



**BULLETIN OF THE INSURANCE MARKET
PERFORMANCE**

**A STATISTICS DEPARTMENT QUARTERLY
REPORT OF THE INSURANCE MARKET
FOURTH QUARTER, 2022**

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: Q4, 2022

Table 2: Retention Ratios of Various Classes of Non-Life - Q4, 2022

Table 3: Percentage Claims Settlement of Non-Life - Q4, 2022

Table 4: Loss Ratios for Insurers in Q4, 2022

Table 5: Total Assets in Millions of Naira - Q4, 2022

Chart 1: Gross Premium Income by Class - Non-Life & Life Business: Q4, 2022

Chart 2: Distribution of Gross Premium Income - Non Life

Chart 3: Contribution of Gross Premium Income - Life

Chart 4: Relative Premium Retention - Q4, 2022

Chart 5: Comparative Sequence of Gross and Net Claims for Non-Life: Q4, 2022

Introduction

This analytical description of the Insurance industry Statistics is a picture of the Market performance for the fourth quarter of 2022. It recorded a remarkable gross premium generation growth of approximately thirty-six per cent quarter on quarter, translated to about N726.2billion. Equally, as the industry crossed a seven hundred billion mark of premiums generated, the Statistics also revealed the continued improvement in retention propensity and, increased market size and profitability, comparative to the prior quarter.

1.1 Gross Premium Income - Performance

The gross premium income generated as at the fourth quarter of 2022 stood at ₦726.2billion, representing a growth proportion of about thirty-Six per cent (36.3%), quarter on quarter and indeed, about eighteen per cent (17.8%) year on year. This is a remarkable situation compared to the real growth (3.5%) of Gross Domestic Product (GDP) over the same period and, is attributable to consistent regulatory measures being carried out by the Commission. Table 1 shows the contribution of the gross premium income by each class of business for the period under review.

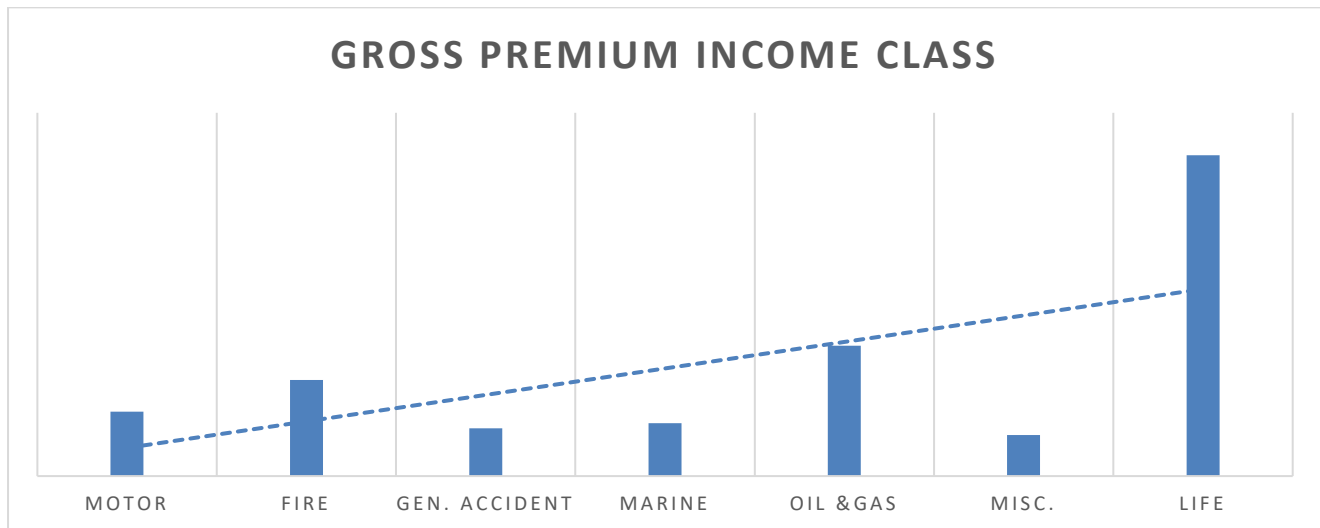
Table 1: Gross Premium Income: Non-Life & Life Businesses: Q4, 2022

Currency: ₦-Billions

Motor	Fire	Gen. Accident	Marine	Oil & Gas	Misc.	Life	Total
62.2	93.6	46.1	51.0	125.7	39.7	309.9	726.2

An infographic insight into the relative contribution of each class of business is depicted in chart 1, showing the comparative market drivers during the quarter, indicating also a sustained relevance of Life Insurance business in the industry compared to any single class in the non-life segment of the market.

