



**BULLETIN OF THE INSURANCE MARKET
PERFORMANCE**

**STATISTICS DEPARTMENT
SYNOPSIS OF THE INSURANCE MARKET
IN THE FIRST QUARTER, 2024**

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: Q1, 2024

Table 2: Retention Ratios of Various Classes of Non-Life - Q1, 2024

Table 3: Gross and Net Claims for Life and Non-Life - Q1, 2024

Table 4: Loss Ratios for Insurers in Q1, 2024

Table 5: Total Assets in Millions of Naira - Q1, 2024

Chart 1: Gross Premium Income By Class - Non-Life & Life Business: Q1, 2024

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

Chart 3: Contribution of Gross Premium Income - Life

Chart 4: Relative Premium Retention - Q1, 2024

Chart 5: Comparative Sequence of Gross and Net Claims for Non-Life: Q1, 2024

Introduction

The Nigerian Insurance Sector Statistics has revealed a sustained positive performance and market deepening capacity in the first quarter of 2024, indicating yet, its ability to adapt and grow despite the prevailing macroeconomic challenges. It recorded a market expansion in terms of Premium generation of about four hundred and seventy-one billion (N470.7b) naira during the period, representing a fifty-one per cent increase, year on year.

1.1 Gross Premium Income - Performance

Gross premium income in the first quarter of 2024 stood at N470.7 billion, an impressive occasion attributable to the regulatory measures and market dynamics. Table 1 maps the contribution of premium by each class of business.

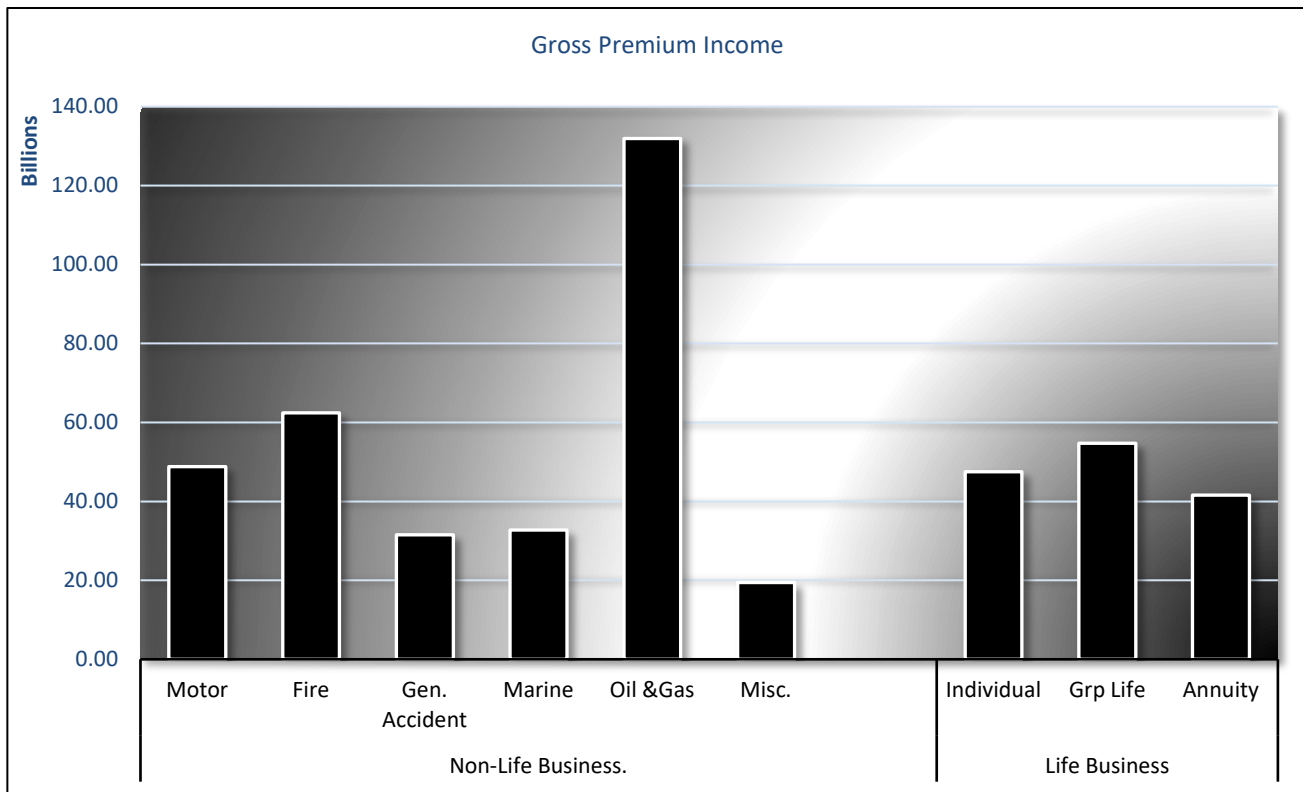
Table 1: Gross Premium Income: Non-Life & Life Businesses: Q1, 2024

