



BULLETIN OF THE INSURANCE MARKET PERFORMANCE

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

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Introduction

The Nigerian Insurance Market has recorded an impressive growth in premium generation in 2023 at a significant rate of twenty-seven per cent compared to the corresponding prior period, year on year. This expansion has sustained yet an existing trend in the industry, to close the year at a record mark of a trillion (N1,003.2) Naira of gross premium written.

1.1 Gross Premium Written - Performance

The fourth quarter of 2023 witnessed a notable milestone in the Nigerian insurance sector, with Gross Premium Written reaching an impressive N1,003.2 billion. This exceptional performance is credited to the consistent implementation of regulatory measures aimed at fostering market deepening. This was largely influenced by the Oil & Gas business in the Non-Life segment of the market. the non-life as a whole grew by 35.1% accounting for about N615.1 billion in gross premium written while the Life business increased by 16.1% during the year.

Table 1 maps the distribution of premium contributions generated by various portfolios in the market during the quarter.

Table 1: Gross Premium Written: Non-Life & Life Businesses: Q4, 2023

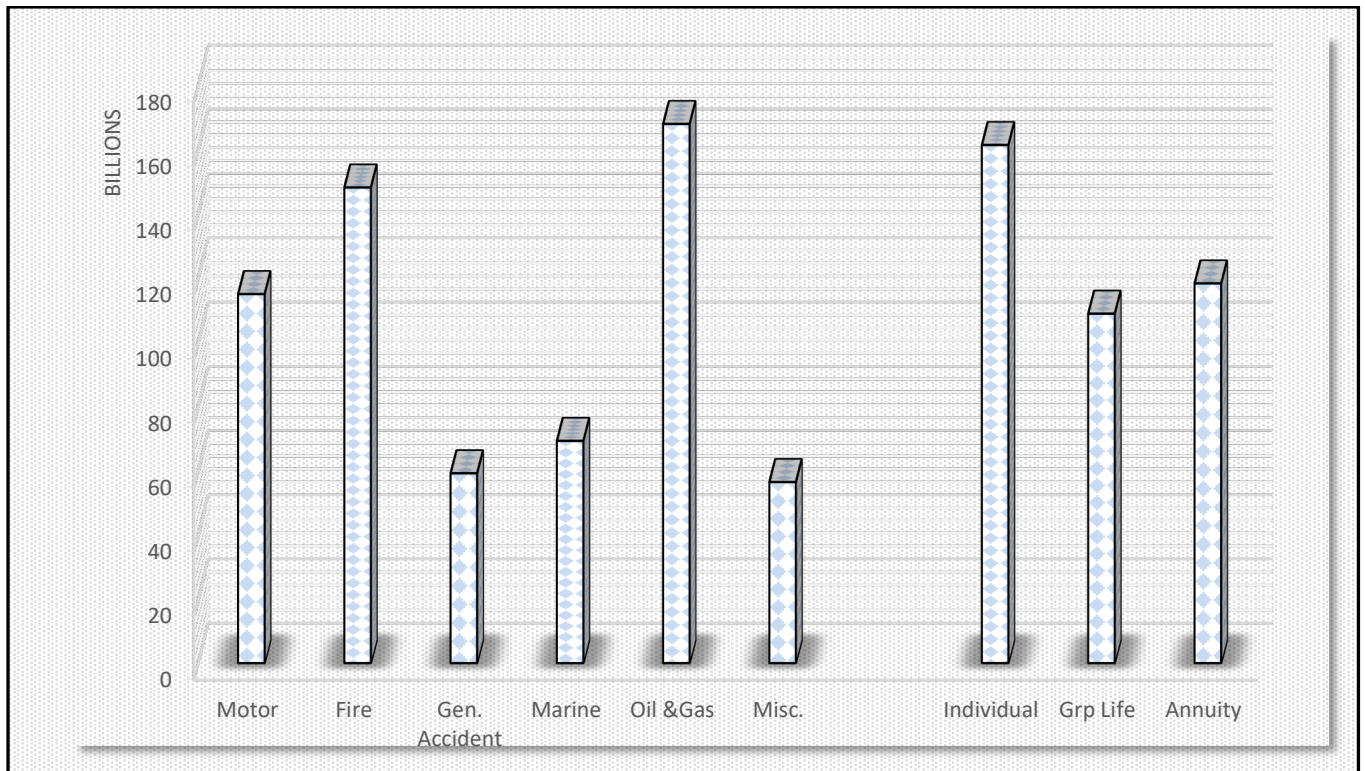
Currency: ~~N~~ Billion

| Variable | Motor | Fire | Gen. Accident | Marine | Oil & Gas | Misc. | Individual Life | Group Life | Annuity | Market Aggregate |
|-----------------------|-------|-------|---------------|--------|-----------|-------|-----------------|------------|---------|------------------|
| Gross Premium Written | 114.9 | 148.0 | 59.0 | 69.1 | 167.8 | 56.3 | 161.2 | 108.8 | 118.1 | 1,003.2 |
| Net Premium | 100.4 | 75.4 | 38.9 | 33.5 | 54.6 | 26.2 | 151.2 | 82.0 | 107.2 | 669.4 |

The industry data shows that the market did better when compared to the National output (GDP) which stood at 3.46% during the same period, a commendable progress owing to insurance penetration drive and improved market efficiency. Chart 1 further provides the descriptive

details of each business class, highlighting the relative increase in the importance of the Life Insurance business over time.

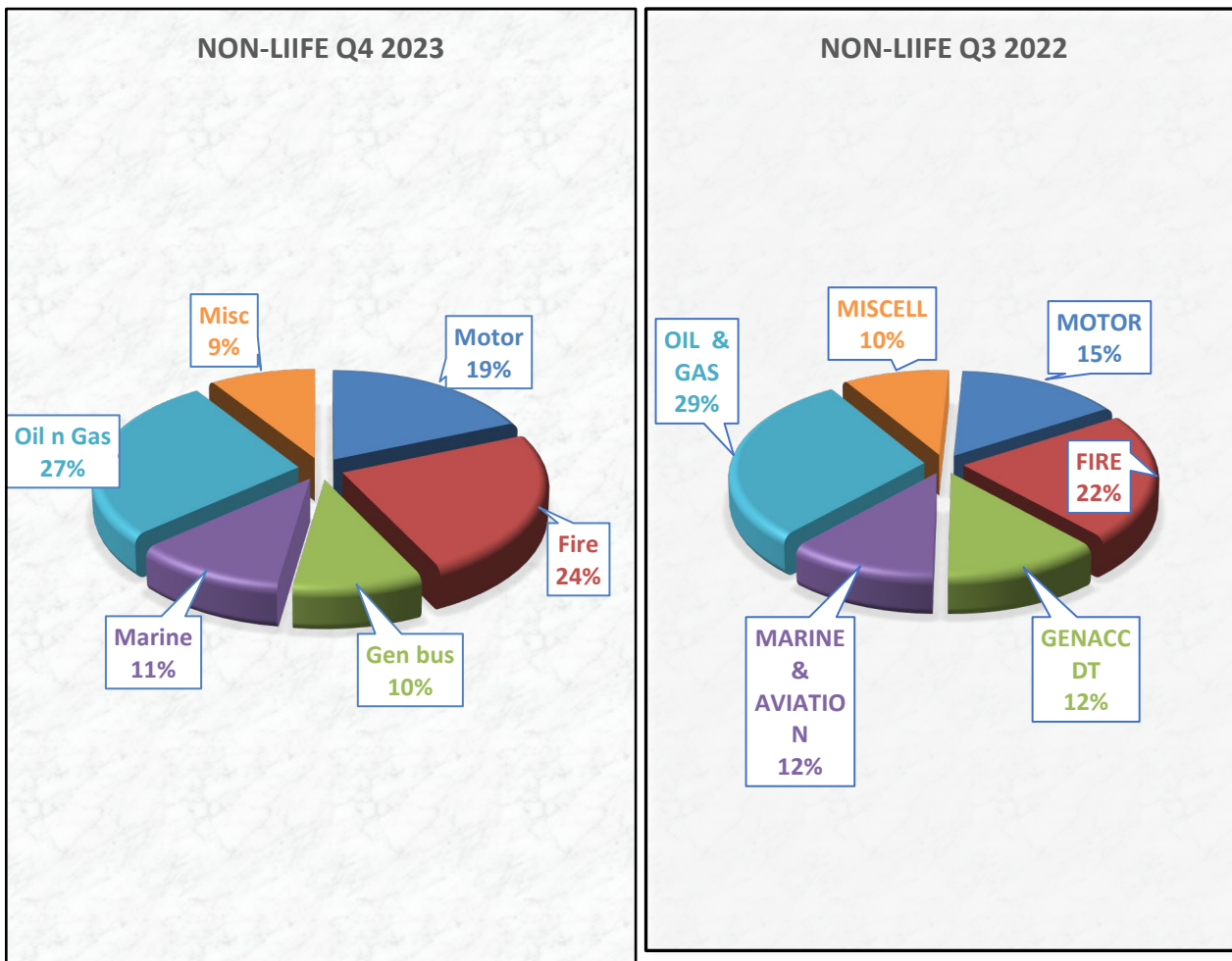
Chart1: Gross Premium Written by Class - Non-Life & Life Business: Q4, 2023



