BULLETIN OF THE INSURANCE MARKET PERFORMANCE

STATISTICS DEPARTMENT

SYNOPSIS OF THE INSURANCE MARKET

IN FOURTH QUARTER, 2024

OUTLINE

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Introduction

The Nigerian insurance industry achieved remarkable growth in premium generation in quarter four of 2024. The industry exhibited significant market growth, reflecting heightened activity and engagement. This growth marks a significant milestone for the industry, reaching an unprecedented level of approximately one-point six (N1,562.9) trillion naira with an experiential growth rate of fifty-six (55.8) per cent, when compared to N1,003.2billion naira reported in prior period YoY, suggests increasing market penetration and policy uptake within the insurance sector.

1.1 Gross Premium Written - Performance

Economic resilience theory suggests that industries capable of absorbing shocks and adapting to changing economic conditions will sustain growth despite external pressures. In the fourth quarter of 2024, the Nigerian insurance sector signal a strong market expansion with Gross Premium Written hitting an impressive N1,562.9 trillion. This remarkable achievement is largely linked to regulatory enforcement and increased awareness. Table 1 maps the distribution of premium contributions generated by various portfolios in the market during the quarter.

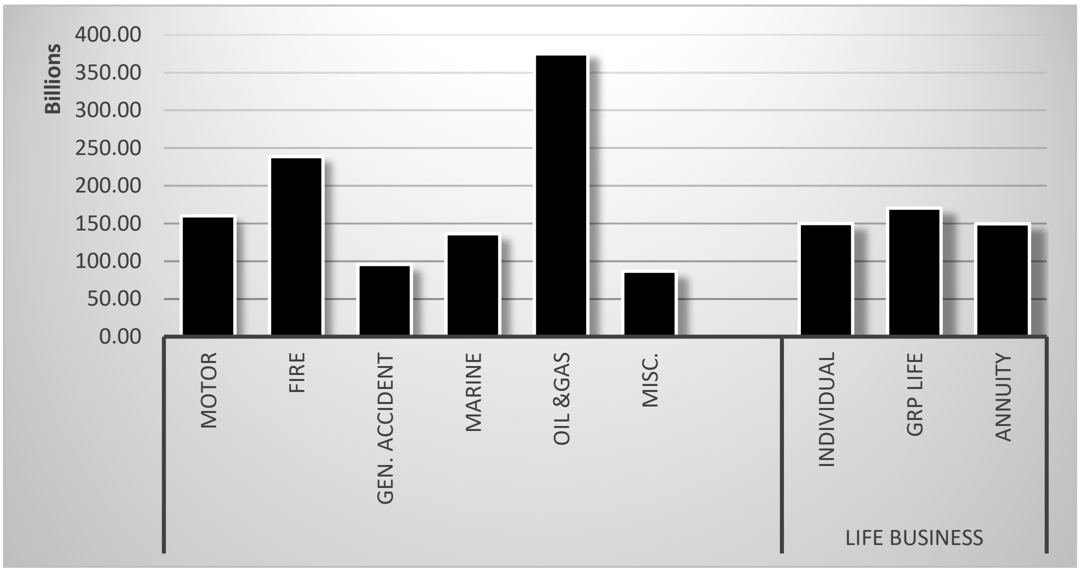
Table 1: Gross Premium Written: Non-Life & Life Businesses: Q4, 2024

Currency: ₦ Billion

Variable	Motor	Fire	Gen. Accident	Marine	Oil &Gas	Misc.	Individual Life	Group Life	Annuity	Market Aggregate
Gross Premium Written	160.4	238.7	95.7	136.3	375.0	87.0	149.9	170.5	149.5	1,562.9
Net Premium	**127.4**	**154.7**	**84.6**	**76.2**	**166.8**	**45.1**	**124.4**	**120.5**	**75.6**	**975.1**

