

## **BULLETIN OF THE INSURANCE MARKET PERFORMANCE**

**STATISTICS DEPARTMENT  
SYNOPSIS OF THE INSURANCE MARKET  
IN THIRD QUARTER, 2023**

## **OUTLINE**

### **1.0 Introduction**

#### **1.1 Gross Premium Written - 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 Written: Non-Life & Life Businesses: Q3, 2023

Table 2: Retention Ratios of Various Classes of Non-Life - Q3, 2023

Table 3: Percentage Claims Settlement of Non-Life - Q3, 2023

Table 4: Loss Ratios for Insurers in Q3, 2023

Table 5: Total Assets in Millions of Naira - Q3, 2023

Chart 1: Gross Premium Written by Class - Non-Life & Life Business: Q3, 2023

Chart 2: Distribution of Gross Premium Written - Non Life

Chart 3: Contribution of Gross Premium Written - Life

Chart 4: Relative Premium Retention - Q3, 2023

Chart 5: Comparative Sequence of Gross and Net Claims for Non-Life: Q3, 2023

## Introduction

This Statistical analysis of the Nigerian Insurance industry is a representation of the market behaviour in the quarter three of 2023; it shows an expansion in the market performance at about thirty-two per cent (32.2%) quarter on quarter, to close at 729.1billion naira in gross premium generation compared to 551.4billion naira reported in the previous quarter.

### 1.1 Gross Premium Written - Performance

Gross premium written in the third quarter of 2023 stood at N729.1billion, a remarkable performance attributable to consistent regulatory measures regarding market deepening. Table 1 maps the contribution of premium generated by respective portfolios in the market during the quarter.

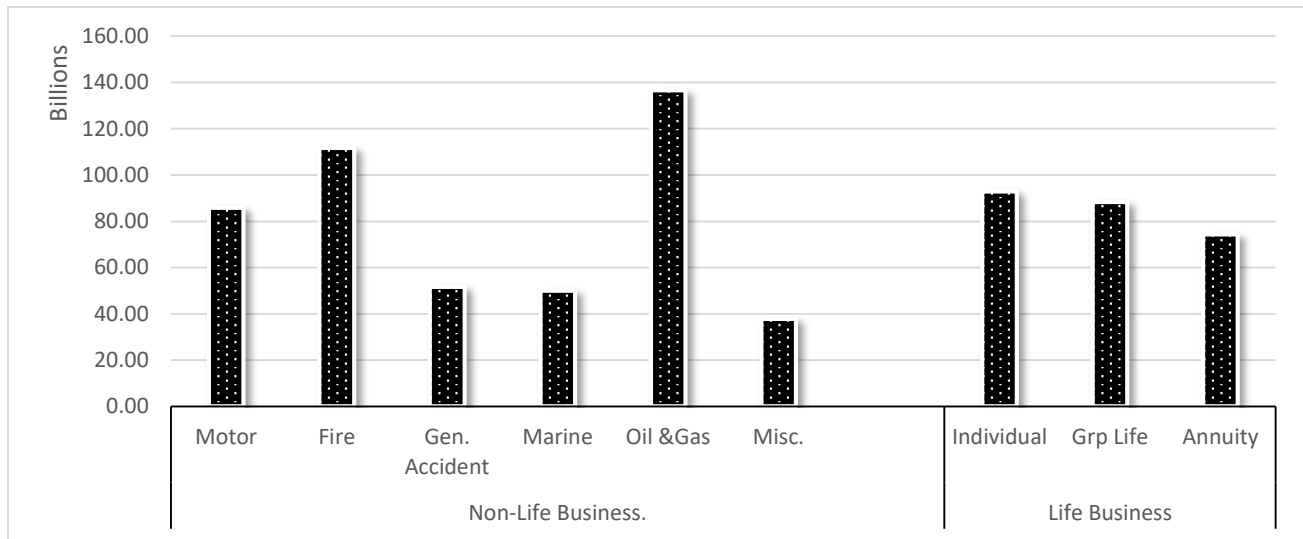
**Table 1: Gross Premium Written: Non-Life & Life Businesses: Q3, 2023**

