



**BULLETIN OF THE INSURANCE MARKET
PERFORMANCE**

**A STATISTICS DEPARTMENT QUARTERLY
SYNOPSIS OF THE INSURANCE MARKET
THIRD QUARTER, 2022**

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Introduction

The Nigerian Insurance industry in the third quarter of 2022 as captured by this analytical report, was a virtue of an excellent performance in the financial services sector of the economy. It generated about five hundred and thirty-three billion (N532.7b) naira in gross premium income at a Year on Year (YoY) growth rate of about fifteen per cent during the period.

1.1 Gross Premium Income - Performance

Gross premium income in the third quarter of 2022 stood at N532.7billion, a significant performance as mapped in Table 1 which illustrates the premium contribution by each class of the business.

Table 1: Gross Premium Income: Non-Life & Life Businesses: Q3, 2022

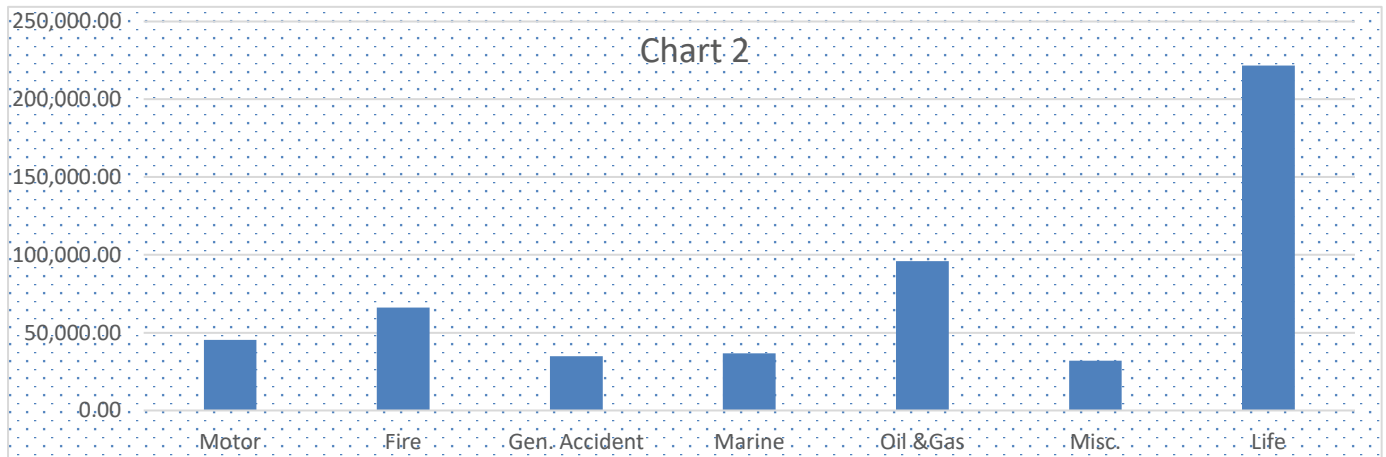
Currency: ₦-Billions

| Motor | Fire | Gen. Accident | Marine | Oil & Gas | Misc. | Life | Total |
|-------|------|------------------|--------|-----------|-------|-------|-------|
| 45.3 | 66.2 | 34.8 | 36.7 | 95.9 | 32.0 | 221.8 | 532.7 |

Likened to the Nigeria's growth in real Gross Domestic Product (GDP) of 2.3% during the same period, the industry fostered at a higher rate of about fifteen (14.9%) per cent growth rate, an impressive performance once again.

The relative contribution of each class of business is provided for in Chart 1, representing the continued development of the Life Insurance business as driven by its component of the Individual Life.

