

The Official  
Newsletter of



June 2022 Edition

# INSURANCE INDUSTRY NEWS



Nigeria's Democracy Day  
#CelebratingFreedom



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# INSURANCE INDUSTRY NEWS

The Official Newsletter of Boff & Company Insurance Brokers Limited

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## NAICOM PARTNERS WITH SECURITY AGENCIES TO ENFORCE COMPULSORY INSURANCE IN FCT



The National Insurance Commission (NAICOM) will soon commence the enforcement of compulsory insurance in the Federal Capital Territory (FCT).

The management of NAICOM said, "the enforcement exercise within the FCT is expected to begin in the next few weeks."

In preparation for the exercise, NAICOM organized a sensitization workshop for the Joint Taskforce on Enforcement of Compulsory Insurances in the FCT as a pilot scheme.

The workshop aimed at sensitizing members of the task force on the requirements of the law with respect to compulsory insurance as well as the enforcement modalities to be adopted by the committee.

The task force comprises the Nigeria Police Force, the Federal Road Safety Corps, the Federal Fire Service, FCT Fire Service, VIO, the Office of the Attorney General of the Federation and the Federal Capital Territory Administration.

Compulsory insurances are those insurances that are made mandatory by law. In Nigeria, they include motor third-party insurance meant to ensure the safety of third-party road users, which the government has made compulsory for citizens and residents to have motor insurance before plying on public roads.

Others are Employer's Liability/ Workmen's Compensation insurance, Group Life assurance Healthcare Professional Indemnity insurance, Occupiers Liability insurance or insurance of public buildings, among others.

Source

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## NIGERIA'S INSURANCE SECTOR ON GROWTH TRAJECTORY, RECORDS 15.68% GROWTH IN Q1, 2022



The National Bureau of Statistics (NBS) has provided a figure showing a dramatic expansion of activities in the insurance industry, in the first quarter of 2022. According to the Bureau, the sector grew by 15.68 per cent in the first quarter of the 2022 financial period.

The finance and insurance sector consists of the two subsectors, financial institutions, and insurance, which accounted for 89.12 per cent and 10.88 per cent of the sector respectively in real terms in Q1, 2022.

As a whole, the sector grew at 32.29 per cent in nominal terms (year-on-year), with the growth rate of financial institutions at 34.65 per cent and a 15.68 per cent growth rate recorded for insurance.

The overall rate was higher than that of Q1, 2021 by 30.14 per cent points, and higher by 7.36 per cent points than the preceding quarter.” confirmed NBS.

According to the agency, quarter-on-quarter growth was 12.74 per cent, while the sector’s contribution to the overall nominal GDP was 3.80 per cent in Q1 2022, higher than the 3.25 per cent it represented in the previous year, and higher than the contribution of 3.10 per cent it made in the preceding quarter. It noted that growth in this sector in real terms totalled 23.24 per cent, higher by 23.70 per cent points from the rate recorded in the 2021 first quarter and down by 0.90 per cent points from the rate recorded in the preceding quarter. Quarter-on-quarter growth in real terms stood at 5.01 per cent.

The contribution of finance and insurance to real GDP totalled 4.51 per cent, higher than the contribution of 3.77 per cent recorded in the first quarter of 2021 by

0.74 per cent points, and higher than 3.66 per cent recorded in Q4 2021 by 0.84 per cent points.

Nigeria’s GDP grew by 3.11 per cent (year-on-year) in real terms in the first quarter of 2022, showing a sustained positive growth for the sixth consecutive quarter since the recession witnessed in 2020 when negative growth rates were recorded in quarter two and three of 2020, NBS revealed. The first quarter of the 2022 growth rate further represents an improvement in economic performance. The observed trend since Q4, 2020, is an indication of gradual economic stability.

The report showed that in Q1, 2022, the growth rate was higher than the 0.51 per cent growth rate recorded in Q1, 2021 by 2.60 per cent points and lower than 3.98 per cent recorded in Q4 2021 by 0.88 per cent points.

The NBS, said, “Nevertheless, quarter-on-quarter, real GDP grew at -14.66 per cent in Q1 2022 compared to Q4 2021, reflecting a lower economic activity than the preceding quarter.

