

DEVELOPMENTS IN THE INSURANCE INDUSTRY IN NIGERIA IN 1991

Nigeria's insurance industry expanded marginally in 1991. While some companies in the industry diversified their activities from wholly life to joint life and non-life, the number of companies formerly in the life business remained unchanged. Amidst general price increases, the aggregate industry income rose although expenditures increased faster.

The industry continued to show preference for investments in "miscellaneous" activities rather than comply with statutory requirements in the allocation of their investment resources.

The year ended on a promising note with the promulgation of the much awaited Insurance Decree No.58 in December to replace the 1976 Insurance Decree generally believed to be inadequate and obsolete. The aim of the new decree is to regulate and guide the practice of insurance business in the country.

INTRODUCTION

The results of the 1991 survey of the activities of the insurance companies operating in the Nigeria economy is presented in this report. The data for the survey were compiled from the returns of the companies to the Insurance Department, Federal Ministry of Finance (now National Insurance Supervisory Board (NISB)) in 1991¹. This report is divided into five parts. Part I reviews the structure and performance of the Nigerian insurance industry, while parts II and III discuss the life and non-Life insurance businesses, respectively. Part IV examines the structure of the assets, as well as the pattern of investment portfolios of the insurance companies. The report is summarised in Part V.

A Brief Review of Decree No.58, 1991

As a result of the changing socio-economic parameters and development in the various facets of the national economy, a new insurance Decree No. 58 was promulgated in December, 1991. The new decree which repeals the 1976 Insurance Decree addressed a number of fundamental issues in the insurance industry; some of which will be highlighted below.

1. The new decree increased the paid-up share capital from N300,000 - N500,000 to a minimum of N5 million for each of life and non-life business and N50 million in the case of life and non life re-insurance business, respectively. The increase in capital base requirement was to correct the vulnerably low capital base of most insurance companies operating in the country and facilitate the emergence of solid and viable ones capable of meeting their obligations at all times. While new insurance companies are to comply with the new capital requirements before registration, existing companies have up to two years from December 1991 to meet the capital requirements.
2. In furtherance of the desire to strengthen the financial position of the insurance companies, the 1991 Decree provides that an insurer shall in respect of its business other than life maintain at all times a margin of solvency being excess of the value of its admissible assets in Nigeria over its liabilities which should not be less than 15 per cent of the gross premiums paid out during the immediately preceding accounting year.
3. Under the 1991 decree payment of insurance premiums is a condition precedent to a valid contract of insurance referred to as No premium, No cover.

¹ It is compulsory for Insurance Companies operating in Nigeria to make annual returns on a common questionnaire to the National Insurance Supervisory Board.

- This was intended to curb the substantial debts owed the insurers in the past by clients insured and insurance brokers thus affecting the ability of the insurance companies to discharge their primary responsibility of claim settlement and investment of funds in the national economy.
4. The decree introduces the innovation of the establishment of a security fund for the compensation of victims of uninsured or unidentified motorists and for the settlement of their claims, where the insurer concerned is in liquidation. The funding and management of the scheme would be the responsibility of the Nigerian Insurers Association (NIA).
 5. The decree also made membership of the professional associations compulsory in recognition of the vital role these bodies could play in enforcing the code of conduct and self discipline amongst their members.

PART 1

STRUCTURE AND PERFORMANCE OF THE INSURANCE INDUSTRY

The Number and Type of Insurance Companies

The survey showed that the number of registered insurance companies during the review period rose from 103 in 1990 to 107, indicating a slight increase of 3.9 per cent. The increase reflected the entry of 4 new companies into the industry which opened to offer life and non-life businesses. Another structural change in the industry witnessed during the review period was the switch from wholly non-life to life and non-life of 3 of the existing companies.

The changes brought the structure of the industry to 3 wholly life (unchanged as in the preceding year), 37 life and non-life and 67 wholly non-life insurance companies during the review period. This shows a slight shift from wholly non-life class of insurance business to the mixed group.

Ownership Structure

In the non-life category, wholly Nigerian owned firms lost two companies, as their number decreased from 60 in 1990 to 58 in 1991 while the jointly owned companies dropped by one from 10 in 1990 to 9 in 1991. Also, in the mixed business category, wholly Nigerian-owned firms recorded an increase of five (5) companies from 23 in 1990 to 28 in 1991 while the jointly owned companies registered additional 2 companies from 7 in 1990 to 9 in 1991.

However, at 20 in 1991, the share of joint venture companies increased slightly to 18.7 per cent from 18.4 per cent recorded in 1990 due to a new entrant while the indigenous companies share declined by 0.2 per cent from 81.5 per cent in 1990 to 81.3 per cent in 1991 inspite of the increase of 3 recorded in the number of indigenous companies which operated in the economy during the review period (see Tables 1 and 2).

