



**BULLETIN OF THE INSURANCE MARKET  
PERFORMANCE**

**STATISTICS DEPARTMENT  
SYNOPSIS OF THE INSURANCE MARKET  
SECOND QUARTER, 2022**

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## Introduction

This performance analysis of the Insurance Industry is an insight into the market behaviour in the second quarter of 2022. The market recorded about ₦369.2 Billion during the period, indicating a 20.1 per cent growth rate compared to the same period of the previous year and an impressive 65.0 per cent, quarter on quarter. The continued steady growth from the first quarter of the year correlates with the current performance of the period under review.

### 1.1 Gross Premium Income - Performance

Gross premium income in the second quarter of 2022 stood at N369.2.8billion, a notable performance as mapped in Table 1 which portrays the premium contribution by each class of the business.

**Table 1: Gross Premium Income: Non-Life & Life Businesses: Q2, 2022**

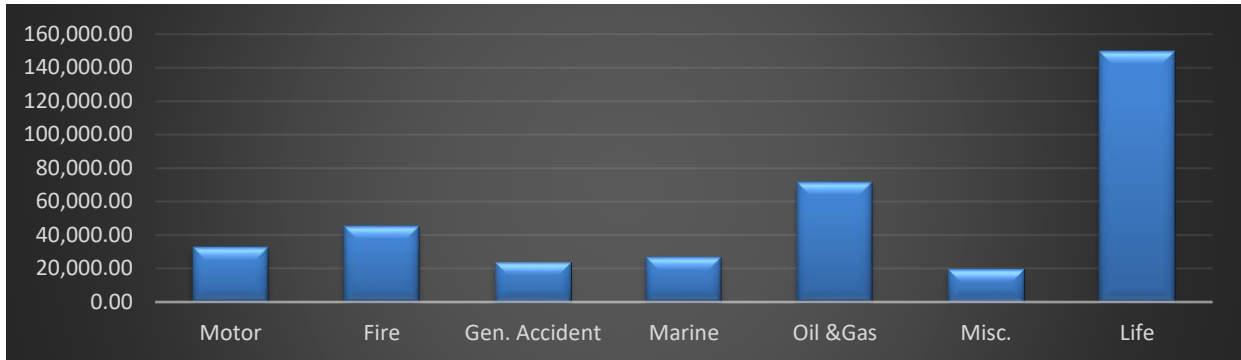
**Currency: ₦-Billions**

Motor	Fire	Gen. Accident	Marine	Oil & Gas	Misc.	Life	Total
32.4	45.3	24.0	26.9	71.2	19.4	150.0	369.2

The market data reveals that the industry grew 20.1% higher than the national real Gross Domestic Product (GDP) of 3.5% during the same period. This indicates the industry's impressive performance given the recent trajectory.

Proportional participation of each class of business is provided for in Chart 1, suggesting the continued improvement of Life Insurance business as driven by its component of the Individual Life.

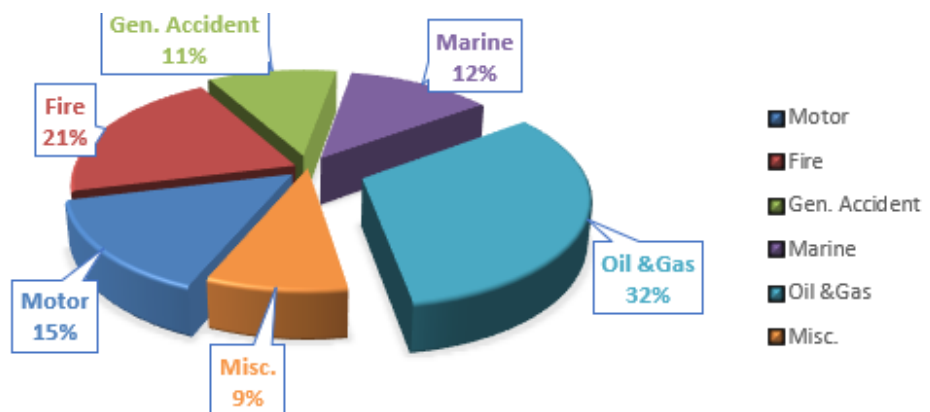
**Chart1: Premium Income by Class - Non-Life & Life Business: Q2, 2022**



The Non-Life segment as revealed in the figures, maintained its primacy at 59.3% of the total premium generated. Insights in the segment show Oil & Gas was the leading driver at 32.5% with a distant second at 20.7% for Fire. Motor Insurance stood at 14.8% while Marine & Aviation, Gen. Accident and Miscellaneous reported a share of 12.3%, 10.9% and 8.9% in this order. Life business on the other hand recorded 40.6% of the insurance market production as its share contribution, gradually closes up. The share of Annuity in the Life Insurance business logged at about Twenty-Five per cent (24.7%) while Individual Life held a major driver position at 41.8% of the premium generated during the period.