“In the quarter under review, aggregate GDP stood at N45,317,823.33 million in nominal terms.”

Source

## INSURANCE COMPANY INTRODUCES AIR PASSENGERS' 'FLIGHT WELFARE SCHEME'



Anchor Insurance Company Limited has launched a robust retail package known as the Local Passengers’ Flight Welfare Scheme for air travellers within Nigeria.

The Managing Director/Chief Executive Officer of the underwriting firm, Ebose Augustine Osegha, at the event in Lagos, said the product has been approved by NAICOM.

“The main purpose of the Local Passengers’ Flight

Welfare Scheme which, essentially, is a single product, is to meet up passenger legal liabilities, compensate for losses encountered by passengers including baggage delay, mishandled baggage and loss of baggage, and provide financial benefits for the harm done to the health and life of the insured person or to compensate for lost wages during temporary or permanent disability as a result of unexpected and short-term external factors or unforeseen circumstances, for example, accidents,” he said.

Ebose maintained that this insurance protection will be run in accordance with the stipulated regulations on obligatory personal accidents insurance on transport, stating that according to the current regulations, passengers are considered insured from the moment of processing the check-in to the period of boarding and receipt of luggage(s).

The policy, he said terminates from the point the passenger collects or takes his/her luggage at the arrival hall, adding that for emphasis, the policy covers the passenger from his/her airport of take-off to the airport of destination within the Nigerian geographical space.

On the benefits accruable from the product, he submitted that during the life of the scheme (that is from the time of announcement of boarding to the point of taking his/her luggage at the destination airport), any affected passenger shall be entitled to the following benefits: Financial lump sum payment to the passenger’s named beneficiary upon the occurrence of fatality or death of a passenger as a result of an accident while boarding or onboard the aircraft.

Term payments to the passenger for injury sustained leading to disability as a result of an accident occurring while boarding or onboard the aircraft. Others are term payments to the passenger for injury sustained leading to temporary loss of capacity to labour as a result of an accident occurring while boarding or onboard the aircraft and medical expenses of up to N50,000.00 for passengers who suffer any injury as a result of an accident occurring while boarding or onboard the aircraft.

He noted that special considerations are given to children from age 0 – 3 years, as they are freely covered by the parent’s policy, stressing that this,

it means that such children shall not pay any premium. He said children between ages 3 and 12 years shall only pay 50 per cent of the individual premium.

On claims administration, he noted that “Our Claims process for this product shall be as follows: All Claims including loss of baggage are to be reported within 24 hours of the happening of such event. Incidences or cases of suspected or possible loss of luggage must be reported to Anchor Insurance Company Limited irrespective of the chances that the luggage would be later found”.

“Claims payment would be made between 3-5 working days upon complete documentation of the claim.”

Source

## INSURANCE COMPANIES IN NIGERIA THAT PAID THE MOST CLAIMS IN Q1 2022



Insurance companies in Nigeria incurred a sum of N35.6 billion in net claims in the first quarter of 2022 which compares to about N13.5 billion same period in 2021.

Nairametrics compiled claims from Custodian Insurance, NEM, Coronation, Mansard Plc, AIICO, Consolidated Hallmark Insurance and Cornerstone Insurance all of which are among the 7 largest Insurance companies quoted on the Nigerian Exchange.

The companies did not explain why net claims have almost tripled in the first quarter of the year. However, the insurance companies also ended up earning a total of N56.5 billion in the first quarter of the year compared to N45.8 billion same period last year.

This means the insurance companies incurred 63% of their Net Premium as claims expenses in the first quarter of this year compared to 29.47% same period last year.

The rising claims experienced in recent times by these companies have upstaged the rate of growth in premium, a development that industry watchers said was threatening the profitability of the firms and the industry as a whole.

Various factors such as shrinking Federal/State Government revenues, unavoidable devaluation of the Naira and high energy costs resulting in an inflammatory landscape increased challenges being faced by insurance companies in Nigeria.

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## PRACTITIONERS NEED INNOVATIVE PRODUCTS TO BREAK EVEN- NAICOM



NAICOM has challenged Insurance practitioners to think about how to attract public interest with innovative products with seamless technology to enhance service delivery and growth.