Paid-Up Capital

Since the deregulation of the Nigeria economy, and the continuous slide in the value of the Naira, the prices of insurable properties have risen astronomically thus rendering most insurance companies operating in Nigeria grossly under-capitalised. In recognition of the low capital base of insurance companies the December 1991 Decree addressed this situation by the provision for a minimum paid-up share capital of N5

million for each of life and non-life insurance business and N50 million in the case of non life or life reinsurance business respectively. The increased capital base requirement was designed to facilitate the emergence of solid and viable insurance companies, capable of meeting their obligations at all times. Prior to the Decree, the capital base for the establishment of an insurance company was N300,000 - N500,000. However, the impact of the new Decree will not be reflected in the performance of the insurance companies in 1991. As in the old Decree, the increased capital requirement is expected to be deposited with the Central Bank of Nigeria (CBN). Also, it is prohibited from being sourced from the insurance funds, the statutory reserve or by capitalisation of undistributed profits. While new entrants are to comply with the new capital requirement before registration, existing companies are given up to two years starting from December 1991 to meet the requirement.

The value of the paid-up capital of the insurance companies rose by 8.7 per cent to N277.1 million in 1991 (see table 3). Out of this overall paid-up capital of insurance companies, the share of wholly Nigerian insurance companies dropped from 76.4 per cent in 1990 to 66.6 per cent in 1991 while that of jointly Nigerian/foreign owned increased from 23.6 per cent to 33.4 per cent during the corresponding periods. From N194.8 million in 1990, the paid-up capital of indigenous insurance companies declined to N184.5 million in 1991 while that of the jointly owned companies increased by 54.1 per cent from N60.1 million to N92.6 million (see Table 3).

The survey showed a continuing decline of 77.8, 76.4 and 66.6 from 1989, 1990 and 1991 in the percentage share of the indigenous companies in the total paid-up capital respectively. The declining trend observed in the indigenous companies paid-up capital was however well compensated for in the insurance industry by the joint venture companies increases in equity over the years.

Income And Expenditure

The income of insurance companies was given a boost following government approval of a rating commission's recommendations to increase the premiums and rates chargeable for risk borne in all classes of insurance cover on vehicles and workman's compensation. The increase which range from 15 - 20 per cent became necessary in view of what were said to be increased benefits and scope of cover. While industry's aggregated revenue rose by 24.6 per cent from the level in 1990 to N1,822.1 million in 1991, as high as N1,336.8 million or 73.4 per cent of the income generated in 1991 was expended by insurance companies (see Table 4). This development indicated an increase of 44.6 per cent above the amount spent a year earlier resulting from the increasing cost of management in the industry.

A disaggregation of the income and expenditure by type of ownership showed that indigenous insurance companies recorded an overall increase of 20.4 per cent from N866.0 million in 1990 to N1,043.4 million in 1991 and expenditure increase of 38.6 per cent from N563.0 million in 1990 to N780.1 million in 1991. The aggregate expenses of the jointly owned insurance companies in 1991 stood at N556.7 million representing 71.5 per cent of the total income for the year compared with 60.6 per cent in 1990. The total expenses of jointly owned companies in the review period rose by 54.0 per cent above the level a year ago. Revenue recorded by joint venture insurance concerns for 1991 was N778.7 representing an increase of 30.6 per cent above the position in 1990. The analysis by class of insurance activities showed that owing to concentration of activities in the non-life insurance business, this group of insurance companies made

an income of N1,334.2 million in 1991 representing 73.2 per cent of the total revenue of the industry in the review period (see Table 5). Life insurance on the other hand accounted for the remaining 26.8 per cent of the overall revenue. With regards to expenditures, the non-life companies accounted for N957.8 million or 71.6 per cent of the total expenditure of the industry in 1991.

Performance

The relative performance of the industry in 1991 showed that the income to expenditure ratio for the industry fell to 1.36 from 1.58 in 1990. This implied that expenditure grew faster than income in the review year. Analysis of performance by ownership structure showed that while the revenue realised per unit of naira spent by the indigenous group of companies dropped from 1.53 in 1990 to 1.34 in 1991 the joint venture insurance companies also witnessed a decrease in the corresponding ratio from 1.65 in 1990 to 1.40 in 1991. This showed that the spate of cost increases affected both the indigenous and jointly owned companies.

The relative performance of the two classes of insurance activities (i.e. life and non-life) showed that the income to expenditure ratio of wholly life insurance companies stood at 1.28 while that of the non-life business was 1.39 in 1991 as against their respective positions of 1.81 and 1.51 in 1990. This implied poor performance in both classes of insurance business in 1991 as compared with 1990.

PART II

LIFE INSURANCE BUSINESS

Life insurance business which constitutes a major factor in the development and application of insurance funds recorded a marginal growth in 1991. One of the main factors responsible for the stunted growth in this class of business is the insufficient awareness of benefits and role of life assurance by Nigerians.

