



**BULLETIN OF THE INSURANCE MARKET
PERFORMANCE**

**A STATISTICS DEPARTMENT QUARTERLY
REPORT OF THE INSURANCE MARKET.
FOURTH QUARTER, 2021**

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, 2021

Table 2: Retention Ratios of Various Classes of Non-Life - Q4, 2021

Table 3: Percentage Claims Settlement of Non-Life - Q4, 2021

Table 4: Loss Ratios for Insurers in Q4, 2021

Table 5: Total Assets in Millions of Naira - Q4, 2021

Chart 1: Gross Premium Income by Class - Non-Life & Life Business: Q4, 2021

Chart 2: Distribution of Gross Premium Income - Non Life

Chart 3: Contribution of Gross Premium Income - Life

Chart 4: Relative Premium Retention - Q4, 2021

Chart 5: Comparative Sequence of Gross and Net Claims for Non-Life: Q4, 2021

Introduction

This analytical report of the Insurance industry Statistics is a depiction of the Market performance for the fourth quarter of 2021. It recorded an impressive gross premium generation growth of thirty-three per cent quarter on quarter, translated at about N616.6billion. The Statistics also revealed the continued improvement in retention propensity and, increased market size and profitability relative to the prior quarter.

1.1 Gross Premium Income - Performance

The total industry premium generated as at the fourth quarter of 2021 stood at N616.6billion, representing a growth proportion of thirty three per cent (33.0%), quarter on quarter (QoQ) and indeed, at about twenty per cent (19.8%) year on year compared to the actual figure of N514.6billion recorded in 2020. This reflects the continued regulatory market development measures being carried out by the Commission and, reopening of the economy. 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, 2021

Currency: N-Billions

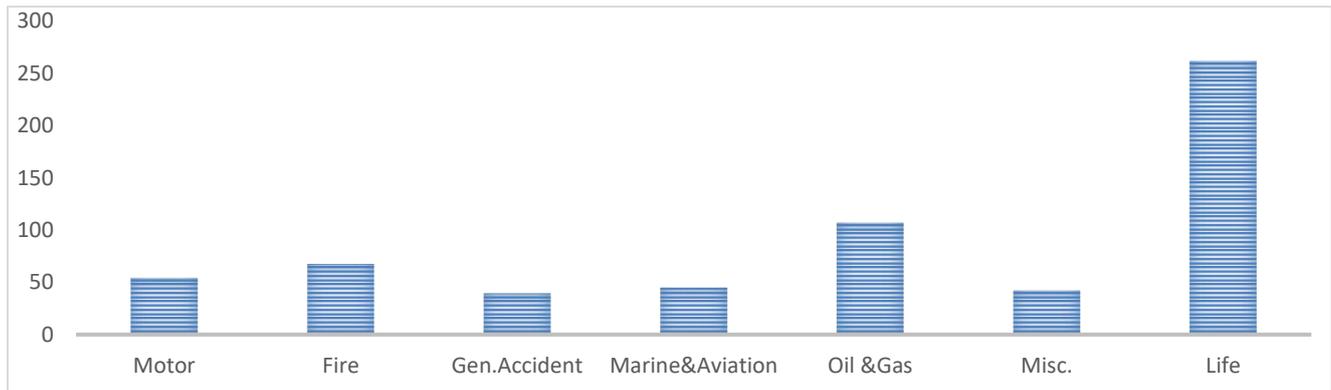
Motor	Fire	Gen. Accident	Marine	Oil & Gas	Misc.	Life	Total
54.2	67.6	39.3	45.0	106.8	42.3	261.4	616.6

Industry Statistics in the current period revealed a much higher growth rate (33.0%) of the market compared to the real national growth rate which was about four (3.9%) per cent during the same period. Similarly, as observed earlier, it was about six times higher compared to the real growth rate recorded by the Nigerian economy (3.4%) on year on year (YoY) basis.

