

NIGERIA'S INSURANCE INDUSTRY IN 1986

In this article, we present an analysis of the activities of Nigeria's insurance companies during 1986. The analysis is based on data extracted from the returns submitted by insurance companies to the Insurance Division of the Federal Ministry of Finance. At the time the survey was conducted, 80 companies or 90.9 per cent of the Insurance companies operating in Nigeria during the review period had submitted their returns. The data compiled were however adjusted

for non-response.

The report is divided into five parts. Part I treats the structure and performance of the insurance industry while Parts II and III examine separately, the performance of life and non-life insurance business respectively. Part IV discusses the assets and investment pattern of the insurance companies while Part V contains the summary and conclusion.

PART I: STRUCTURE AND PERFORMANCE OF THE INSURANCE INDUSTRY

1.1 Number and Type

The number of insurance companies that operated in the country rose by one in 1986 following the emergence of three new companies and the closure of two. Out of the new entrants, two engaged in wholly non-life business, replacing the two defunct companies in that class of insurance. The remaining new company transacted composite insurance business.

The number of companies that engaged in composite insurance business rose from 25 in 1985 to 26 in 1986 representing 26.4 and 29.6 per cent of all insurance companies in the respective years. The increase in the number of the companies resulted from the switching of two companies formerly engaged in wholly non-life to mixed insurance as well as the entry of new company. In the case of wholly non-life companies, the number declined by 2 to 58. As a result of these developments, the number of insurance companies in existence increased from 87 in 1985 to 88 in 1986 (see Table 1).

1.2 Ownership Structure

The ownership structure of the insurance companies in 1986 was not significantly different from what it was in the preceding year since all the companies involved in the changes reported above were wholly indigenous. In 1986, the number of jointly owned companies remained at 3, 9, and 6 for life, wholly non-life and composite insurance business, constituting 75.0, 15.5 and 23.1 per cent of insurance companies in the respective classes of insurance activities.

The indigenous companies that engaged in the underwriting of wholly non-life business fell from 51 in 1985 to 49 in 1986 while those in composite insurance business increased from 17 to 20 during the same period. The wholly indigenous companies accounted for 25, 84.5 and 76.9 per cent of the insurance companies that engaged in wholly life, wholly non-life and composite insurance in 1986 (see Table 2).

1.3 Paid-Up Capital

There was a remarkable increase in the paid-up capital of all the insurance companies during the review period. It rose by 27.0 per cent to ₦109.4 million. The increase compared with the 4.5 per cent recorded in the preceding year. The paid-up capital of the wholly indigenous companies which

increased by 4.5 per cent in 1985 rose by 27.8 per cent to ₦77.3 million in 1986. The jointly owned companies also enhanced their paid-up capital although at a smaller rate than wholly indigenous companies during 1986. Paid-up capital in these companies rose by 25.4 per cent to ₦32.1 million. The increase compared with an increase of 4.9 per cent recorded a year earlier.

In spite of these changes, however, the ownership structure as measured by the proportion of shares held in the wholly indigenous and jointly owned companies remained virtually as it was in 1985. The value of equities held in the wholly indigenous companies accounted for 70.7 per cent of a total of ₦109.4 million worth of shares in the entire industry. The proportion of holdings compared with a proportion of 70.3 per cent of the ₦86.1 million worth of equities in the industry in 1985.

1.4 Income and Expenditure

Data on the aggregate income and expenditure of all the insurance companies classified by type of ownership are presented in Table 4. The survey showed that while both income and expenditure of the companies increased in 1986, income rose faster than expenditure for all the companies put together. At ₦476.5 million, the income of the companies increased by 23.1 per cent in 1986 in contrast to a decline of 4.6 per cent in 1985. Their expenditure, totalling ₦351.9 million however, rose by 8.9 per cent in 1986 compared with a similar increase of 17 per cent in the preceding year. Indications by the survey were that, as a group the insurance companies performed favourably in 1986.

The improved performance of the insurance companies in 1986 was enjoyed by both the indigenous and jointly owned companies, although in terms of the absolute difference between income and expenditure the indigenous companies appeared to have fared less favourably than the jointly owned companies. Income of wholly indigenous companies, at ₦240.0 million in 1986 indicated an increase of 24.0 per cent, exceeding the recorded increase of 4.7 per cent in the expenditure by these companies during the same period. The increase in income during the review period constructed with a decline of 10.7 per cent registered in the preceding year. On the other hand, the jointly owned companies earned ₦236.5 million in 1986 while expending ₦158.7 million during the same period. At these levels, the

companies enhanced their income by 22.2 per cent in 1986 while their expenditure grew by 14.6 per cent simultaneously. Also taking into account the fact that the jointly owned companies were fewer in number than the indigenous companies, the improvement in the industry in 1986 must have affected a greater number of jointly owned companies than wholly indigenous companies.

