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INSURANCE INDUSTRY NEWS

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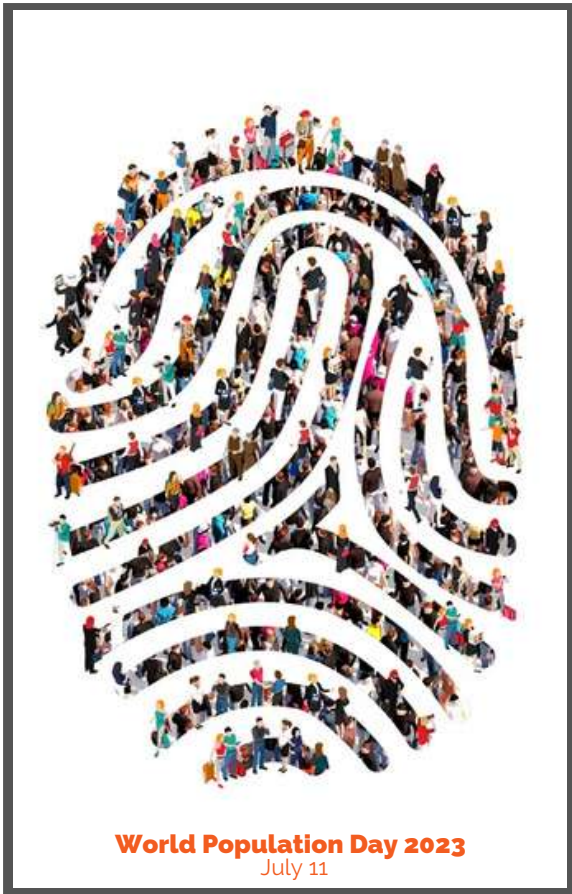
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02 NUGGETS

05 BOFF EVENTS

NUGGETS

➡ Professional Insurance Ladies Association (PILA) to Unveil New Book as it Celebrates 50



As a part of its 50th-anniversary celebrations, PILA plans to launch a book titled "Modern Insurance Practice," which will be distributed to tertiary institutions nationwide. PILA, the first-ever professional female body in Nigeria, is dedicated to empowering women to excel in the insurance sector through training, capacity-building workshops, and knowledge-sharing platforms. Notably, The association played a key role in establishing the African Insurance Women's Association (AIWA), which recently became a member of the African Insurance Organisation (AIO). PILA's 50th-anniversary celebration reflects its members' dedication to transforming the insurance industry despite the challenges faced by women in the field.

➡ Nigeria's Commissioner for Insurance Elected President of OAISA



Mr. Olorundare Sunday Thomas, Nigeria's Commissioner for Insurance, has been elected as the President of the Organization of African Insurance Supervisory Authorities (OAISA). His election, along with Mr. Issouf Traore of Cote D'Ivoire as Vice President, was ratified at the organization's general assembly in Tunis, Tunisia. OAISA is an intergovernmental organization focused on promoting cooperation among African insurance supervisory authorities to enhance the effective supervision of the insurance industry in Africa. The elected officials will serve a two-year term, which is renewable once. Mr. Thomas previously served as the pioneer chairman of the West Africa Insurance Supervisors Association (WAISA).

Nigeria's Insurance Sector: Challenges, Growth Potential, and Regulatory Landscape



Nigeria's insurance sector, despite its decades of activity, is still largely underexplored, accounting for less than 1% of the country's GDP as of March 2022. However, with a population forecast to surpass 233 million people by 2025 and a growing economy, the insurance industry holds immense potential for significant expansion in the coming years.

To unlock this potential, the sector needs to overcome historical obstacles to growth. The market's fragmentation, reflecting the vast distances and regional disparities in Nigeria, has allowed some insurers to remain profitable while hindering efforts to increase product awareness across the nation. Moreover, economic challenges, including security concerns, persistent unemployment, and declining hydrocarbon output, continue to exert downward pressure on investment capacity, affecting insurance adoption rates.

Despite these challenges, the insurance industry has made strides in the corporate segment, offering diversification prospects, particularly in the non-life insurance space. In 2021, the sector reported a 10.2% increase in gross written premiums, reaching ₦560 billion (\$1.3 billion). Nigeria boasts 51 licensed insurance companies and three reinsurers operating as of late May 2023, making it a highly competitive market.

The COVID-19 pandemic disrupted normal sector activity, leading to reduced policy renewals and lower premiums due to unemployment. Insurance distribution, heavily reliant on personal contacts in Nigeria, was negatively affected by lockdowns, encouraging some operators to develop digital offerings.

Regulation in the sector is governed by the Insurance Act of 2003, overseen by the National Insurance Commission

(NAICOM), with the Nigerian Insurers Association (NIA) serving as the umbrella trade association for industry players. NAICOM launched the Market Development and Restructuring Initiative (MDRI) in 2009 to increase insurance penetration and gross premium by enforcing compliance with mandatory insurance requirements and aligning practices with international standards.