Currency: ₦-Million

Variable	Motor	Fire	Gen. Accident	Marine	Oil & Gas	Misc.	Individual Life	Group Life	Annuity	Market Aggregate
Gross Premium Written	48.8	62.4	31.6	32.7	132.0	19.4	47.5	54.7	42.6	470.7
Net Premium	36.0	27.0	16.2	13.8	37.0	10.1	45.6	27.4	42.0	255.1

Data collected during the period indicate a growth rate of 51.1%, year on year, a notable development compared to Nigeria's real Gross Domestic Product (GDP) growth of 2.98% during the same period. The proportional contribution of each class of business is provided for in Chart 1, signifying the shared relevance of each business during the period.

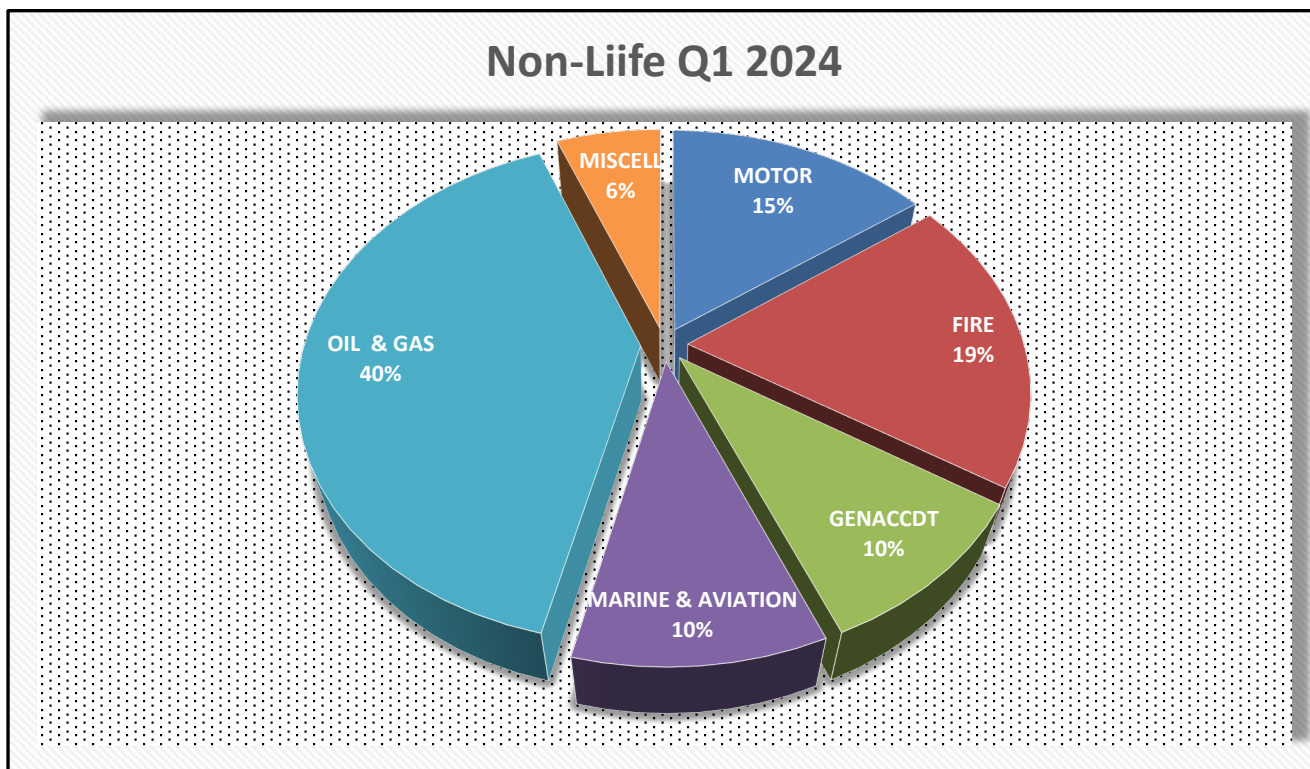
Chart1: Gross Premium Income By Class - Non-Life & Life Business: Q1, 2024