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, representing 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, 2021

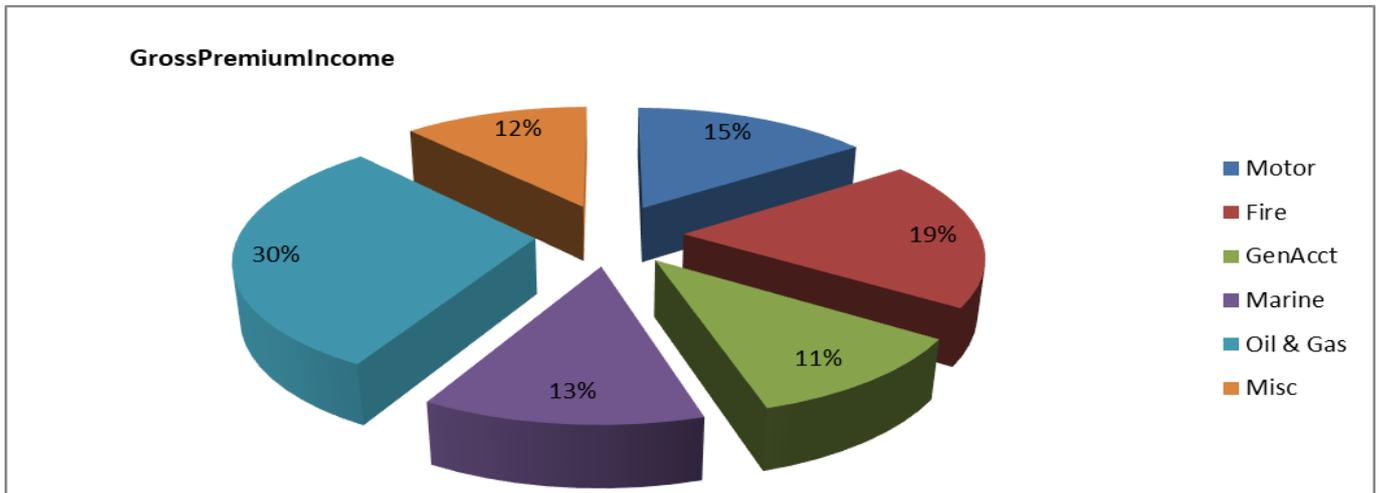


Non-Life business as it were in prior periods, continued its dominance, contributing about fifty-eight (57.6%) per cent relative to the share of the Life business (42.4%), albeit three points lower than its previous position. The proportional significance of Life in the industry sustained a positive trajectory in recent times reflective of the COVID-19 effect and as awareness soars.

In-depth analysis of the Non-Life segment of market shows Oil & Gas business sustaining its market share dominance at 30.1%, down 1.2 per cent from 31.1% posted in the prior period. The figure posted is the continuation of the downward trend of the index in which it was 33.9% in the first quarter, and 32.5% in the second quarter of the year. Preserving same pattern of contribution to the gross premium pool of the market, Fire Insurance (19.0%) came a distant second while, Motor Insurance (15.3%), Marine & Aviation (12.7%), Miscellaneous (11.9%) and General Accident (11.1%) trailed in that order. On the other hand, Life business was driven by Individual Life Insurance (46.9%) even as its relative contribution fell by about ten points compared to third quarter (57.7%). In a contrasting path to the previous quarter, group life followed by about twenty-seven (26.9%) per cent while Annuity business contributed gross premium income of twenty-six (26.2%) 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.

