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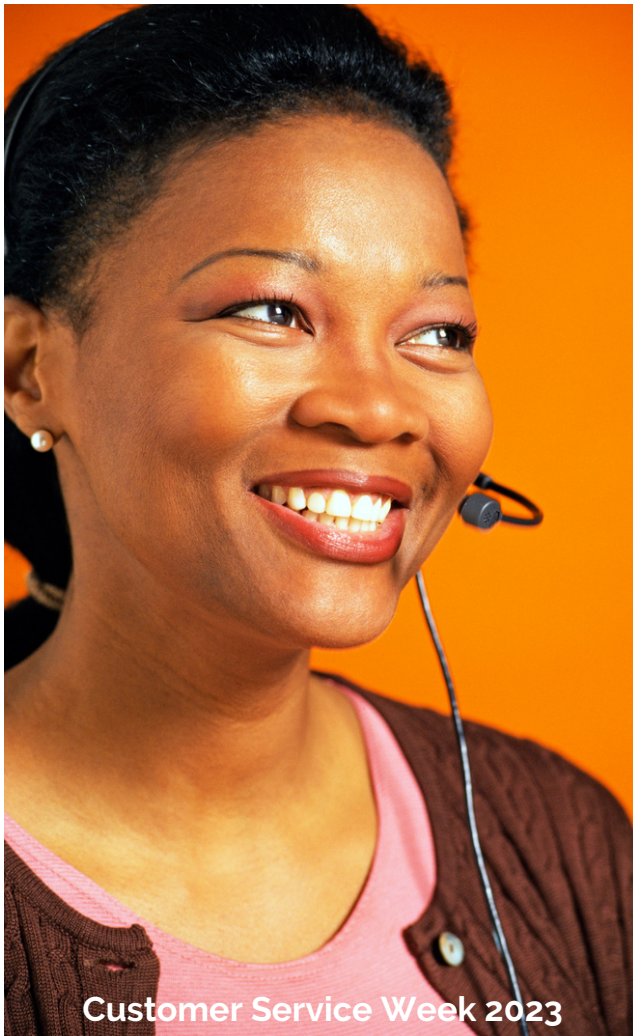
INSURANCE INDUSTRY NEWS



Celebrating Nigeria's Independence

Insurance broking at its best... stakeholders' satisfaction

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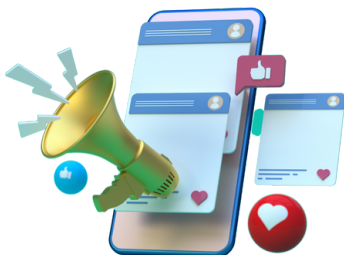
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02 NUGGETS

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NUGGETS

➔ Insurance Industry Pays Out N550 Billion Claims in First Half of 2023



The insurance sector in Nigeria witnessed a significant stride in H1 2023, with a reported settlement of N550 billion in claims. This impressive disclosure was revealed by Mr. Olorundare Sunday Thomas, the Commissioner for Insurance. By analyzing claims paid out, he highlighted the essential role of insurance in mitigating various adverse events that could impede the country's economic progression. Thomas underscored the crucial need for insurance in managing risks associated with economic growth, especially in an environment aiming to attract foreign investments and foster conducive business landscapes. His insight illuminated the significance of insurance in facilitating investments by alleviating the impacts of multifaceted financial risks, positioning it as a vital component in the country's developmental process.

➔ KBL Insurance Limited Obtains NAICOM's Approval to Underwrite Agricultural Risks



KBL Insurance Limited has obtained NAICOM's approval to underwrite agricultural risks in Nigeria. This 'no objection' enables them to offer a variety of insurances, including poultry, multi-peril crop, livestock, fish farm, and other agricultural insurance options. This move aims to support farmers and stakeholders in the agricultural sector, providing relief in case of unforeseen disasters that could affect productivity. Chris Nwachukwu Ezea, the Head of Agric Insurance at KBL Insurance, emphasized their commitment to offering exceptional service, aligned with the company's values and strategic objectives. The Managing Director, Ukachi Orji, highlighted the company's dedication to providing sustainable solutions to Nigerian farmers facing financial difficulties and challenges in accessing funds.