The Non-life segment however sustained its lead, contributing 61.3% to the total premium basket while the Life Insurance business accounted for 38.7% of the total insurance premiums generated during the period. A quick look at the segment indicates that Oil & Gas portfolio held a share of 27.3% albeit, at a slower pace relative to a record of 28.9% reported in quarter 3 of 2023. This is followed by the Fire Insurance with a contribution of 23.1% of all Non-Life premiums generated during the period under review. Motor Insurance constituted 18.7% of the segment, while Marine & Aviation, General Accident and Miscellaneous Insurances reported the market shares of 11.2%, 9.6%, and 9.2% respectively.

Chart 2 provides the infographic representations of the portfolios in the non-life business for the fourth and third quarters of 2023, comparatively.

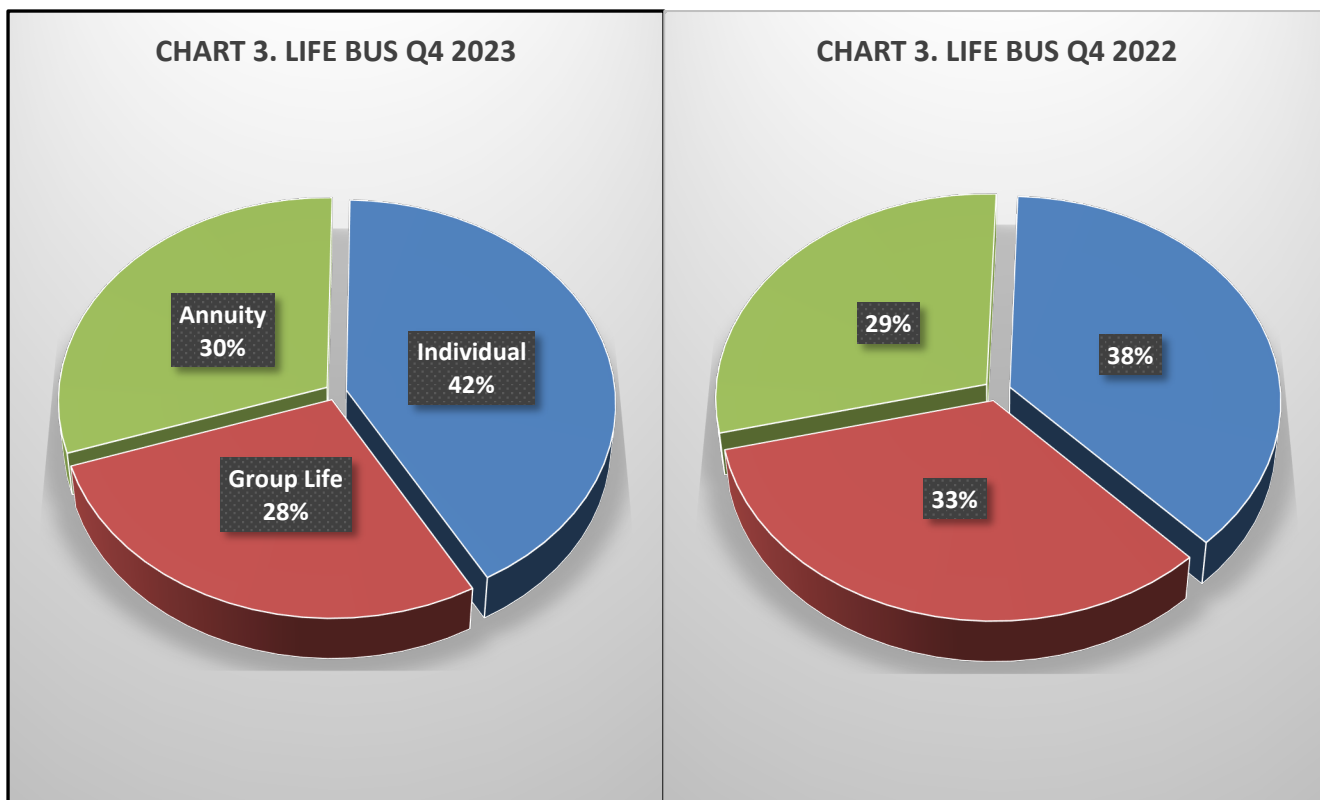
Chart 2: Distribution of Gross Premium Written - Non Life