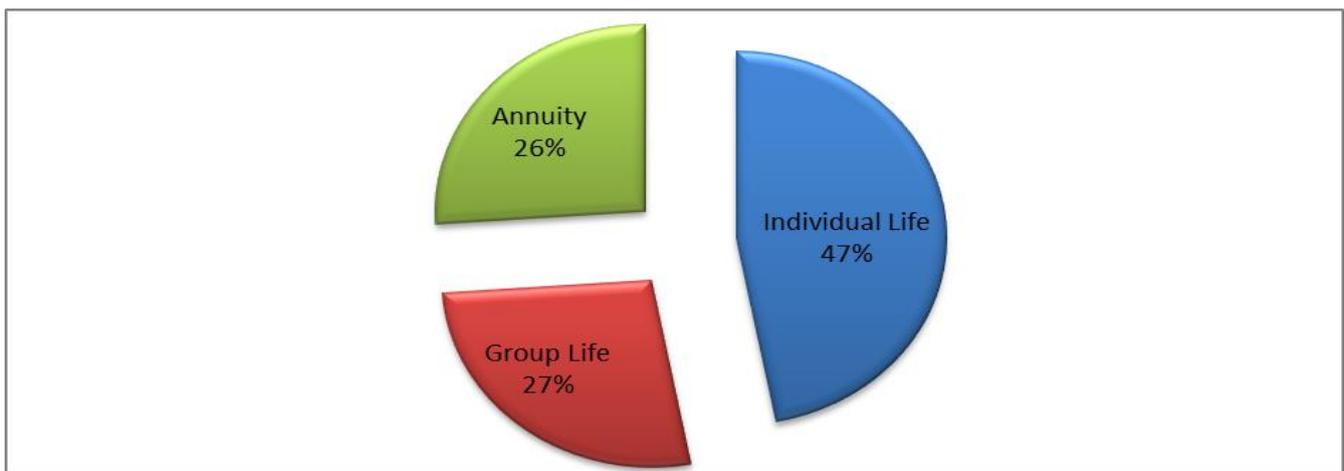
Chart 2: Distribution of Gross Premium Income - Non-Life



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

For the life insurance business segment 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 almost half of all premiums generated is the driving force behind the growth in the life segment of the market during the quarter despite a significant decline recorded from 58% in the prior quarter to 47% of the life premiums.

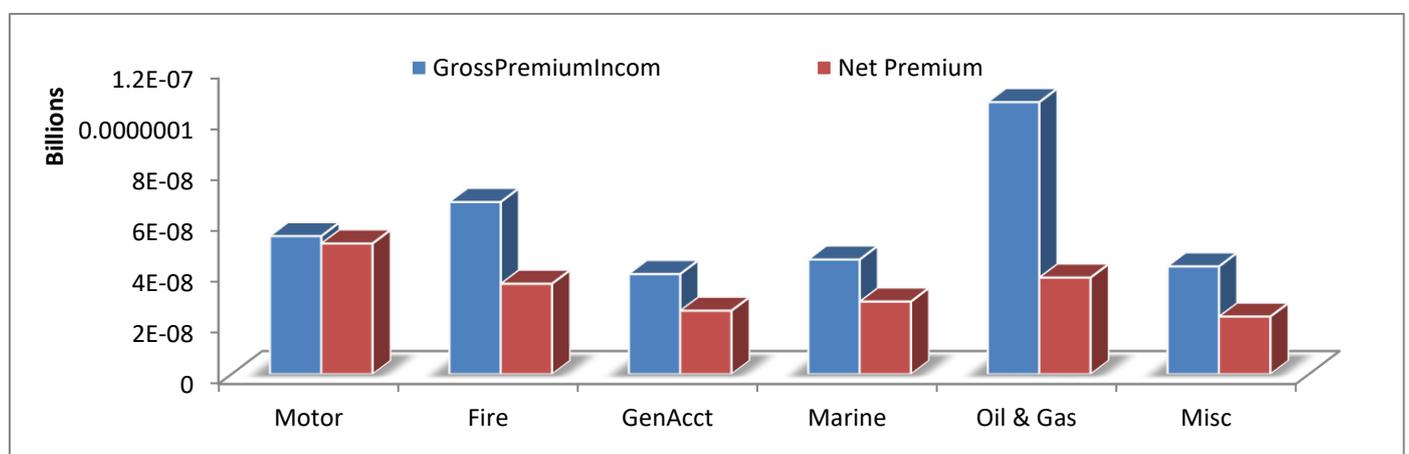
1.2 Premium Retention Capacity

The industry in spite of operational challenges posed by domestic and global issues, continue to post impressive numbers with regards business retention reflective of the market resilience and capacity. In the period under review, industry wide average retention ratio stood at about seventy two cent (71.7%), slightly a point lower than it held in the previous quarter. In same direction, the Life business also slipped by a point to a record of ninety two (92.1%) from its prior position of 93% in quarter three.

