



NATIONAL INSURANCE COMMISSION

**NAICOM ANNUAL REPORT &
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The Insurance Market

The Insurance market in 2019 grew at about 19.2 per cent, a five point progression relative to its growth in the prior year posting over N508 billion as against N426 billion production made in 2018. The Non-life sector accounted for 55.4 per cent albeit lower than its share in the preceding period (57.6%) and at a slower pace of 14.6 per cent, while the Life sector in a record surge of a growth rate at 25.5 per cent accounted for about 44.6 per cent of the gross premium income generated during the period. The growth of the Life sector is largely led by Individual life business and the growing popularity of Annuity business. The relative significance of the Life sector in the market continue to grow as evidenced by its evolution from a 31.4 per cent in 2015 and, consistently all through to its current share status in 2019.

Typically, in an obvious reflection to the growing underwriting proficiency in the market, the claims segment drops by eleven per cent (11%) in contrast to the increasing premium generation in which, it recorded N225.2 billion as against N252.2 billion in prior period. This is a constructive path that could drive the needed accumulation of surplus urgently desired for industry growth and investment attraction in the industry. The Non-Life led the fall in claims reported (-16%) as it contributed about 45.1 per cent relative to its share of 47.77 per cent in 2018, while Life insurance business which contributes a share of 54.9 per cent recorded a fall of six per cent (-6%) relative to its previous position. Similar trend was recorded in the case of net claims paid during the year in which the Life sector led the experience with 56.7 per cent contribution to net claims paid as against 43.3 per cent share of the non-life business. This is a mirror of how the market operates in developed climes wherein the Life segment drives growth of Insurance business. It is also good for the Nigerian economy that is in dire need of long term investible funds provided by the Life Insurance business

Assets size of the sector sustained the positive trend in growth drive as it stood at N1.5 trillion indicating a 14.7 per cent growth relative to its prior position of N1.3 trillion, year on year. The ongoing recapitalisation measure of the Commission among others, is expected to result in a major surge of both capital and needed available assets that can adequately support the safety, growth and development of the largest economy in Africa and, to ensure for a rightful place of the Insurance sector in the Nigerian economy.

The Nigerian Insurance Market was however ranked the 79th in the world based on the premium income performance by the AXCO (UK) Insurance markets ranking, slumping two points from its 77th position in the previous period. This is understandable as the Nigerian economy was just beginning to recover from the economic slip it suffered in some immediate periods before.

THE INSURANCE MARKET PERFORMANCE

1.1Gross Premium Income

The Gross premium income in 2019 recorded a 19.2 per cent growth rate, the highest in five years and, more than five points progression relative to its prior position when it grew by 14.5 per cent, to close at about N508.2 billion. As the most crucial element in the Insurance business model, gross premium income is also a major indicator of industry performance, therefore its growth is not only relevant but a pointer to the market resilience in periods of economic uncertainties of the Nigerian economy. Table 1 relates to the gross premium generation over the past five years.