The Non-life segment, generating a gross written premium of N326.9 billion, led the market, contributing 69.5% of the total premium pool as the Life segment made up 30.5% of the total premiums during this period. A quick look at the Non-Life business indicates that Oil & Gas portfolio held a share of about forty (40.4%) per cent as a lead driver of growth during the quarter, relative to its record of 32.6% reported in the first quarter of 2023. This is followed by the Fire Insurance contributing 19.1% of all non-Life premiums generated during the period under review. Motor Insurance constituted 14.9% of the segment while Marine & Aviation, General Accident and, Miscellaneous Insurance reported market shares of 10.0%, 9.7%, and 5.9% respectively.

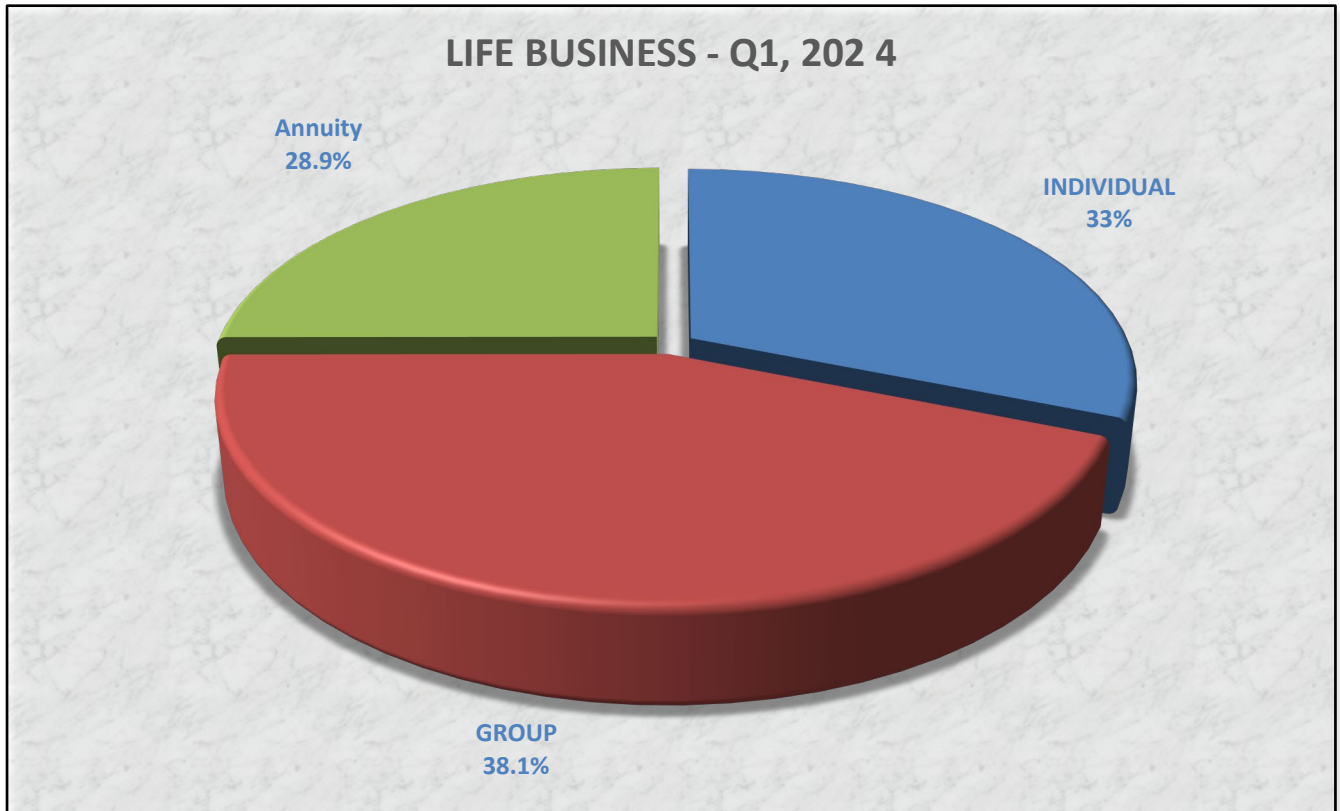
The infographic representations of the non-life and life businesses are further revealed by Charts 2 and 3 herein.