1.5 Relative Performance By Type of Ownership

As revealed by data derived from the survey, the improved prosperity of insurance companies in 1986 was as a result of improvement in efficiency in the industry. This could be inferred from the ratios of the industry income to expenditure in 1985 and 1986. Earnings per unit of naira expended in the industry moved from 1.20 in 1985 to 1.35 in 1986 indicating an improvement of 12.5 per cent during the review period. This performance contrasted sharply with the preceding year when the ratio fell from 1.47 in 1984 to 1.20 in 1985, registering a decline of 22.5 per cent.

The improvement in efficiency within the industry was shared by both the indigenous and jointly owned companies. For indigenous companies, the ratio of income to expenditure rose from 1.05 in 1985 to 1.24 in 1986. The jointly owned companies raised the ratio by 6.4 per cent in 1986 to 1.49. The improvement in efficiency might have been due largely to the higher paid-up capital injected into their operations during 1986.

1.6 Relative Performance by Class of Insurance

The survey data also confirmed that the increased efficiency in the industry was enjoyed by companies transacting life and non-life insurance business. For life insurance, the ratio of income to expenditure increased by 15.1 per cent to 1.60 in 1986. The ratio however indicated a lower increase of 13.2 per cent in the case of non-life business to confirm the results obtained in previous surveys. This indicates that life insurance business was more prosperous in 1986 than non-life (See Table 5).

PART II: LIFE INSURANCE BUSINESS

2.1 Income and Expenditure

The aggregate income from life insurance business increased from ₦181.9 million in 1985 to ₦212.8 million in 1986, representing an increase of 17.0 per cent compared with an improvement of 8.2 per cent in 1985. The improvement in 1986 was attributable to the increase in income recorded by the wholly indigenous and jointly owned companies. While the indigenous companies increased their earnings by 21.9 per cent, the jointly owned companies enhanced theirs by 13.5 per cent during the year under review.

Total expenditure on life insurance rose marginally by 1.6 per cent to ₦132.7 million in 1986. The increase was as a result of a rise in the expenditure by the jointly owned companies. While the jointly owned companies' expenditure rose by 4.4 per cent, the indigenous companies registered a decline of 1.3 per cent in their expenses. This was also reflected in the share of total expenditure by the indigenous companies which fell from 50.3 per cent in 1985 to 48.9 per cent in 1986. Thus, the share of jointly owned companies in the total expenditure for life insurance business, which registered a fall in 1985, rose from 49.7 per cent in the preceding year to 51.1 per cent in 1986 (see Table 6).

As earlier revealed in Part I above, life insurance business improved significantly in 1986 compared with the preceding year. The average income per naira expenditure, which declined from 1.86 in 1984 to 1.39 in 1985, rose to 1.60 in 1986. This development was shared by both indigenous and jointly owned companies. The income per naira expenditure for wholly indigenous companies was 1.41 while that for jointly owned companies was 1.79. However, the indigenous companies that engaged in life insurance business improved tremendously by recording an increase of 23.7 per cent in their income per naira expenditure compared with a moderate improvement of 8.5 per cent by the jointly owned companies during the review period.

2.2 Sources and Application of Funds

As in previous years, premium income continued to be the most important source of income for life insurance

business in 1986. Earnings from premium amounting to 132.5 and ₦153.5 million in 1985 and 1986, accounted for 72.8 and 72.1 per cent of total income derived from life insurance business in the respective years. The recorded increase in premium income, amounting to 15.8 per cent compared with a slight increase of 0.6 per cent recorded in 1985. Both indigenous and jointly owned companies improved their premium earnings in 1986. While the indigenous companies recorded an increase of 26.4 per cent in the premium income, jointly owned companies increased theirs by 9.2 per cent. This contrasted with the situation in 1985 when premium income from life insurance declined by 14 per cent in indigenous companies.

Another important source of income for life insurance business for several years was earnings from interest, dividends and rents. The share of these sources in total income increased from 23.3 per cent in 1985 to 24.2 per cent in 1986. In fact, income from these sources increased by 21.7 per cent in 1986 compared with the preceding year. The increase was shared by all insurance companies irrespective of ownership. The sharp increase in earnings from these sources might have been due to the rise in interest rates on all categories of financial assets.

Other sources of income for life insurance business were profit on sales of assets and miscellaneous receipts. These sources jointly accounted for 3.9 and 3.7 per cent of total income during 1985 and 1986 respectively. While the income derived by indigenous companies from these sources increased in 1986, it fell sharply in 1985. For jointly owned companies, income from these sources rose in 1986 in contrast to 1985 when a significant increase was achieved.