In the Non-Life segment which also took a similar pattern, Motor Insurance sustained its lead as the highest retaining portfolio with a retention ratio of about ninety five per cent (94.6%) also a point lower than its standing in the prior quarter. Oil & Gas recorded the least at about thirty six per cent (35.5%) representing a six points drop from the forty two per cent it reported in the previous period. Oil and Gas portfolio unfortunately remained a challenging corner in the market owing to its nature of huge capital and professional requirements. To achieve any hold-back of capital plight in that critical area, some deliberate actions are necessary in both human and capital resources development. Consequently, the retention performance in the current period declined relative to the third quarter position as evidenced by the overall Non-Life business posting a retention ratio of about fifty seven per cent (56.6%), slipping from sixty per cent in the prior period.

Chart 3 illustrates the relative retentions of various classes as against total premium 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 - Q3, 2021

Motor	Fire	Gen. Accident	Marine & Aviation	Oil & Gas	Misc.	Total
94.6	52.5	63.4	63.3	35.5	53.4	56.6

2. Insurance Claims Component

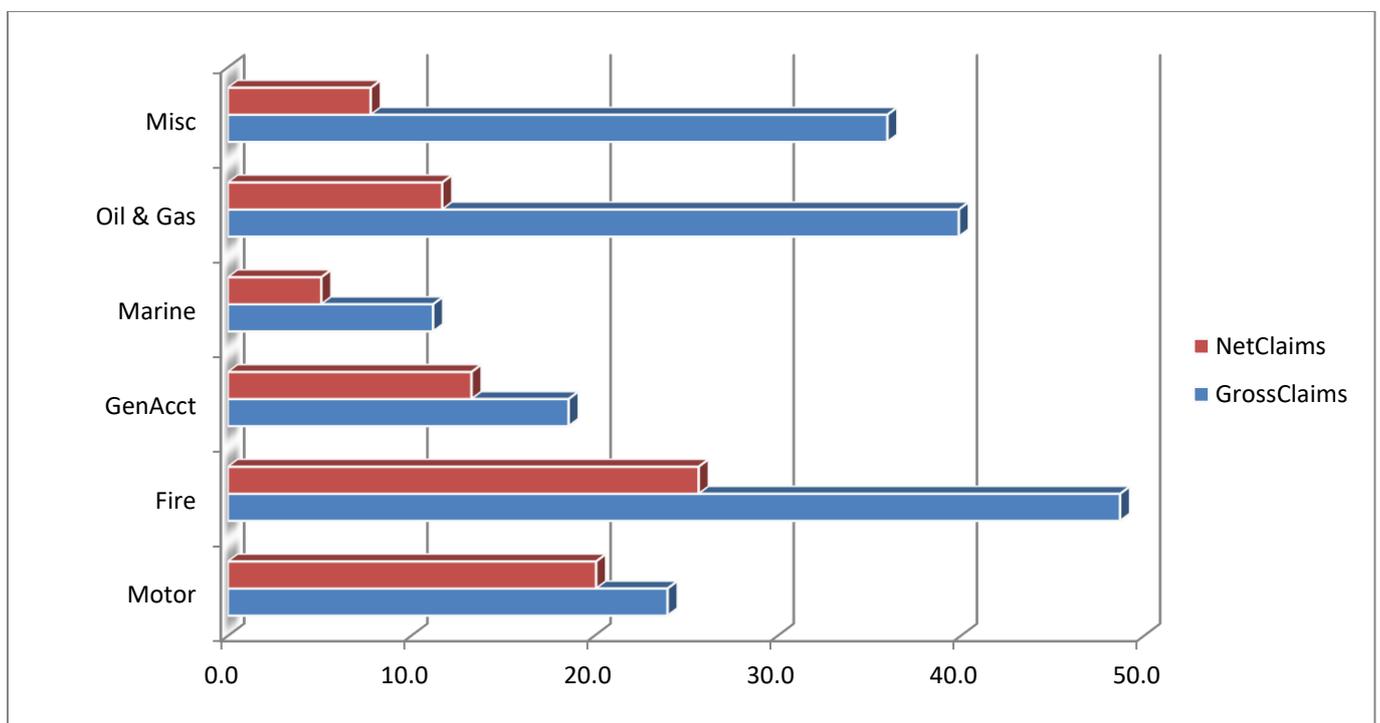
The Insurance Claims reported during the fourth quarter stood at N336.8 billion representing a thirty six (35.6%) per cent QoQ growth. This could be as a result of Market expansion, growing awareness and consumer confidence. That was a much higher rate compared to Premium income growth during the same period but, at a slower rate relative to its prior position when it grew at forty two per cent. In a similar pattern, the net claims paid was reported at N233.6 billion, growing at about forty nine per cent (48.5%) QoQ during the same period. This was about sixty nine (69.4%) of all Claims reported as actually paid or settled during the period under review. Although slightly lower than the sixty three per cent (63.3%) reported in the prior period, it was a reflection of hard economic realities as indicated by the increasing ratio of gross claims against total premium income generated, it reported about fifty five (54.6%) per cent as against fifty four reported in the previous quarter.

