BULLETIN OF THE INSURANCE MARKET PERFORMANCE

A STATISTICS DEPARTMENT QUARTERLY REPORT ON THE INSURANCE MARKET

FIRST QUARTER, 2023

OUTLINE

LIST OF TABLES & FIGURES

Introduction

The glowing standard of the Insurance industry during the first quarter of 2023 reflects the market behaviour as measured by some essential Statistical indicators and numbers. The market sustained its expansion in premium generation at about a rate of thirty-nine (39.2%) per cent, year on year (YoY) to a record of over three hundred and eleven billion Naira during the period.

1.1 Gross Premium Income - Performance

Gross premium generated in the first quarter of 2023 stood at N311.5billion, a notable performance, reflective of the existent stable market fundamentals as mapped in Table 1 which also portrays the premium contribution by each class of the business during the period.

Table 1: Gross Premium Income: Non-Life & Life Businesses: Q1, 2023

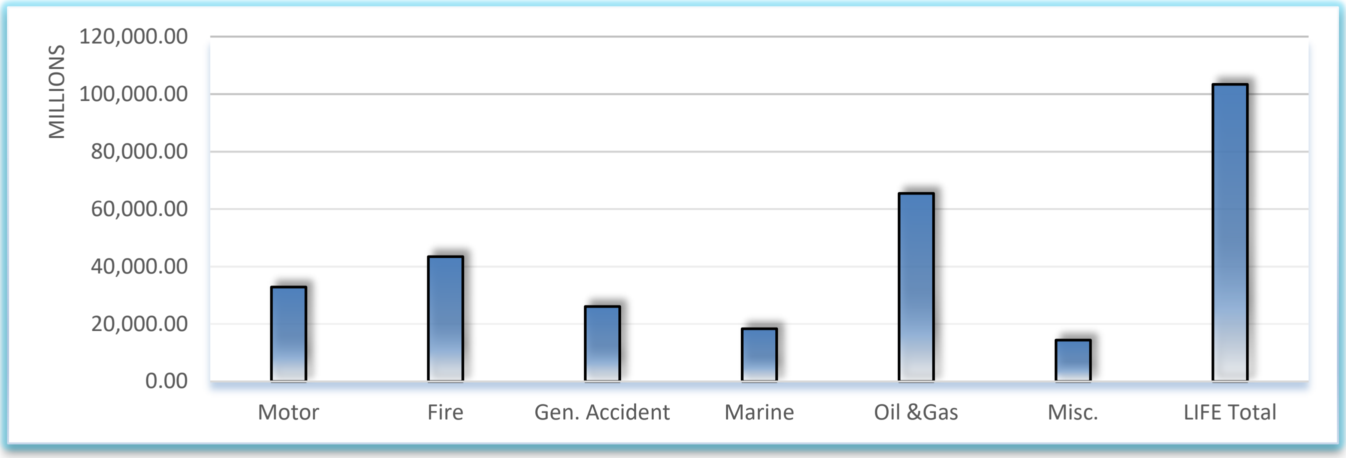
Currency: ₦ Million

Motor	Fire	Gen. Accident	Marine	Oil &Gas	Misc.	Life	Total
32,857.86	43,435.92.	26,084.78	18,344.14	65,443.84	14,396.75	110,984.46	311,511.77

Available data indicate a growth rate of 39.2%, year on year, a laudable improvement at a period when the Nation's growth in real Gross Domestic Product (GDP) recorded a decline to 2.31% from 3.11% recorded in the corresponding era.

Proportional input of each class of business is provided for in Chart 1, signifying the continued share relevance of Life Insurance business as driven by its component of Individual life insurance.