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



The Oil & Gas sector remains the major driver of the Non-life insurance business in a significantly increasing trend in contrast to the contributions of the Marine and Motor insurance businesses which remained mostly flat or decreasing compared to the previous periods. Life business on the other hand with a gross written premium of N143.8billion was majorly driven by the share of Group Life at 38.1% and individual Life business at 33.1% of all premiums recorded in the Life business segment of the Market. Annuity business however, stood at 28.9% of the total Life Insurance gross premium as it closes up to other components owing to growing customer interest and confidence in tandem with the robust regulatory measures relating to the business. A further insight into the Life business is represented by Figure 3.

Chart 3: Contribution of Gross Premium Income - Life

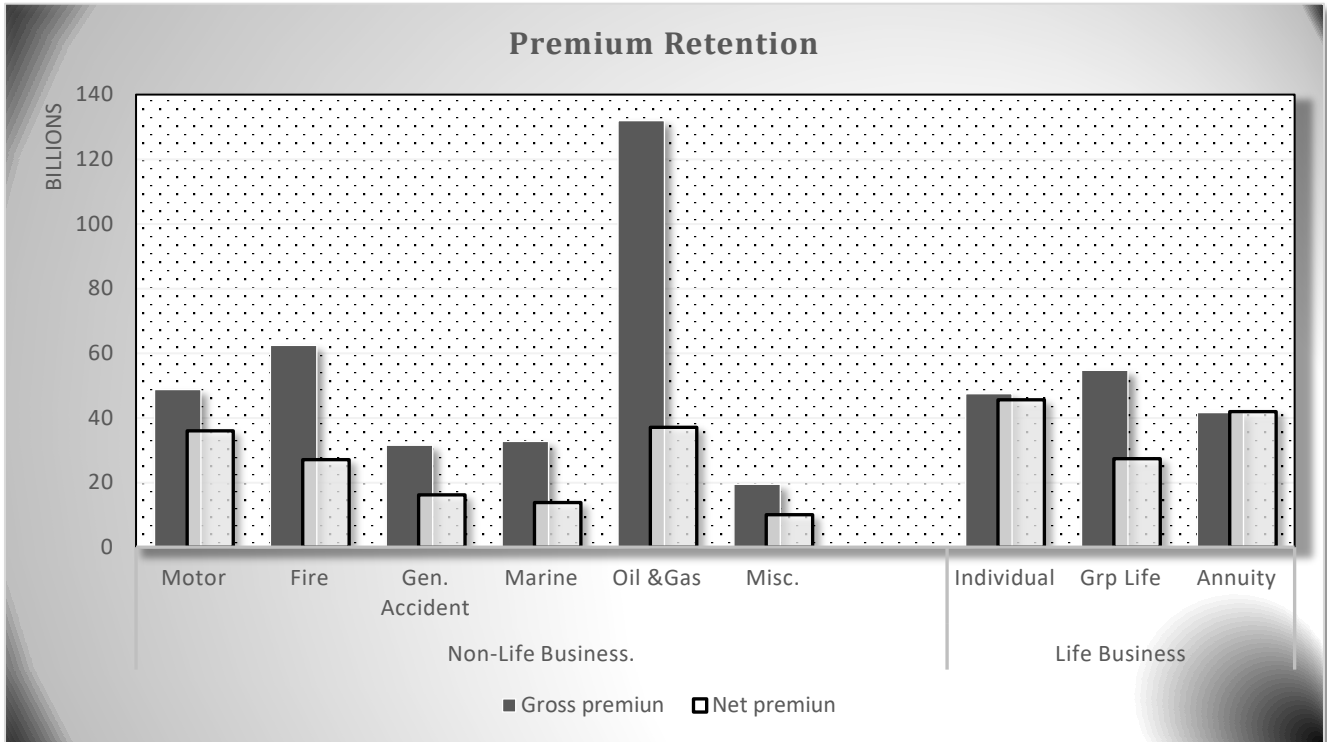


1.2 Premium Retention Capacity

The degree of retention by an insurer usually varies with the Insurers' risk appetite and assessment of a given business. During the first quarter notably, the market demonstrated significant confidence by retaining substantial portions of risks within their portfolios, despite the operational challenges relating to major economic reforms experienced during the period. The industry average retention stood at about fifty-four (54.2%) per cent, signifying a robust business occasion and profitable position of the industry. On the micro-scale, the average retention in Life business stood at 79.9% while non-life recorded a ratio of 42.9%.