Currency: ₦Billion

Variable	Motor	Fire	Gen. Accident	Marine	Oil & Gas	Misc.	Individual Life	Group Life	Annuity	Market Aggregate
Gross Premium Written	85.9	111.7	51.6	50.0	136.6	37.8	92.9	88.3	74.4	729.1
Net Premium	70.0	49.9	29.6	25.9	45.0	18.1	85.9	57.3	69.3	451.1

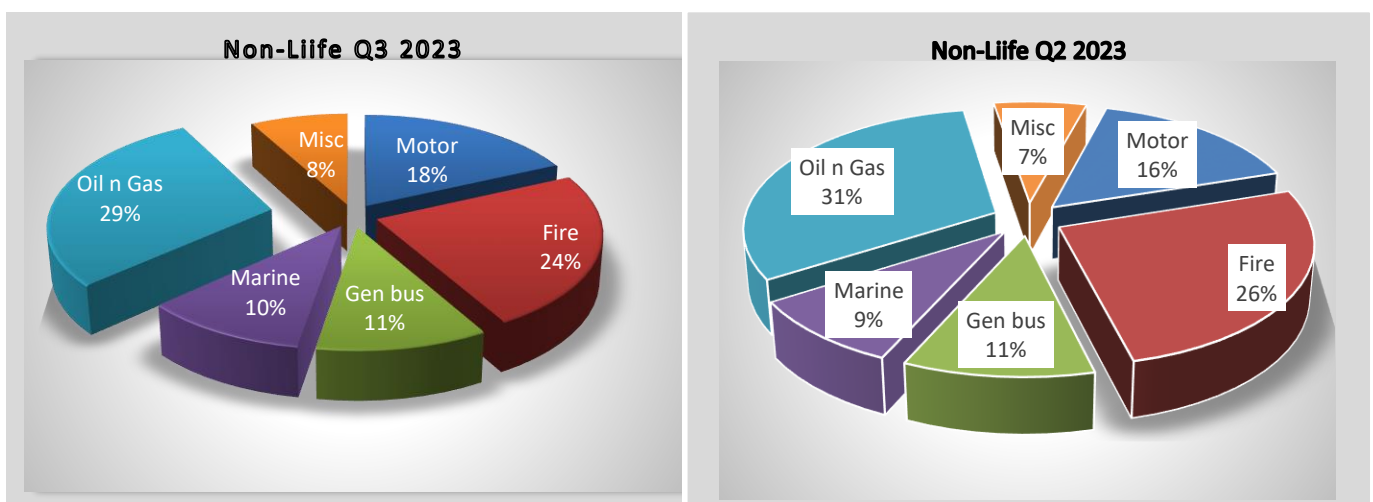
the industry data shows that the market did better when compared to the National output (GDP) which stood at 2.54% during the same period, a worthy development owing also to growing market confidence and awareness. Chart 1 further provided the relative descriptives of each class of business, signifying the continued share relevance of Life Insurance business over the years.

**Chart1: Gross Premium Written by Class - Non-Life & Life Business: Q3, 2023**



The relative significance of Non-Life segment of the market sustained its usual dominance with about sixty-five (64.9%) per cent of the total premium generated during the period, similar to its previous quarter (65.6%) and fifty-eight (58.4%) per cent, year on year. The segment at a glance shows the Oil & Gas portfolio fronting at 28.9% as compared to 31.4% in the quarter two of 2023. Fire Insurance followed second with a record contribution of 23.6% of all Non-Life premiums generated during the period under review. Motor Insurance stood at 18.1% while, Gen. Accident Marine & Aviation and Miscellaneous reported a share of 10.9%, 10.6% and 8.0% in this order. The infographic representations of the non-life business are further revealed by Charts 2 herein for second and third quarters of 2023, comparatively.