With regard to the application of funds, about 62.4 per cent of the income of the insurance companies was disbursed towards the settlement of claims, bonuses, commission, and all other expenses in 1986. Surrenders and outstanding claims amounted to ₦41.1 million, or 31.0 per cent of total expenditure. This was followed by management expenses which accounted for 26.9 per cent. Net claims and commission disbursed in 1986 stood at 30.0 and ₦18.1 million respectively.

It is remarkable that the net claims of insurance companies declined in 1986, a rare event in recent years. Other expenses that declined were bonuses and "other" expenditure. The decline in these expenditure items, coupled with small increases in other items of costs in the industry explained the moderate increase in total expenditure in 1986.

2.3 Loss Ratio¹

Reflecting the improvement in efficiency reported earlier, the loss ratio of the insurance companies in life business declined from 54.0 per cent in 1985 to 46.3 per cent in 1986. The decline contrasted with the sharp increase in the ratio recorded in the preceding year. The improved performance of the industry during 1986 was attributable to large cost savings in the wholly Nigerian owned companies where the loss ratio fell by 34.6 per cent in 1986. In the jointly owned companies indications were that costs rose by

10.0 per cent in 1986 as the companies recorded loss ratios of 38.9 and 42.8 per cent in 1985 and 1986 respectively. The situation compared with the preceding year when costs appreciated by 177.7 and 28.4 per cent in the wholly indigenous and jointly owned companies respectively.

2.4 Expense Ratio²

This ratio fell for all companies in life insurance business in 1986. However, the expense ratio of the indigenous companies rose from 29.3 per cent in 1985 to 37.1 per cent in 1986. On the other hand, the jointly owned companies recorded a decline in this ratio during the review period. For these companies, the ratio declined from 24.9 per cent in 1985 to 13.4 per cent in 1986. Since a lower value of this ratio implies higher management efficiency the survey indicated that the management of life insurance companies improved in 1986 especially in the jointly owned companies which recorded a lower expense ratio during the period.

PART III: NON-LIFE INSURANCE BUSINESS

3.1 Income and Expenditure

Aggregate income derived from non-life insurance business in 1986 stood at ₦263.7 million, indicating an increase of 28.6 per cent above its preceding year's level. The increase occurred in both wholly indigenous and jointly owned companies where incomes rose by 25.5 and 32.8 per cent respectively. The increases contrasted with the declines of 15.6 and 10.8 per cent in the respective incomes of the wholly indigenous and jointly owned companies recorded a year earlier.

The survey also showed that the expenditure by companies engaged in non-life increased in 1986. At ₦219.2 million in 1986, expenditure by the companies rose by 13.9 per cent. The increase was however less than that of the income earned during the period, which stood at 28.6 per cent. The rise in expenditure occurred in both the wholly indigenous and jointly owned companies where respective increases of 6.3 and 23.5 per cent were recorded.

Since the income of the non-life insurance companies rose faster than their expenditures in 1986, the average income per unit of naira expenditure in the companies increased by 12.1 per cent to 1.20. The increase contrasted with a decline of 16.4 per cent in the ratio registered in the preceding year. Both the wholly indigenous and jointly owned accounted for the improved prosperity enjoyed in the industry in 1986. This was reflected in the ratios of income to expenditure recorded in the two groups of companies. The ratio rose by 16 and 6.8 per cent in the wholly indigenous and jointly owned companies respectively to 1.16 and 1.26 during the period under review (see Table 8).

3.2 Sources of Income

The gross premium income from non-life business in 1986 totalled ₦254.2 million, indicating an increase of 30.2 per cent above its level in 1985. The increase contrasted with a decline of 5.1 per cent in this source of revenue in the preceding year. The premium income of wholly indigenous companies, at ₦144.3 million, continued to be higher than that of the jointly owned companies which was ₦109.8 million, or 43.2 per cent of total premium income.

At these levels premium income increased in the two categories of companies although, during the period under review, it rose faster in the jointly owned companies (34.7 per cent) than in wholly indigenous where it increased by 26.8 per cent (see Table 9).

Premium collected from motor vehicle insurance, at ₦104.7 million, continued to be the highest source of revenue for non-life insurance in 1986. At that level, it constituted 41.2 per cent of total premium income during the period under review. Compared with its preceding year's level, it rose by 5.4 per cent. The increase was attributable to a rise of 20.2 per cent in the premium income of the jointly owned companies, since the premium income of the wholly indigenous companies declined. Premium on motor vehicle insurance was, as usual, higher in the wholly indigenous companies than in the jointly owned companies in 1986. The former collected ₦55.5 million, or 53.0 per cent; while the latter was responsible for ₦49.3 million, or 47 per cent of the revenue from this source.