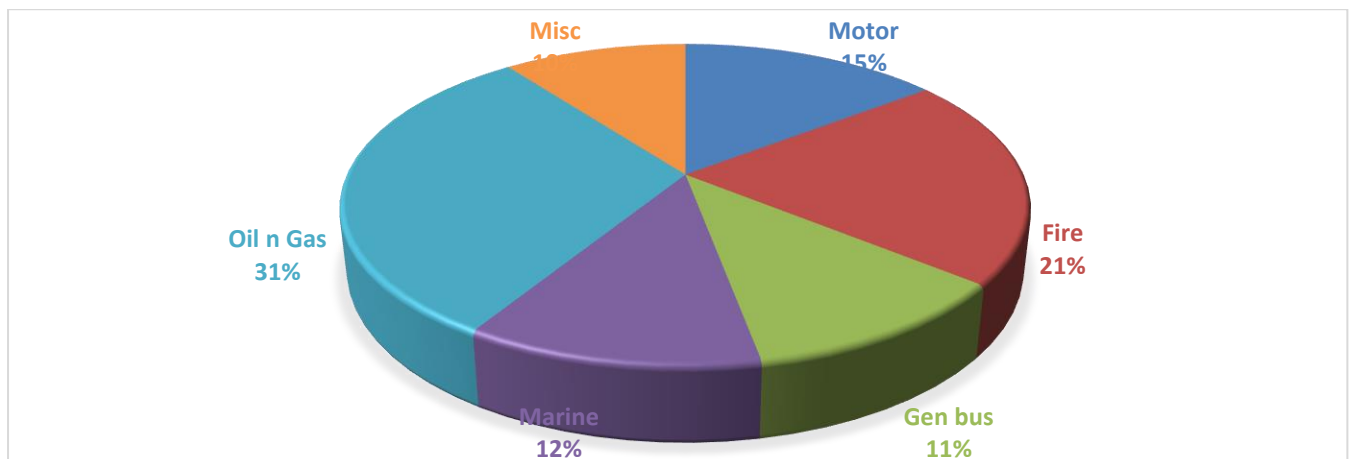
Chart1: Gross Premium Income By Class - Non-Life & Life Business: Q3, 2022



The Non-Life segment as revealed from the data, sustained its market dominance at 58.4% of the total premium generated. Insights in the segment show Oil & Gas was the leading driver at 30.8% with Fire Insurance following at 21.3%. Motor Insurance stood at 14.6% while Marine & Aviation, Gen. Accident and Miscellaneous reported a share of 11.8%, 11.2% and 10.3% respectively. Life business on the other hand recorded 41.6% of the market production as its share contribution gradually closes up. The share of Annuity in the Life Insurance business lagged at about twenty six per cent (25.5%) while Individual Life was at 41.2% of the premium generated during the period.

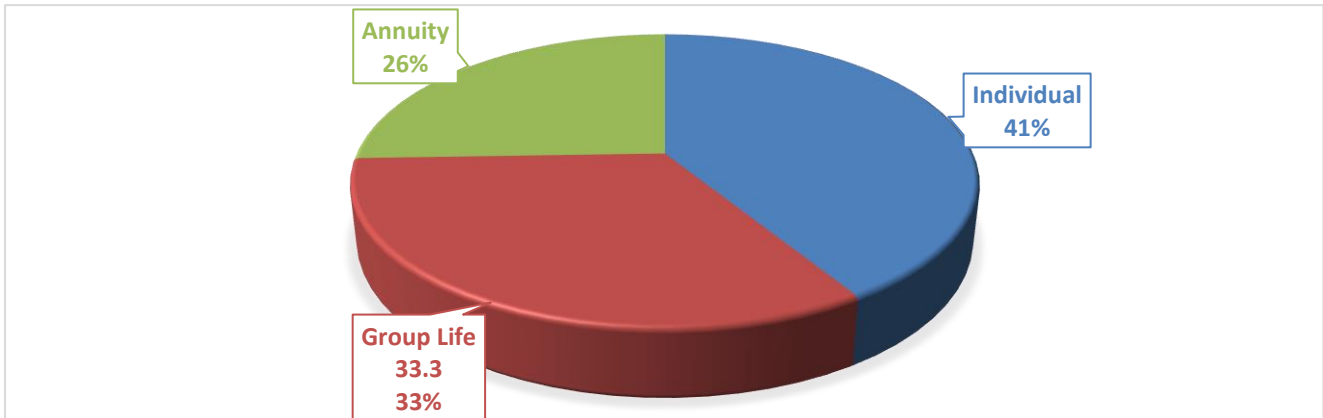
The infographic representations of the non-life and life businesses are further illustrated by Charts 2 and 3 herein.