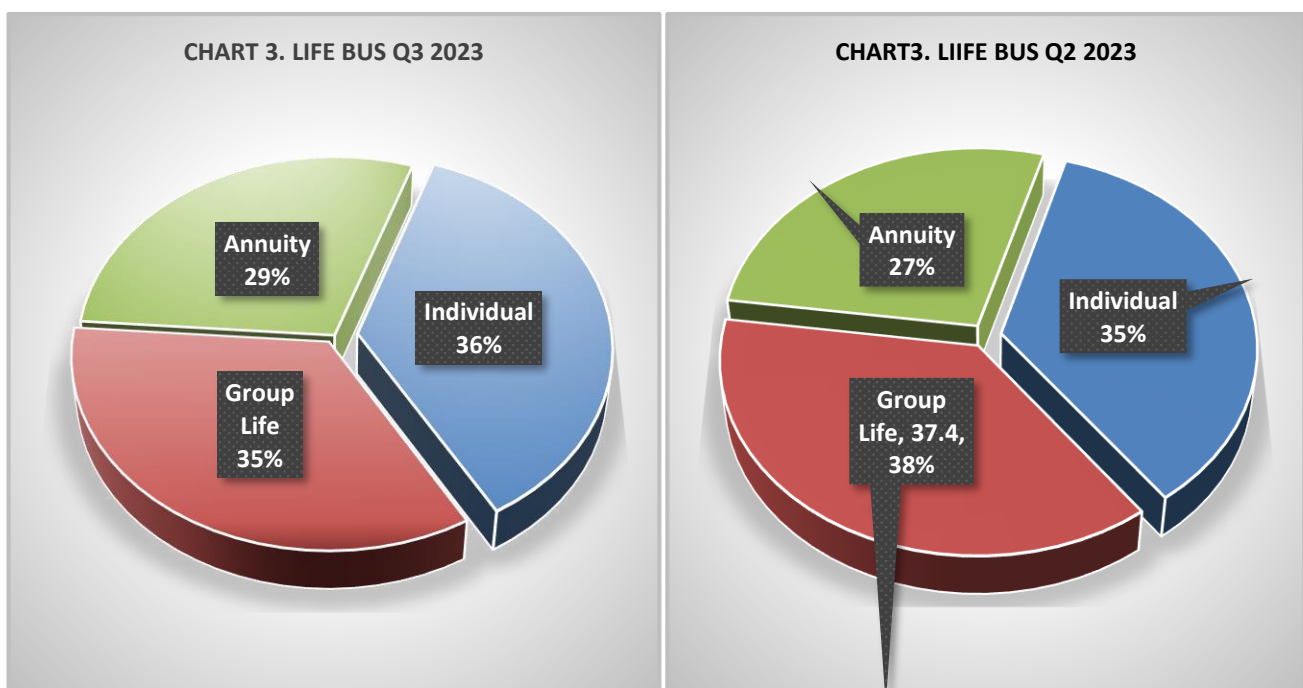
**Chart 2: Distribution of Gross Premium Written - Non Life**



Life business on the other hand recorded 35.1% of the market production as it continues to rise in relevance in the industry. The share of Annuity business stood at 29.1% of the total Life Insurance gross premium, as the segment was led by Individual Life business at 36.4% while group life moved two points downward to settle at 34.5% during the quarter.

A further insight into the Life business is represented in Chart 3 for the quarter and, its corresponding period of the preceding year, comparatively.