Another significant component of premium income in 1986 was earning from fire insurance. At ₦41.6 million, revenue from this source constituted 16.4 per cent of gross premium income and indicated an increase of 16.9 per cent above its level a year earlier. While premium collected from fire insurance was more than double its preceding year's level in the jointly owned companies it actually declined by 12.5 per cent in the wholly indigenous companies. This situation contrasted with the position in 1985 when it rose and declined in the wholly indigenous and jointly owned companies respectively.

Other components of gross premium income comprised revenues from accident and marine, aviation and transit and miscellaneous insurance which contributed 30.2, 34.7

¹ Loss ratio is the ratio of total claims to gross premium income expressed in percentage.

² Expense ratio is defined as the ratio of management expenses to gross premium income expressed in percentage.

and ₦37.1 million respectively. Each of the components indicated remarkable increases during 1986. Receipt from miscellaneous insurances was more than tripple its 1985 level while that from marine, aviation and transit was more than double.

Interest, dividends and rents and other receipts contributed ₦9.5 million or 3.6 per cent of total income of non-life insurance companies in 1986. At that level, income from these sources declined just as it did in 1985.

3.3 Expenditure on Non-life Business

The value of total claims on non-life insurance companies reached ₦86.4 million, or 39.4 per cent of aggregate expenditure by the companies in 1986. At that level, claims indicated an increase of 35 per cent above its level in 1985 in contrast to a decline of 17.6 per cent registered in the preceding year. The rise in claims was shared by both the wholly indigenous and jointly owned companies. While it rose from ₦29.6 million in 1985 to ₦42.0 million in 1986 in the former, it increased from ₦34.4 million in 1985 to ₦44.4 million in 1986 in the later (see Table 10).

The most dominant item of claims was on motor vehicles. They stood at ₦54.2 million, or 62.7 per cent of total claims on non-life insurance in 1986. This item of claims was almost stagnant at its preceding year's level in 1986 compared with a small increase of 0.9 per cent recorded in the previous year. The stagnant level of claims in respect of motor insurance was due to the off-setting of a decline in claims on wholly indigenous companies by a rise in those on jointly owned companies.

Other items of claims comprised those on fire, accident, marine, aviation and transit and miscellaneous insurance which in 1986 amounted to 6.9, 5.9, 11.4 and ₦7.2 million respectively. Except accident insurance which declined, they all recorded significant increases in 1986.

The value of "other" underwriting expenses continued to loom large in the expenditure of non-life insurance companies. They totalled ₦132.8 million in 1986, exceeding

the preceding year's level by 3.4 per cent. The increase compared with an increase of 19.1 per cent registered a year earlier.

As in previous years, management expenses was the most significant component of "other" underwriting expenses in 1986. They attained a level of ₦127.9 million, or 58.3 per cent of the total expenditure on non-life insurance business during the review period. Management expenses increased by 35.3 and 11.9 per cent respectively in 1985 and 1986. The bulk of the expenses in 1986 arose from wholly indigenous companies which contributed ₦79.0 million or 61.8 per cent of the non-life management expenses. They however rose faster in jointly owned companies where they recorded an increase of 27.1 per cent compared with an increase of 4.1 per cent in the wholly indigenous companies.

3.4 Loss Ratio

The loss ratio computed for general insurance increased slightly from 32.8 per cent in 1985 to 34.0 per cent in 1986. The rise reflected the steep increase in claims paid by the companies in non-life business in 1986. The deterioration in 1986 is attributable to wholly indigenous companies whose loss ratio increased from 26.0 per cent in 1985 to 29.1 per cent in 1986. In contrast, the loss ratio fell for both groups of companies in 1985.

3.5 Expense Ratio

The expense ratio computed for non-life companies reduced from 58.5 per cent in 1985 to 50.3 per cent in 1986. This improvement was shared by both wholly indigenous and jointly owned companies. While the wholly indigenous companies reduced their expense ratio by 17.8 per cent, the jointly owned companies reduced theirs by 5.5 per cent. In the preceding year, all the companies irrespective of ownership recorded increases in their expense ratios. The improvement in this ratio in 1986 was attributable to the higher increase in gross premium income than management expenses during the year.