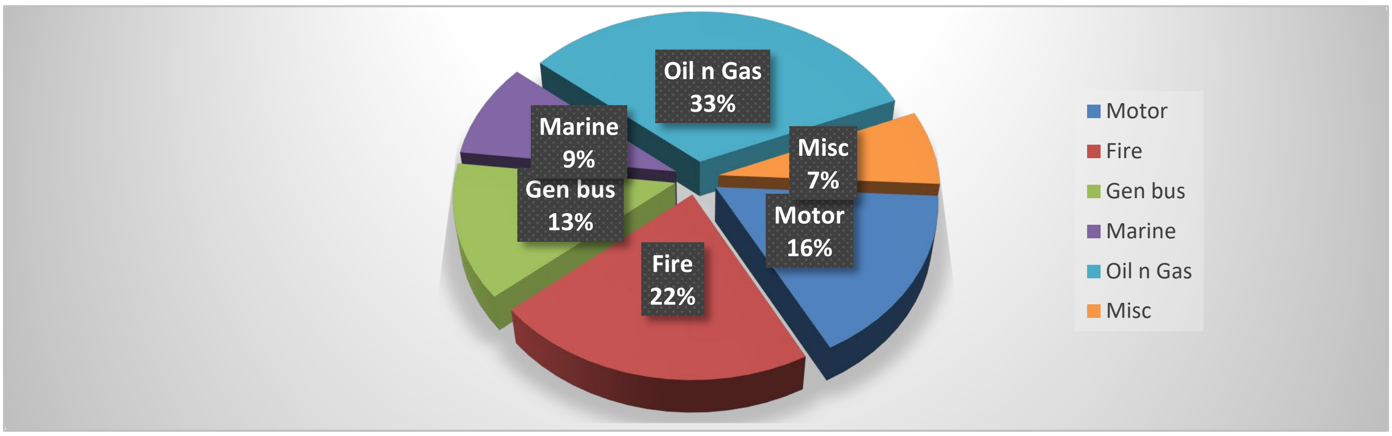
Chart1: Gross Premium Income By Class - Non-Life & Life Business: Q1, 2023



The Non-Life segment as pictured in the chat, sustained its market lead contributing 64.4% of the total premium generated. Insights into the segment show Oil & Gas as a major growth driver at 32.6% with a far distant second at 21.7% for fire insurance. Motor Insurance stood at 16.4% while Gen. Accident, Marine & Aviation, and Miscellaneous reported a share of 13.0%, 9.1% and 7.2% in this order. Life business on the other hand recorded about 35.6% of the market production. The share of Annuity business stood at 25.0% of the total Life Insurance gross premium as the segment was led by Group Life business with a record share of 43.8% of all premiums generated for life business during the quarter.