Chart1: Gross Premium Income By Class - Non-Life & Life Business: Q4, 2022

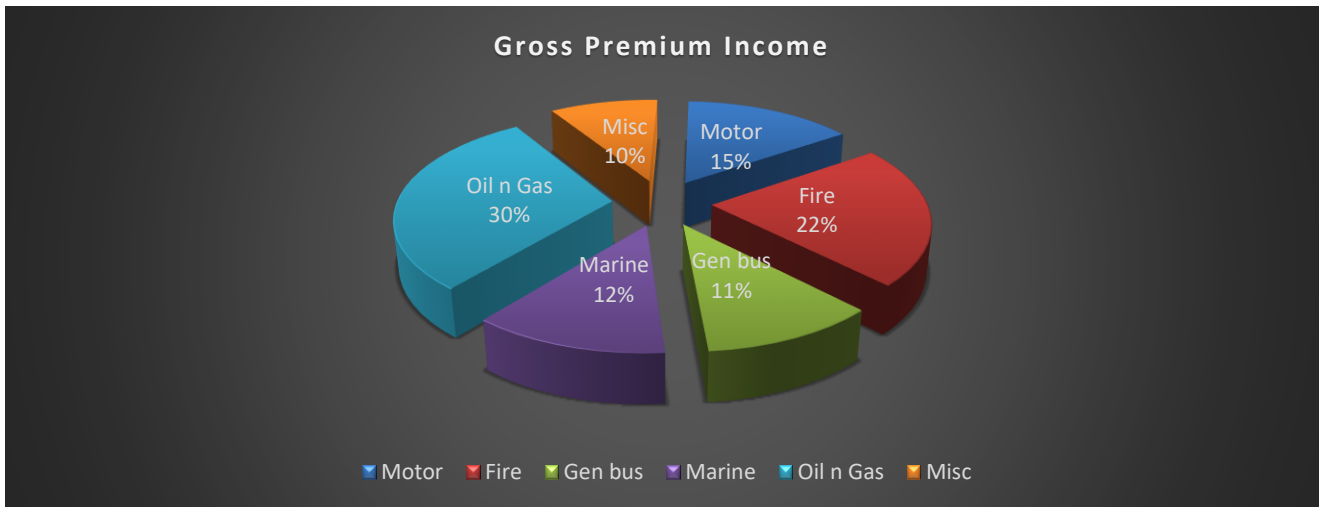


Non-Life business as in the prior periods, continued its dominance, contributing about fifty-eight (57.4%) per cent relative to the share of the Life business (42.6%), keeping about same position in prior period. The proportional significance of Life in the industry was sustained a positive course in recent times reflective of the consumer’s confidence and awareness.

In-depth analysis of the Non-Life segment of market shows Oil & Gas business sustaining its market share dominance at 30.25%, increasing by two point (2.4%) compared to the previous quarter. The figure posted by Fire Insurance came a distant second (22.2%) maintaining same pattern of contribution to the gross premium pool of the market while Motor Insurance (14.9%), Marine & Aviation (12.2%), General Accident (11.1%) and Miscellaneous (9.5%) followed in that order. On the other hand, Life business was driven by Individual Life portfolio (38.6%) even as its relative contribution fell by about (2.6%) compared to third quarter (41.6%). In a contrasting path to the previous quarter, group life followed by about thirty-five (34.5%) per cent while Annuity business contributed gross premium income of about twenty-seven (26.9%) per cent during the period.

Charts 2 and 3 further illustrates the percentage contributions of various classes of the non-life and life businesses of the industry during the period.