Chart 3 illustrates the relative retentions of various classes of Insurance business during the period under review.

Chart 4: Relative Premium Retention - Q1, 2024



Analytical insight into performance by various classes in the non-life segment of the market as revealed in Table 2 shows that Motor and General Accident classes stood at an above average position while, Oil & Gas and Fire business depicts some inadequate capacity.

Table 2: Retention Ratios of Various Classes of Non-Life & Life Businesses: Q1, 2024

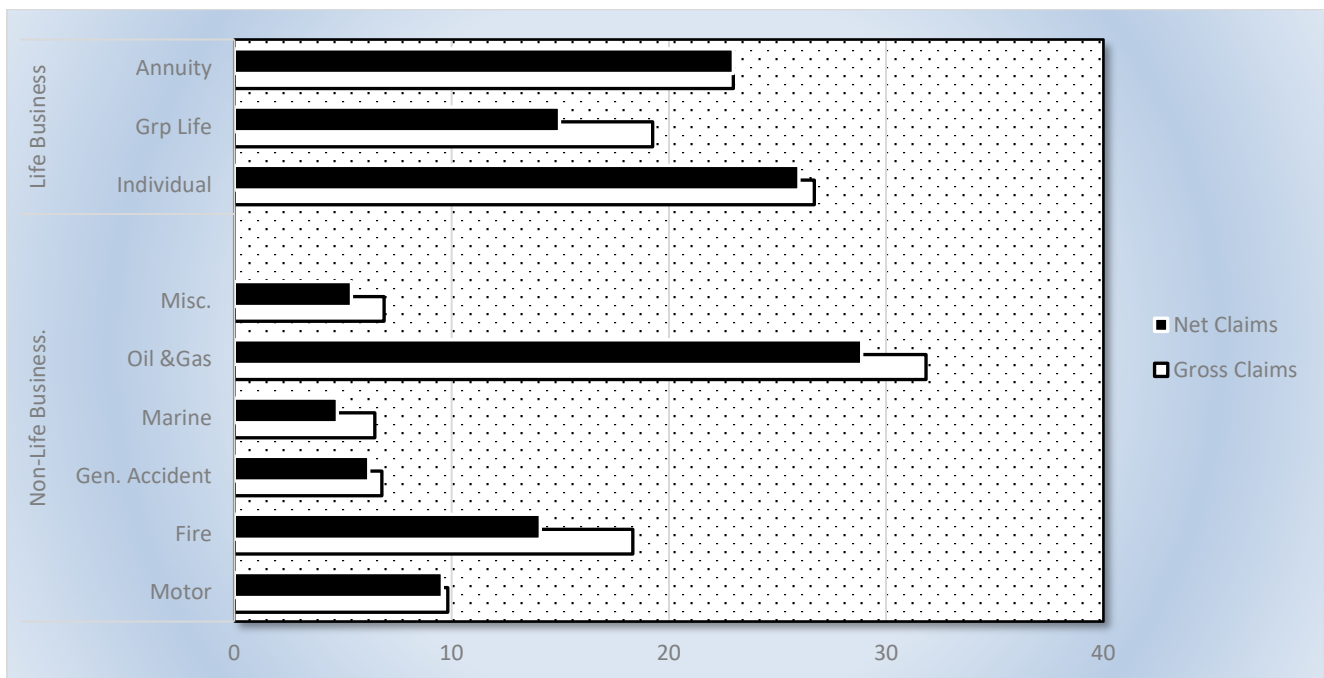
Variable	Motor	Fire	Gen. Accident	Marine	Oil & Gas	Misc.	Individual Life	Group Life	Annuity	Market Average
Retention Percentage	73.8	43.3	51.3	42.2	28.0	51.9	96.0	50.0	100.0	54.2