63 Years On: Assessing Nigeria's Growing Pains in Insurance



The Nigerian insurance sector, even after 63 years of the country's independence, remains in its infancy, grappling with slow growth and development. While Nigeria boasts the largest economy in Africa, the insurance industry falls behind its counterparts in other African nations like South Africa, Namibia, Mauritius, and Botswana. The sector's contribution to Nigeria's GDP is a mere 5.35%, considerably less than in other countries on the continent.

Operators have been consistently voicing the importance of insurance for both the government and individuals in mitigating risks. Yet, despite their efforts, the sector remains underappreciated by Nigerians. Compulsory insurances, including those for public buildings, aren't as effective as expected due to low patronage. The insurance penetration rate is at 0.5%, significantly lower than South Africa's 12.2%.

Industry leaders have stressed the need for public education on insurance. Collaboration among industry organizations aims to raise awareness and attract more participation. Notably, efforts have been made to combat challenges such as low operating capital, fake insurance operators, and outdated insurance laws through increased capital requirements, database platforms, and revised premium and claims rates.

However, despite some positive strides such as the development of micro-insurance, consolidated insurance bill proposals, and digitalization, the industry continues to struggle with awareness, trust, and capital limitations. Despite being over a century old, the Nigerian insurance sector remains behind, requiring greater awareness, trust-building, and regulatory improvements to enhance its position and contributions to the economy.

Green Insurance: Insurers' Readiness to Meet Growing Demand



In a survey conducted by Solera, a global automotive technology company, a staggering three-quarters of drivers expressed their interest in insurance providers demonstrating tangible ESG (Environmental, Social, and Governance) performance. The study, encompassing feedback from 10,000 drivers and 500 claims experts, illuminates a pronounced inclination towards environmentally conscious insurance services. However, it also uncovers a persistent skepticism rooted in years of ambiguous marketing rhetoric around ESG commitments, fostering a culture of 'greenwashing.'

The research indicates that consumer skepticism is prompting a demand for substantiated environmental initiatives within the insurance sector. Despite this prevailing uncertainty, Solera highlights the potential for insurers to reap significant benefits if they can authentically validate their environmental endeavors. Jing Liao, Chief Administration Officer at Solera, underscores the growing trend for sustainability in the insurance and automotive realms and asserts that embracing these values could fortify a company's reputation, elevate customer satisfaction, drive long-term savings, and contribute to developing innovative, eco-friendly products.

While there is a noticeable consumer appetite for green-oriented companies, Solera's findings also reveal a significant gap in insurers' readiness to align with environmentally conscious consumer expectations. The study underscores that insurers face multiple obstacles in striving for sustainability, from cost concerns related to emission reduction to challenges in measuring their full environmental impact. A sizable 47% of insurers need to enhance their tracking and management of emissions data, emphasizing the urgency for meaningful ESG initiatives before regulatory obligations set in.

Liang, representing Solera, urges the insurance industry to proactively embark on genuine ESG efforts,

emphasizing that delaying meaningful action might not only impact business but also impede positive changes for a healthier world.

Elumelu's Six-Point Agenda: Transforming the Insurance Industry with Emphasis on Recapitalization



During the recent National Insurance Conference organized by the National Insurance Commission (NAICOM) in Abuja, Chairman of Heirs Insurance Group, Mr. Tony Elumelu, delivered a thought-provoking keynote speech. Elumelu passionately advocated for a significant overhaul within Nigeria's insurance sector through a comprehensive six-point agenda, emphasizing the urgent need for the recapitalization of insurance companies.

Elumelu's agenda outlined the imperative need for capital base revisions to empower the industry's key players. He suggested increasing the capital requirements significantly, from N5 million to N1 billion for Brokerage firms, N8 billion to N20 billion for Life insurance companies, and from N10 billion to N30 billion for General Insurance companies. Emphasizing the necessity for a stronger financial foundation, Elumelu emphasized the pivotal role of substantial capital to handle complex insurance transactions effectively.

Beyond recapitalization, Elumelu urged for the dissolution of the historical separation between life and non-life insurance licenses, recommending composite licensing and the ability for consolidated operators to function with a base capital of N50 billion. Additionally, he highlighted the barriers arising from inadequate legislation, restrictive policies, and sluggish claims procedures that stifle the industry's growth. Elumelu challenged insurance firms to collectively dedicate 0.5% of their revenue to support widespread awareness and acceptance initiatives.