Income And Expenditure

Although the number of insurance companies engaged in wholly life policy remained at three (3) since 1988, with one Nigerian and two joint venture firms, the income and expenditure of the insurance sub-sector have experienced steady growth overtime. Aggregate revenue of life insurance companies rose by 17.8 per cent to N487.8 million from the level in 1990. The joint venture companies which had always contributed about 60 per cent of the total revenue in the previous years had their share reduced to about 58.8 per cent in 1991 as a result of increased revenue accruing to the only Nigerian firm. A similar trend was displayed by the two groups in their expenditure pattern. While the expenses of indigenous insurance companies in 1991 stood at N174.4 million, its jointly owned counterparts incurred N204.6 million expenses. This contrasted sharply with the 1990 positions when the pattern of expenditure stood at N123.4 and N106.0 million for indigenous and jointly owned companies respectively. Thus, the expenses incurred by jointly owned companies surpassed those of the indigenous counterpart by N30.2 million partly due to the disproportionate increase in management expenses which accounted for 49.8 per cent of total expenditure (see Table 6).

Sources And Application Of Funds

In this report four (4) sources of income are considered. These include premium

income, interest dividend and rents, profits on sale of assets as well as other miscellaneous income. The expenditure components consists of six items. These are net claims paid, bonuses, net commission, surrender and outstanding claims; management expenses as well as other expenses.

In 1991, life insurance companies operating in Nigeria generated a total income of N487.8 million as against N414.1 million in 1990. Of this amount, wholly Nigerian insurance companies accounted for N201.0 million, representing 41.2 per cent while the balance of N286.8 million was earned by joint venture companies. A further breakdown of the earnings of the insurance companies indicated that premium income, at N333.3 million, was responsible for 68.3 per cent of the aggregate earnings in 1991. This development indicated a decline of 2.6 percentage points from 1990 level of N293.7 million when this source accounted for about 70.9 per cent. In spite of the continued increase in all sources of income of the insurance companies as in previous couple of years, the contribution of premium to income generated was observed to be on the decline since 1989.

The income of the insurance companies in 1991 increased by 17.8 per cent over the 1990 level, while expenditure rose by 65.2 per cent to N379.0 million in 1991. At N174.4 million, the expenses of the wholly owned Nigerian insurance companies accounted for 46.0 per cent of the total. Out of the six items under expenditure, management expenses was N156.4 million or 41.3 per cent in 1991 compared with N105.0 million or 45.8 per cent in 1990. In view of the continuing general price increases in the economy in 1991, all expenditure items increased over the respective levels in 1990 (see Table 7).

Loss Ratio

As a way of determining the efficiency of the insurance companies, the loss ratio is applied to compare the premiums received with the amount expended on claims from their customers. This showed that the ratio of total claims (net claims paid plus surrender and outstanding claims) to the gross premium income received in 1991, was 46.3 per cent as against 28.5 per cent in 1990. This showed a declining performance in 1991 as compared to 1990. Also, the decreasing efficiency was more pronounced with the indigenous company as the ratio rose faster in these companies than in the non-Nigerian owned companies. The ratio jumped from 29.6 in 1990 to 57.8 per cent in 1991 for the indigenous company while that of the jointly owned companies moved from 27.4 in 1990 to 36.6 per cent in 1991.

Expenses Ratio

Expenses ratio is another way of measuring the efficiency of the insurance companies. Under this alternative measure, the management expenses are calculated as a ratio of the gross premium. Thus, in 1991, the expenses ratio rose to 46.9 per cent from 35.7 per cent in 1990. This confirmed a further reduction in management efficiency of the life insurance companies operating in Nigeria in 1991 compared to 1990. It showed cost management inefficiency worsened in 1991 in the joint venture companies as the expenses ratio stood at 56.3 per cent compared to 30.8 per cent in the 1990. However, the wholly owned Nigerian companies appeared more prudent compared to the joint venture companies as the expenses ratio fell to 35.8 per cent in 1991 from 40.3 per cent in 1990.

PART III NON-LIFE INSURANCE BUSINESS

Income and Expenditure

The insurance companies operating in Nigeria were concentrated in both wholly non-life and life and non-life class of business jointly accounting for 104, out of the 107 companies in the industry. In view of the substantial number of companies in this type of business, the income earned by them, at N1,334.2 million, accounted for 73.2 per cent of the aggregate income realised by all the insurance companies in 1991 as against 71.7 per cent in 1990 (see Table 8). In the same vein, they accounted for 71.6 per cent of the expenses of all classes of insurance companies in 1991 as against 75.2 per cent a year earlier. The income and expenditure of non-life insurance companies increased from N1,048.4 and N695.2 million in 1990, to N1,334.2 and N957.7 million in 1991 respectively.

A breakdown in relation to ownership structure showed that the indigenous companies recorded an income of N842.4 million while the jointly owned counterparts had an income of N491.9 million in 1991. Their positions in 1990 were N657.2 million and 391.3 million respectively. On the expenditure side, both the jointly owned and wholly Nigerian owned companies incurred the same increased expenses in 1991 to the tune of 37.8 per cent over the previous year's figures. Consequently, the income to expenditure ratio at 1.39 of the non-life insurance companies was less impressive in 1991 than the 1990 level of 1.51. The situation was more discouraging for the jointly owned companies which recorded an income expenditure ratio of 1.40 in 1991 as against 1.53 in 1990.

Sources of Income

The premium income of the non-life insurance business accounted for N1,296.2 million or 97.2 per cent of the total earnings in the sub-sector in 1991 (see table 9). At that level, the source achieved an increase of N282.6 million over the 1990 position of N1,013.7 million.