Table 1: Gross Premium Income: Non-Life & Life Businesses: 2015 - 2019

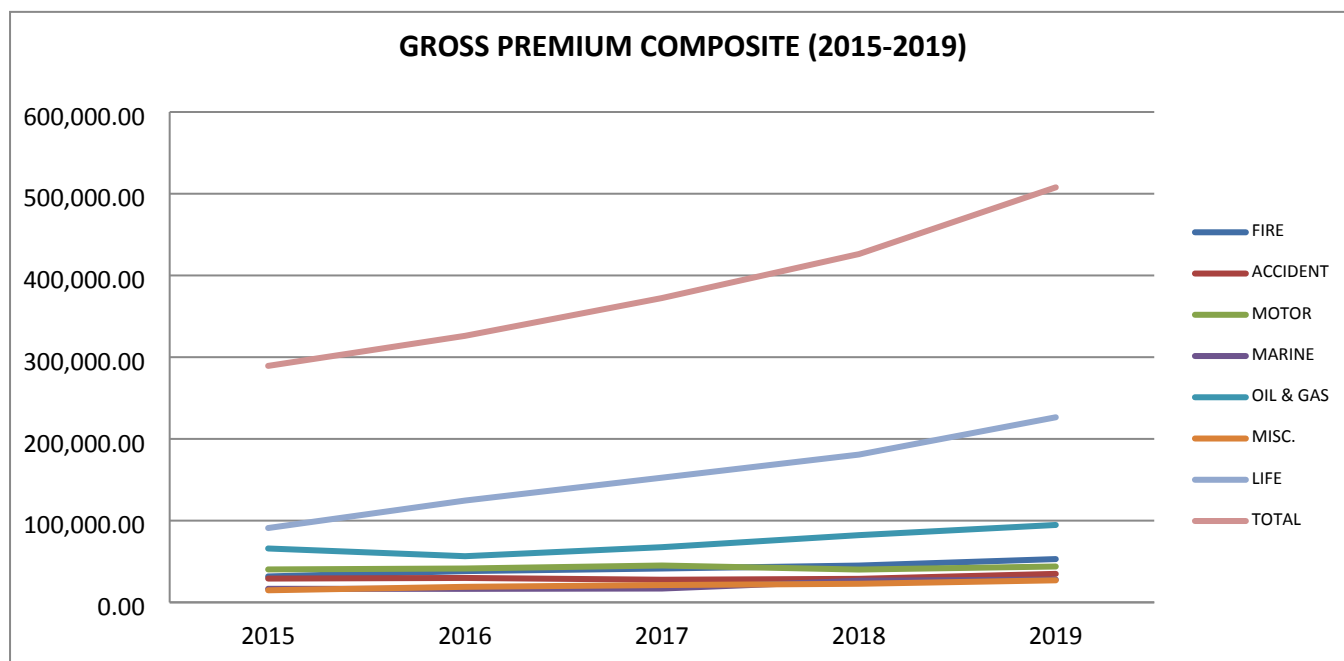
Currency: N-Million

Year	Fire	Gen. Accident	Motor	Marine	Oil &Gas	Misc.	Life	Total
2015	31,720.25	29,106.58	40,287.30	16,582.31	65,918.54	14,774.18	90,952.32	289,341.48
2016	38,249.72	29,875.53	41,428.05	16,515.76	56,481.38	18,997.24	124,566.34	326,114.02
2017	41,432.58	27,678.31	45,083.60	16,916.21	67,520.53	21,167.38	152,559.81	372,358.42
2018	45,036.60	28,782.71	40,149.33	26,472.04	82,236.87	22,733.62	180,799.76	426,210.93
2019	52,968.16	34,878.19	43,878.79	27,927.89	94,705.48	26,988.11	226,883.43	508,230.05

The market progression maintained a sustained and steady positive trajectory all through as depicted by table 1, with both Non-Life and Life (all sub-classes) businesses moving in positive direction. While the insurance industry as whole grew by 75.7 per cent from N289.3 billion in 2015 to N508.2 billion in the current period, the Life section including Individual, Group and Annuity businesses grew at about 149.5 per cent and, the non-life business grew by 41.8 per cent over the same period.

Chart 1 shows the growth configurations for the respective classes of Insurance business over five year period.

Chart1: Gross Premium Income By Class - Non-Life & Life Business: 2015 - 2019



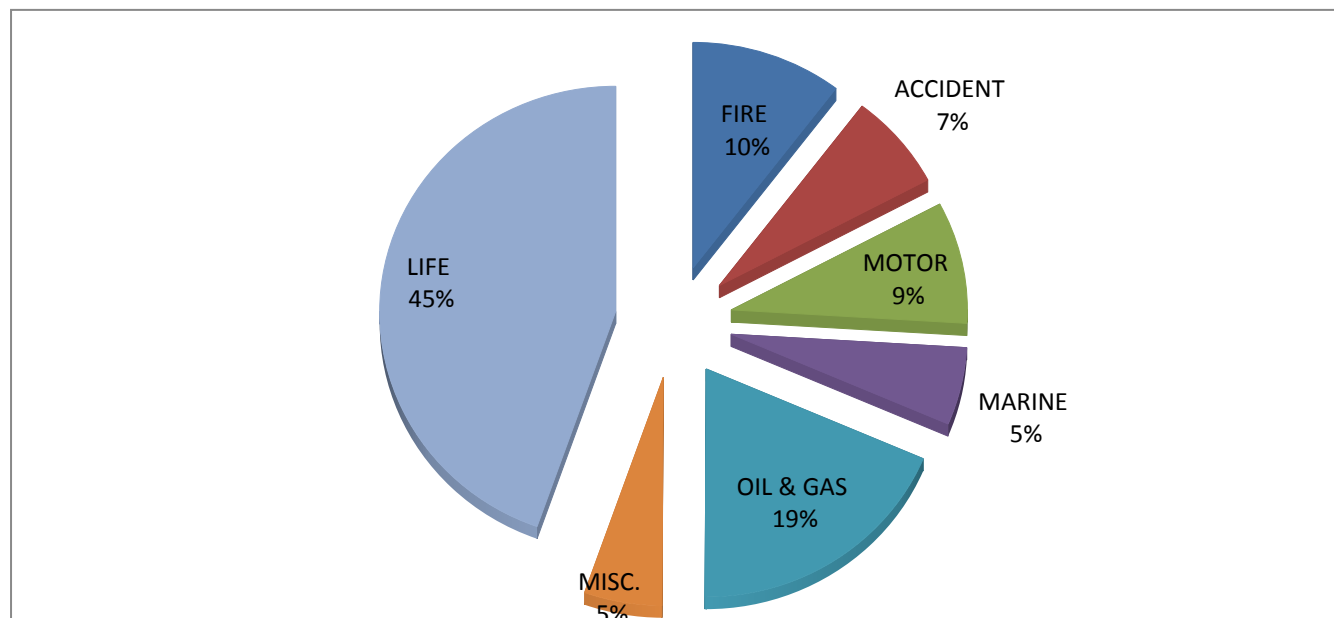
Major growth drivers as signified in chart 1, was largely led by the Life segment which grew by 25.5 per cent in the current period. This is a replica of same pattern of significance it sustained in prior period wherein it posted about 18.5 per cent. Other Insurance classes of General Accident, Miscellaneous and Fire followed closely at 21.2%, 18.7% and 17.6% respectively. However, Special risks segments of the industry lagged behind as Oil & Gas (15.2%) and, especially the Marine and Aviation (5.5%) businesses failed to sustain their lead as major drivers posting lower growth rates in the current period.