Commissioner for Insurance Mr. Olorundare Sunday Thomas told practitioners at the 2022 Chief Executive Officers' retreat of the Nigerian Council of Registered Insurance Brokers NCRIB, to grow Insurance and make it acceptable to the public by changing the narrative and embracing transparency.

More importantly, they should be engaging, producing innovative products; new sources of revenue; improved claims service; using technology for inclusive insurance; diversifying of business base and improved governance.

Thomas said the imperative for sound personal mastery and self-leadership cannot be over-emphasized as companies globally are under pressure from multiple stakeholders to adopt sustainable business practices and the insurance broking arm is not an exception.

"It is imperative to reiterate that the road to

implementing and improving a business strategy for sustainability will differ for various business entities, but with ingenuity, perseverance, and cooperation, they can achieve the desired result. As an arm of the insurance sector, your collective resolve to ensure business sustainability and collective growth and development with other arms of the industry will determine how far we can all go in achieving industry-wide stability.

NAICOM is committed to the continuous development and growth of the Nigerian insurance sector thus, always prepared to collaborate with all stakeholders in promoting and entrenching good business strategies for the sustainability of the Nigerian Insurance Industry.

Some of the initiatives of the Commission include the following: reaching out to the states; reaching out to Agencies of government; enhancing our technology infrastructure; bringing the Nigerian insurance industry into the mainstream of continental and on our way to global relevance".

He advised Chief Executive Officers, and CEOs of the Insurance Broking Profession to continually explore ways with other stakeholders to facilitate economic prosperity; ensure environmental sustainability and social development to drive long-term sustainable growth in the Nigerian insurance industry for the overall lasting benefits to the society, pertinent to our national and institutional growth.

The Insurance industry as a business, he observed is not outside of the same pressures as businesses in other industries/sectors adding that the impact of unsustainable trends can create significant pressures on the industry's profitability in the short and long run.

These are inadequate Brokerage services to policyholders; poor claims handling service; price-based competition among players; technology adverse; lack of innovative products that meet customer's needs; concentration of operations in few locations; focus is on big-ticket businesses like Oil and Gas, Aviation etc thus need for diversification; poor risk governance and poor distribution channels and skill.

[Source](#)

## ACTIVITY IN AFRICA'S INSURANCE MARKET IS ON THE INCREASE



Africa's Insurance Market is the most underserved in the world – but activity in the sector is on the increase, a trend that could signal a new phase of growth.

Several Insurance firms— including German giant Allianz – are either consolidating their operations, entering into joint ventures, rebranding or tapping into technology to widen their presence or scope of product offerings, in a battle for a share in the nascent but growing market.

A Sanlam-Allianz tie-up is the latest joint venture in the market, combining the German giant, present in 170 countries, with the largest insurance company in Africa. The venture will see the two firms combine their Africa operations to form one of the largest non-banking financial service entities on the continent, with a combined group equity value of € 2 billion.

Last month, Allianz acquired a controlling stake in Jubilee General Insurance of Tanzania, the fourth acquisition in two years after Allianz agreed to take up a controlling stake in Jubilee Holdings' short-term business, covering property/casualty in five African countries, with the acquisition of a Mauritian business the final transaction, pending regulatory approval.

The Sanlam-Allianz joint venture will boast a presence in 29 countries and aims to increase Life and General Insurance penetration, accelerate product innovation, and drive financial inclusion in high-growth African markets, the statement said.

Other activity in the sector includes a rebrand for Old Mutual. After seven years of trading as UAP Old Mutual, that joint venture has begun a phased rebrand to market itself as one brand – Old Mutual – in the East African market.

The rebrand will allow this “African-born” entity that has operated on the continent since 1845, to tap into “a growing regional investment and business hub”.

Like Sanlam-Allianz, Old Mutual has also affirmed its commitment to grow into a pan-African entity through product innovation and providing cover for multinationals.

“East Africa is growing as a regional investment and business hub, with this growth comes new opportunities for alternative investments, innovation, and expansion, and as Old Mutual Kenya we are ready to partner with Kenyan customers, communities, and stakeholders to ensure we harness this potential,” Allianz said.

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## WHAT AN INSURANCE POLICY CAN DO FOR YOU



People's experiences with insurance companies have forced many to pay more attention to what the firms do not do. This influences the way we relate with them and, most of the time, we fail to see and seize the opportunities for value.