While the MDRI aimed to make the Nigerian insurance market worth up to ₦6 trillion (\$14.3 billion) by 2020, unaudited financial statements for 2021 revealed overall income from premiums in the industry at just over ₦630 billion (\$1.5 billion) and total assets at ₦2.1 trillion (\$5 billion). In response, NAICOM is working on a 12-point initiative to collaborate with stakeholders and boost MDRI's product promotions.

Bancassurance, though offering growth potential, accounted for only 1% of premiums in 2019 due to previous restrictions. However, new guidelines introduced in December 2022 are expected to improve price competition in this segment.

NAICOM aimed to strengthen Nigerian insurers by increasing minimum capital requirements, but the move faced legal challenges. If enacted, higher minimum capital limits would enhance financial stability and increase public trust in the sector. However, smaller operators may need to merge or be absorbed by competitors.

Despite challenges, new players have shown interest in the Nigerian market, including technology-based insurers offering customised products accessible via mobile phones. The agriculture and cybersecurity sectors are expected to drive growth for insurance companies.

Overall, Nigeria's insurance sector is poised for significant expansion with the right regulatory measures, economic conditions, and consolidation efforts. As efforts continue to raise insurance penetration and address persistent economic challenges, the sector has the potential to thrive and cater to a broader population in the years ahead.

NAICOM Aims to Boost Insurance Sector with Synergy in Oil & Gas Industry



NAICOM is on a mission to strengthen the insurance industry through a collaboration with the oil and gas sector. At the Oriental News Summit, Mr. Olorundare Sunday Thomas, the Commissioner for Insurance, outlined the plan to create an enabling environment that would enhance the capacity of insurance institutions financially and technically.

The collaboration involves the joint issuance of guidelines by NAICOM and the Nigerian Content Development and Monitoring Board (NCDMB) to ensure compliance with local content laws. By tapping into in-country insurance capacity, the aim is to promote indigenous content, increase participation, and drive economic growth in Nigeria.

This renewed collaboration highlights the historical relationship between the insurance and oil and gas industries. The guidelines set forth by both parties focus on preventive, detective, corrective, and compensatory regulatory controls to improve pricing accuracy, risk management, and knowledge sharing.

By incentivizing accurate risk assessments and facilitating innovative insurance solutions, NAICOM seeks to bridge the knowledge gap in the demand and supply sides of the oil and gas insurance value chain. The ultimate goal is to create a win-win situation that benefits both industries and fosters economic growth in the nation.

NAICOM urges operators in the oil and gas sector to comply with the guidelines promptly to maximize the benefits of this synergistic approach. Through this strategic alliance, the insurance sector looks forward to strengthening its capacity and contributing to Nigeria's overall economic development.

Millions of Vehicles on Nigerian Roads Have Fake Insurance Policies, Raising Industry Concerns



Recent findings indicate that out of the 12 million vehicles on Nigerian roads, around 8.9 million are operating with fake insurance policies. Only approximately 3,013,205 valid Third Party Motor policies are in force, leaving a significant number of motorists without proper insurance coverage.

This issue has become a major concern for stakeholders in the insurance industry. In the past, when Third Party Motor Insurance was priced at a fixed rate of ₦5,000 for private cars and SUVs, many drivers opted for fake insurance papers, as they were cheaper, ranging from ₦2,000 to ₦3,000. Additionally, some motorists lacked awareness of the benefits of purchasing genuine insurance coverage and wanted to avoid encounters with law enforcement agents.

To address this problem, NAICOM reviewed the rate and increased it by 200%, from ₦5,000 to ₦15,000. This move also raised the maximum claims limit from ₦1 million to ₦3 million in damages for third parties.

According to Section 68 of the Insurance Act 2003, it is illegal to use a motor vehicle on the road without valid third-party insurance coverage. Violators will face fines of ₦250,000 or imprisonment for one year.

The Director-General of the Nigeria Insurers Association (NIA), Mrs. Yetunde Ilori, highlighted that vehicles registered on the Nigerian Insurance Industry Database (NIID) have genuine insurance papers, whereas those with fake papers are either uninsured or using counterfeit insurance certificates.

Ilori cautioned motorists with fake vehicle certificates that they should not expect any claims in the event of an accident, unlike those with genuine insurance coverage. She urged vehicle owners to verify the authenticity of their insurance coverage using the USSD code *565*11#.

NAICOM Establishes NAS-DRC to Promote Global Accounting Standards in Insurance Industry



In a bid to address industry challenges and uphold global accounting standards, the National Insurance Commission (NAICOM) has inaugurated the Nigerian Actuarial Society Discount Rate Committee (NAS-DRC). The committee's primary focus will be to fast-track the implementation of International Financial Reporting Standards (IFRS-17) in insurance contracts.