Motor on the other hand, despite the negative growth in 2018 (-10.9%) recorded about 9.9 per cent this year representing a significant performance of the class within the period under review. It is apparently noticeable that the continued effect of fake Insurance and rate cutting militating against thrive of Motor and to some extent, Marine Insurances is abundantly significant. Therefore measures put in place by the Commission should be sustained until maximum desired results is achieved.

1.2 Distribution of Gross Premium Income

Chart 2 provides the percentage contributions of the different Insurance classes to the gross premium income generated in 2019.

Chart 2: Distribution of Gross Premium Income by Class of Business - 2019

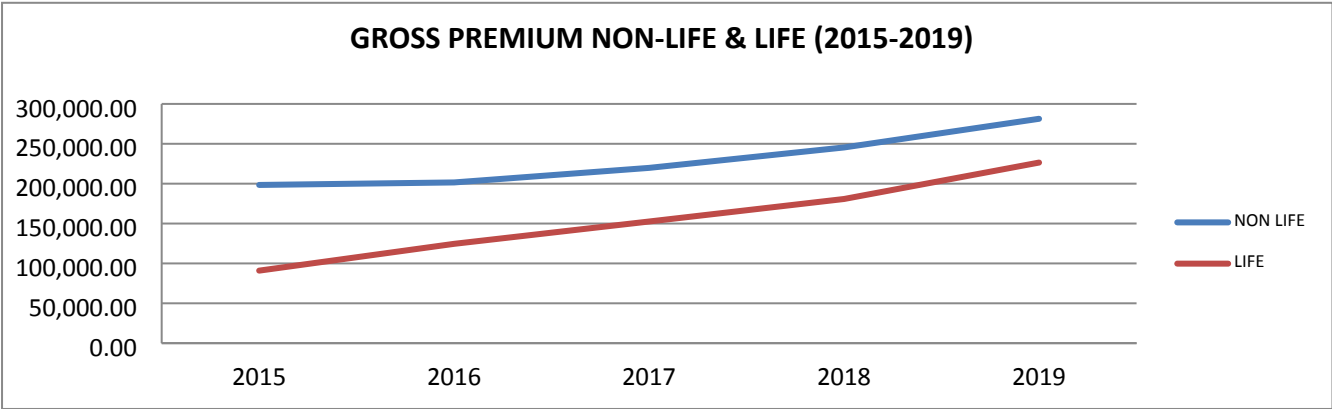


Non-life business segment of the industry contributed about 55.4 per cent which is a two point drop, as it continue to loose relevance in terms of share against life business of the gross premium contribution. It was a one point decline in the preceding year when it stood at 57.6%, in 2017 its share to gross premium was 59% and, 62%; 69% in 2016 and 2015 respectively. The continued growth and popularity of Annuity business and confidence in its safety as well as various investment products relating to individual life, has remained the growth catalyst of the Life segment of the market. Non-life on the other hand will need to focus on elimination of fake insurance policies militating against its survival as well as breaking into all potential areas hitherto excluded in the Insurance net.