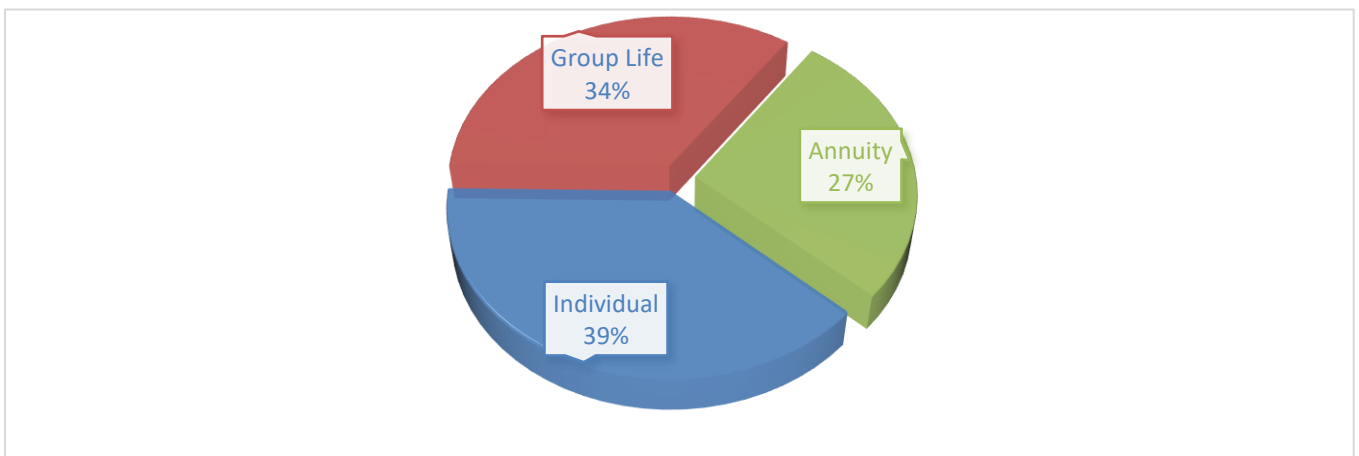
Chart 2: Distribution of Gross Premium Income - Non-Life



The actual percentage share of various classes remains the same to a large extent, relative to the respective contributions recorded in the previous period.

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

Chart 3: Contribution of Gross Premium Income - Life



The chart signifies that individual life which contributed a large chunk of all premiums generated is the driving force behind the growth in the life segment closely followed by the group life portion of that corner of the market with significant improvement recorded from 27% in the prior period to 38.6% in the current.

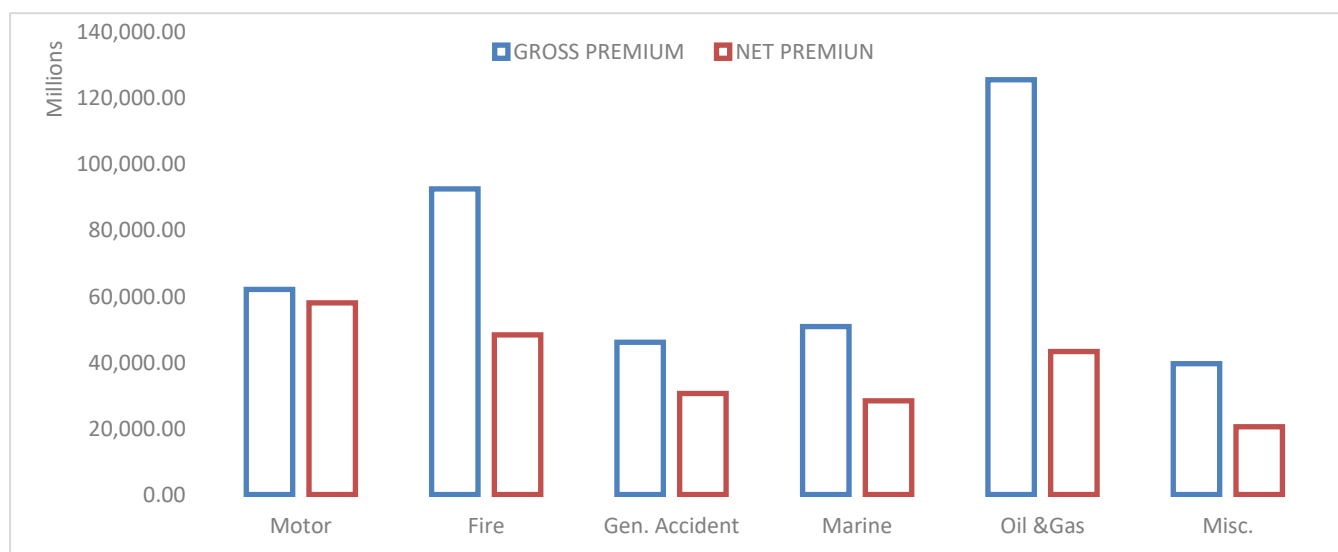
1.2 Premium Retention Capacity

In the phase of operational challenges posed in domestic and global economies, the industry continues to post inspiring numbers in business retention, reflective of the market resilience and increasing capacity. In the period under review, industry wide average retention ratio stood at about seventy-one per cent (71.3%), although, slightly a point lower than it held in the previous quarter and four point lower in comparative to same period (YoY). persistently, the Life business retained about same point of ninety-three (93.3%) from its prior position of 93.8% in quarter three.