An examination by type of ownership showed that wholly Nigerian owned insurance companies earned N842.4 million, representing 63.1 per cent of the aggregate revenue in the non-life sub-sector in 1991 as against N657.2 million or 62.7 per cent in 1990. Jointly owned insurance companies accounted for the balance of N491.9 or (36.9 per cent). Motor vehicle insurance alone was responsible for N501.8 million (or 37.6 per cent) of total in 1991, while employers' liability which accounted for the least of N38.2 million turned out to be more than triple the N11.7 million of 1990. Similarly, income from other sources increased from N34.8 million in 1990 to N38.0 million in 1991. However, income generated under the "miscellaneous" premium fell by 11.6 per cent to N133.4 million in the review period.

Expenditure on Non-Life Business

The expenses of the non-life insurance companies were divided into two main categories; expenses on claims from clients and other underwriting expenditures. In 1991, the amount expended to settle claims from customers was N386.9 million while other underwriting expenses stood at N570.9 million. Consequently, the aggregate expenditure of the non-life insurance business in Nigeria amounted to N957.8 million in 1991 compared with N695.1 million a year earlier (see table 10).

Indigenous non-life insurance companies expended N605.6 million in 1991 as against their aggregate expenditure of N439.6 million in 1990. The share of "other underwriting expenses," at N402.4 million was 66.4 per cent of the wholly Nigerian owned non-life insurance business expenditure while the balance of N203.2 million was incurred in the form of claims made by clients on risks like fire, accident, motor vehicle, employer's liability, marine, aviation and transit as well as other miscellaneous risks in 1991. It is worthy of note to point out that the management expenses, at N368.8 million, dominated the other underwriting expenses. However, the clients claims were spread in all the six components of claims with motor vehicle alone accounting for 32.1 per cent, 1.4 percentage points below that of 1990.

In the case of joint venture non-life companies, aggregate expenditure was N352.1 million in 1991 or 37.8 per cent over the 1990 level. As in the past, management expenses alone accounted for N153.4 million or 43.6 per cent of the entire expenditure for this group of companies. However, unlike the wholly Nigerian owned non-life companies (where other underwriting expenses accounted for the bulk of their aggregate expenses) claims by clients, at N183.7 million, represented 52.2 per cent of their aggregate expenditures in 1991.

Loss Ratio

Considering the relative performance of the non-life insurance companies, the loss ratio fell from 30.2 per cent in 1990 to 29.8 per cent in 1991 thus suggesting an improved performance. This development was as a result of the low loss ratio of 24.7 per cent recorded by the indigenous companies. This tended to reduce the effect of the loss ratio of 38.7 per cent in the jointly owned companies. Thus, the indigenous non-life insurance companies, in this instance performed better than their jointly owned counterparts in 1991.

Expenses Ratio

In the case of the expenses ratio, the two classes of ownership registered higher expense ratio of 40.3 per cent in 1991 as against 33.2 per cent in 1990. In contrast to the development under the loss ratio, expense ratio of the indigenous non-life companies was 44.9 per cent while the jointly owned companies recorded a relatively lower level of expense ratio of 32.3 per cent. Thus, the performance of the indigenous non-life companies accounted for the observed aggregate increase in the expense ratio for the entire non-life business.

PART IV

ASSETS AND INVESTMENTS OF INSURANCE COMPANIES

In view of the fact that premiums are usually paid well in advance of losses or claims, prudential financial management dictates that insurance companies should apply premiums and reserves into viable investments until they are needed to settle claims.

Assets

The status of various assets held by insurance companies operating in Nigeria in 1991 is presented in Table 11. The table showed that the value of assets held by the industry in 1991 increased slightly by 4.7 per cent from N6,333.7 million in 1990 to

N6,628.4 million in 1991. Four, out of the five components were responsible for the increase in 1991 as a substantial decline in assets held in government securities was recorded. Government securities which accounted for 29.2 per cent of aggregate assets held by all the insurance companies in 1990 fell to 8.5 per cent in 1991. This was partly due to the ongoing changes in the investment climate in the country which encouraged the insurance companies to be selective and flexible in investing their funds to earn expected maximum yield even at the risk of violating existing statutory provisions.

While companies in the life business sub-sector achieved an increase (44.7 per cent) in assets held in government securities, the non-life insurance companies recorded a dismal 89.6 per cent shortfall compared with 1990 figures. The non-life insurance companies were therefore responsible for the decline in assets held in government securities in 1991.

A disaggregation by type of policy revealed that although assets held by life insurance companies increased by 67.5 per cent in 1991 over the 1990 level, assets fell only in stocks, shares and bonds. The value of total assets held by the life insurance companies stood at N2,985.3 million in 1991 as against N1,782.3 million in 1990. The total assets of the non-life insurance companies in 1991 valued N3,643.1 million, registered a decline of 20.0 per cent over the 1990 figures.

Distribution of Assets and Investments

While most life insurers prefer to invest in long-term securities to match their portfolio spread being long term in nature, non-life insurers prefer to invest the premiums collected as well as other incomes on assets of short term maturities taking cognizance of having to recall all or part of these funds to settle claims.