In the non-life business, the market share figures sustained the same pattern recorded in the prior period with Oil & Gas business leading at about 19 per cent, albeit in an apparent fall from 34 per cent. Significantly followed by Fire insurance (10%), Motor (9%), General Accident, (7%), Marine & Aviation Insurance (5%) and Miscellaneous (5%) in that order.

In a nutshell, it is obvious that both Life and Non-life businesses recorded a positive growth trajectory as illustrated by Chart 3 for the five year period of 2015 to 2019.

Chart 3: Gross Premium Income: Non-Life & Life Insurance Businesses: 2015 - 2019



As in chart 3, the gross premium contribution of the non-life grew steadily from N198.4 billion in 2015 to peak at N281.3 billion in 2019. The Miscellaneous Insurance (82.7%), Marine & Aviation (68.4%), Fire (66.9%) and Oil & Gas Insurance businesses were the most significant drivers of the growth experience in the five year occasion. The Life sector grew at a more robust rate to close at about N226.5 billion in 2019 from a relative gross premium of N90.9billion in 2015.

Specifically in 2019, the rate of growth in premium income of non-life business was in contrast with previous performance in which the General Accident Insurance led the growth at a rate of 21.2% compared to 2018. This is followed by Miscellaneous Insurances (18.7%), Fire (17.6%), Oil & Gas (15.2%) and Motor (9.8%) relative to the preceding were when it stood at 3.9%, 7.4%, 8.7%, 21.8% and -10.9% respectively. Marine & Aviation Insurance (5.5%) which posted the highest growth rate in the prior period (56.5%) had the least in 2019, in contrast with Motor Insurance business which grew from a negative rate to the fifth position relative to other businesses in terms of progression. These two specific businesses as identified earlier are the most affected by fake Insurance aberrance in the sector. The life segment on the other hand grew by 25.3 per cent in the current period as against 18.5 growth rate it posted in 2018. In a nutshell the industry recorded a robust performance overall during the year for both non-life and life businesses posting over nineteen per cent as observed in chart 3.

1.3 Retained Premium Income

Retention capacity is an important indicator of not only its risk appetite but financial strength and stability. Figures in table 2 reveals the performance of the industry with respect to the Net Premium Income (NPI) over the five year period as it evolved from N205.6billion in 2015 to N366.4billion in 2019, representing about 78.2 per cent increase.

Table 2: Sequence of Net Premium Income: Non-Life & Life Businesses 2015 - 2019

Currency: N-Million

Year	Fire	Gen Accident	Motor	Marine	Oil & Gas	Misc.	Life	Total
2015	17,295.6 3	22,218.8 3	38,296.6 6	10,242.0 6	24,958.0 4	8,899.34	83,707.60	205,618.1 6
2016	20,397.4 3	21,516.0 1	38,720.0 6	10,851.2 4	19,063.4 9	10,481.8 4	117,204.6 9	238,234.7 6
2017	19,638.8 4	19,979.0 3	40,190.7 1	10,568.1 2	25,584.0 8	10,652.5 3	138,885.3 1	265,498.6 2
2018	23,233.3 7	19,498.1 0	36,875.0 9	14,740.7 8	40,200.3 1	14,421.8 5	166,526.3 7	315,495.8 7
2019	27,106.9 7	21,652.6 6	41,452.9 8	16,608.8 7	37,587.1 4	13,992.1 1	207,575.6 9	366,376.8 1

Table 3 provides the Annual growth rates for the period of 2015 - 2019 of various classes of business.

Table 3: Annual Growth Rates of Net Premium Income (%)