In the Non-Life segment which also took closely a similar pattern, Motor Insurance continued its lead as the highest retaining portfolio with a retention ratio of about ninety-four per cent (93.5%) also a point higher than its standing in the prior quarter. Oil & Gas recorded the least at about thirty-six per cent (35.9%). Oil and Gas portfolio lamentably remained a challenging angle in the market owing to its nature of enormous capital and professional requirements. Consequently, the retention performance in the current period sustained its prior position when compared to the third quarter as evidenced by the overall Non-Life business ratio of fifty-five per cent (55.0%), slipping from about fifty-seven per cent (56.6%) held in the prior period.

Chart 3 provides the relative retentions of various classes vis a vis the total premiums generated of the non-life business during the fourth quarter.

Chart 4: Relative Premium Retention - Non-Life



Insurance premium retention of the market remain robust, above average and healthy except in the Oil & Gas business, as shown in Table 2 for the Non-Life part of the industry. The same is also true for the Life Insurance business during the period under review.

Table 2: Retention Ratios of Various Classes of Non-Life - Q4, 2022

Motor	Fire	Gen. Accident	Marine & Aviation	Oil & Gas	Misc.	Total
94.0	52.3	66.4	55.7	35.0	51.8	55.0

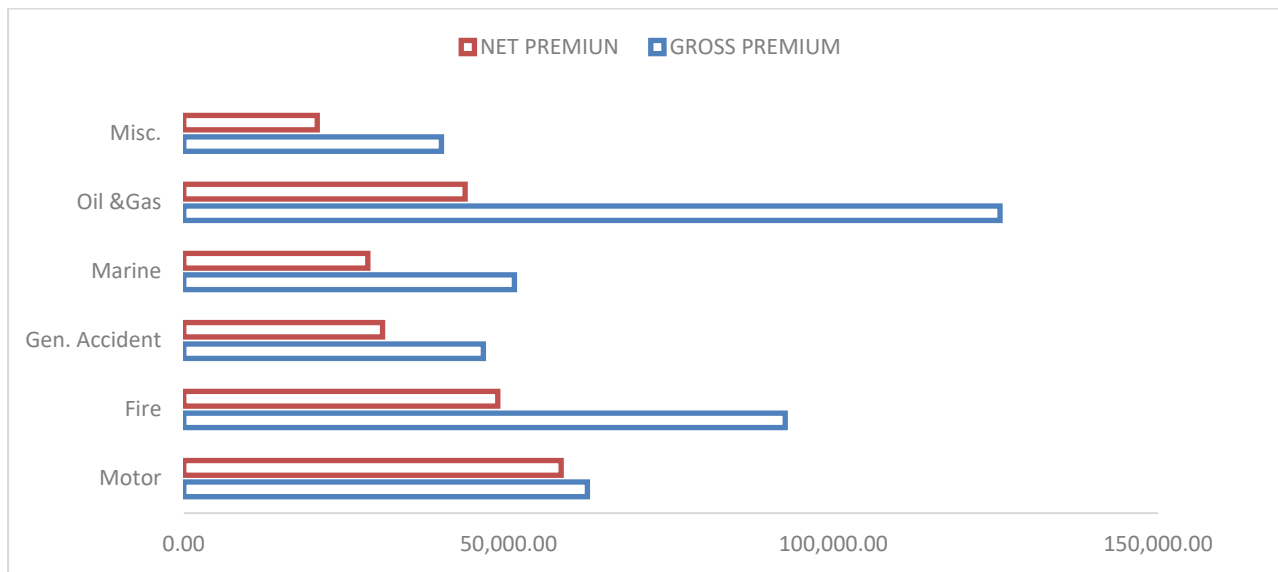
2. Insurance Claims Component

The Insurance Claims reported during the fourth quarter stood at N318.2billion representing a thirty-one (31.2%) per cent QoQ growth. A possible attainment as a result of growing awareness and Market expansion as well as consumer’s confidence. In a similar pattern, the net claims paid was reported at N244.3billion, growing at about eighteen per cent (17.9%) QoQ during the same period.