The existing statutory provision in the Insurance Act of 1976 which is still relevant to this report mandates insurance companies to invest 25 per cent of their assets in government and semi-government securities, 10 per cent of the non-life insurance assets in real property while 25 per cent limit is also imposed on life insurers to be held in real property.

The statutory requirement in 1991 made it mandatory for life insurers to commit as much as 25 per cent of their investments into mortgages and loans. Data indicated that this group of insurance companies (life insurers) committed up to 29.7 per cent of their assets into these types of investment outlets thus fulfilling the legal requirement. In 1990 this requirement was not complied with, as 16.3 per cent of assets was invested (see Table 12.).

In addition, the insurance decree requires the companies to put at least 25 per cent of their assets in government securities, but only 13.4 per cent of such investments were made in 1991 while in 1990 they also fell short of the statutory requirement by 9.5 per cent.

With respect to non-life insurers, it is stipulated in the 1976 insurance decree that at least 10 per cent of their assets be invested in mortgages and loans. Hence, as at the end of 1991 only 8.7 per cent was invested, an improvement over the 4.9 per cent achieved in 1990.

Generally, the two classes of insurance companies preferred investing their assets in miscellaneous activities.

PART V

SUMMARY AND CONCLUSION

The survey indicated that 107 insurance companies operated in Nigeria in 1991. As in the past, all the new entrants were attracted to the composite (Life & Non-Life) types of insurance as some of the existing companies switched to the composite class in 1991 from their former wholly non-life insurance business.

As a result of the increase in the number of insurance companies, both their income and expenses rose in 1991 over the 1990 positions. In the life insurance companies, the loss ratio which relates the total claims to the gross income showed that efficiency declined in the insurance industry in 1991. This situation calls for prudence in the management of expenses, especially in the joint venture companies where the ratio rose from 30.8 per cent in 1990 to 56.3 per cent in 1991. In the non-life insurance companies, both loss and expenses ratios were lower in 1991 than in 1990 indicating a relatively improved performance.

Insurance companies in the country continued their partial compliance with the provisions of the Insurance Act of 1976. Those in Life business category met the statutory requirement on investment into mortgage and loans but failed to comply with that on assets in government securities.

Statistical Surveys Office

Statistical Service Division

TABLE 1
DISTRIBUTION OF INSURANCE COMPANIES
BY TYPE OF BUSINESS AND NUMBER

| CLASS OF INSURANCE | 1989 | | 1990 | | 1991 | |
|---------------------|-----------------|--------------|-----------------|--------------|-----------------|------------|
| | NO.OF COMPANIES | % OF TOTAL | NO.OF COMPANIES | % OF TOTAL | NO.OF COMPANIES | % OF TOTAL |
| WHOLLY LIFE | 3 | 3.1 | 3 | 2.9 | 3 | 2.8 |
| WHOLLY NON-LIFE | 65 | 66.3 | 70 | 68.0 | 67 | 62.6 |
| LIFE & NON-LIN-LIFE | 30 | 30.6 | 30 | 29.1 | 37 | 34.6 |
| TOTAL | 98 | 100.0 | 103 | 100.0 | 107 | 100 |

TABLE 2
STRUCTURE OF INSURANCE INDUSTRY
BY TYPE OF BUSINESS & OWNERSHIP

| BUSINESS TYPE AND OWNERSHIP PATTERN | 1989 | | 1990 | | 1991 | |
|--|-----------------|------------------|-----------------|------------------|-----------------|------------------|
| | NO.OF COMPANIES | % SHARE OF TOTAL | NO.OF COMPANIES | % SHARE OF TOTAL | NO.OF COMPANIES | % SHARE OF TOTAL |
| I. LIFE | 3 | 100.0 | 3 | 100.0 | 3 | 100.0 |
| a) NIGERIAN | 1 | 33.3 | 1 | 33.3 | 1 | 33.3 |
| b) JOINT | 2 | 66.7 | 2 | 66.7 | 2 | 66.7 |
| II. NON-LIFE | 65 | 100.0 | 70 | 100.0 | 67 | 100.0 |
| a) NIGERIAN | 55 | 84.6 | 60 | 85.7 | 58 | 86.6 |
| b) JOINT | 10 | 15.4 | 10 | 14.3 | 9 | 13.4 |
| III. LIFE & NON -LIFE (Mixed) | 30 | 100.0 | 30 | 100.0 | 37 | 100.0 |
| a) NIGERIAN | 23 | 76.7 | 23 | 76.7 | 28 | 75.7 |
| b) JOINT | 7 | 23.3 | 7 | 23.3 | 9 | 24.3 |
| IV. ALL COMPANIES | 98 | 100.0 | 103 | 100.0 | 107 | 100.0 |
| a) NIGERIA | 79 | 80.6 | 84 | 81.5 | 87 | 81.3 |
| b) JOINT | 19 | 19.4 | 19 | 18.4 | 20 | 18.7 |