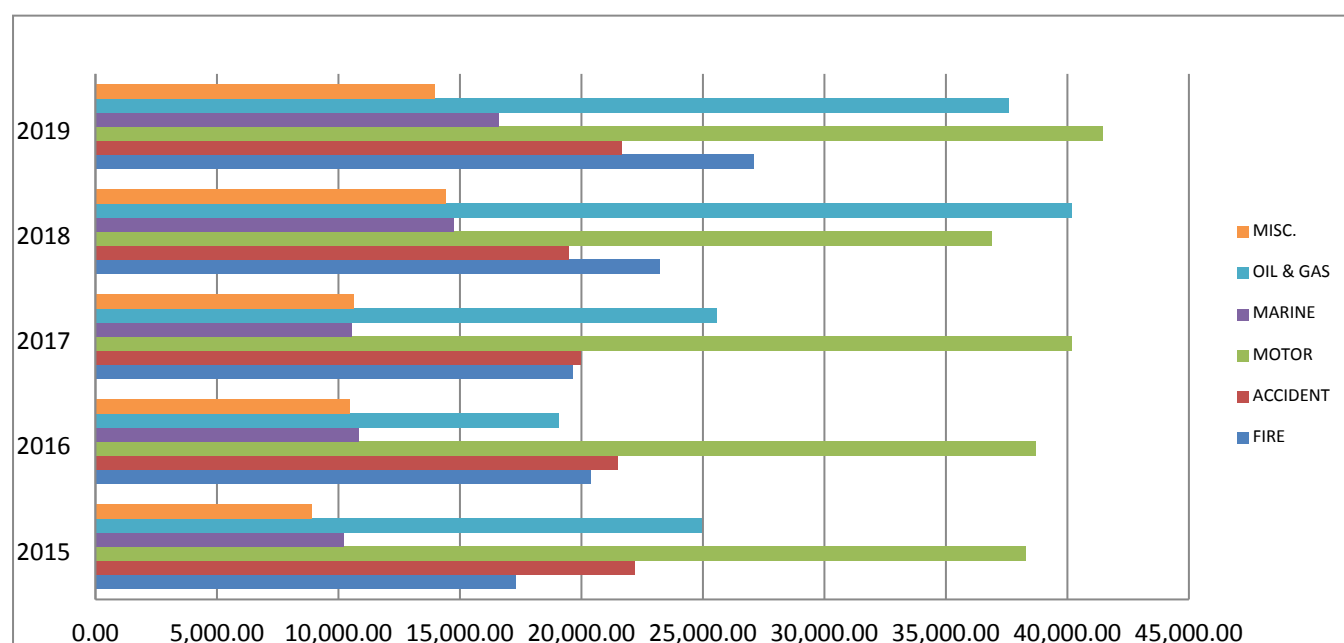
Year	Fire	Gen Accident	Motor	Marine	Oil & Gas	Misc.	Life
2015	(13.4)	7.0	(3.7)	(21.1)	21.7	(11.9)	5.0
2016	17.9	(3.2)	1.1	5.9	(23.6)	17.8	40.0
2017	(3.7)	(7.1)	3.8	(2.6)	34.2	1.6	18.5
2018	18.3	(2.4)	(8.3)	39.5	57.1	35.4	19.9

2019	16.7	11.1	12.4	12.7	(6.5)	(2.9)	24.9
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It is noteworthy that both Motor and General Accident Insurances that recorded negative growth rates in 2018 made some significant strides to post double digits of progression at 12.4% and 11.1% in that order. On the contrary, Oil and Gas (-6.5%) and Miscellaneous (-2.9%) businesses reported contraction in growth albeit both in a single digit fashion. Other classes sustained commendable levels of growth in retention capacity during the current period, Marine & Aviation grew by 12.7 per cent while Fire insurance recorded growth of 16.7 per cent. The Life segment in particular sustained a continued positive growth rate of 24.9 per cent far ahead of the 19.9 % it reported in the prior period. This is commendable as it indicates the growing resilience of the sector despite an apparently difficult operating economic climate. Growth of the life sector also signifies the positive outlook for the long term capital accumulation for the much needed infrastructural investments in Nigeria.

Chart 4 provides the net premium income of various non-life insurance classes for the five years period.

Chart 4: Net Premium Income for Non-Life Insurance Business: 2015-2019



It is abundantly clear that the net premium growth pattern of respective classes of Insurance is consistent with the growth profile of their recorded gross premium accounts as signifies in Chart 4.

The retained Insurance premium levels are specified in the next segment of this report.

1.4 Retention Ratios

Table 4 indicates the percentage scales in Insurance premium retentions for the 2015 - 2019 period.

Table 4: Retention Ratios for Non-Life and Life Insurance Business; 2015 To 2019

Year	Non-Life Insurance (%)	Life Insurance (%)
2015	61.5	92.0
2016	60.1	94.1
2017	57.6	91.0
2018	60.7	92.1
2019	56.3	91.7

Despite the relative growth in net premium figures experienced in 2019 in most classes, the overall retention ratios of especially non-life businesses declined compared to 2018 retention levels. While the life segment sustained about the same level of retention relative to the previous year, non-life stood at 56.3 per cent, about five points lower compared to the previous period. Retention scales increased significantly across all the reported accounts. It is noteworthy, from table 4 that both life and non-life businesses maintained far above the fifty per cent (50%) mark throughout the five year period with life, maintaining above ninety per cent

(90%) point. This could be reflective of the growing underwriting and risk-bearing capacities of the market as well as the local content and domestication of life business policies of government.

