



**BULLETIN OF THE INSURANCE MARKET
PERFORMANCE**

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

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Introduction

Data from the Nigerian Insurance industry has revealed a sustained market deepening and growth during the second quarter of 2023. This is noticeable with a record progression in terms of Premium generation of about five hundred and fifty-one billion (N551.4b) naira during the period, at a rate of about seventy-seven (77.0%) per cent when compared to the previous Quarter and, at forty-nine (49.3%) per cent, Year on Year.

The aggregate industry Statistics of the period under review, further charts insights into the market behaviour during the quarter.

1.1 Gross Premium Written - Performance

Gross premium written in the second quarter of 2023 stood at N551.4billion, an impressive occasion attributable to a number of regulatory measures with regards market deepening. Table 1 maps the contribution of premium generated by respective portfolios in the market.

Table 1: Gross Premium Written: Non-Life & Life Businesses: Q2, 2023

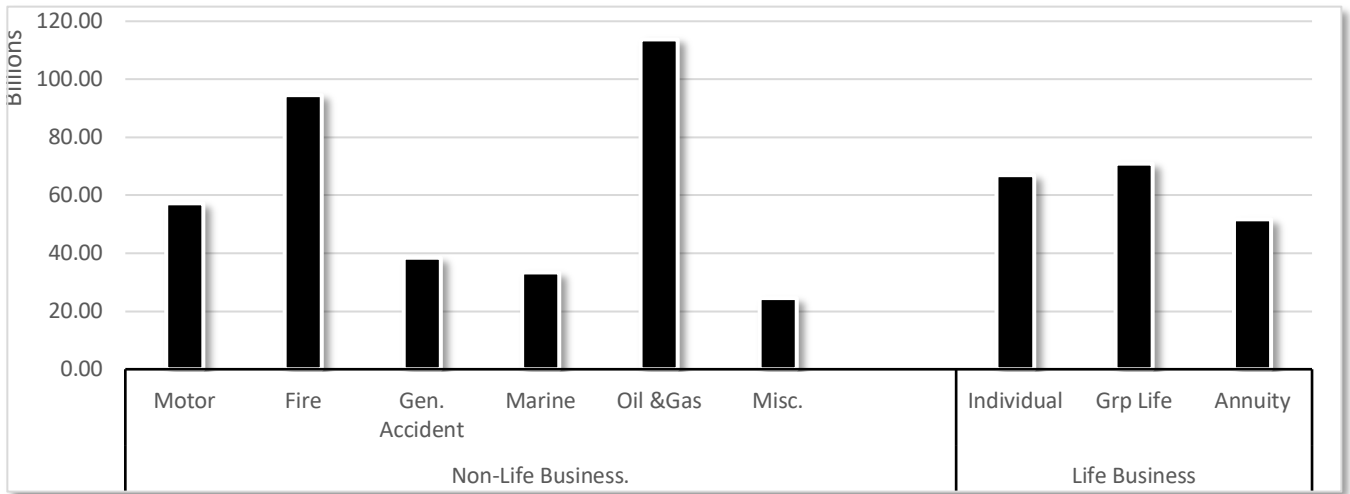
Currency: ~~N~~ Billion

Variable	Motor	Fire	Gen. Accident	Marine	Oil & Gas	Misc.	Individual Life	Group Life	Annuity	Market Aggregate
Gross Premium Written	57.3	94.7	38.6	33.5	113.8	24.5	67.1	70.2	51.7	551.4
Net Premium	46.4	37.9	22.4	17.5	41.6	13.2	65.2	49.5	51.7	345.4

Aggregate market data collated from the industry indicated a growth rate of 49.3%, year on year, a far notable rate compared to the Nigeria's real Gross Domestic Product (GDP) growth of 2.51% during the same period.

Chart 1 further provided the proportional contribution of each class of business, signifying the continued share relevance of Life Insurance business over the years.