TABLE 3
PAID-UP CAPITAL OF INSURANCE COMPANIES
BY VALUE (N' 000)

| YEAR | WHOLLY NIGERIAN | | JOINT | | TOTAL | |
|------|-----------------|------------|--------|------------|---------|------------|
| | AMOUNT | % OF TOTAL | AMOUNT | % OF TOTAL | AMOUNT | % OF TOTAL |
| 1989 | 177,831 | 77.8 | 50.863 | 22.2 | 228,694 | 100.0 |
| 1990 | 194,785 | 76.4 | 60.088 | 23.6 | 254.873 | 100.0 |
| 1991 | 184,506 | 66.6 | 92.624 | 33.4 | 277,130 | 100.0 |

TABLE 4
INCOME AND EXPENDITURE OF ALL INSURANCE COMPANIES IN NIGERIA
SUMMARY BY TYPE OF OWNERSHIP (N' 000)

| TYPE OF OWNERSHIP | INCOME | | | EXPENDITURE | | |
|-------------------|------------------|------------------|------------------|----------------|----------------|------------------|
| | 1989 | 1990 | 1991 | 1989 | 1990 | 1991 |
| WHOLLY NIGERIAN | 645,071 | 866,327 | 1,043,367 | 508,982 | 562,960 | 780,057 |
| JOINT | 491,387 | 596,185 | 778,706 | 270,925 | 361,546 | 556,743 |
| TOTAL | 1,136,458 | 1,462,512 | 1,822,073 | 779,907 | 924,506 | 1,336,800 |

TABLE 5

INCOME AND EXPENDITURE OF ALL INSURANCE COMPANIES IN NIGERIA

SUMMARY BY CLASS OF INSURANCE (N' 000)

| CLASS OF INSURANCE | INCOME | | | EXPENDITURE | | |
|--------------------|------------------|------------------|------------------|----------------|----------------|------------------|
| | 1989 | 1990 | 1991 | 1989 | 1990 | 1991 |
| LIFE | 330,294 | 414,068 | 487,836 | 207,731 | 229,383 | 379,026 |
| NON-LIFE | 806,164 | 1,048,444 | 1,334,237 | 572,180 | 695,123 | 957,774 |
| TOTAL | 1,136,458 | 1,462,512 | 1,822,073 | 779,911 | 924,506 | 1,336,800 |

TABLE 6
INCOME AND EXPENDITURE OF LIFE INSURANCE COMPANIES IN NIGERIA
SUMMARY BY TYPE OF OWNERSHIP (N' 000)

| TYPE OF OWNERSHIP | INCOME | | | EXPENDITURE | | |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1989 | 1990 | 1991 | 1989 | 1990 | 1991 |
| WHOLLY NIGERIAN | 137,621 | 209,171 | 201,003 | 88,496 | 123,383 | 174,411 |
| JOINT | 192,673 | 204,897 | 286,833 | 119,235 | 106,000 | 204,615 |
| TOTAL | 330,294 | 414,068 | 487,836 | 207,731 | 229,383 | 379,026 |

TABLE 7
INCOME & EXPENDITURE OF LIFE INSURANCE BUSINESS
IN NIGERIA (N' 000)

| | WHOLLY NIGERIAN | | | JOINT | | | ALL COMPANIES | | |
|------------------------------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1989 | 1990 | 1991 | 1989 | 1990 | 1991 | 1989 | 1990 | 1991 |
| INCOME | | | | | | | | | |
| a) PREMIUM | 101,912 | 149,419 | 152,054 | 141,054 | 144,235 | 181,218 | 242,966 | 292,654 | 333,272 |
| b) INTEREST DIVIDEND & RENTS | 33,418 | 55,393 | 46,740 | 50,140 | 55,768 | 82,670 | 83,558 | 111,161 | 129,410 |
| c) PROFIT ON SALES OF ASSETS | 43 | 197 | 1,029 | 269 | 2,796 | 2,123 | 312 | 2,993 | 3,152 |
| d) OTHER RECEIPTS | 2,248 | 4,163 | 1,180 | 1,210 | 1,097 | 20,822 | 3,458 | 6,260 | 22,002 |
| TOTAL | 137,621 | 209,172 | 201,033 | 192,673 | 204,896 | 286,833 | 330,294 | 414,068 | 487,836 |
| EXPENDITURE | | | | | | | | | |
| a) NET CLAIMS PAID | 31,037 | 30,500 | 58,948 | 21,577 | 24,198 | 18,251 | 52,614 | 54,698 | 77,199 |
| b) BONUSES | — | 50 | 6,885 | 2,941 | 2,548 | 7,415 | 2,941 | 2,598 | 14,300 |
| c) NET COMMISSION | 7,801 | 15,813 | 22,274 | 13,686 | 17,492 | 21,402 | 21,487 | 33,305 | 43,676 |
| d) SURRENDERS & OUTSTANDING CLAIMS | 11,464 | 13,646 | 28,907 | 41,399 | 15,340 | 48,044 | 52,863 | 28,986 | 76,951 |
| e) MANAGEMENT EXPENSES | 34,851 | 60,546 | 54,443 | 36,487 | 44,404 | 101,987 | 71,338 | 104,950 | 156,430 |
| f) OTHER EXPENDITURE | 3,343 | 2,829 | 2,954 | 3,145 | 2,017 | 7,516 | 6,488 | 4,846 | 10,470 |
| TOTAL | 88,496 | 123,384 | 174,411 | 119,235 | 105,999 | 204,615 | 207,731 | 229,383 | 379,026 |