1. 4.1 Retention (%) of Non-Life Insurance by Class of Business

Year	Fire	Gen Accident	Motor	Marine & Aviation	Oil & Gas
2015	55	76	95	62	38
2016	53	72	94	66	34
2017	47	72	89	63	38
2018	52	68	92	56	49
2019	51	62	95	60	40

Table 4.1 provides the recorded retention ratios of the non-life Insurance of five year period. The Motor account sustained its lead in documented retention at about 95 per cent an increase from 92% reported in the prior period. This could be attributable to the fact that most premiums generated in this account are of third-party motor Insurance which is typically retained by Insurance Institutions. On the other hand, the Oil & Gas Insurance account recorded the least (40%) compared to other accounts which also is a fall from its previous position in 2018, ascribable to its specialty nature vis-a-viz the sector's carriage capacity with regards to this kind of risk. The recapitalisation measure of the Commission is much handy in this regard to create the enabling carriage capacity especially in special risks segment of the industry.

Marine & Aviation Insurance account also increased substantially (60%) as against the (56%) it attained in 2018 in contrast to its behaviour in the previous year. Other classes recorded some dip compared to the previous year. General Account Insurance stood at 62% and Fire 51% as against 68% and 52% respectively, indicative of a challenging operating environment and, the need for an enhanced innovation in advanced risk management for enhanced retentions capacity development in the industry.

1.5 Distribution of 2019 Net Premium Income

Chart5 illustrates the proportion of retained premium income recorded in 2019 in line with various classes of Life and Non-Life Insurances.

Chart 5: Distribution of Net Premium Income - 2019

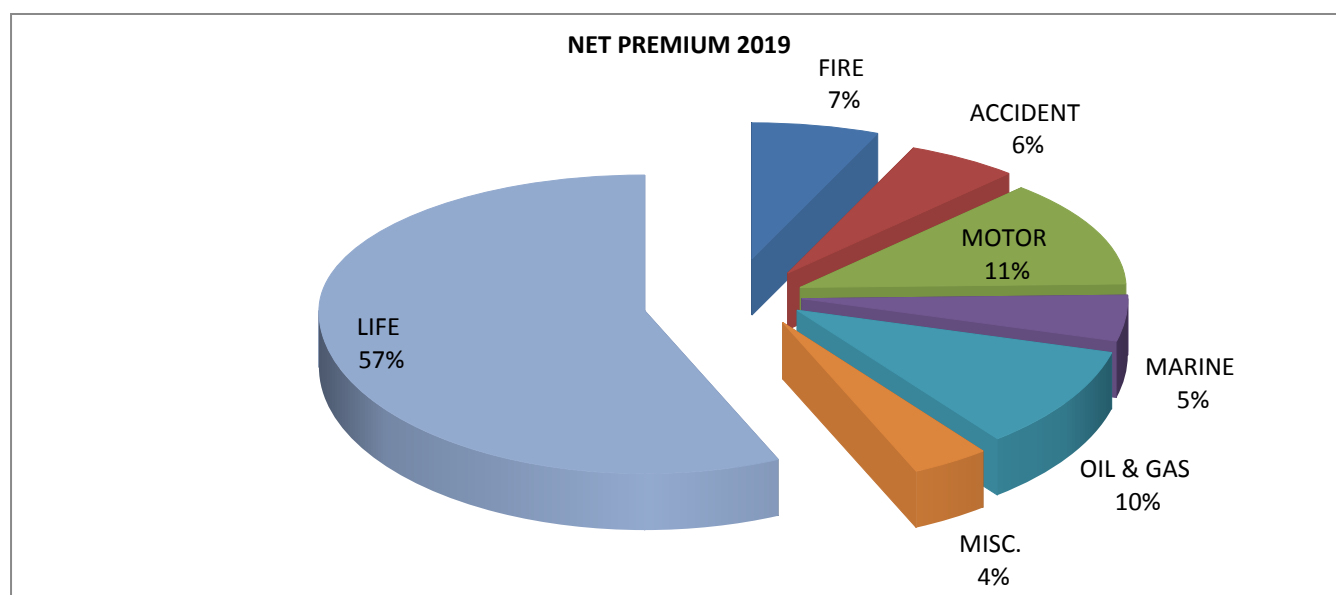


Chart 5 represents the prominent proportion contribution of Life insurance section to the total net premium income, fifty seven percent (57%), and a four point higher than in the previous 53% in 2018 which indicates the continued significance of life segment in retention position. This indicates the growing development of the sector as it's a common phenomenon with developed insurance markets across the world as earlier established.