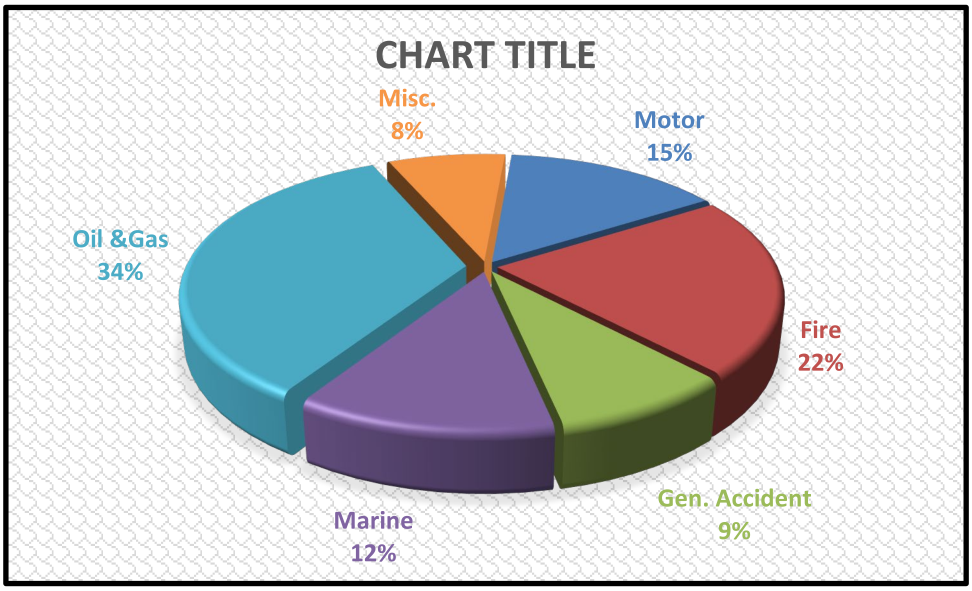
The industry performance during the period in relation to broader economic performance outpaced national GDP growth of (3.84%), underscoring its increasing relevance and structural importance in Nigeria's financial ecosystem; a commendable progress owing to insurance penetration and improve market efficiency. Chart 1 provides additional details on each business class, emphasizing the continued significance of the Life Insurance sector's market share over time.

Chart1: Gross Premium Written by Class - Non-Life & Life Business: Q4, 2024



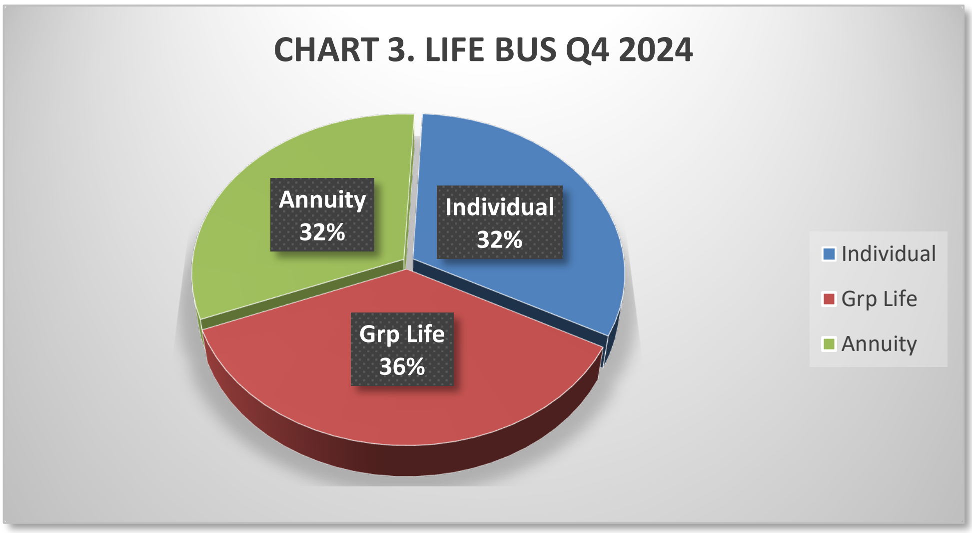
The Non-Life insurance segment continued to lead the market, contributing 69.9% to the total premium pool emulating its performance in the same quarter of 2023. In contrast, the Life Insurance segment accounted for the remaining 30.1% of total premiums generated during the period. Within the Non-Life category, the Oil & Gas portfolio emerged as the top contributor, representing 34.3% of Non-Life premiums; an increase from 27.3% in Q4 2023. Fire Insurance followed with a notable 21.8% share. Motor Insurance accounted for 14.7% of Non-Life premiums, while Marine & Aviation, General Accident, and Miscellaneous segments contributed 12.8%, 8.8%, and 8.0%, respectively.