TABLE 8
INCOME AND EXPENDITURE OF NON-LIFE INSURANCE BUSINESS
SUMMARY BY TYPE OF OWNERSHIP (N'000)

| TYPE OF OWNERSHIP | INCOME | | | EXPENDITURE | | |
|-------------------|---------|-----------|-----------|-------------|---------|---------|
| | 1989 | 1990 | 1991 | 1989 | 1990 | 1991 |
| WHOLLY NIGERIAN | 507,450 | 657,156 | 842,364 | 420,490 | 439,577 | 605,646 |
| JOINT | 298,714 | 391,288 | 491,873 | 151,690 | 255,546 | 352,128 |
| ALL COMPANIES | 806,164 | 1,048,444 | 1,334,237 | 572,180 | 695,123 | 957,774 |

TABLE 9
SOURCES OF INCOME OF NON-LIFE INSURANCE BUSINESS IN NIGERIA

| | (N'000) | | | | | | | | |
|-----------------------------------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| | Wholly Nigerian | | | Joint | | | All Companies | | |
| | 1989 | 1990 | 1991 | 1989 | 1990 | 1991 | 1989 | 1990 | 1991 |
| A. PREMIUM | 500298 | 645722 | 821142 | 172791 | 367952 | 475101 | 777489 | 1013674 | 1296243 |
| (a) Fire | 118319 | 151840 | 166152 | 36603 | 42595 | 67266 | 154922 | 194435 | 233418 |
| (b) Accident | 84646 | 96223 | 122480 | 26657 | 27950 | 53791 | 1111303 | 124173 | 176271 |
| (c) Motor Vehicle | 150246 | 203917 | 279498 | 11649 | 139947 | 222262 | 266295 | 343864 | 501760 |
| (d) Employer's Liability | 8692 | 7896 | 30187 | 4409 | 3783 | 7963 | 13101 | 11679 | 38150 |
| (e) Marine, Aviation & Transit | 106985 | 147970 | 141734 | 42516 | 40610 | 71474 | 149501 | 188580 | 213208 |
| (f) Miscellaneous | 31410 | 37876 | 81091 | 50957 | 113067 | 52345 | 82367 | 150943 | 133436 |
| B. OTHER INCOME | 7152 | 11433 | 21222 | 21523 | 23336 | 16772 | 28675 | 34769 | 37994 |
| (a) Interest, Dividend & Rates | 795 | 500 | 4253 | 14453 | 23274 | 16656 | 15248 | 23774 | 20909 |
| (b) Other Receipts | 6357 | 10933 | 16969 | 7070 | 62 | 116 | 13427 | 10995 | 17085 |
| TOTAL | 507450 | 657155 | 842364 | 194314 | 391288 | 491873 | 806164 | 1048443 | 1334237 |

TABLE 10
BREAK DOWN OF EXPENDITURE FOR NON-LIFE INSURANCE BUSINESS IN NIGERIA
(N ' 000)

| | Wholly Nigerian | | | Joint | | | All Companies | | |
|-------------------------------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 1989 | 1990 | 1991 | 1989 | 1990 | 1991 | 1989 | 1990 | 1991 |
| A. CLAIMS | 206236 | 160252 | 203221 | 72691 | 146260 | 183651 | 278928 | 306512 | 386872 |
| (a) Fire | 32652 | 47274 | 49439 | 14302 | 14279 | 30976 | 46954 | 61513 | 80415 |
| (b) Accident | 19870 | 23079 | 27976 | 8952 | 7716 | 14807 | 28823 | 30795 | 42783 |
| (c) Motor Vehicle | 44426 | 53613 | 65310 | 28686 | 60873 | 99525 | 73112 | 114486 | 164835 |
| (d) Employer's Liability | 659 | 986 | 4349 | 1315 | 1298 | 1263 | 1974 | 2284 | 5612 |
| (e) Marine, Aviation & Tansit | 103213 | 26609 | 42205 | 6835 | 10735 | 15821 | 110048 | 37344 | 58026 |
| (f) Miscellaneous | 5416 | 8691 | 13942 | 12601 | 51399 | 21259 | 18017 | 60090 | 35201 |
| B. OTHER UNDERWRITING | | | | | | | | | |
| EXPENSES | 21454 | 279325 | 402425 | 78999 | 109285 | 168477 | 293253 | 38810 | 570902 |
| (a) Management Expenses | 184038 | 224463 | 368810 | 83009 | 111998 | 153387 | 267047 | 336461 | 522197 |
| (b) Net Commission | 29059 | 52984 | 31179 | -5200 | -3429 | 9395 | 23859 | 49555 | 40574 |
| (c) Other Expenses | 1157 | 1878 | 2436 | 1190 | 716 | 5695 | 2347 | 2594 | 8131 |
| TOTAL | 420490 | 439577 | 605646 | 151690 | 255545 | 352128 | 572181 | 695122 | 957774 |