PART IV: ASSETS AND INVESTMENT PATTERN OF INSURANCE COMPANIES

4.1 Assets

Data on the values of assets of insurance companies analysed by type and class of insurance are contained in Table 11. The value of all the assets held by all insurance companies increased by 28.8 per cent to ₦2,488.0 million in 1986. Except mortgages and loans which declined by 5.9 per cent in 1986, all other types of assets held by the insurance companies increased in value during the year. Government securities, which constituted 33.1 per cent of total assets, increased by 78.6 per cent; cash and bills receivable increased by 22.4 per cent; while stocks, shares and bonds increased by 4.7 per cent. The value of miscellaneous assets held by insurance companies which constituted 32.4 per cent, increased by 21.6 per cent to ₦289.0 million in 1986. The increases recorded in the values of these assets were lower than the increases in the preceding year with the exception of cash and bills receivable which recorded an increase of 22.4 per cent in 1986 compared with an increase of 20.1 per cent in 1985.

A classification by class of insurance business showed that the values of assets held in respect of life insurance business which increased by 18.2 per cent in 1985 increased further by 13.9 per cent to ₦806.4 million in 1986. This class of insurance business recorded increases in all categories of assets held in 1986 in contrast to 1985, when the miscellaneous component declined by 8.6 per cent. The percentage distribution of assets held by life insurers revealed similar pattern in the three years 1984-1986 (see Table 12).

Government securities, stocks, shares and bonds, mortgages and loans respectively constituted 19.1, 25.0 and 21.0 per cent of total assets in 1986 while cash and bills receivable and miscellaneous assets accounted for 14.0 and 20.9 per cent of total assets respectively.

The value of assets held by insurance companies that engaged in non-life business increased by 37.1 per cent in 1986. However, the insurance companies reduced their assets in the form of stocks, share and bonds, and mortgages and loans by 10.4 and 19.0 per cent respectively during the

review period. Assets in government securities increased by 100.1 per cent for general insurance business while assets in cash and bills receivable and miscellaneous assets increased by 35.7 and 20.9 per cent respectively in 1986. In fact, for non-life business, most of the assets were in government securities and miscellaneous assets. These two items accounted for 70.2 and 77.6 per cent of total assets held in respect of this class of insurance in 1985 and 1986 respectively (see Table 12).

4.2 Distribution of Assets and Investment

The regulation governing insurance activities in Nigeria stipulates that at least 25 per cent of the total value of assets of an insurance company should be invested in specified government and other securities. Moreover, maxima of 10 and 25 per cent of the assets should be held in the form of real property in respect of non-life and life insurance respectively.

Data extracted from the survey revealed that on the average the insurance companies as a whole complied with the requirement that a minimum of 25 per cent of their assets should be in the form of government and other securities in 1986. During the period, 33.1 per cent of their assets

was in the form of government securities. This contrasted with the situation in 1985 when the ratio was 23.8 per cent. However, the large increase in the interest rate on government securities in 1986 could have induced the higher investment of insurance companies in this category of assets.

The non-life insurance companies kept 39.7 per cent of their total assets in the form of government securities exceeding the stipulated minimum by 14.7 percentage points. During the same period, the proportion of government securities in the assets of life insurance companies was 19.1 per cent. This showed that it was the extra-ordinary efforts of the non-life insurers that enabled the insurance industry to keep within this government requirement in 1986.

With regard to the proportion of the assets in the form of real property, the non-life insurance companies maintained a ratio of 6.6 per cent of their assets in mortgages and loans in 1986. This was much less than the required maximum of 10 per cent; it also contrasted with the position in 1985 when they exceeded the maximum by 1.1 percentage points. Similarly, as in 1985, the life insurers failed in 1986 to meet the requirement that they should keep a minimum of 25 per cent of their assets in the form of real property. The observed ratios during 1985 and 1986 were 22.7 and 21.0 per cent respectively.

PART V: SUMMARY

In terms of ownership and class of insurance business undertaken, there was no significant structural change in the insurance industry in 1986. The number of companies, on a net basis, increased by one following the entry of three and the exit of 2 companies. Although two companies formerly engaged in wholly non-life business switched to mixed insurance during the year, the structural composition of companies engaged in wholly life, wholly non-life and mixed insurance remained virtually the same in 1985 and 1986.

Data compiled from the 1986 survey showed that although aggregate expenditure of insurance companies increased, their income during the same period rose faster. While the industry aggregate income increased by 23.1 per cent, expenditure rose by 8.9 per cent in 1986. The enhanced prosperity of the insurance companies was enjoyed by both the indigenous and jointly owned companies operating in the industry.

As indicated by the ratio of income to total expenditure computed for the industry in 1986, efficiency seemed to have increased in the insurance industry compared with the position in 1985. The average income per naira expenditure in 1986 exceeded the 1985 level substantially. The survey also showed that while the higher efficiency was reflected in both life and non-life business, it was more pronounced in life business. This improvement occurred in both wholly indigenous and jointly owned life insurance companies. The indigenous companies registered an increase of 23.7 per cent in their average income per naira expenditure while the jointly owned companies had an increase of 8.5 per cent.