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



### 1.2 Premium Retention Capacity

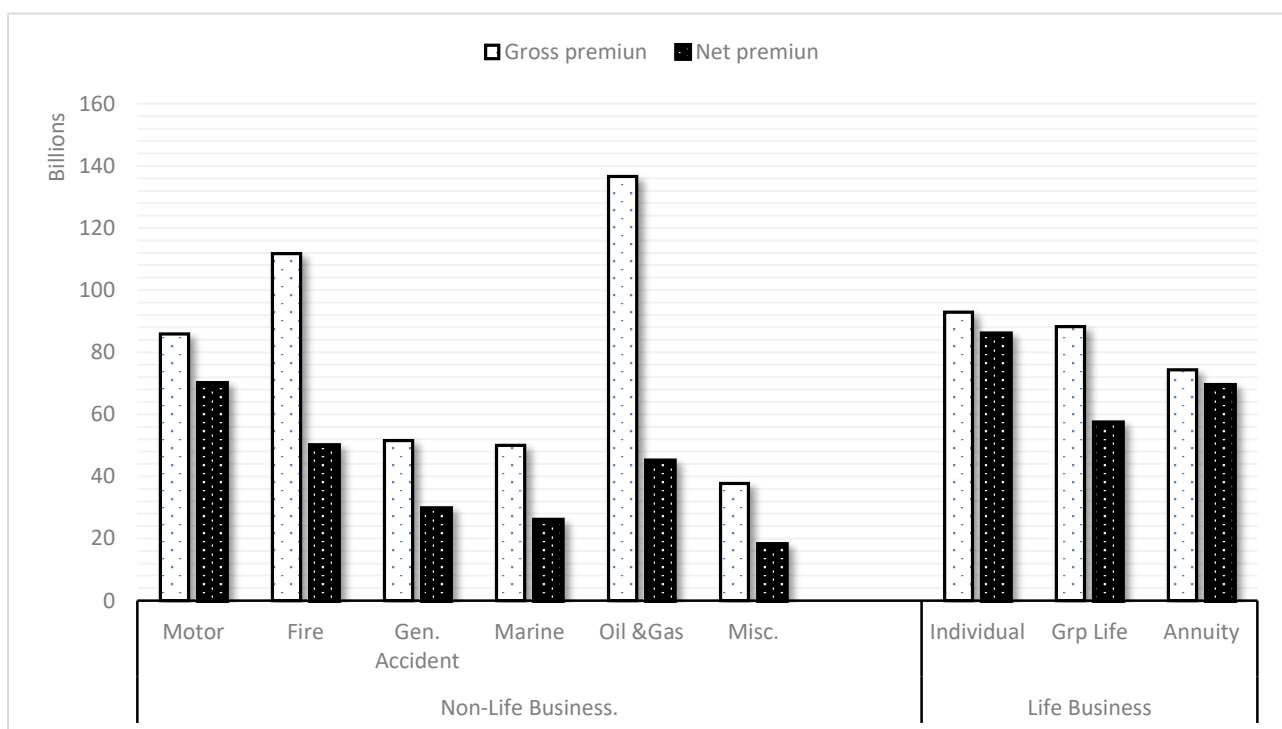
The underwriters remained significantly confident as revealed in the market statistics depicting an industry average of over sixty per cent. However, more investment in human and capital resources are essentially required in the Oil & Gas insurance to reverse capital plight and attain the minimum retention needed in that corner of the market.

Retention positions of non-life business sustained stability quarter on quarter, recording a ratio of 50.4%, in the current quarter compared to 49.5% of the prior quarter. The Life business retention for the quarter on the other hand, stood at 83.2% a slight decline compared to 87.8%

recorded in the prior quarter. The industry average retention ratio nonetheless was reported at 61.9 per cent for the period of third quarter 2023, a decline from 71.4% recorded during the corresponding period of the preceding year.

The infographic in Chart 4 describes the relative retentions of various classes of Insurance business during the third quarter of 2023.

**Chart 4: Relative Premium Retention - Q3, 2023**



Insights from the retention statistics of the various portfolios in non-life segment of the market is revealed in Table 2, showing that most classes posted an above average ratio during the quarter except for the Oil & Gas, Fire and Miscellaneous insurance businesses. In the Oil & Gas, retention level was deteriorated in the current period by three points to 33.0% from its position of 36.6% recorded in the prior quarter while Miscellaneous insurance fall to 47.8% from 53.8% of the prior quarter. Fire on the other hand, although improved from 40.0% during the second quarter to a record of 44.7% in the current, yet retaining a below average ratio during the period under review. However, in the overall analysis, the market remained confident and robust in terms of retention appetite especially, in the life segment which stood at above ninety per cent

for Annuity and individual life businesses, owing to capacity, and business domestication policy prevalent in that corner of the market.