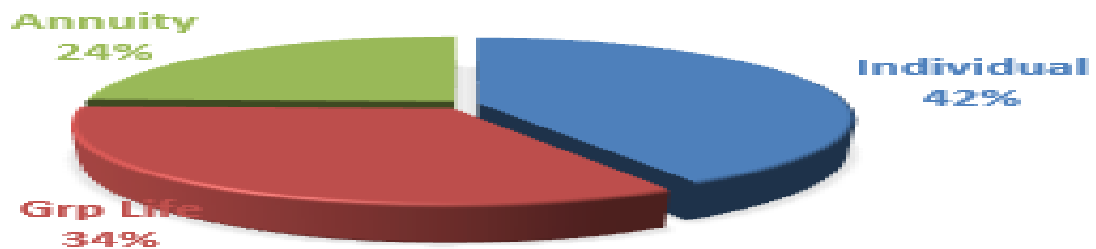
The infographic representations of the non-life and life businesses are further illustrated by Charts 2 and 3 herein.

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



A descriptive insight into the Life business composition during the period is further represented by figure 3.

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

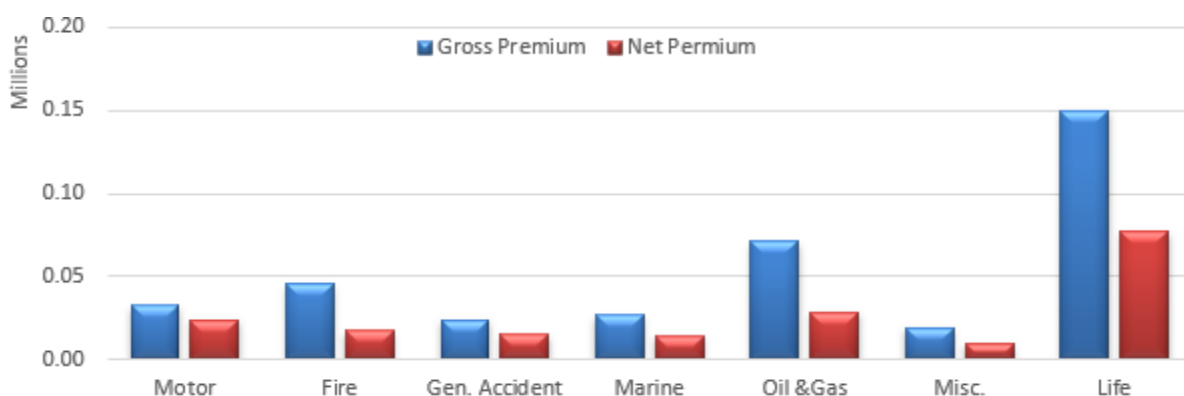


### 1.2 Premium Retention Capacity

Operational confidence remained high in spite of economic challenges in the financial system and the economy at large, as demonstrated by the relevant retention positions in the sector. The Life business retention for the period was 93% while non-life recorded a ratio of 55% as the industry average stood at about seventy-One (70.5%) per cent. The retention in the non-life despite reporting an above average level, relative to its prior position (59.4%) in the corresponding period of the preceding year, would require a focused attention for improvement as it declined by over four points representing eight per cent, year on year.

Chart 3 illustrates the relative retentions of various classes of Insurance business during the Second quarter of 2022.

**Chart 4: Relative Premium Retention - Q2, 2022**



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 for the Oil & Gas business which was held a retention of forty (40.1%) per cent. That points a decline in the Oil & Gas retention capacity in the market compared to the same period in 2021 when it recorded about forty-Two (42.3%) per cent in retention proportion.

**Table 2: Retention Ratios of Various Classes of Non-Life - Q2, 2022**

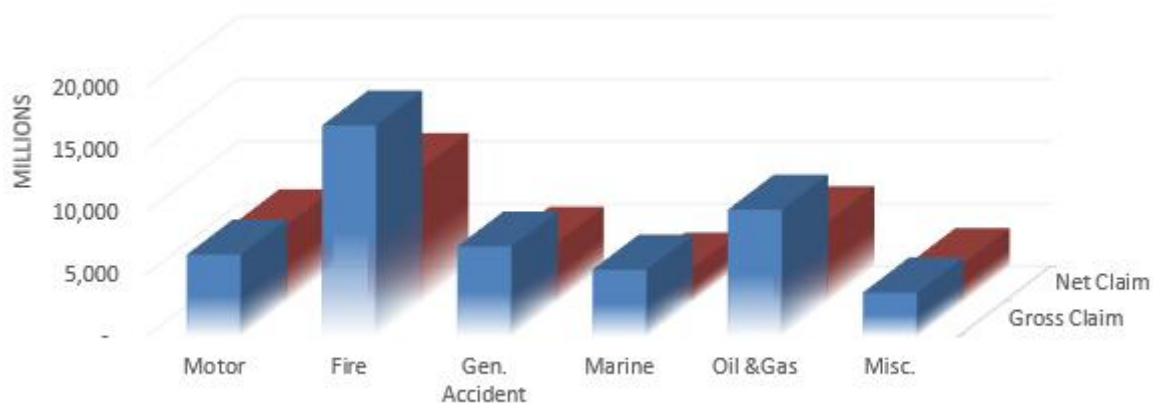
Motor	Fire	Gen. Accident	Marine & Aviation	Oil & Gas	Misc.	Total
73.8	53.2	70.7	59.1	41.6	52.1	55.0