Chart 2: Distribution of Gross Premium Written - Non Life



On the other hand, the Life Insurance segment captured 30.1% of the total market premium, reflecting its growing importance in the sector. Within the Life Insurance category, Group Life emerged as the largest contributor with 36.3% of the gross premiums. Individual Life followed closely with 31.9%, while Annuity accounted for 31.8% during the quarter. A further insight into the Life business is represented in Chart 3 for the quarter and, its corresponding period of the preceding year, comparatively.

Chart 3: Contribution of Gross Premium Written - Life



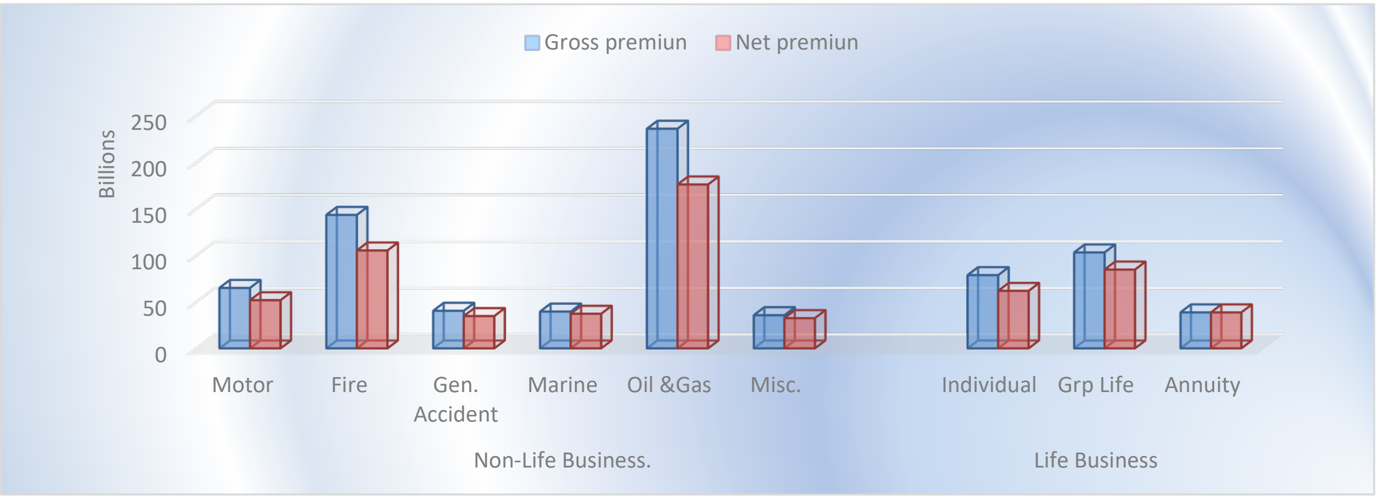
1.2 Premium Retention Capacity

The underwriters displayed strong confidence, as indicated by market statistics showing an industry average of 62%. However, additional investment in human and capital resources is crucial for the Oil & Gas insurance sector to overcome capital challenges and achieve the necessary minimum retention in that area of the market.

Retention positions of non-life business sustained stability quarter on quarter, recording a ratio of 59.9%, in the current quarter compared to 49.3% of the prior quarter. The Life business retention for the quarter on the other hand, stood at 68.2% a slight decline compared to 79.2% recorded in the prior quarter. The industry average retention ratio nonetheless was reported at 62.4 per cent for the period of fourth quarter 2024, a decline from 66.7% recorded during the corresponding period pf the preceding year.

The infographic in Chart 4 describes the relative retentions of various classes of Insurance business during the fourth quarter of 2024.