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

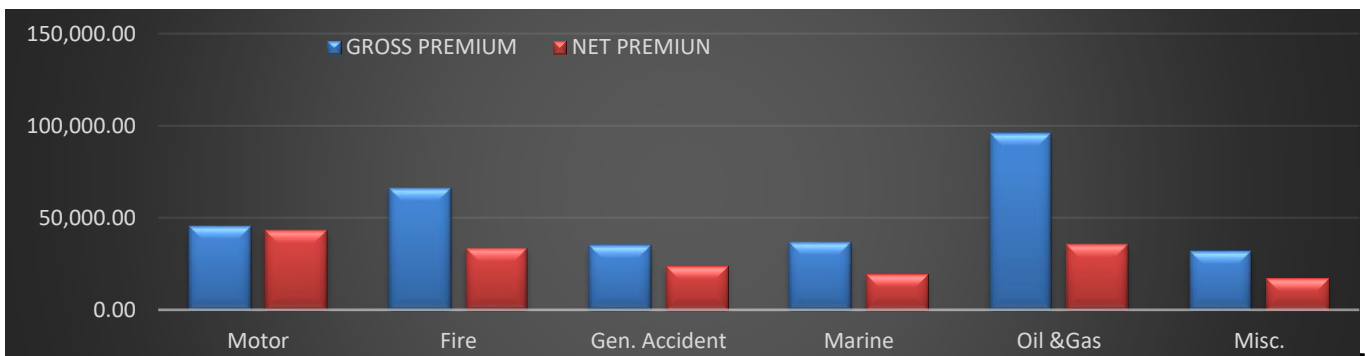


1.2 Premium Retention Capacity

Though the Insurance Industry’s operational environment remains challenging due to global and domestic economic challenges, its confidence remained high as affirmed by the relevant retentions situation. The Life business retention for the period was 94% while non-life recorded a ratio of 55% as the industry average stood at about seventy-one (71.4%) per cent. indeed, in the Life Insurance business recorded commendably, a near perfect point of about ninety-four (93.8%) per cent during the period under review.

Chart 3 demonstrates the relative retentions of various classes of Non-Life Insurance business during the third quarter of 2022, vis a viz the comparative total premium income.

Chart 4: Relative Premium Retention - Q3, 2022



Presentation by various classes in the non-life segment of the market as described in Table 2 shows that all classes stood at an above average position and, except for the Oil & Gas (36.9%) business which was a further decline when compared to the same period in 2021 in which it recorded about forty-two (41.9%) per cent in retention share.

Table 2: Retention Ratios of Various Classes of Non-Life - Q3, 2022

| Motor | Fire | Gen. Accident | Marine & Aviation | Oil & Gas | Misc. | Total |
|-------|------|---------------|-------------------|-----------|-------|-------|
| 94.8 | 50.6 | 68.7 | 52,5 | 36.9 | 53.1 | 55.3 |

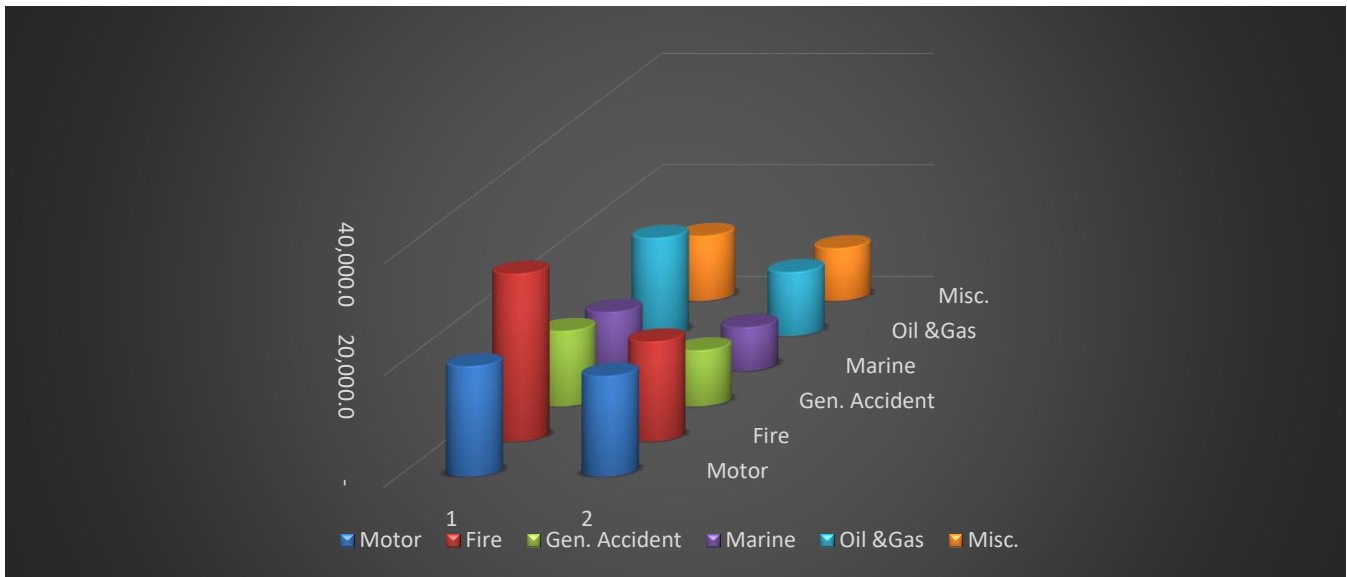
2. Insurance Claims Component

The insurance claims component defines the essence of insurance business as a whole and indeed a major factor in consumer confidence building. During the third quarter of 2022, the gross claims reported by market of N242.6billion was slightly lower compared to the corresponding period of 2021, signifying a decline of -2.3% in the total claims reported by policyholders. However, the ratio of total claims to gross premium stood at about forty-six per cent during the current period.