As in previous years, premium income constituted the highest proportion of the income generated by all classes of insurance companies irrespective of ownership structure. It comprised 72.8 and 72.1 per cent of the aggregate income

for life insurance business during 1985 and 1986 respectively. For non-life insurance, it represented 95.2 and 96.4 per cent of the income earned in that class of insurance business during the corresponding periods.

The expenses incurred on life insurance business comprised largely of surrenders, claims and management expenses. These jointly accounted for 80.4 and 80.5 per cent of the total expenditures of the companies dealing in this class of business in 1985 and 1986 respectively. In the case of non-life business, management expenses represented the bulk of that expenditure although claims could also be a significant component of expenditure during any particular period.

The reported improvement in the efficiency of operations of the insurance companies in 1986 was largely due to cost savings in the wholly indigenous companies engaged in life insurance, which recorded a decline of 34.6 per cent in their loss ratio during the review period. The ratio rose from 32.8 per cent in 1985 to 34.0 per cent in 1986 for companies which operated non-life insurance during the year.

Both life and non-life insurers recorded declines in their expense ratios in 1986, further confirming the enhanced efficiency in the industry. While the ratio declined from 25.2 per cent in 1985 to 23.3 per cent in 1986 for life insurance, it also recorded a decline from 58.5 to 50.3 per cent during the corresponding periods for non-life insurance. Reductions in the costs of managing general insurance companies in both the wholly indigenous and jointly owned companies coupled with enhanced income were partly responsible for the decline in the expense ratio computed for 1986. Other possible reason for the improvement in the prosperity of insurance companies in 1986 could be the increase in the paid-up capital of the companies during the period.

The insurance industry on the average complied with the

regulation that at least 25 per cent of their assets should be in the form of government securities in 1986. This contrasted with the position in 1985 when the companies operating in the industry jointly maintained 23.8 per cent of their assets in government securities. However, companies in life business continued to keep a much lower proportion of their assets (16.5 per cent in 1986) in government securities. The survey also showed that while companies operating non-life insurance business complied with the regulation that a maximum of 10 per cent of their assets should be in the form of real property, those in life insurance violated this stipulation. In contrast to the 25 per cent ratio of real property to total assets required, companies in life business maintained 21.0 per cent in 1986.

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Table 1

DISTRIBUTION OF INSURANCE COMPANIES BY TYPE OF BUSINESS AND NUMBER

CLASS OF INSURANCE	1984		1985		1986	
	Number of Companies	Percentage Share of Total	Number of Companies	Percentage of Total	Number of Companies	Percentage of Total
Wholly Life	3	3.4	4	4.6	4	4.5
Wholly Non-Life	62	70.5	60	69.0	58	65.9
Life and Non-Life (Mixed)	23	26.1	23	26.4	26	29.6
TOTAL	88	100.0	87	100.0	88	100.0

Table 2

STRUCTURE OF INSURANCE INDUSTRY BY TYPE OF BUSINESS & OWNERSHIP

BUSINESS TYPE AND OWNERSHIP PATTERN	1984 ¹		1985 ¹		1986 ¹	
	Number of Companies	Percentage share of Total	Number of Companies	Percentage share of Total	Number of Companies	Percentage share of Total
I. LIFE	3	100.0	4	100.0	4	100.0
(a) Nigerian	—	—	1	25.0	1	25.0
(b) Joint	3	100.0	3	75.0	3	75.0
II. NON-LIFE	62	100.0	60	100.0	58	100.0
(a) Nigerian	53	85.5	51	85.0	49	84.5
(b) Joint	9	14.5	9	15.0	9	15.5
III. LIFE AND NON-LIFE (MIXED)	23	100.0	23	100.0	26	100.0
(a) Nigerian	17	73.9	17	73.9	20	76.9
(b) Joint	6	26.1	6	26.1	6	23.1
IV. ALL COMPANIES	88	100.0	87	100.0	88	100.0
(a) Nigerian	70	79.5	69	79.3	70	79.5
(b) Joint	18	20.5	18	20.7	18	20.5

¹ Revised

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

Table 3

Year	Wholly Nigerian		Joint		Total	
	Amount	Percentage of Total	Amount	Percentage of Total	Amount	Percentage of Total
1984 ¹	57,953	70.3	24,426	29.7	82,379	100.0
1985 ¹	60,516	70.3	25,591	29.7	86,107	100.0
1986	77,275	70.7	32,101	29.3	109,376	100.0

¹ Revised.