On the other hand, the Life Insurance business with a gross written premium of N388.1 billion was driven largely by Individual Life, contributing 41.5% of the pool while Group Life stood at 34.5% of the segment’s premium. Indeed, with a consistent close-up from the Annuity business, the portfolio has recorded about 30.4%, of all the Life business premiums generated during the period. Its contribution was 29.1% and 27.4% in the third and second quarters of the year, respectively.

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

Chart 3: Contribution of Gross Premium Written - Life



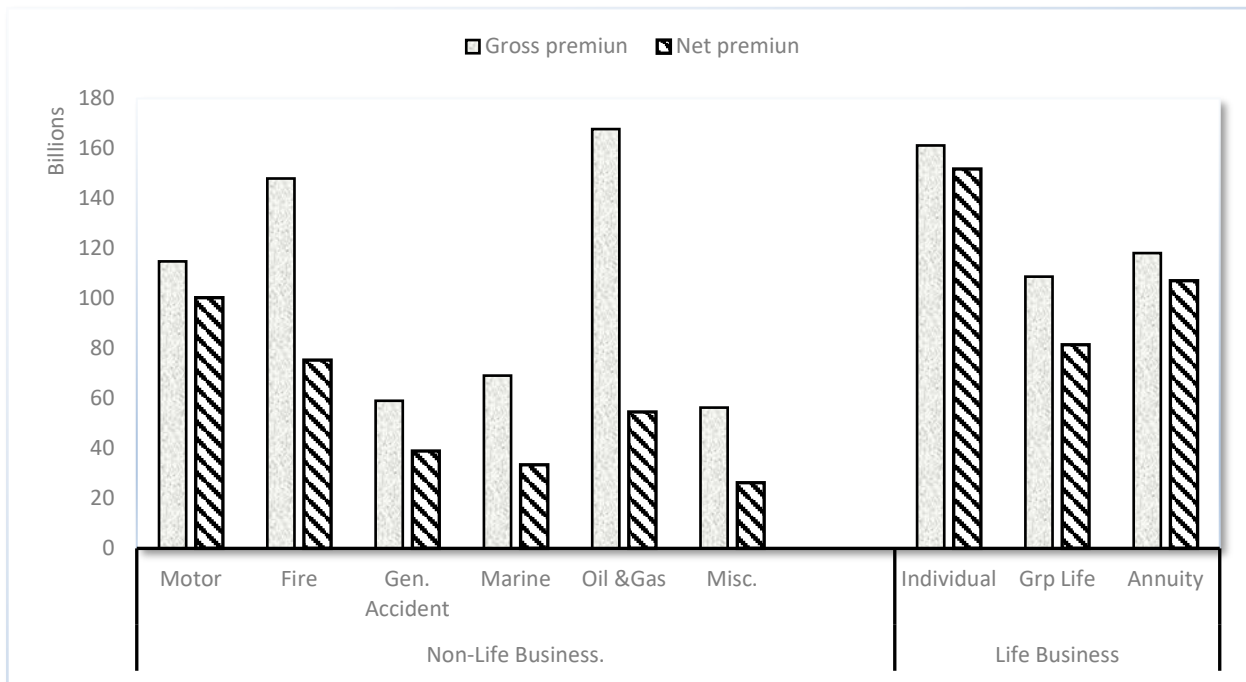
1.2 Premium Retention Capacity

In spite of operational hurdles in the financial sector owing to macroeconomic volatility and competitive dynamics, underwriters exhibited notable confidence in their ability to retain substantial portions of the risks within their portfolios, depicting an industry average of about sixty-seven (66.7%) per cent.

The non-life business recorded some stability in its retention positions, registering a ratio of 53.5% in the current quarter compared to the 52.8% it reported in the corresponding period. Life business on the other hand stood at 87.7% showing a slight decline from the 91.2% recorded in the same quarter, YoY. Nonetheless, the industry's average retention ratio for the fourth quarter was reported at 66.7%, signifying some decrease from the 69.7% recorded at the end of 2022.

Chart 4 provides the relative retentions of various classes of Insurance business during the fourth quarter of 2023.