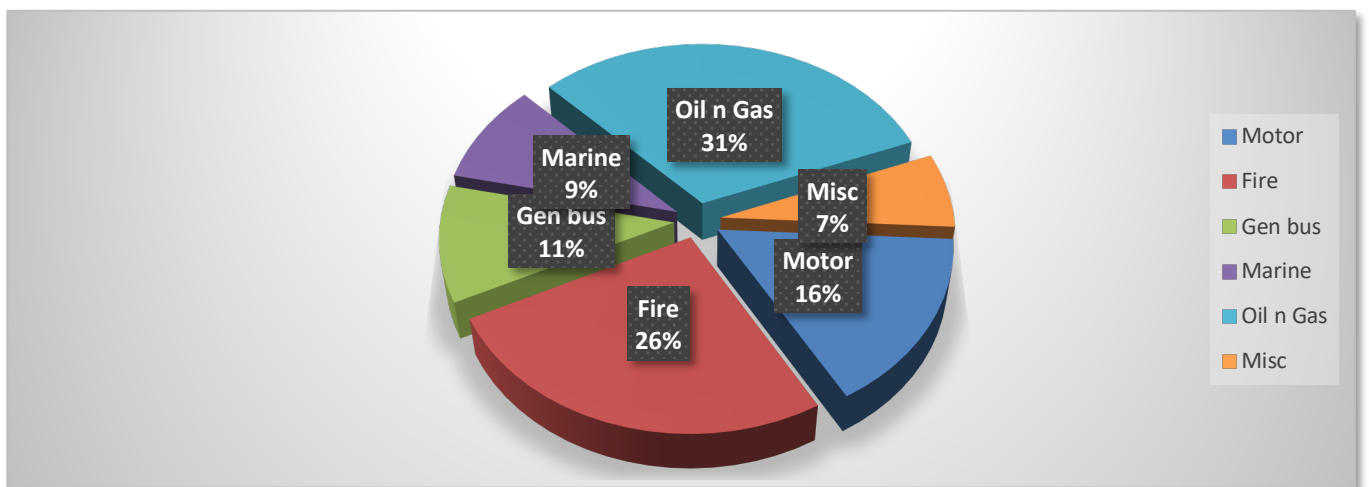
Chart1: Gross Premium Written by Class - Non-Life & Life Business: Q2, 2023



The Non-Life segment of the market sustained its usual dominance with 65.6% of the total premium generated for the half year period, similar in behaviour relative to its stance in the previous quarter of sixty-six (66.0%) per cent. Insights in the segment show the Oil & Gas portfolio leading at 31.4% as Fire Insurance trailed second at a record contribution of 26.6% of all Non-Life premiums generated during the period under review. Motor Insurance stood at 15.8% while, Gen. Accident Marine & Aviation and Miscellaneous reported a share of 10.6%, 9.2% and 6.8% in this order.

The infographic representations of the non-life business is further revealed by Charts 2 herein.