1.6 Claims Experience

1.6.1 Gross Claims

The Insurance market reported a gross claim of N225billion in 2019 signifying a fall of about -11 per cent relative compared to N252billion posted in the prior period. This is in contrast to the 35% growth rate recorded in previous year attributable to increasing risk management and underwriting prowess of the market.

Gross claims recorded for various classes of the Insurance market at respective periods is provided in Table 5.

Table 5: Gross Claims Paid - Non-Life & Life Insurance In: 2015 -2019

Currency: N-Million

Year	Gen						Life	Total
	Fire	Accident	Motor	Marine	Oil & Gas	Misc.		
2015	17,676.02	10,550.36	17,254.58	7,015.32	8,661.17	4,814.47	45,197.37	111,169.29
2016	22,927.54	10,397.97	18,137.15	6,879.16	13,158.83	7,073.91	67,263.78	145,838.34
2017	23,636.03	9,994.79	20,849.42	5,570.08	44,174.34	9,717.26	72,506.11	186,448.03
2018	20,348.49	11,175.70	17,455.64	13,303.84	51,141.10	7,052.83	131,712.61	252,190.21
2019	30,967.18	13,246.25	19,764.95	11,349.68	20,148.05	5,919.15	123,776.03	225,171.29

The developments in Gross claims of the insurance market as reported in table 5 shows a consistent positive slope all through the five-year period until the current year when it recorded a dip, the figures improved from about N111billion in 2015 to N252billion in 2018 before taking a decline in the current period. However, besides the general dip of the market in terms of gross claims figures, some classes of non-life business still sustains growth as it were the trend over the previous years. Fire insurance grew at fifteen per cent (15%), followed in a remote distance by General Accident at 19% and Motor at 13% in that order. On the other hand, the drivers of the decline were led by Miscellaneous (-16%) in consistence with its behaviour in the prior year (-27%), Marine & Aviation also decline by -15% and Life at -6 per cent in that order. However, in the current year the total claims reported took a different configuration as it stood at a about N225 billion at the end of period indicating a dip of -10.7 per cent.

1.6.2 Net Claims: NON-LIFE Insurance Business

The net insurance claims paid with regards to non-life business in 2019 as provided for in table 6 took a relatively different pattern compared to the gross claims reported as the entire market sustained a positive trend in terms of net claims paid all through the current period. It grew by 37.2 per cent representing N49 billion in 2015 to peak at about N67billion at the end of five year period. On a similar trend, the account reported a 5.1 % growth year on year during the current period as Fire Insurance led the change by 85.6%. This is followed by General Accident (13.4%), Marine & Aviation (5.1%) and Motor (2.2%). On the down side, the net claims figures of the Oil & Gas (-30.4%) and Miscellaneous (-27.6%) slipped as compared to the previous year.

Relevant net claims Data on the Non-Life business is provided by Table 6.

Table 6: Net Claims Paid: Non-Life Business: 2015 - 2019

Currency: N-Million

Year	Fire	Gen Accident	Motor	Marine	Oil & Gas	Misc.	Total
2015	11,066.03	7,700.97	15,530.32	4,366.97	6,806.52	3,605.49	49,076.30
2016	11,381.10	7,113.23	16,136.77	4,249.81	10,313.60	4,566.97	53,761.48
2017	9,811.94	6,835.37	17,903.95	3,053.27	13,408.07	5,389.04	56,401.64
2018	9,266.50	8,428.10	17,344.02	7,128.17	17,122.68	4,773.46	64,062.93
2019	17,196.69	9,547.69	17,724.60	7,492.04	11,923.77	3,455.51	67,340.31

Table 7 provides the behaviour of net insurance claims paid on Life business over the period of 2015 to 2019, signifying the steady trajectory but for the current year analogous to the non-life segment growth trend. The business grew from N43 billion in 2015 to peak at about N88billion over the period, representing over a hundred per cent rate in progressive change. The slump in the current year is reflective to the fall in individual life business (-37.3%) and in the Annuity (-20%) which of course was the propeller of growth in the prior period, resultant to a decline of the entire life segment by -24.5 per cent as indicated in the reported drop from N117billion in 2018 to N88billion year on year.