## 2. Insurance Claims Component

The growth of the gross claims reported was (0.2%) during the quarter compared to the corresponding period of 2021. The industry Statistics for gross claims in Q2 of 2022 stood at N174.8 billion, representing 47.3% per cent of all premiums generated during the period. This occasion reflects the professional underwriting capacity of the industry as driven by the intensified regulatory activities of the Commission. The net claims paid on the other hand stood at about N148.2billion, signifying an 84.8% of all gross claims reported during the period. The Life Insurance business recorded a near perfect point of about ninety (88.90%) per cent claims settlement as against the reported claims while non-life segment stood at about seventy-seven (76.8%) per cent.

Chart 4, provides the relative industry Gross and Net claims reported and paid in the non-life section of the market.

**Chart 5: Comparative Sequence of Gross and Net Claims for Non-Life: Q2, 2022**



The percentage of incurred claims as against reported mirror the market retention view during the period. Motor Insurance retained its lead posting a claims settlement ratio of ninety-two per cent. Progress was however more noticeable in the Oil & Gas with an above eighty-five (85.7%) per cent of claims settlement ratio, an increase of some forty-three points compared to its position of 42.8% recorded in the corresponding period of 2021. Miscellaneous insurance also posted about sixty two (61.9%) per cent, higher than forty four percent paid claims ratio, compared to its corresponding period of 2021. while General Accident (75%), Fire (76.2%) and, Aviation & Marine (61.9%) followed in that order.

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 Settlement of Non-Life - Q2, 2022**

Motor	Fire	Gen. Accident	Marine & Aviation	Oil & Gas	Misc.	Total
91.6	76.2	74.9	61.9	85.1	61.9	76.8

The performance in the Oil & gas in terms of claims settlement had recorded some improvement when compared to quarter two of the previous year, a sustained market development and growing confidence in the industry would eventually improve the negative peculiarities and challenges of that section of the market.

### Profitability of the Sector

The Insurance market indeed remained profitable during the period, recording an overall industry average of about fifty-Seven per cent (56.9%), maintaining a relative position (57.7%) recorded in the corresponding period of preceding year. The Non-Life segment loss ratio stood at 43.6% while the life business stood at about sixty-nine (68.5%) per cent depicting a less profitable scenario comparatively, over the same period. The net loss ratios for non-life, bears an improved market image in the current period as compared to the preceding period when it was 48.2%.

Drivers of the loss experience are made up of some twelve (12) underwriters with a record of loss ratios above 100%. Table 4 provides insight into the number of Insurers with highest loss ratios, at least 100% or greater during the period.

**Table 4: Loss for Insurers in Q2, 2022**

Composite	Non-Life	Life	Reinsurance	Total
6	1	5	0	12

Indeed, the viability of the industry and, especially its outlook, remains good and suitable for gainful returns on investment. The COVID-19 crisis introduced opportunities for underwriters to refine their operations as there is still a lot of untapped potentials for improvements.

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

Generally, the market concentration in the Non-Life sector sustained its conducive and fair competitiveness while also remained skewed in the life segment of the market. In the Life segment, top three institutions control about forty-five per cent (45.4%) of the total Life market while the top three driver firms of the non-life segment, retained a market control of about twenty-seven (26.9%) per cent.

More so, an extension of assessment reveals that, about eighty (80.4%) per cent of all Life business is controlled by the top ten (10) players in the market compared to about sixty (60.2%) per cent in the prior period YoY. The top ten (10) underwriters in the Non-Life section of the industry contributed about sixty one (60.8%) per cent of the gross premiums income sustaining a similar scenario in the corresponding prior period. This occasion demonstrates a fairly distributed market control and a less concentration risk in the market. However, less than one per cent was the contribution of the least ten (10) players in both Life (0.13%) and Non-Life (1.23%) segments of the market.

Even so, following the historical pattern of the industry, the analysis of the market has not only improved in the current period but maintained a fairly balanced concentration especially in the Non-Life section of the industry.

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

The Sector recorded an increased rate of growth at about twelve per cent (11.9%) Quarter on Quarter with a total asset of about N2.3 trillion. The industry's financial position revealed a total of N1.2 trillion in Assets of Non-Life business while the Life business stood at about N1.1trillion.

Table 5 provides the necessary insight into the Market size of the Insurance sector in the second quarter of 2022.

**Table 5: Total Assets in Millions of Naira - Q2, 2022**

	<b>Insurance Business</b>	<b>N Billion</b>
<b>Non-Life Insurance Business</b>		<b>1,170.4</b>
<b>Life Insurance Business</b>		<b>1,113.4</b>
<b>Industry Total</b>		<b>2,283.8</b>

Statistics of the insurance market performance for second quarter 2022 revealed some quality improvements in the market indicators including growth, claims settlement and profitability. It is obvious that, the market could be adjudged as sound and stable whilst, the stance of the market deepening remains optimistic.