TABLE 11
ASSETS OF INSURANCE COMPANIES IN NIGERIA
(N' 000)

| | Life | | | Non-Life | | | All Companies | | |
|-------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|------------------|------------------|
| | 1989 | 1990 | 1991 | 1989 | 1990 | 1991 | 1989 | 1990 | 1991 |
| Government Securities | 285,294 | 275,609 | 398,691 | 1,551,588 | 1,576,537 | 164,232 | 1,836,882 | 1,852,146 | 562,923 |
| Stock, Shares & Bonds | 241,776 | 339,156 | 281,922 | 172,877 | 159,004 | 286,981 | 414,653 | 498,160 | 568,903 |
| Mortgages & Loans | 330,156 | 290,002 | 885,757 | 180,667 | 221,638 | 318,124 | 510,823 | 511,640 | 1,203,881 |
| Cash & Bills Receivable | 112,854 | 176,304 | 227,008 | 473,147 | 518,209 | 807,544 | 586,001 | 694,513 | 1,034,552 |
| Miscellaneous | 659,335 | 701,252 | 1,191,876 | 1,283,140 | 2,076,031 | 2,066,240 | 1,942,475 | 2,777,283 | 3,258,116 |
| TOTAL | 1,629,415 | 1,782,323 | 2,985,254 | 3,661,419 | 4,551,419 | 3,643,121 | 5,290,84 | 6,333,742 | 6,628,375 |

TABLE 12
PERCENTAGE DISTRIBUTION OF ASSETS
(N'000)

| Types of Assets | Life | | | Non-Life | | | All Companies | | |
|-------------------------|-------|-------|-------|----------|-------|-------|---------------|-------|-------|
| | 1989 | 1990 | 1991 | 1989 | 1990 | 1991 | 1989 | 1990 | 1991 |
| Government Securities | 17.5 | 15.5 | 13.4 | 42.4 | 34.6 | 4.5 | 34.7 | 19.2 | 8.5 |
| Stocks, Shares & Bonds | 14.8 | 19.0 | 9.4 | 4.7 | 4.5 | 7.9 | 7.8 | 7.9 | 8.6 |
| Mortgages & Loans | 20.3 | 16.3 | 29.7 | 4.9 | 4.9 | 8.7 | 9.7 | 8.1 | 18.2 |
| Cash & Bills Receivable | 6.9 | 9.9 | 7.6 | 12.9 | 11.4 | 22.2 | 11.1 | 11.0 | 15.6 |
| Miscellaneous | 40.5 | 39.3 | 39.9 | 35.1 | 45.6 | 56.7 | 36.7 | 53.8 | 49.1 |
| TOTAL | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

TABLE 13
INVESTMENT PATTERN OF INSURANCE COMPANIES
IN NIGERIA BY CATEGORY (N' 000)

| | Life | | | Non -- Life | | | All Companies | | |
|-------------------------------|---------------|---------------|----------------|----------------|----------------|---------------|----------------|----------------|----------------|
| | 1989 | 1990 | 1991 | 1989 | 1990 | 1991 | 1989 | 1990 | 1991 |
| Government Securities | 285294 | 275609 | 398691 | 1551588 | 1576537 | 164232 | 1836882 | 1852146 | 562923 |
| Stocks, Shares & Bonds | 241776 | 339156 | 281922 | 172877 | 159004 | 286981 | 414653 | 498160 | 568903 |
| Real Estate, Mortgage & Loans | 203630 | 186361 | 654581 | 153564 | 165593 | 259100 | 357194 | 351954 | 913681 |
| Other Loans | 126526 | 103641 | 231176 | 27103 | 56045 | 59024 | 153629 | 159686 | 290200 |
| TOTAL | 857226 | 904767 | 1566370 | 1905132 | 1957179 | 769337 | 2762358 | 2861946 | 2335707 |

TABLE 14

PERCENTAGE DISTRIBUTION OF INSURANCE INVESTMENT PORTFOLIO BY CATEGORY

| | | (N' 000) | | | | | | | |
|-------------------------------|-------|----------|-------|-------|----------|-------|-------|---------------|-------|
| | | Life | | | Non-Life | | | All Companies | |
| Types of Assets | 1989 | 1990 | 1991 | 1989 | 1990 | 1991 | 1989 | 1990 | 1991 |
| Government Securities | 33.3 | 30.5 | 25.4 | 81.4 | 80.5 | 21.3 | 66.5 | 64.7 | 24.1 |
| Stocks, Shares & Bonds | 28.2 | 37.5 | 18.0 | 9.1 | 8.1 | 37.3 | 15.0 | 17.4 | 24.4 |
| Real Estate, Mortgage & Loans | 23.7 | 20.6 | 41.8 | 8.1 | 8.5 | 33.7 | 12.9 | 12.3 | 39.1 |
| Other Loans | 14.8 | 11.4 | 14.8 | 1.4 | 2.9 | 7.7 | 5.6 | 5.6 | 12.4 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |