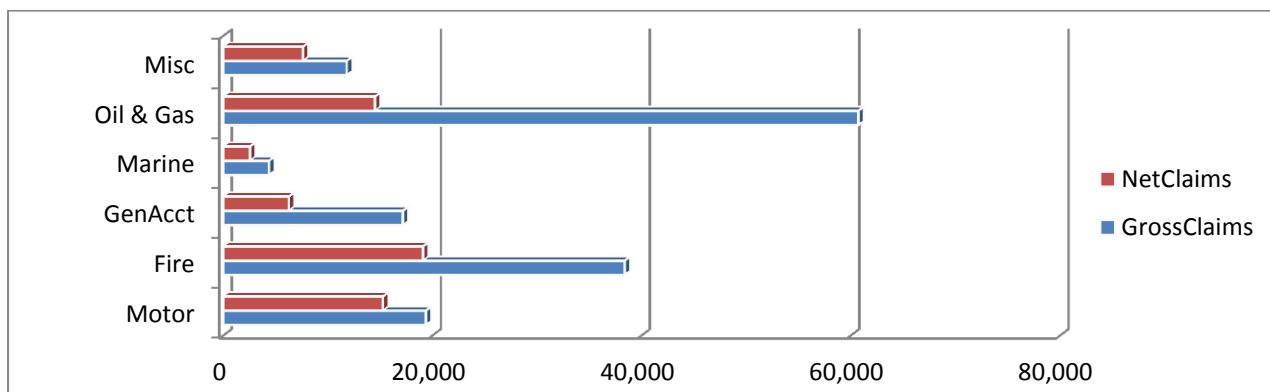
Insurance Claims performance in the third quarter of 2021 was influenced by the premium generation pattern which held a positive trend. The gross claims reported of the industry during period grew by forty two per cent (42.3%) quarter on quarter, to close at N248.4billion. The net claims paid reported at about N248.4billion also grew by about twenty five per cent

(24.6%) quarter on quarter, representing a sixty three per cent (63.3%) of the total claims reported in the industry during the period. Comparative analysis of the Claims Statistics indicates that total claims reported represents more than half (53.6%) of all premiums generated in the market over the same period. The market should continue to invest in deliberate measures for improved underwriting prudence and profitable business.

In-depth analysis of the non-life segment shows that Motor Insurance led in the percentage of claims settlement relative to reported claims by about seventy nine per cent (78.8%) while Oil & Gas was least with about twenty four per cent (23.9%). Other portfolios held an above average position except for the General Accident which stood at thirty seven per cent (36.5%). The overall non-life segment in the third quarter reported about forty three per cent (43.1%) Life Insurance business on the other hand recorded a near perfect net claims paid percentage compared to total claims reported of ninety five per cent during the period.

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: Q3, 2021



The net claims paid sustained a direct reflection of the reported claims except for Oil & Gas (23.4%), General Accident (36.5%) and to some extent, Fire insurance (49.8%) whereby the relativities were below the average, respectively. The situation of both retention capacity and claims settlement in the Oil & Gas business continue to flag the capital and expertise adequacy deficiencies in the industry. 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 - Q3, 2021

Motor	Fire	Gen. Accident	Marine & Aviation	Oil & Gas	Misc.	Total-Non Life
78.8	49.8	36.5	58.5	23.9	64.7	43.1

It might be easily mistaken for a higher underwriting prowess in the Oil & Gas portfolio with an indicative low net claims paid, however on the contrary, the relative large difference between reported insurance claims and the paid is a direct indication of low claims settlement capability as also represented by low retention capacity in the business.

3. Profitability of the Sector

The insurance industry despite its smaller relative size compared to others in the Nigerian financial system have consistently sustained its enviable growth rate and profitability strides, notably in the third quarter of 2021. During the review period, it posted an industry loss ratio of about forty seven per cent (46.7%) indicating a viable cost effectiveness in the market. That is, a ten point improvement compared to its prior position in the preceding quarter.

This is occasioned by a robust performance of Non-Life sustaining its positive trajectory at 38.9% net loss ratio in the current period which stands at a ten point improvement relative to its position in the second quarter. In the life segment of the market, the loss ratio also dropped from 67.6% to 54.6% over the period of three months in the third quarter. Drivers for lower net loss ratios were of some twenty (20) underwriters 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 third quarter, it is yet an indication of a viable cost-effective practice in the market.

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

Table 4: Loss Ratios for Insurers in Q3, 2021

Composite	Non-Life	Life	Reinsurance	Total
3	12	4	1	20

4. Market Concentration Risk

The extent and pattern of the competition intensity in the market as indicated by its concentration exposure during the third quarter remained the same as in the prior period. In the non-life business, the total premium generated in the market during the period was largely better in terms of spread across underwriters relative to the life segment. In the Life business, only top three Insurers dominated the market controlling about fifty two per cent (51.8%) of all the premiums generated in third quarter while twenty six per cent (26.4%) was true for the Non-Life section of the market. Moreover, top ten (10) underwriters in the Non-Life section of the industry contributed about sixty per cent (59.7%) of the gross premiums income indicating a continued improvement from its prior positions of 60.2% and 64% in the second and first quarters of the year respectively. This trend as observed in our earlier editions, has continue to retain 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.

5. The Market Size

The total industry Assets continue to grow in the third quarter albeit, at a slower pace compared to the preceding period. The market size stood at N2,087 billion representing about two per cent (2.3%) increase quarter on quarter. The industry is expected to soon experience an explosive growth in size if the on-going regulatory measures in terms of recapitalisation and market deepening drive are achieved.

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

Table 5: Total Assets in Millions of Naira - Q3, 2021

Insurance Business	N Mn
Non-Life Insurance Business	1,518,835.6
Life Insurance Business	568,192.1
Total	2,087,027.7

We could from the industry Statistics; infer that the market is not only profitable but sound. The lower industry net loss ratio, high premium progression rate and volume, great propensity to business retention, continued market expansion and, indeed improvement in the market concentration effect would ensure definitely, for market deepening which the industry urgently sought.