Insights into the Non-life segment shows that Motor Insurance led with regards to claims settlement vis a vis gross claims reported at about eighty four (83.8%) per cent signifying a five points improvement as against its prior position. Oil & Gas was the least at about twenty four per cent (23.9%). Two other portfolios of General Accident Insurance (71.5%) and Fire Insurance business (52.8%) held above average proportions while Marine & Aviation (45.5%), Oil & Gas (29.3%) and Miscellaneous Insurances recorded a below average amounts of paid claims portion

against gross claims reported. Life Insurance business on the other hand maintained the same position held in the prior period at ninety five (94.6%) per cent of net claims paid compared to total claims reported during the fourth quarter 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, 2021



The focus is that in spite of relative improvement (46.9%) recorded with regards to claims settlement in the non-life business compared to the previous period (43.1%), the claims paid proportion continue to remain below average, indicative of unfavourable situation of claims settlement in this segment of the market.

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

Table 3: Percentage Claims Settlement of Non-Life - Q4, 2021

Motor	Fire	Gen. Accident	Marine & Aviation	Oil & Gas	Misc.	Total-Non Life
83.8	52.8	71.5	45.5	29.3	21.7	46.9

3. Profitability of the Sector

The market recorded about fifty three (52.9%) per cent net loss ratio during the period under review, suggestive of a viable, cost effective and profitable business in the industry. This is mostly attributable to the Non-Life business sustaining its positive trajectory at 41.7% net loss ratio in the current period while the consolidated Life portfolio recorded about 62.3% during the same period. Although, compared to the previous quarter, the profit extent has somewhat declined with the relative increase in ratios of the net claims, the position remains within favourable conditions in both life, non-life and indeed the industry average.

Table 4 provides insight into the number of Insurers with figures of the net loss ratios at 25% or lower during the period.

Table 4: Loss Ratios for Insurers in Q4, 2021

Composite	Non-Life	Life	Reinsurance	Total
6	7	3	0	16

4. Market Concentration Risk

The pattern of market concentration with regards to premium generation in the current period remained on the same level relative to prior periods. Non-life business recorded a better spread compared to the life segment of the industry. Although the top ten Insurers controls about sixty one (60.5%) per cent of the market, only three firms contributes over twenty seven (27.3%) per cent of all premiums generated during the period while, just about one (1.1%) per cent of the on-life market was shared by the bottom ten underwriters. Life business on the other hand had its top ten Insurers cornering about eighty one (80.8%) per cent of gross premium generated in the industry as the least ten controlling less than one (0.3%) per cent while forty seven (47.4%) per cent of the market share was concentrated within the top three players in the Life Insurance business during the quarter.

5. The Market Size

The Insurance industry total Assets stood at N2,230billion in the fourth quarter, sustaining an upward trajectory that signifies an expansion at about seven (6.9%) per cent, QoQ. This is impressively at a much higher momentum compared to the prior period when the progression rate was recorded at about two per cent. The outlook of the market remain positive as the industry recapitalises and market deepening initiatives are being intensified especially, on the enforcement measures of compulsory Insurance.

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 Millions of Naira - Q4, 2021

Insurance Business	N billions
Non-Life Insurance Business	1,142.1
Life Insurance Business	1,088.0
Total	2,230.1

As it were for most part of the year, Statistics has revealed the apparent resilience of the industry in times of operational challenges tied with slow macro-economic recovery. This is resultant to a robust market that is profitable, stable and with great propensity to business retention and growth.