Addressing the need for an invigorated workforce, Elumelu underscored the necessity for an industry

transformation. He stressed the attraction and inclusion of a more youthful and dynamic workforce. Highlighting the sector's lack of appeal to the nation's youth compared to other industries, he advocated for strategies to make the insurance sector more inviting to younger talent.

Elumelu concluded by calling for government and regulatory support to make insurance more accessible and equitable for every Nigerian citizen. Expressing concern over Nigeria's low insurance penetration of less than 2%, Elumelu urged the eradication of restrictive policies, promoting innovation, and advocating for accessible insurance as an essential right to safeguard individuals' futures.

Naira Depreciation Provokes Nigerian Insurance Firms to Breach Local Content Laws



During the second quarter of 2023, Nigerian insurance companies found themselves transgressing the local content law due to the transfer of 63.4% of the oil and gas businesses they generated to foreign insurers. This transfer volume significantly exceeds the law, which specifies that only 30% of such businesses should be ceded to foreign entities while 70% should remain within Nigeria.

Reports from the National Insurance Commission, NAICOM, revealed that out of the N113.8 billion in oil and gas businesses generated by insurers, N81.6 billion was transferred to foreign insurers. This leaves local players with only N32.2 billion from the same segment.

Experts attributed this high transfer volume to the oil and gas business's dollarization, which considerably impacts local retention. Olasupo Sogelola, the Managing Director/ CEO of International Energy Insurance, highlighted that the recurring depreciation of the Naira and limited access to foreign exchange have made compliance with the local content law challenging. The transacted business, denominated in dollars, is affected by the depreciation of the Naira, causing reduced retention and increased risk value.

Furthermore, Sogelola noted that Nigerian insurance companies face capacity challenges due to relatively low capital bases, especially in engaging with oil and gas

businesses. This dollarization also affects claims payments, forcing insurers to pay higher values for outstanding claims as they mature.

Tackling Premium Underpricing in the Nigerian Insurance Industry



Experts have highlighted the critical issue of premium underpricing as a significant obstacle to insurance sector growth in Nigeria. The topic took center stage during the Claims Advocacy Conference, organized by Carefirst Consult. Underpricing occurs when insurance policies are offered at premiums lower than the actual risk they cover, leading to negative impacts on both insurers and policyholders. Preventative measures are necessary to mitigate these consequences.

One major consequence of underpricing is adverse selection, where only high-risk customers opt for low-priced policies. This situation can lead insurers to financial losses and result in higher premiums for all policyholders. Another effect is moral hazard, wherein policyholders take more risks, relying on insurance coverage. This behavior can increase claims, subsequently driving up premiums for everyone.

Experts outlined several measures to prevent underpricing, including data analytics and better risk assessment by insurers. Regulators can establish minimum premium standards to avoid underpricing.

Additionally, consumer education about insurance options and informed decision-making can help secure suitable coverage. The industry has identified underpricing, along with limited collaboration among insurers, as significant challenges in Nigeria. Experts highlighted the need for better premium balance to ensure affordability without compromising on coverage. The consensus is clear: the country's insurance industry needs coordinated action to address these issues and achieve sustainable growth. Key figures in the industry emphasized the necessity for collaboration and cooperation among all industry players to ensure long-term stability.

During the conference, discussions led by experts and industry leaders shed light on various insurance challenges. They emphasized the importance of

appropriate documentation for claim processing and how the rate of insurance in Nigeria differs from other parts of the world. Speakers called for industry-wide cooperation, improved communication with customers, and leveraging social media to enhance consumer engagement and understanding of insurance dynamics.

While preventing underpricing is critical, overpricing premiums can also present challenges. Striking a balance in pricing is necessary to cover potential losses while keeping policies affordable. Insurance remains an essential part of financial planning, providing security against unforeseen events and offering peace of mind. The industry's growth, they emphasized, hinges on addressing these fundamental issues and providing better solutions to the diverse needs of policyholders.

Insurance Brokers to Address Industry Challenges at Freetown Conference



The West African Insurance Companies Association (WAICA) is set to tackle critical industry issues at the upcoming WAICA Education Conference in Sierra Leone. The event, scheduled for November in Freetown, is designed to gather insurance and reinsurance companies, insurance brokers, and regulators under the theme "Aligning Insurance Practice in the 21st Century to Serve Both Public and Private Sectors."