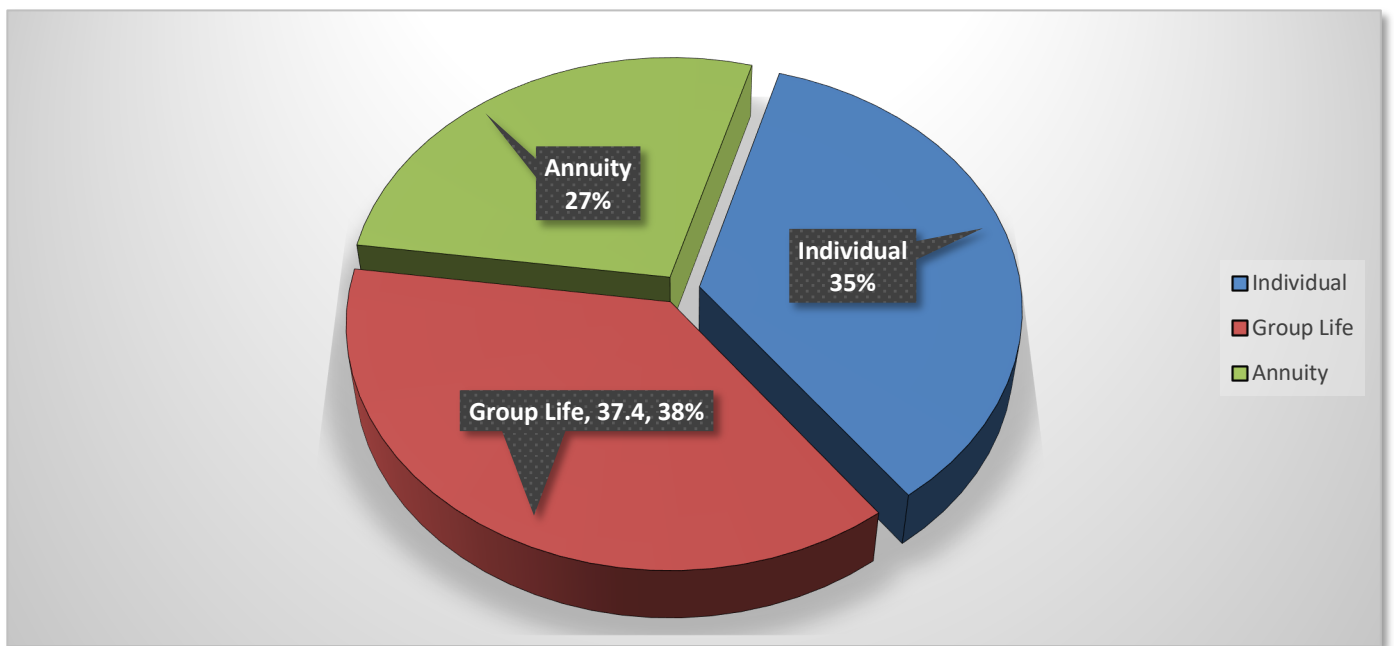
Chart 2: Distribution of Gross Premium Written - Non Life



Life business on the other hand recorded 34.4% of the market production as it gradually closes up in proportional share of the industry gross premium. The share of Annuity business stood at 27.3% of the total Life Insurance gross premium, as the segment was led by group Life business at 37.4% during the second quarter.

A further insight into the Life business is represented in figure 3.