**Table 2: Retention Ratios of Various Classes of Non-Life - Q3, 2023**

Motor	Fire	Gen. Accident	Marine	Oil & Gas	Misc.	Individual Life	Group Life	Annuity	Market Aggregate
81.3	44.7	57.4	51.9	33.0	47.8	92.5	64.9	93.3	61.9

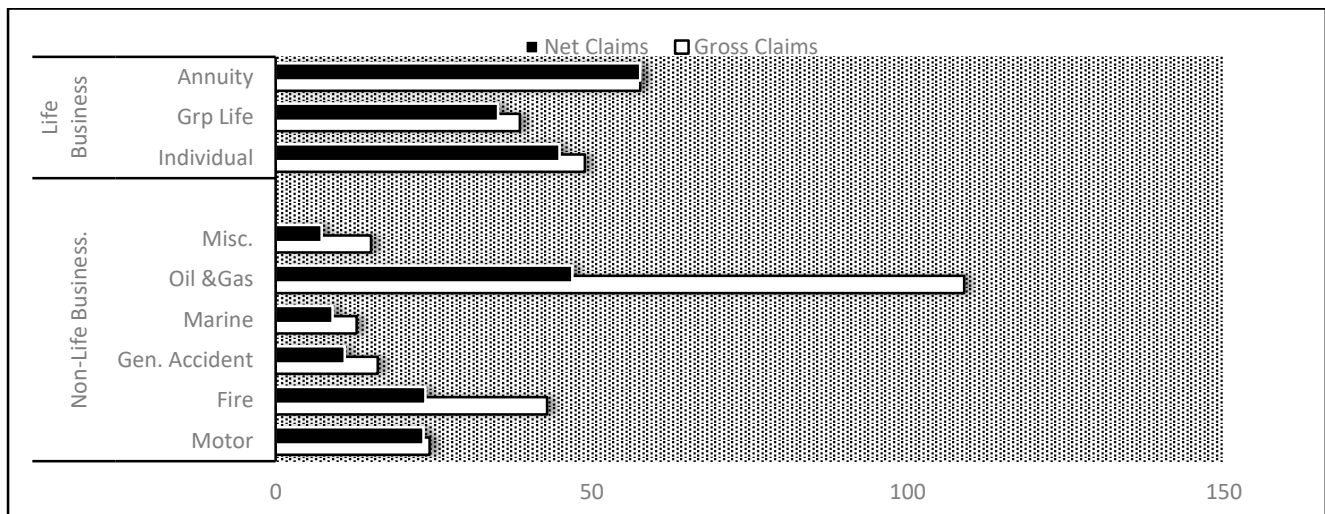
## 2. Insurance Claims Component

Insurance claims has remained an essential essence of insurance business, thus sustaining the regulatory focus in measures regarding public awareness, leading to growing claims reporting by policyholders. During the quarter under review, the industry gross claims reported stood at N365.5billion, representing 50.1% of all premiums generated during the same period, growing at the rate of 41.2% quarter on quarter and, 50.7% compared to the corresponding period of 2022. The growing consumer confidence is supported by the Statistics of net claims paid of N259.0billion, signifying about 70.9% of the total claims reported during the quarter under review.

The Life Insurance business recorded an almost perfect point of net claims settlement ratio against the total reported claims at 94.9% while non-life segment stood at 55.0 per cent during the quarter under review.

Chart 5, provides the comparative 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, 2023**



The ratios of claims settlement are in tandem with the market retention record, in all classes the ratio of net claims paid recorded an above average position except again, for the Oil & Gas business (43.1%) and miscellaneous at 48.1%. The Motor Insurance business reported a remarkable ratio of 91.2% of net claims paid against gross claims while Marine & Aviation businesses followed at 74.7%, although seven points less than its position of the previous quarter of the same year. The General Accident (57.4%), Miscellaneous (48.1%), and Fire (55.2%) reported less compared to respective ratios posted in the preceding period.