Health insurance for your family and employees is a cost-saving strategy. Focus on this;

Within a week last April, a business owner in the logistics industry spent N500,000 on healthcare for a family member and an employee; a sum, which 50 per cent could have got a health plan that would have covered her family and employees for one full year based on the care provided for the sick ones.

The likelihood that this business owner will spend such an amount again for the same reason, before the end of the year, is high. The decision to take health insurance now could save her N750,000 or more this year. It is that simple to see the difference when you focus on what insurance can do for you.



## NAICOM CANCELS TWO INSURANCE COMPANIES' OPERATIONAL LICENCES



NAICOM has cancelled the certificates of registration of Niger Insurance Plc and Standard Alliance Insurance Plc.

This was disclosed in a statement issued by the Head, Corporate Communications and Market Development, 'Rasaaq 'Salami, for the Commissioner for Insurance, NAICOM, titled, 'Notice of cancellation of the Certificates of Registration of Niger Insurance Plc and Standard Alliance Insurance Plc'. The statement read, "This is to notify all insurance stakeholders and members of the public that the National Insurance Commission has cancelled the certificates of registration of Standard Alliance Insurance Plc, RIC - 091 and Niger Insurance Plc, RIC - 029 with effect from the 21st day of June, 2022.

"Consequently, the commission has appointed Sanya, Ogunkuade Esq of Plot 217, Upper Grace Plaza, 3rd Floor (Left Wing), Shetima Munguno Crescent, Behind Julius Berger Equipment Yard, Utako, Abuja as the Receiver/Liquidator for Niger Insurance Plc and, Kehinde Aina Esq of Aina Blankson LP, 5/7, Ademola Street, SW Ikoyi, Lagos as the receiver/liquidator for Standard Alliance Insurance Plc.

"All stakeholders are advised to forward their enquiries to the respective Receiver/Liquidator for each company for their necessary action. "The commission assures all stakeholders of the safety and protection of their interests."

A former President of the Association of National Accountants of Nigeria, Dr Sam Nzekwe, said inflation in the country was making it difficult for some insurance companies to meet up with their claims obligations. According to him, the operating environment is challenging and only the strong ones that could work very hard could stand.

[Read more](#)

The second piece of advice is that over nine million out of thirteen million registered vehicles in Nigeria do not have genuine insurance, and yours may just be one of them, unknown to you.

Here is a way to confirm and ensure even your Third Party Motor Insurance Policy works for you: visit [www.askniid.org](http://www.askniid.org) and put details of your vehicle as requested, then you will receive a report informing you that your insurance is either valid or invalid.

Why would you bear an invalid Third Party Motor Insurance Policy and receive zero value in the event of an accident? With an Annual Premium of N5,000, an insurance company should compensate the affected Third Party up to the limit of N1,000,000 and cover any medical cost arising from the accident, then save you the costs, stress and time associated with such situations.

However, if you would prefer a comprehensive cover that caters for damages incurred to both you and the third party, you can take up a Comprehensive Motor Insurance Policy that is charged at a percentage of the value of your vehicle.

Next time you are planning to buy a vehicle, consider this insurance cost along with the cost of registration so that you can say the vehicle costs you N10.5 million instead of N10 million. Always focus on what insurance can do for you;

Thirdly, insurance is a contract between you (or your company) and the insurance company. So, seek to get the advantage and value due to you from it. Quite often, many policyholders forget that their insurance policies are contracts and take things for granted until the unexpected occurs. Why? Simple. You fail to focus on what insurance can do for you. Sometimes, policyholders actually think they are just helping the insurance salespeople. It is your contract to execute but if you must delegate that duty, appoint a duly licensed Insurance Broker!

The end of June is the end of the first half of 2022 and the best time to review yourself and your business activities. Be led by the question: "Have we used insurance to our advantage in managing costs thus far this year?"

As risks increase in these times, deliberately use insurance to decrease the impact on you, your family, your relationships, and your business activities.



Some members of our staff, alongside representatives from Axa Mansard Insurance Plc. and Leadway Assurance Plc., visiting Overland Airways premises & hanger on a routine inspection.



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