Insights into the Non-life segment shows that Motor Insurance led with regards to claims settlement vis a vis gross claims reported at about ninety-two (92.3%) per cent signifying a nine points improvement as against its prior position. Fire Insurance was the least at about forty-six per cent (46.3%), the only class below average proportion. All other portfolios of General Accident Insurance (80.7%), Oil & Gas (51.6%), Marine & Aviation (74.4%), Miscellaneous Insurances (86.1%) recorded a proportion above the average, of paid claims against gross claims reported. Life Insurance business on the other hand reported a two point less in comparative to position held in the prior period of ninety-five (94.6%) per cent of net claims paid compared to total claims reported during the same period of 2021.

Chart 5, provides the relative industry Gross and Net claims reported and paid in non-life segment of the market.

Chart 5: Comparative Sequence of Gross and Net Claims for Non-Life: Q4, 2022



The data reveals an impressive development with regards to claims settlement in the non-life business with a record of about sixty-four (63.7%) per cent compared to the previous period (46.9%). It therefore indicates that despite operational challenges, the claims settlement experience of Insurers is improving.

Table 3 further summarises the percentage of net claims paid against total claims reported with respect to non-life classes for the period under review.

Table 3: Percentage Claims Settlement of Non-Life - Q4, 2022

Motor	Fire	Gen. Accident	Marine & Aviation	Oil & Gas	Misc.	Total-Non Life
92.3	46.3	80.7	74.4	51.6	21.7	63.7

3. Profitability of the Sector

The market recorded about forty-seven (47.2%) per cent net loss ratio during the period under review, suggestive of a workable, cost effective and profitable business in the industry. This is

mostly attributable to the Life business sustaining its positive course at 46.5% net loss ratio in the current period while the Non-Life portfolio recorded about 48.1% during the same period.

Comparatively, the market recorded an aggregate market average of 54.5% of net loss ratio in the previous period, hence depictive of an improved aggregate market desirability and profitability during the current period. Six companies with net loss ratios above 100 per cent as provided in table 4 were majorly responsible for the average industry loss registered for the period.

Table 4 provides the numbers of Insurers with figures of the net loss ratios of 100% or above during the period under review.

Table 4: Net Loss Ratios for Insurers in Q4, 2022

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

4. Market Concentration Risk

The market concentration landscape with regards to premium generation in the current period remained to a large extent similar to the prior period of third quarter whereby the top ten Insurers controls about sixty-one (60.8%) per cent of the market in the non-life segment, twenty-four of which was by the top three Insurers of this segment while just about one (1.3%) per cent of the market was shared by the bottom ten underwriters. Similarly, Life business on the other hand was controlled fifty-seven (57.1%) per cent by its top three underwriters while about eighty-four (83.8%) per cent of all gross premium generated in that portfolio was recorded for the top ten companies of that business. The least ten insurance companies operating life business during the same period held a proportional contribution of less than one (0.9%) per cent.

Comparatively however, the Non-Life section has improved in terms of concentration effect, falling three points relative to its market share (64.2%) for the top ten in the previous quarter while no significant shift was recorded in the life business. In the overall analysis, the market maintained a fairly balanced concentration especially, in the Non-Life section of the industry which ultimately controls a major portion of the entire insurance market.

5. The Market Size

The total Assets of Insurance industry stood at N2,328billion in the fourth quarter, sustaining a positive growth that signifies expansion at the rate of two (2.4%) per cent, (QoQ) and at 4.4 per cent (YoY). This is relatively at a lower momentum compared to the prior period when the progression rate was recorded at about nine per cent (YoY), attributable to the wave of recapitalisation drive recorded in that period. However, the outlook of the market growth in terms of Assets remain positive, with the increasing measures of market deepening and development, recapitalisation drive still ongoing, regulatory Insurance laws and provisions enshrined in the Insurance bill, being reviewed and, digitisation of the supervisory wide processes would lead to the realisation of the vast potentials in the insurance industry.

Table 5 provides the necessary insight into the Market size distribution with respect to Life and Non-Life Insurance businesses during the period.

Table 5: Total Assets in Billions of Naira - Q4, 2022

Insurance Business	N billions
Non-Life Insurance Business	1,122.1
Life Insurance Business	1,206.6
Total	2,328.8

Statistics of the insurance market performance for the fourth quarter 2022 revealed some a consistent growth in terms of premium generation, quality improvements in essential indicators including claims settlement and profitability. It is obvious that, the market could be ruled as sound and stable whilst, the stance of the market deepening remains optimistic in spite operational and macro-economic challenges.