Chart 4: Relative Premium Retention - Q4, 2023



The retention statistics of various portfolios within the non-life segment of the market as shown in Table 2, captures the experience that most portfolios recorded an above average ratio except for the Oil & Gas business and Miscellaneous insurance businesses. In the Oil & Gas portfolio, the retention level decreased by three points to 32.6% from its previous position of 35.3% while Miscellaneous insurances maintained a steady retention ratio at about 46.6%, year-on-year.

Nonetheless, in the overall analysis, the market recorded sustained confidence and robustness in terms of retention appetite especially, in the life segment which stood at 87.7%, suggestive of the Insurers' carriage capacity and, business confidence prevalent in the industry.

2. Insurance Claims Component

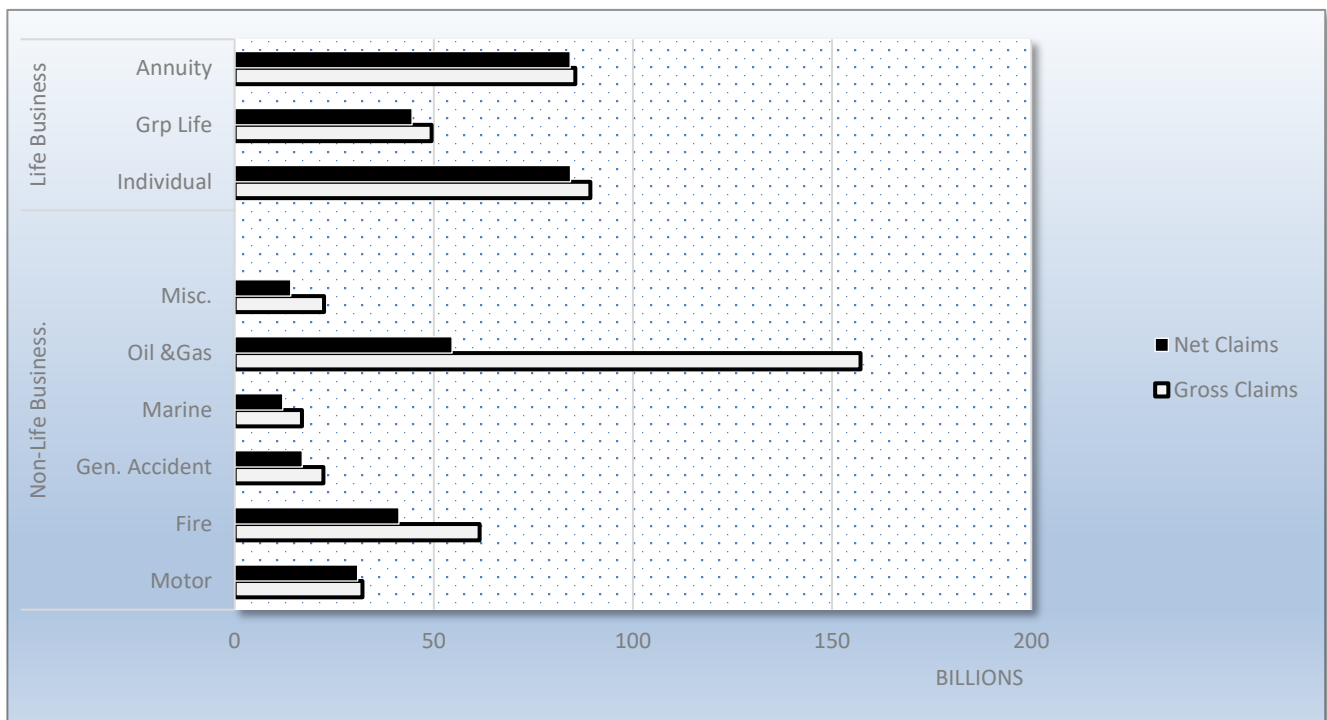
The growing consumer confidence, enlightenment and regulatory redress mechanism has continued to catalyze Insurance Claims reportage in tandem with premium growth in the market. The industry statistics reveal gross claims reported as N536.5 billion, representing about 54% growth compared to the corresponding period in the prior year and, 46.7% compared to the preceding quarter in the current year. This experience however, underlines the need for more

underwriting prudence and professionalism in addition to deeper regulatory measures towards a sustained development of the industry.

Similarly, Net Claims paid moved in the same direction as paid the Gross Claims posting N382.9 billion during the period which was about 71.4% of all gross claims reported during the period. It is noteworthy that the Life Insurance business sustained a near-perfect claims settlement rate of 95.0% during the year.