According to WAICA's Secretary General, Mr. Davis Iyasere, the conference aims to address and find practical solutions for the challenges faced by the insurance industry amidst shifting global dynamics and evolving consumer needs. The theme, "Aligning insurance practice in the 21st century to serve both public and private sectors," underscores the urgency of overcoming multiple threats faced by insurance companies on various fronts.

Iyasere highlighted that the online registration portal for the conference intends to streamline the registration process, eliminating the complexities and time constraints of manual registration. This move aims to enhance the overall conference experience, allowing delegates to register conveniently from their preferred locations, making the process more accessible and user-friendly. The ultimate goal is to create a conducive and enjoyable conference environment for all participants.

Nigerian Insurance Industry Expansion: Amplifying Customer Service



There is a growing need for Insurers in Nigeria to embrace the profound connection between customer satisfaction and the industry's advancement, leading to a strategic emphasis on delivering outstanding service.

Customer-Centric Approach

In a shift from product-centred strategies, Nigerian insurers must focus on comprehending and addressing diverse customer needs. This adaptation involves offering flexible solutions that cater to individual requirements, thus encouraging more consumers to embrace insurance.

Technology-Driven Seamless Interactions

Leveraging technology, insurers need to streamline their operations via digital platforms and mobile applications. These innovations grant policyholders swift access to information and simplify the claims process, thus making insurance more accessible and convenient.

Empowerment Through Education

Educational campaigns empower individuals to make informed decisions, fostering a more knowledgeable customer base and enhancing trust between customers and insurers.

Optimizing Claims Procedures

Efficient and transparent claim resolutions are fundamental to building trust. Insurers must ensure swift and straightforward settlements, prioritizing clear communication with customers.

Driving Industry Expansion Through Service Excellence

Improved customer service, combined with innovative products, will propel the industry's growth. This approach not only distinguishes insurers but also collectively elevates the insurance landscape, enticing more individuals to embrace insurance products.

The accent on superior customer service within the Nigerian insurance sector underscores a commitment to nurturing robust relationships and safeguarding policyholders. This customer-focused evolution promises enduring growth and prosperity in Nigeria's insurance domain.

Birthday Celebrations



Ms. Omowale Olatunde-Agbeja
(Head of Operations, Lagos Area)



Mrs. Fehintola Olatunde-Agbeja
(Executive Director, Finance & Admin)



Mr. Kayode Odusote
(Head of Operations, Abuja)



Mr. Samson Olaniyi
(Head of Reinsurance)



Mr. Chris Anyebe
(Admin Assistant)



Oluwatobiloba Odeyemi
(HR/Admin Officer)



Mr. Habeeb Subair
(Dispatch Rider)

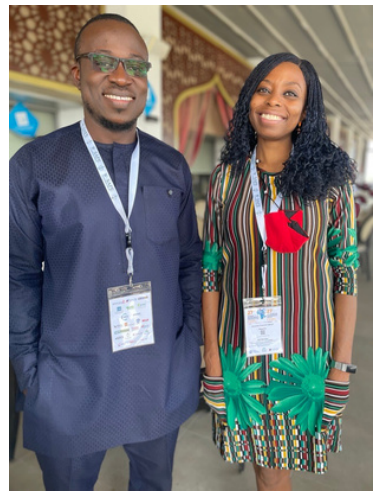


Mr. Lanre Sadiq
(Senior Driver)

Pictures from the 22nd Investiture of Prince Babatunde Oguntade as President and Chairman of NCRIB



Pictures from the 42nd AIO Reinsurance Forum in Tunis, Tunisia



We take this moment to express our heartfelt appreciation for your trust and loyalty.

Your satisfaction is our driving force, and it is a privilege to serve you. During this special week and throughout the year, we celebrate you, our valued clients, for making our journey meaningful.

Thank You!

for choosing us as your insurance partner. We look forward to continuing to serve you with excellence.

2nd to 6th October
#HappyCustomerServiceWeek
#TeamService

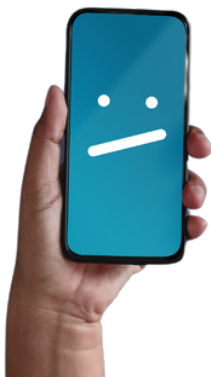
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