Chart 4: Relative Premium Retention - Q4, 2024



Insights from the retention statistics of the various portfolios in non-life segment of the market is revealed in Table 2, showing that most classes posted an above average ratio during the quarter except for the Oil & Gas, insurance businesses. Personal accident, liability, and smaller commercial covers. With a high retention ratio of (88.4%) delivers stable margins and efficient capital usage. It supports workplace and personal risk coverage, especially for SMEs. In the Oil & Gas sector, retention levels showed a notable improvement, increasing from 29.3% in the previous quarter to 44.5% in the current quarter. Similarly, Miscellaneous Insurance rose from 48.5% to 51.8% quarter-over-quarter. Fire Insurance also saw significant growth, improving from 51.6% in Q3 to a record high of 64.8% in the current period.

Overall, the market displayed strong confidence in its retention capabilities, especially within the individual and group life businesses, thanks to the trend toward greater domestic business focus.

Table 2: Retention Ratios of Various Classes of Non-Life – Q4, 2024

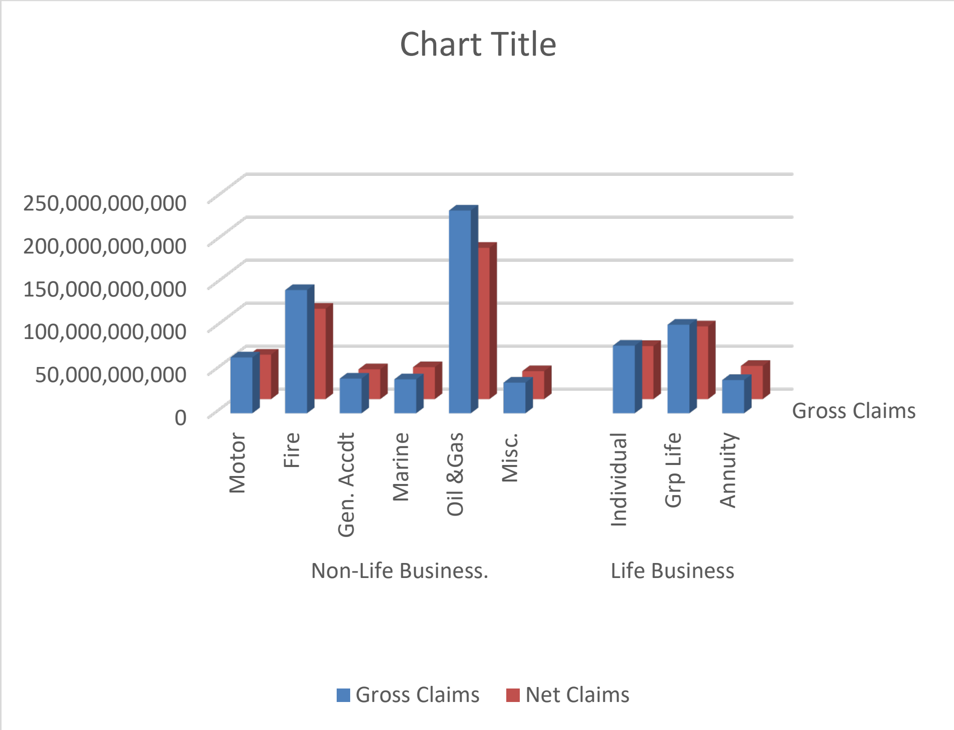
Motor	Fire	Gen. Accident	Marine	Oil &Gas	Misc.	Individual Life	Group Life	Annuity	Market Aggregate
79.4	64.8	88.4	55.9	44.5	51.8	83.0	70.6	50.6	62.4

2. Insurance Claims Component with ongoing regulatory attention aimed at enhancing public awareness, which has contributed to increased claims reporting by policyholders. For the quarter under review, the industry reported gross claims totalling N779.5 billion, representing 50.0% of the premiums generated during the same period. This marks a 38.2% growth quarter-over-quarter and a 45.3% increase compared to the corresponding quarter in 2023. The rise in consumer confidence is further reflected in the net claims paid, which amounted to N622.0 billion, or about 79.8% of the total claims reported for the quarter.

The Life Insurance sector achieved an impressive net claims settlement ratio of 84.0% against total reported claims, while the Non-Life segment recorded a ratio of 78.1% during the quarter under review.

Chart 5, provides the comparative 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, 2024



The claims settlement ratios are consistent with market retention trends, with all segments reporting above-average net claims paid. Of particularly note is the performance of the Oil & Gas sector in comparison to the prior period. The Motor Insurance sector achieved an impressive 79.7% ratio of net claims paid to gross claims, while Marine & Aviation businesses recorded 94.1%, reflecting an improvement of 11 percentage points over the previous quarter. However, the General Accident (85.9%), Miscellaneous (91.0%), and Fire (73.4%) sectors reported lower ratios, each showing a decrease of two percentage points compared to the prior quarter.

Table 3 provides the percentage of net claims paid against total claims reported with respect to non-life portfolios for the period of third quarter.

Table 3: Percentage Claims Settlement of Non-Life & Life Business - Q4, 2024

Motor	Fire	Gen. Accident	Marine	Oil &Gas	Misc.	Individual Life	Group Life	Annuity	Market Aggregate
79.7	73.4	85.9	94.1	74.6	91.3	78.5	82.2	100.0	79.8

The Oil & Gas portfolio represents a promising growth opportunity, focusing on bridging existing technical and financial gaps. In the third quarter, its performance improved to 34.7%, compared to the same quarter last year. This positive result reflects the effectiveness of ongoing investment efforts, which are critical in minimizing capital outflows and enhancing the overall performance of the segment.

3. Profitability of the Sector

The Loss Ratio, a key metric for underwriting performance, reflects the proportion of earned premiums used to cover claims. The activities during the period under review have demonstrated the market's strong profitability and business confidence. The market remained profitable, with an industry average net loss ratio of 63.8%, an increase from 52.9% in the prior quarter. The Non-Life segment's loss ratio stood at 68.8%, while the Life business recorded a net loss ratio of 57.7% during the same period. This outcome is particularly commendable given the macroeconomic challenges, including the inflationary pressures prevalent in the economy during the review period.

While the aggregate market average and the two main segments of the industry provide a general overview, individual portfolios may exhibit specific **net loss ratios** that differ, either higher or lower, than the market average. During the quarter, major drivers of the market net loss ratio were of some six (6) underwriters with a record of 100% and above.

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

Table 4: Loss Ratios for Insurers in Q4, 2024

Composite	Non-Life	Life	Reinsurance	Total
6	2	3	2	13

Despite the variations, the overall profitability of the industry, along with its outlook, continues to be strong, creating a favourable environment for profitable investment returns.

4. Market Concentration Risk

The market exhibited a concentration of market share during the period, with a significant focus on the Life Insurance segment. Data from the fourth quarter showed that the top three Life Insurance companies control 50.3% of the total premiums generated in this segment. Additionally, the top ten players account for around 87.3% of the entire life insurance business, while the bottom ten contribute only 4.0% of the premiums.

in contrast, the Non-Life segment exhibits a relatively more balanced distribution of market share. During the period, the top three insurers in the Non-Life segment controlled 31.1% of all premiums, while the top ten underwriters accounted for 63.3% of the market share. On the other hand, the bottom ten insurance companies in the Non-Life sector contributed only 1.1% of the market, reflecting a situation similar to that of the Life segment.

5. The Market Size

The industry's total assets for the current period amounted to N3,857.6 billion, reflecting a slight contraction of -0.5% compared to the N3,877.1 billion reported in Q3 2024. The Non-Life business reported total assets of N2,324.3 billion, while the Life business had assets amounting to approximately N1,533.3 billion.

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

Table 5: Total Assets in Billions of Naira – Q4, 2024

Insurance Business	N Billion
Non-Life Insurance Business	2,324.3
Life Insurance Business	1,533.3
Total	**3,857.6**

The Nigerian insurance sector has demonstrated resilience, maintaining strong performance across key areas such as premium generation, claims settlement, and profitability. This reflects a promising outlook for both the Life and Non-Life segments. The sector's continued success can be largely attributed to its robust resilience and the proactive regulatory efforts supporting its growth.

The Statistics Department
National Insurance Commission, Abuja
Fourth Quarter, 2024