2. Insurance Claims Component

Increased public enlightenment and growing confidence of stakeholders concerning claims settlement is reflected in the volume of gross claims reported in Q1 of 2024. The total claims reported during the quarter stood at N149.1 billion which is about thirty-two (31.7%) per cent of all the premiums generated during the period. This is a win-win situation for insurers, policyholders and society at large as stakeholder confidence remains a major determinant of market deepening and sustainability in the long run. The net claims paid were also recorded at N132.7 billion, signifying 89.1% of gross claims reported during the period with the Life segment of the market polling an almost perfect point of 92.7%. The proportion of net claims settlement against reported claims in the non-life corner of the market was also impressive with a record of 85.9 per cent owing mostly to issues regarding incomplete documentation of claims reports.

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: Q1, 2021



The pattern of the percentage claims settlement as depicted in Chart 5 above reveals that in all classes, the ratio of net claims paid recorded an above average position against the figures of gross claims reported. During the period, Motor Insurance made the highest record of 97.4% of net claims compared to total claims reported while General Accident (91.1%), Oil & Gas (90.9%), Fire (77.0%), Marine & Aviation (72.3%) and Miscellaneous (78.3%) follow in that order.

Table 3 provides the volume of gross and net claims recorded in the market for various classes of business during the period.

Table 3: Gross and Net Claims recorded for Non-Life & Life Businesses - Q1, 2024

Currency: ₦Billion

Variable	Motor	Fire	Gen. Accident	Marine	Oil & Gas	Misc.	Individual Life	Group Life	Annuity	Market Aggregate
Gross Claim	9.8	18.3	6.8	6.5	31.8	6.9	26.7	19.3	22.9	149.1
Net Claim	9.6	14.1	6.2	4.7	28.9	5.4	25.9	14.9	22.9	132.7

3. Profitability of the Sector

The insurance market held a healthy regime during the period, recording a net loss ratio of 52.0% overall average albeit higher than the thirty-eight percent (38.1%) of the corresponding period of the preceding year. The Life Insurance segment recorded approximately fifty-six (55.6%) as the non-Life section reported about 49.1% of net loss ratio during the same period. The non-life has sustained its good profitability standing which is good for market confidence as only profitable ventures could easily settle policyholders' obligations and maintain value for shareholders.

However, despite the commendable market average, some individual Insurers were responsible for the loss recorded including some nine underwriters with a record of net loss ratios above 100%.

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

Table 4: Loss Ratios for Insurers in Q1, 2021

Composite	Non-Life	Life	Reinsurance	Total
5	1	2	1	9

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

4. Market Concentration Risk

The market exposure due to over-concentration was more pronounced in the Life insurance sector compared to the Non-Life sector in the period under review. Specifically, the top three Life Insurance institutions exert significant control over about forty-four (44.2%) per cent of the total Life market in contrast to only thirty-three (33.2%) per cent controlled by the top three in the Non-Life segment. Eighty-two (81.6%) per cent of all life business is concentrated in the top ten (10) of players in the market and, only about five (3.4%) per cent is 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 sixty-five (65.0%) per cent of the gross premiums generated while just one (1.0%) 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 non-life proved more competitive in terms of spread among the market leaders, it is however skewed for the least ten players contributing insignificant share of the market. From the foregoing, it is relevant to note that although the spread of risk could be likely skewed in the market, it is however fairly distributed in terms of the overall exposure regarding the market concentration risk vulnerabilities.

5. The Market Size

The Sector recorded N3.3 trillion in total assets indicating an expansion of 36.9% compared to N2.4 trillion reported in the corresponding period of 2023.

Statistics of the industry’s financial position revealed a total of N1,943.6 billion in Assets of Non-Life businesses while the Life business stood at about N1,392.8 billion. Table 5 provides the necessary insight into the Market size of the Insurance sector in the first quarter of 2024.

Table 5: Total Assets in Billions of Naira - Q1, 2024

Insurance Business	N bn
Non-Life Insurance Business	1,943.6
Life Insurance Business	1,392.8
Total	3,336.4

Considering the market insights as outlined, the insurance industry in the first quarter appears stable, profitable and robust. Moreover, in cognizance of the ongoing initiatives including Sector-Wide digitization, Risk-Based Supervision and other market deepening measures the outlook could be adjudged positive.

**The Statistics Department
National Insurance Commission, Abuja
First Quarter, 2024**