Commissioner for Insurance, Sunday Thomas, stated that the NAS-DRC was created to determine standardised discount rate factors for the insurance industry and other stakeholders in the financial services sector. This will aid in implementing IFRS-17 for underwriting companies, ensuring greater financial reporting accountability, prudence, and comparability, thereby supporting the stability of Nigeria's financial system.

The NAS-DRC consists of representatives from the Nigerian Actuarial Society (NAS), NAICOM, actuarial representatives from audit firms, and resident actuaries of insurance operators engaged in the annuity business. NAS will act as the secretariat, with its president serving as the chairman, and a NAICOM representative as the Co-Chairman.

Thomas emphasized the pivotal role of actuaries in IFRS-17 implementation and stressed the need for a credible, prudent, consistent, and sustainable discount rate. He expressed confidence that the committee's efforts will positively impact Nigeria's financial system and thanked the nominated members for their commitment and sacrifice.

The NAS-DRC's diligent work is expected to contribute significantly to advancing financial reporting standards in the country, aligning the insurance industry with global best practices.

The President of the Nigerian Council of Registered

Insurance Brokers (NCRIB), Rotimi Edu, expressed dissatisfaction with the patronage of fake insurers and the lack of insurance among some motorists. He called on relevant stakeholders to increase insurance awareness and encouraged people to seek advice from insurance brokers to choose the right policies for their needs.

To encourage more motorists to embrace Third Party Motor Insurance, AXA Mansard Insurance launched the Awoof Xtra promo. However, to achieve better results, speakers at the event emphasized the need for government and law enforcement agencies to enforce compulsory insurance procurement and impose sanctions on violators, which would encourage road users to obtain valid insurance coverage.

Graeme Trudgill Assumes Role of Chief Executive at BIBA



BIBA has announced the appointment of Graeme Trudgill as its new chief executive, replacing Steve White. Trudgill, who previously served as executive director and has been a member of BIBA's main board for a decade, will take on the role with immediate effect.

In his new position, Trudgill expressed his readiness to understand and address the needs of BIBA's members, building on the success of Steve White's leadership. He highlighted the importance of adaptation in the ever-changing landscape of legislation, regulation, technology, risks, and customer requirements.

Trudgill's impressive background includes extensive experience as a broker and 22 years at BIBA, leading the policy team and engaging in public affairs lobbying with the government. He is recognized as a Chartered Insurance Practitioner and Fellow of the Chartered Insurance Institute.

Steve White, stepping down from the role with a "heavy heart," expressed confidence in Trudgill's capabilities and his ability to lead BIBA to new heights. BIBA chair Jonathan Evans also praised Trudgill's accomplishments in the insurance industry and his unifying skills in representing brokers' interests.

With Trudgill at the helm, BIBA is set to embark on its next phase, well-prepared to address the evolving challenges and opportunities in the insurance sector.

Bain Capital Raises \$1.15 Billion to Revolutionize the Insurance Industry



In a major move, private equity giant Bain Capital LP has successfully raised \$1.15 billion for its first-ever fund dedicated solely to investing in the insurance sector. The fund surpassed its initial target of \$750 million, drawing support from high-net-worth individuals, institutional investors, and family offices.

With the newly secured capital, Bain Capital's dedicated insurance investment arm, Bain Capital Insurance, aims to transform the industry by creating and investing in companies within the sector. The private equity firm seeks to capitalize on opportunities overlooked by others, particularly in the middle-market insurance firms.

Matt Popoli, the global head of Bain Capital Insurance, shared their unique approach: "Our strategy is to avoid the crowd, and with our experienced team, we can explore untapped opportunities where we can truly grow and add value."

Focusing on North America and Europe, the fund will support the launch of new insurance platforms and facilitate the development of businesses spun off from existing companies. Additionally, Bain Capital will invest in niche insurance brokers, taking advantage of more affordable valuations compared to larger competitors.

The firm also sees great potential in hard markets, where insurers can charge higher premiums as rivals withdraw from certain lines of business. For instance, due to climate change impacts, rates to reinsure U.S. property catastrophe risks have surged by 50% this year.

The fund is already in action, as Bain Capital recently launched Aptia, a new company resulting from its acquisition of Mercer's U.S. employee benefits administration and U.K. pension administration businesses. The move signals Bain Capital's strong commitment to reshape the insurance landscape and seize opportunities in the evolving industry.

Birthday Celebrations



Mr. Rafiu Olaide
Accounts Officer



Mr. Femi Olawoye
Senior Superintendent



Our Chairman, Chief Babajide Olatunde-Agbeja, at the Chairman and CEO Summit held at Mississauga, Meadowvale, Canada

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