Table 7: Net Claims Paid: Life Business

Currency: N-Million

Year	2015	2016	2017	2018	2019
Amount	43,011.55	54,628.35	68,231.66	117,322.09	88,594.80

1.6.3 The Claims Ratios

Tables 8, 8.1 and 8.2 gives further insight into the proportions of net claims paid statistics to policy holders for the period 2015 to 2019.

Table8: Gross Claims/Gross Premium Income - Life and Non-Life

YEAR	2015	2016	2017	2018	2019
Gross Claims(Naira M)	111,169.29	145,838.34	186,448.03	252,190.21	225,171.29
Gross Premium(Naira M)	289,341.48	326,114.02	372,358.42	426,210.93	508,230.05
Claims ratio (%)	38.4	44.7	50.1	59.2	44.3

Table 8.1 Gross Claims/Gross Premium Income: Non-Life

YEAR	2015	2016	2017	2018	2019
Gross Claims(Naira M)	65,971.92	78,574.56	113,941.92	120,477.60	101,395.26
Gross Premium(Naira M)	198,389.16	201,547.68	219,798.61	245,411.17	281,346.62
Claims ratio (%)	33.3	38.9	51.8	49.1	36.0

Table 8.2 Gross Claims/Gross Premium Income - Life

YEAR	2015	2016	2017	2018	2019
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Gross Claims(Naira M)	45,197.37	67,263.78	72,506.11	131,712.61	123,776.03
Gross Premium(Naira M)	90,952.32	124,566.34	152,559.81	180,799.76	226,883.43
Claims ratio (%)	49.7	53.9	47.53	72.8	54.6

The insights into the market ratios provided in Tables 8, 8.1 and 8.2 shows only the average industry ratios which is not specific to Insurance institutions. Individual Insurers' claim ratio could be higher or lower than the industry average depending on company categorical state of affairs. Moreover, the ratios are not founded on the actual incurred loss basis but industry gross reported claim which simply is reflective of a general picture. Notable to mention however, the absolute net claims ratio also follows the same pattern as observed earlier in the gross and net claims experience.

1.6.4 Summary of Insurance Industry Claims and Expenses in 2019

Synopsis of the Gross and Net of Premiums and Claims recorded for the period of 2019 is thus given in Table 9.

Table 9: Premiums and Claims Statistics, 2019

Currency: N-Million

Description	Gross premium	Net premium	Gross claims	Net claims
Non-Life Insurance Business	281,346.62	158,400.73	101,395.26	67,340.31
Life Insurance Business	226,883.43	207,976.08	123,776.03	88,594.80

Table 9 shows that the net incurred loss ratio for the current period sustained a flat position compared to 2018 at about forty three per cent (42.5%) which is also the position of the net

incurred losses for life business section. In pleasant contrasts, Life business stood at about seventy per cent in the prior period just to improve to its current position in 2019 signifying a positive development In terms of underwriting prudence and calculated regulatory measures effects in the sector. This shows significantly the level of profitability prevalent in the Nigerian Insurance sector.

The Insurance industry total assets for both Life and Non-Life businesses stood at ₦1.3 trillion in 2018, a thirteen per cent (13%) growth rate compared to 2017 assets when it was ₦1.1 trillion, continuing a steady increase over the recent years. The assets grew by about fifty-four per cent (54%) through the five-year period of 2014 to 2018. Detailed Data in table 10 provides a Statistical insight into the industry assets evolution over the period.

Table 10: Total Assets in Millions of Naira 2015 -2019

YEAR	2015	2016	2017	2018	2019
Non-Life Insurance Business	647,504.1 2	702,969.29	709,357.52	730,360.18	691,641.45
Life Insurance Business	269,748.0 1	313,906.63	419,116.34	599,585.86	833,460.99
Total	917,252.13 2	1,016,875.9	1,128,473.86	1,329,946.0 4	1,525,102.4 4

The size of Insurance sector impressively has sustained a fair growth over the five year period as indicated by table 10 of this narration. It grew significantly by over sixty six per cent (66.3%) over the period in excess of N1.5 trillion at the end of current year. In a similar pattern observed in premium generation, the life sector recorded an extensive growth of over two hundred per cent (209.0%) during the period as the nonlife posted about seven per cent (6.8%) growth rate over the same period. The total Assets of the market also grew at 14.5 per cent in the current

period, year on year. This is noteworthy a performance in an era of economic recessions and investment uncertainties across Nigeria and indeed the global economy. The outlook of Nigerian Insurance sector continue to remain prosperous as its immense potentials is still awaited to be exploited.