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

Table 4

TYPE OF OWNERSHIP	INCOME			EXPENDITURE		
	1984	1985	1986	1984	1985	1986
Wholly Nigerian	216,708	193,462	240,010	147,916	184,501	193,191
Joint	188,970	193,525	236,463	128,140	138,482	158,692
Total	405,678	386,987	476,473	276,056	322,983	351,883

INCOME AND EXPENDITURE OF ALL INSURANCE COMPANIES IN NIGERIA
SUMMARY BY CLASS OF INSURANCE
(N'000)

Table 5

CLASS OF INSURANCE	INCOME			EXPENDITURE		
	1984	1985	1986	1984	1985	1986
Life	168,083	181,901	212,783	90,576	130,629	132,673
Non-Life	237,595	205,086	263,690	185,480	192,354	219,210
Total	405,678	386,987	476,473	276,056	322,983	351,883

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

Table 6

TYPE OF OWNERSHIP	INCOME			EXPENDITURE		
	1984	1985	1986	1984	1985	1986
Wholly Nigerian	76,115	74,840	91,220	36,080	65,702	64,873
Joint	91,968	107,061	121,563	54,496	64,927	67,800
Total	168,083	181,901	212,783	90,576	130,629	132,673

INCOME, EXPENDITURE AND FUND OF LIFE INSURANCE BUSINESS IN NIGERIA
(N'000)

Table 7

	Wholly Nigerian			Joint			All Companies		
	1984	1985	1986	1984	1985	1986	1984	1985	1986
1. INCOME									
(a) Premium	58,932	50,661	64,059	72,723	81,825	89,393	131,655	132,486	153,452
(b) Interest, Dividends & Rents	12,108	21,861	23,876	18,901	20,514	27,696	31,009	42,375	51,572
(c) Profit on Sales of Assets	275	1	13	16	585	328	291	586	341
(d) Other Receipts	4,800	2,317	3,272	328	4,137	4,146	5,128	6,454	7,418
TOTAL	76,115	74,840	91,220	91,968	107,061	121,563	168,083	181,901	212,783
2. EXPENDITURE									
(a) Net claims paid	13,479	19,918	17,189	9,752	10,810	12,778	23,231	30,728	29,967
(b) Bonuses	15	29	102	1,414	2,335	1,381	1,429	2,364	1,483
(c) Net commission	3,678	3,867	7,141	9,839	11,127	10,919	13,517	14,994	18,060
(d) Surrenders & outstanding claims	3,111	19,786	15,599	12,191	21,056	25,528	15,302	40,842	41,127
(e) Management Expenses	12,773	14,831	23,751	18,120	18,571	11,953	30,893	33,402	35,704
(f) Other Expenditure	3,024	7,271	1,091	3,180	1,028	5,241	6,204	8,299	6,332
TOTAL	36,080	65,702	64,873	54,496	64,927	67,800	90,576	130,629	132,673

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

Table 8

TYPE OF OWNERSHIP	INCOME			EXPENDITURE		
	1984	1985	1986	1984	1985	1986
Wholly Nigerian	140,593	118,622	148,790	111,836	118,799	128,318
Joint	97,002	86,464	114,900	73,644	73,555	90,892
All Companies	237,595	205,086	263,690	185,480	192,354	219,210

**SOURCES OF INCOME OF NON-LIFE INSURANCE BUSINESS IN NIGERIA
(N'000)**

Table 9

	Wholly Nigerian			Joint			All Companies		
	1984	1985	1986	1984	1985	1986	1984	1985	1986
A. PREMIUM	113,593	113,807	144,330	92,101	81,483	109,826	205,694	195,290	254,156
(1) Fire	17,014	26,351	23,145	11,323	9,298	18,491	28,337	35,649	41,636
(2) Accident	16,353	20,668	22,025	12,367	8,752	8,149	28,720	29,420	30,174
(3) Motor Vehicle	49,911	58,226	55,467	44,274	41,030	49,255	94,185	99,256	104,722
(4) Employer's Liability	1,792	2,190	2,089	4,309	3,920	3,717	6,101	6,110	5,806
(5) Marine, Aviation & Transit	14,615	2,804	21,867	10,001	9,414	12,875	24,616	12,218	34,742
(6) Miscellaneous	13,908	3,568	19,737	9,827	9,069	17,339	23,735	12,637	37,076
B. OTHER INCOME	27,000	4,815	4,460	4,901	4,981	5,074	31,901	9,796	9,534
(1) Interest, Dividends & Rents	37	1	332	4,713	4,583	4,808	4,750	4,584	5,140
(2) Other Receipts	26,963	4,814	4,128	188	398	266	27,151	5,212	4,394
TOTAL	140,593	118,622	148,790	97,002	86,464	114,900	237,595	205,086	263,690

BREAKDOWN OF EXPENDITURE FOR NON-LIFE INSURANCE BUSINESS IN NIGERIA
(N'000)