Chart 3: Contribution of Gross Premium Written - Life

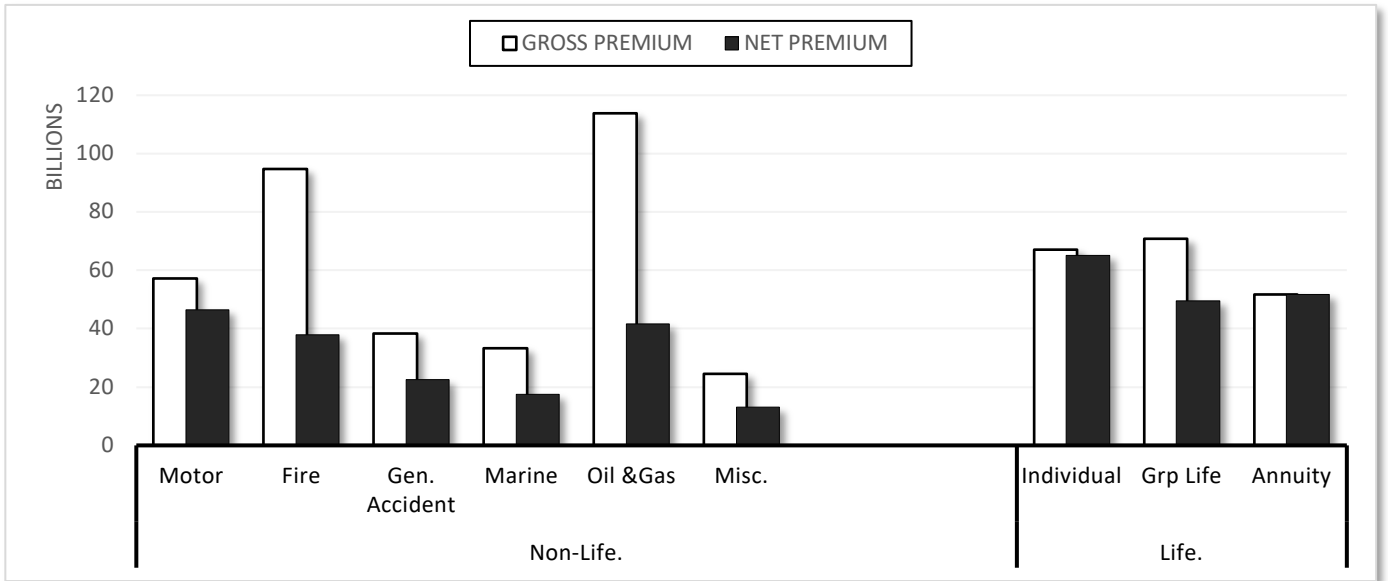


1.2 Premium Retention Capacity

Despite the obvious operational challenges in the financial services sector, underwriters remained expressively assertive as evidenced by the relevant retention positions in the market. The aggregate Life business retention for the period stood at 87.8% while non-life recorded a ratio of 49.5%.

Chart 4 describes the relative retentions of various classes of Insurance business during the second quarter of 2023. Colleague

Chart 4: Relative Premium Retention - Q2, 2023



Analytical insight of retention 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, in the Oil & Gas (36.6%) and Fire (40.0%) businesses where retention capacity of local underwriters is apparently undesirable. However, the overall retention capacity in the Non-Life segment recorded an impressive 62.6% of business retention.

Table 2: Retention Ratios of Various Classes of Non-Life - Q2, 2023

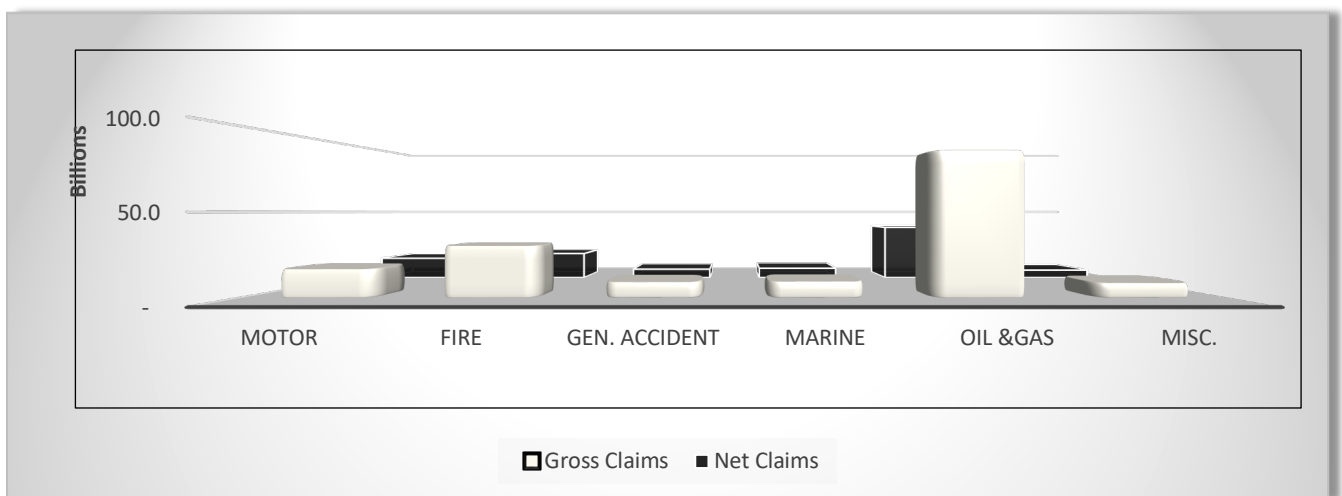
Motor	Fire	Gen. Accident	Marine	Oil & Gas	Misc.	Individual Life	Group Life	Annuity	Market Aggregate
81.3	40.04	58.5	52.4	36.6	53.8	97.4	69.8	100	62.6

2. Insurance Claims Component

Increased public enlightenment with regards Insurance merits and continued improvement in claims management, has resulted to swelled gross claims reported in Q2 of 2023, it was reported at N258.9billion, representing forty-seven (47.0%) per cent of all premiums generated during the period. This occasion is a call for faster relative growth in premium generation and adequate rate quoting. The growing consumer confidence is supported by the Statistics of net claims paid of N182.6billion, signifying an 70.5% of gross claims reported during the period. The Life Insurance business recorded an almost perfect point of 93.5% claims settlement ratio against the reported claims while non-life segment stood at 56.4 per cent.

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: Q2, 2023



The pattern of the percentage claims settlement was a direct replication of the market retention view, in all classes the ratio of net claims paid recorded an above average position against the figures except again, for the Oil & Gas business (44.4%). The Motor Insurance business reported an exceptional ratio of 88.6% of net claims paid against gross claims while Marine & Aviation businesses followed at about seventy-five (74.7%) albeit, seven points less than its position of the previous corresponding period of the preceding year. The General Accident (69.1%),

Miscellaneous (65.1%), and Fire (60.5%) stood at a relative stability compared to 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 second quarter.

Table 3: Percentage Claims Settlement of Non-Life - Q2, 2023

Motor	Fire	Gen. Accident	Marine	Oil & Gas	Misc.	Total-Non Life
88.6	60.8	69.6	74.7	44.4	65.1	56.4

Performance in the Oil & gas portfolio continue to lag owing to obvious technical and financial inadequacies in the industry, additional short-term measures are sure necessary, aside the on-going recapitalisation drive and the local content enforcement to reverse the massive capital plight in that corner of the market.

3. Profitability of the Sector

The Insurance market indeed remained profitable during the period under review, recording an overall industry net loss ratio average of about fifty-three (52.9%) per cent, this is as the Non-Life segment's loss ratio stood at 50.5% while Life business recorded a net loss ratio of 55.5% during the same period. The net loss ratio of the overall market average has demonstrated an improved market image at a five points position, compared to the corresponding period.

However, those were the market average and of the two segments respectively as mentioned while the drivers of the net loss ratio during the period consist of some seven (8) underwriters with a record of 100% and above. Nonetheless, as noted earlier, the overall profitability of the industry and its outlook especially, remains good and suitable for gainful returns on investment.

Table 4 provides insight into the number of Insurers with highest loss ratios, with at least 100% or greater during the period.

Table 4: Loss Ratios for Insurers in Q2, 2023

Composite	Non-Life	Life	Reinsurance	Total
2	4	2	0	8

4. Market Concentration Risk

The market vulnerability associated with uneven concentration of Insurance business was more acute in the Life sector relative to Non-Life during the period under review. Statistics of the second quarter revealed that, top three Life Insurance institutions controls about forty-five (45.2%) of the total Life premium generated, in contrast to only about twenty-seven (26.8%) per cent controlled by the top three in the Non-Life segment. Eighty-three (83.1%) per cent of all life business is concentrated in the top ten (10) of players in that segment in the market and, only about one (0.7%) per cent of life business premium was contributed by the least ten (10) players in the portfolio.

On the other hand, the top ten (10) underwriters in the Non-Life section of the industry contributed about sixty-one (60.9%) of the gross premium generated while just one (0.9%) per cent of the market was controlled by the least ten (10) insurance companies operating the non-life business during the period under review.

Although the Life segment proved less desirable, it is however only on relativity basis but, not too exposed to the market concentration risks vulnerabilities.

5. The Market Size

The industry recorded a N2,697.9 billion in total assets which indicates an expansion of 10.7% compared to 2,437.3 trillion reported in Q1, 2023. The balance sheet reported about N1,628.6 billion in Assets of Non-Life business while that of the Life business stood at about N1,069.3billion

Table 5 provides the necessary insight into the Market size of the Insurance market in the second quarter of 2023.

Table 5: Total Assets in Billions of Naira - Q2, 2023

Insurance Business	N Billion
Non-Life Insurance Business	1,628.6
Life Insurance Business	1,069.3
Total	2,697.9

From the above, the industry could be adjudged as robust, profitable and stable. This is reflective from the extent of profound growth in premium generation and industry Assets, desirable net loss ratios and indeed, a competitively healthy operating environment. Also taking into account the on-going digitisation of the regulatory environment, the industry surely remains an embodiment of a positive outlook.

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