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

**Table 3: Percentage Claims Settlement of Non-Life & Life Business - Q3, 2023**

Motor	Fire	Gen. Accident	Marine	Oil & Gas	Misc.	Individual Life	Group Life	Annuity	Market Aggregate
91.2	55.2	57.4	67.5	43.1	48.1	91.9	91.0	100.0	70.9

The Oil & gas portfolio Performance appears to be lagging behind, owing to huge capital intensive nature of the business. Nonetheless, the industry may take advantage of the regulatory recapitalisation drive still ongoing to reverse the trend, thereby maximally benefitting from the vast potentials the business presents

### 3. Profitability of the Sector

Statistics of underwriting activities during the period under review has revealed a significant robustness of the market in terms of profitability and business confidence. The market remained profitable during the period, recording an industry average net loss ratio of 57.4%, an increase from 52.9% recorded in the prior quarter. Non-Life segment’s loss ratio stood at 50.8% while Life business recorded a net loss ratio of 64.8% during the same period. This occasion is rather commendable in the light of macroeconomic challenges especially, of the inflationary situation prevalent in the economy during the period under review.

However, notwithstanding the aggregate market average and of the two segments of the industry, various portfolios may represent divergent specific net loss ratios of their own which can be higher or lower than the market average. During the quarter, major drivers of the market net loss ratio were of some six (6) underwriters with a record of 100% and above.

Table 4 provides the number of Insurers with highest net loss ratios, at least 100% or greater during the period in line with respective business.

**Table 4: Loss Ratios for Insurers in Q3, 2023**

Composite	Non-Life	Life	Reinsurance	Total
4	0	1	1	6

Nonetheless, as noted earlier, the overall profitability of the industry and its outlook especially, remains good and suitable for gainful returns on investment.

#### 4. Market Concentration Risk

The market represents some concentration in terms of market share during the period, most significantly in the Life segment of the industry. Statistics of the third quarter revealed that, top three Life Insurance institutions controls 42.9% of the total Life insurance premium generated, about eighty-two (81.9%) per cent of all life business is also controlled by the top ten (10) of players in that segment in the market while only about one (1.4%) per cent of the life business premium generated was contributed by the least ten (10) players in the segment.

It is however relatively fair in the Non-Life section if the market whereby only thirty-one (31.0%) per cent of all premiums was controlled by the top three insurers in the Non-Life segment while the top ten (10) underwriters in that section of the market also contributed the 61.0% of the market share of premium generation during the period. However, just about one per cent (1.3%) of the market was also controlled by the least ten (10) insurance companies operating the non-life business during the period under review, a similar scenario to that of the Life segment of the industry.

#### 5. The Market Size

The industry recorded in the current period a N2,809.3 billion in total assets, indicating an expansion of 4.1% compared to 2,697.9 billion reported in Q2, 2023. The industry balance sheet reported about N1,743.8 billion in Assets of Non-Life business while that of the Life business stood at about N1,065.5billion

Table 5 further provides the necessary insights into the Market size of the Insurance market in the period under review.

**Table 5: Total Assets in Billions of Naira - Q3, 2023**

<b>Insurance Business</b>	<b>N Billion</b>
<b>Non-Life Insurance Business</b>	<b>1,743.8</b>
<b>Life Insurance Business</b>	<b>1,065.5</b>
<b>Total</b>	<b>2,809.3</b>

The Nigerian insurance sector has remained robust in terms performance, sustaining remarkable premium generation, appreciative claims settlement and profitability stance while depicting a prosperous outlook for both Life and Non-Life segments of the market. This is closely attributable to the market’s continued resilience and consistent regulatory proactivity of the sector.

**The Statistics Department  
National Insurance Commission, Abuja  
Third Quarter, 2023**