The net claims paid on the other hand stood at about N207.2 billion, signifying an 85.4% of all gross claims reported during the period. The Life Insurance business recorded a near perfect point of 95.0% claims settlement against all the reported claims while non-life segment stood generously at above seventy (72.4%) per cent during the same period.

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: Q3, 2022



The array of proportional claims settlement took a direct reflection of the market premium retention as Motor Insurance retained its lead, posting a claims settlement ratio of about ninety one per cent. This is followed by Miscellaneous insurances reporting about eighty one per cent as paid claims ratio to all reported claims during the period while General Accident (74.4%), Marine & Aviation (74.3%) and Fire Insurance (59.6%) trailed in that order. The Oil & Gas business stood out as the most improved portfolio in this respect at about sixty five (65.3%) per cent of claims settlement ratio, an increase of forty-one points compared to its position of 23.9% recorded in the corresponding period of 2021. Similarly, the claims settlement ratio of the life business stood at 95% while the aggregate industry average was recorded at 85.4% during the quarter.

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, 2022

| Motor | Fire | Gen. Accident | Marine&Aviation | Oil&Gas | Miscellaneous | Total |
|-------|------|---------------|-----------------|---------|---------------|-------|
| 91.2 | 59.6 | 74.4 | 74.3 | 65.3 | 81.2 | 72,5 |

The experience in Oil & Gas corner of the market with respect to claims settlement could be attributable to the increasing capital and, underwriters' growing confidence and dexterity in the market.

3. Profitability of the Sector

The Insurance market indeed remained profitable during the period, recording an overall industry average of about fifty-five (54.5%) per cent, a noteworthy performance though lesser, compared to 46.7% recorded in the corresponding period of preceding year. The Non-Life segment stood at 43.5% better than in the Life business which reported a net loss ratio of sixty four (63.6%) per cent during the period. The sustained lower net loss ratios of the non-life which is relatively a short-term business, is good for the market as it could quickly register some good market image and confidence in the industry.

Nonetheless, despite a rather good scenario of the market average, some three Insurers gave rise to the reported net loss ratio of the period under review. Those were underwriters with figures of a hundred per cent and above of net loss ratios as illustrated in table 4.

Table 4 insight into the number of Insurers with highest loss ratios of a hundred per cent or above during the quarter.

Table 4: Loss Ratios for Insurers in Q3, 2022

| Composite | Non-Life | Life | Reinsurance | Total |
|-----------|----------|------|-------------|-------|
| 0 | 1 | 2 | 0 | 3 |

4. Market Concentration Risk

The market concentration as shaped by competition and other factors in the industry revealed a rather similar scenario compared to the second quarter of 2022, indicating that the market control setting has not significantly changed in the last three months. In the Life business segment, the least three companies recorded a proportional contribution of about 0.1%, same

position compared to prior quarter while the top three Insurers contributed 49.3% of all premiums generated during the period, just about four points increase compared to 45.4% recorded in the previous period. Similarly, the non-life business had a record of 0.2% of its market share contributed by the least three of the underwriters, same as in the prior period of second quarter of the year while about 31% of the non-life gross premium was contributed by its top three Insurers, up from about 27% it recorded in the previous quarter.

Comparatively, the top ten (10) underwriters in the Non-Life section of the industry underwrote about sixty-four (64.2%) per cent of the gross premiums income portraying an increased concentration risk from its position of 60.8% recorded in the prior period. Nonetheless, at the least bottom of the market, are institutions under regulatory watch or facing various operational challenges as revealed over time. In the overall analysis, the market maintained a fairly balanced concentration especially in the Non-Life section of the industry.

5. The Market Size

The industry recorded a total Asset of about N2.3 trillion, indicating a 9.0 per cent increase, YoY. The industry balance sheet revealed about N1.1 trillion in Assets of Non-Life business while the Life business stood at about N1.2trillion.

Table 5 provides the necessary insight into the Market size of the Insurance operators in the third quarter of 2022.

Table 5: Total Assets in Millions of Naira - Q3, 2022

| Insurance Business | N Billion |
|-----------------------------|----------------|
| Non-Life Insurance Business | 1,095.2 |
| Life Insurance Business | 1,178.8 |
| Industry Total | 2,274.0 |

From the ongoing, the market Statistics of the third quarter 2022 has revealed some quality developments in the industry performance indicators in terms of growth, retention, claims management experience and profitability, at levels of which the industry could be ruled as profitable, sound and stable. In cognisance also to the on-going digitisation and market deepening measures of the Commission, the outlook remains strongly positive.