Chart 5, provides a comparative picture of the 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: Q4, 2023



The claims settlement ratios align closely with the market retention record. Across the board, the ratio of net claims paid exceeded the average position, except once again for the Oil & Gas business, which stood at 34.8%. The Miscellaneous category showed a notable increase from just about average to 62.7%. In the Motor Insurance business, there was a remarkable ratio of 96.1% of net claims paid against gross claims. Following in the same pattern were the Marine & Aviation businesses at 71.4%, five points ahead of their position in the previous period of the last year. General Accident reported 76.1%, Miscellaneous 62.7%, and Fire at 67.1% in that order.

Table 3 provides the Statistics of net claims paid against total claims reported with respect to life and non-life portfolios for the period of the fourth quarter of 2023.

Table 3: Percentage Claims Settlement of Non-Life & Life Business - Q4, 2023

Currency: ₦-Billion

| Variable | Motor | Fire | Gen. Accident | Marine | Oil & Gas | Misc. | Individual Life | Group Life | Annuity | Market Aggregate |
|-------------|-------|------|---------------|--------|-----------|-------|-----------------|------------|---------|------------------|
| Gross Claim | 32.1 | 61.5 | 22.3 | 16.9 | 157.1 | 22.4 | 89.3 | 49.4 | 85.5 | 536.5 |
| Net Claim | 31.0 | 41.3 | 17.0 | 12.0 | 54.6 | 14.1 | 84.3 | 44.6 | 84.2 | 382.9 |

The Oil & gas portfolio Performance appears to be trailing behind in terms of relative net claims paid, largely attributable to the substantial capital requirements inherent in that corner of the market.

3. Profitability of the Sector

The Insurance market indeed remained profitable during the period, recording an overall industry average of about fifty-Seven per cent (57.2%), albeit declining by ten points relative to its position (47.1%) recorded in the corresponding period of the preceding year. The Non-Life segment loss ratio stood at a favorable position of 51.6% while the life business stood at about sixty-three (62.6%) per cent depicting a less profitable scenario comparatively, over the same period. This achievement is particularly commendable given the prevailing macroeconomic challenges experienced during the period under examination. It is relevant however to note that, individual portfolios may display distinct net loss ratios, which may deviate from the market average, either higher or lower, when aligned with the overall market average and performance of the two segments within the industry. Drivers of the loss experience are made up of some six (06) underwriters with a record of loss ratios above 100%.

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

Table 4: Loss Ratios for Insurers in Q4, 2023

| Composite | Non-Life | Life | Reinsurance | Total |
|------------------|-----------------|-------------|--------------------|--------------|
| 2 | 1 | 1 | 2 | 6 |

However, 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

Statistics of the Market share for the period indicate that the top three Life Insurance institutions collectively control about forty-nine (48.7%) per cent of the total Life insurance premium generated. Moreover, approximately eighty (84.0%) per cent of all life business is controlled by the top ten players in this segment, while the bottom ten players contributed only about 1.4% of the life business premium generated.

The Non-Life section on the other hand exhibits some fair distribution, with about thirty (30.1%) percent of all premiums controlled by the top three insurers in this segment. Relatively, the top ten underwriters contributed 60.5% of the market share of premium generation during the period. However, similar to the Life segment, approximately 1.6% of the market was controlled by the least ten insurance companies operating in the non-life business during the period under review.

However, the market concentration in general, sustained an overall fairly competitive environment during the period especially in the Non-Life section of the industry.

5. The Market Size

The industry during the current period recorded growth in total assets at a 7.5% increase accounting for N2,673.1 billion compared to the prior year when it closed at N2,485.8 billion. The industry's financial position revealed a total of N1,668.9billion in Assets for Non-Life business while the Life business stood at about N1,004.2billion.

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

Table 5: Total Assets in Billions of Naira - Q4, 2023

| Insurance Business | N Billion |
|-----------------------------|----------------|
| Non-Life Insurance Business | 1,668.9 |
| Life Insurance Business | 1,004.2 |
| Total | 2,673.1 |

In a nutshell, the Insurance sector in Nigeria has sustained an impressive performance, marked by substantial premium generation, effective claims management and business profitability for both Life and Non-Life segments. This without doubt, could be attributable to market resilience and regulatory effectiveness prevalent in the sector, thus establishing a robust outlook of the Insurance Market.

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