Table 10

	Wholly Nigerian			Joint			All Companies		
	1984	1985	1986	1984	1985	1986	1984	1985	1986
A. CLAIMS	38,930	29,615	41,967	38,774	34,360	44,423	77,704	63,975	86,390
(1) Fire	3,173	(2,590)	4,344	2,161	2,576	2,532	5,334	(14)	6,876
(2) Accident	2,338	4,021	2,998	3,938	2,387	2,886	6,276	6,408	5,884
(3) Motor Vehicle	26,399	28,815	22,912	27,311	25,337	31,308	53,710	54,152	54,220
(4) Employer's Liability	202	265	161	955	598	671	1,157	863	832
(5) Marine, Aviation & Transit	6,247	(1,781)	8,616	1,760	1,771	2,784	8,007	(10)	11,400
(6) Miscellaneous	571	885	2,936	2,649	1,691	4,242	3,220	2,576	7,178
B. OTHER UNDERWRITING EXPENSES	72,906	89,184	86,351	34,870	39,195	46,469	107,776	128,379	132,820
(1) Management Expenses	47,204	75,893	79,032	37,316	38,388	48,828	84,520	114,281	127,860
(2) Net Commission	25,239	12,672	6,871	(2,571)	521	(2,967)	22,668	13,193	3,904
(3) Other Expenses	463	619	448	125	286	608	588	905	1,055
TOTAL	111,836	118,799	128,318	73,644	73,555	90,892	185,480	192,354	219,210

ASSETS OF INSURANCE COMPANIES IN NIGERIA
(N'000)

Table 11

TYPE OF ASSETS	Life			Non-Life			All Companies		
	1984	1985	1986	1984	1985	1986	1984	1985	1986
Government Securities	90,807	126,582	154,167	121,427	334,055	668,477	212,234	460,637	822,644
Stocks, Shares and Bonds	137,842	178,807	202,072	61,677	98,874	88,554	199,519	277,681	290,626
Mortgages and Loans	133,228	161,072	169,275	64,691	136,147	110,282	197,919	297,219	279,557
Cash and Bills Receivable	88,720	106,076	112,595	107,888	130,002	176,423	196,608	236,078	289,018
Miscellaneous	148,132	135,435	168,338	379,472	527,429	637,806	527,604	662,864	806,144
TOTAL	598,729	707,972	806,447	735,155	1,226,707	1,681,542	1,333,884	1,934,481	2,487,989

PERCENTAGE DISTRIBUTION OF ASSETS
(N'000)

Table 12

TYPE OF ASSETS	Life			Non-Life			All Companies		
	1984	1985	1986	1984	1985	1986	1984	1985	1986
Government Securities	15.2	17.9	19.1	16.5	27.2	39.7	15.9	23.8	33.1
Stocks, Shares and Bonds	23.0	25.3	25.0	8.4	8.1	5.3	15.0	14.3	11.7
Mortgages and Loans	22.3	22.7	21.0	8.8	11.1	6.6	14.8	15.4	11.2
Cash and Bills Receivable	14.8	15.0	14.0	14.7	10.6	10.5	14.7	12.2	11.6
Miscellaneous	24.7	19.1	20.9	51.6	43.0	37.9	39.6	34.3	32.4
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

Table 13

TYPE OF ASSETS	Life			Non-Life			All Companies		
	1984	1985	1986	1984	1985	1986	1984	1985	1986
Government Securities	90,807	126,582	154,167	121,427	334,055	668,477	212,234	460,637	822,644
Stocks, Shares and Bonds	137,842	178,807	202,072	61,677	98,874	88,554	199,519	277,681	290,626
Real Estate, Mortgage & Loans	82,350	91,264	96,307	51,683	116,455	84,131	134,033	207,719	180,438
Other Loans	50,879	69,808	72,968	13,008	19,691	26,151	63,887	89,499	99,119
TOTAL	361,878	466,461	525,514	247,795	569,075	867,313	609,673	1,035,536	1,392,827

PERCENTAGE DISTRIBUTION OF INSURANCE INVESTMENT PORTFOLIO BY CATEGORY
(N'000)

Table 14

TYPE OF ASSETS	Life			Non-Life			All Companies		
	1984	1985	1986	1984	1985	1986	1984	1985	1986
Government Securities	25.1	27.1	29.3	49.0	58.7	77.1	34.8	44.5	59.1
Stocks, Shares and Bonds	38.1	38.3	38.5	24.9	17.4	10.2	32.7	26.8	20.9
Real Estate, Mortgage & Loans	22.7	19.6	18.3	20.9	20.5	9.7	22.0	20.1	12.9
Other Loans	14.1	15.0	13.9	5.2	3.4	3.0	10.5	8.6	7.1
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0