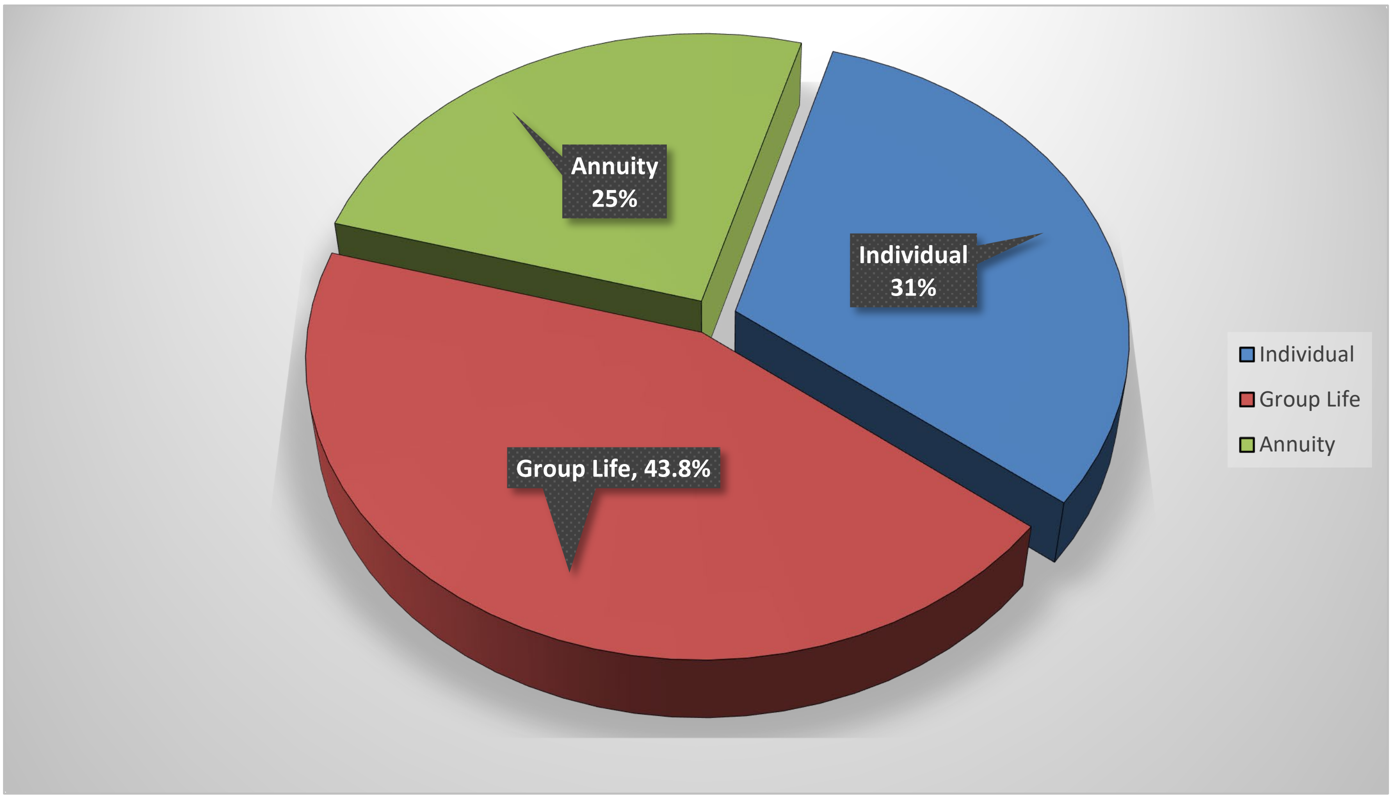
The infographic representations of the non-life and life businesses are further revealed by Charts 2 and 3 herein.

Chart 2: Distribution of Gross Premium Income - Non Life



In an obvious relative disadvantage, the Marine & Aviation businesses account decreased by two points from its place of 11% in the preceding year. Contributions of Fire and Motor businesses however, remained a flat position compared to the previous period. A further insight into the Life business is represented by figure 3.

Chart 3: Contribution of Gross Premium Income - Life

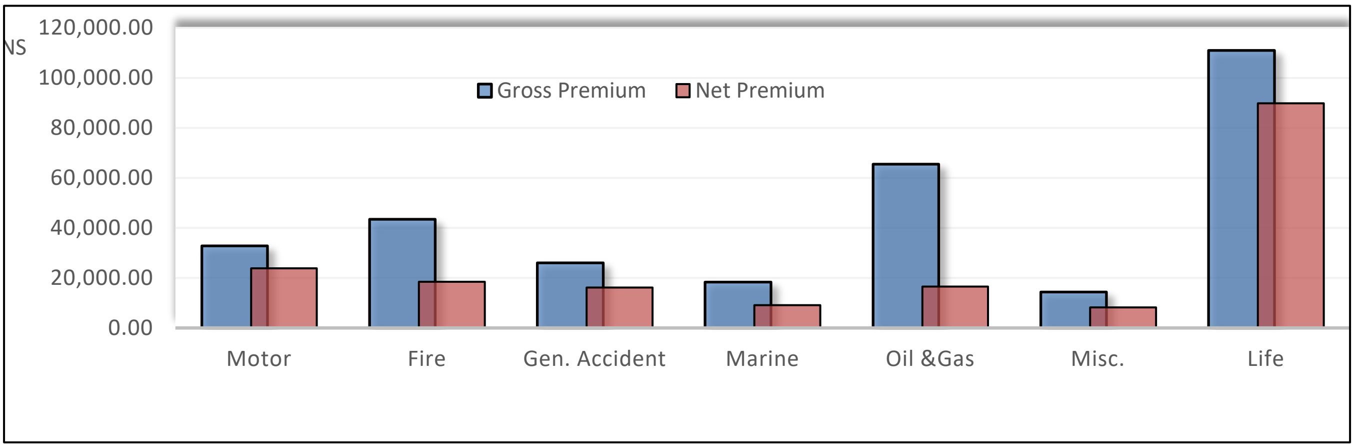


1.2 Premium Retention Capacity

The underwriters remained significantly confident as evidenced by the relevant retention positions in the industry. The Life business retention for the current period was 81.0% while non-life posted a record ratio of 46.0% during the quarter.

Chart 3 illustrates the relative retention of various classes of Insurance business during the first quarter.

Chart 4: Relative Premium Retention - Q1, 2023



Presentation by various classes in the non-life segment of the market as revealed in Table 2 shows that all classes stood at an above average position except, in the Fire and Oil & Gas (43.4%) and (25.2%) respectively. That points to a significant decline in the Oil & Gas retention capacity compared to the corresponding period in 2022 when it recorded about fifty (49.9%) per cent in retention proportion.

Table 2: Retention Ratios of Various Classes of the Non-Life business - Q1, 2023

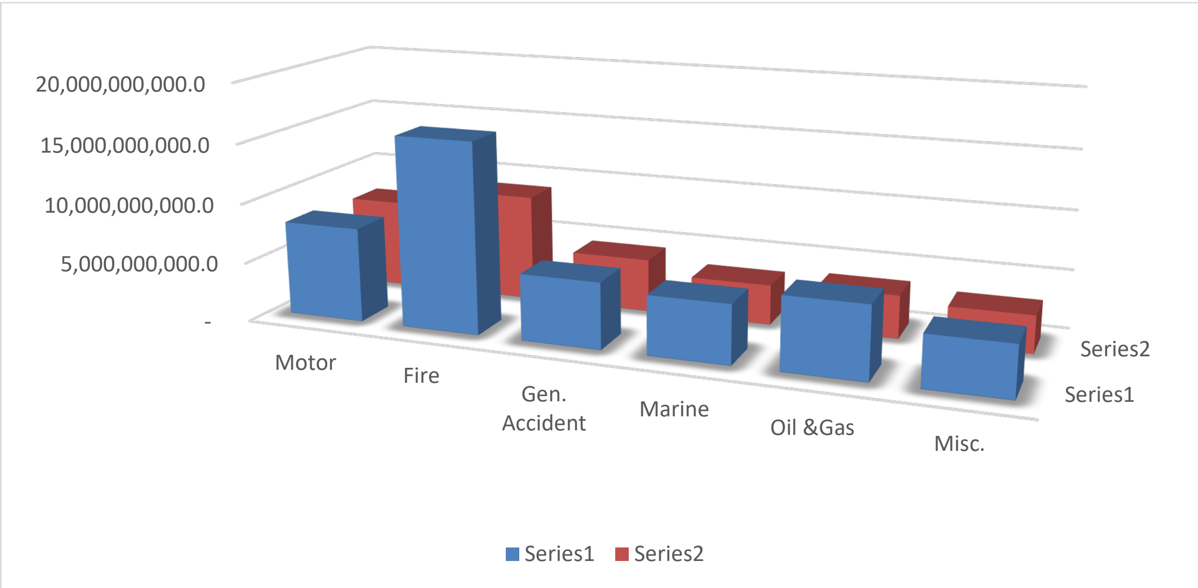
Motor	Fire	Gen. Accident	Marine	Oil &Gas	Misc.	Total
72.7	43.4	62.0	49.8	25.2	56.8	59.9

2. Insurance Claims Component

The total Insurance claims during the first quarter has recorded a significant decline at 35.4%, YoY to a close at about eighty-seven billion (N86.8billion) Naira, signifying a major stability in the polity compared to the same period of the preceding year when the economy was still recovering from post COVID-19 pandemic and socio-economic and political crisis of the 'END-SARS'. The gross claims reported stood at a comfy ratio of 28.6% per cent of all premiums generated during the period while the net claims paid on the other hand was recorded at N182.2 billion representing about eighty (79.9%) per cent of gross claims reported during the period under review. The market average for Life Insurance business recorded a near perfect point of 91.0% claims settlement against all reported claims during the first quarter while non-life segment stood at 69.5 per cent during the same period.

Chart 5 provides the relative industry Gross and Net claims reported and paid in non-life section of the market.

Chart 5: Comparative Sequence of Gross and Net Claims for Non-Life: Q1, 2023



The trend of the claims settlement ratio against reported claims was a direct reflection of the market retention view, significantly above average for all classes with Motor insurance leading at a ratio of 94.4%. This is followed by General Accident (80.8%), Miscellaneous (73.4%), Marine

(68.0%) and Fire (56.4%) posting some significant ratios of paid claims against reported claims during the period.

Table 3 provides the percentage of net claims paid against gross claims reported with respect to non-life classes for the first quarter, 2023.

Table 3: Percentage Claims Settlement of Non-Life - Q1, 2023

Motor	Fire	Gen. Accident	Marine	Oil &Gas	Misc.	Total-Non Life
94.4	56.4	80.8	68.0	59.7	73.4	69.5

Performance in the Oil & Gas portfolio continue to post some relatively poorer indicators compared to other classes of insurance, due obvious technical and financial inadequacies prevalent in the industry notwithstanding the existent regulatory measures aimed at reversing the trend. However, it is expected that the recapitalisation drive and professionalism upgrade ongoing, could reverse the scenario to a preferred direction in terms of underwriting and claims management capacity in that corner of the market.

3. Profitability of the Sector

The industry recorded a roundly profitable occasion during the period, recording an overall market average loss ratio of 38.1%, about eighteen points higher than the immediate past period of the preceding year. The net ratio of the Life Insurance was 42.6% while for the non-Life it stood at much profitable record of 33.7% during the same period. The market, especially in its non-life segment has sustained its good profitability standing which is good for investors' assurance and customer confidence as only profitable ventures are sustainable and, could easily settle policyholders' obligations.

However, in spite of the good overall market standing, some individual institutions did not do well while posting a loss ratio of over a hundred per cent during the same period under review. Those were some eight (8) underwriters as classified by respective businesses they provide is represented in Table 4.

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

Table 4: Loss Ratios for Insurers in Q1, 2021

Composite	Non-Life	Life	Reinsurance	Total
2	4	2	0	8

4. Market Concentration Risk

The extent of market concentration risk in the industry during the period wasn't quite commendable as the top three Life Insurance institutions controls about Forty-three (42.9%) per cent, worsen compared to about 39.8% recorded in the corresponding period of last year. However, top three of the Non-Life segment reported a more accommodating scenario with a share of about twenty-five (24.9%) per cent, improving four points relative to the previous period, YoY. Essentially, while most of the market share in life business is concentrated in the top ten (10) of the players, less than (1%) per cent was contributed by the least ten (10) players in the cluster.

On the other hand, the top ten (10) underwriters in the Non-Life section of the industry contributed about sixty-two (61.9%) per cent of the gross premiums income, maintaining same status compared to the previous period while less than (1%) per cent was controlled by the least ten (10) insurance companies operating the non-life business during the period under review.

5. The Market Size

The industry recorded total assets of N2,437.3 trillion, a 6.3% rate of growth compared to N2,292.1 trillion reported in the first quarter of 2022.

Table 5 provides the necessary insight into the Market size of the Insurance market in first quarter of 2023.

Table 5: Total Assets in Billions of Naira – Q1, 2023

Insurance Business	N Billions
Non-Life Insurance Business	1,174.1
Life Insurance Business	1,263.1
Total	2, 437.3

Statistics from the first quarter of 2023 has revealed that the market could be adjudged as sound, stable and profitable during the period. In cognisance also to the on-going digitisation process and market deepening measures, the outlook could only be better as the industry continues to professionalise its process and regulatory measures strengthened through the full transition to risk-based supervision of the industry.