

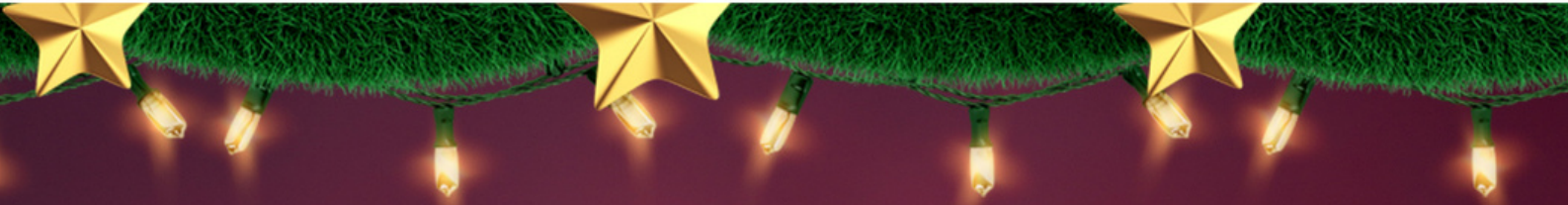
THE OFFICIAL NEWSLETTER OF



BOFF & COMPANY
INSURANCE BROKERS LIMITED

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INSURANCE INDUSTRY NEWS



Insurance broking at its best... stakeholders' satisfaction

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NUGGETS

➔ Aon to Take Over NFP Corp. in \$13.4 Billion Deal



Aon Plc. is set to acquire NFP Corp. in a \$13.4 billion deal, aiming to expand its presence in the flourishing middle-market segment covering risk, benefits, wealth, and retirement plan advisory. The deal, expected to close in mid-2024, involves \$7 billion in cash and \$6.4 billion in Aon stock. While Aon shares experienced an 8% drop due to anticipated one-time costs of \$400 million, the company foresees over \$2.8 billion in pretax gains from the acquisition. NFP, the 13th largest U.S. brokerage, will continue under the leadership of CEO Doug Hammond, reporting \$1.72 billion in U.S. brokerage revenue in 2022.

➔ Legal Action Against Tesla for Allegedly Inflating Insurance Rates



A group of Tesla vehicle users in the U.S. has filed a lawsuit against the automaker, claiming that Tesla overcharged their insurance premiums due to false collision warnings. Tesla determines insurance rates based on a safety score linked to real-time driver behavior. Customers argue that the safety system in Tesla vehicles frequently issues unwarranted accident warnings, impacting the safety score and leading to higher insurance costs. The lawsuit's first hearing is set for January 2024.

NCRIB's Lagos Area Committee Joins Forces with Insurfeel Initiative for Student Insurance



The Lagos Area Committee of the Nigerian Council of Registered Insurance Brokers (NCRIB) has teamed up with Insurfeel Initiative to advance insurance education by providing free 'School Care Cover' policies to students. This collaboration aims to offer deserving students protection against personal accidents while in school or on vacation, including coverage anywhere within Nigeria.

Additionally, the partnership ensures the payment of school fees to named beneficiaries in case of specific incidents such as permanent disability or death.

The Chairman of the Lagos Area Committee, Demola Olutusin, expressed the committee's commitment to enhancing student education and safety through this initiative. He emphasized the positive impact on students' lives, the insurance industry, and the nation as a whole.

The partnership also includes quiz competitions among schools to introduce students to insurance concepts early in life. Insurfeel Initiative, represented by Chuks Okonta, considers this partnership a crucial part of its advocacy strategy.

The initiative is focused on donating free insurance policies, such as the 'School Care Cover' and 'Uni Personal Accident Cover,' to individuals unfamiliar with insurance, allowing them to experience its benefits firsthand. Okonta encourages organizations, associations, and groups, particularly in the insurance sector, to adopt similar initiatives to improve insurance penetration.

Insurfeel Initiative recently donated free insurance policies to the public and continues to promote its advocacy strategy to encourage more donations from individuals and organizations.

Nigerian Insurance Industry Records Q3 Growth; Paid-Up Capital Hits N422.3 Billion



The Nigerian insurance sector is experiencing a notable surge, with key indicators reflecting significant growth in the third quarter.

The National Insurance Commission (NAICOM) reports a substantial increase in the industry's total paid-up capital, reaching an impressive N422.3 billion. Total capital also witnessed a robust uptick, reaching N848.9 billion, accompanied by a surge in the total statutory deposit, now standing at N26.7 billion.

Against this backdrop, insurance companies have reported a substantial gross premium written, totaling N729.1 billion. The industry's performance in Q3, 2023, highlights major growth drivers, with individual life, group life, oil and gas, fire, and motor insurance registering substantial increases.

The sector's total size stands at a formidable N2.8 trillion, with non-life assets at N1.74 trillion and life assets at N1.07 trillion. NAICOM emphasizes the robustness of the industry, with key ratios indicating a strong claims framework, with the ratio of claims paid to reported at 70.9%, reinforcing the sector's resilience and stability.

Individual and Family Protection Plans Drive Dynamic Growth in Nigerian Insurance Sector



In a noteworthy trend, the Nigerian insurance industry is experiencing substantial growth driven by an increasing emphasis on individual life and family protection

insurance products. The latest data released by the National Insurance Commission (NAICOM) in their report titled 'Nigerian Insurance Market at a Glance' for the third quarter of 2023 showcases the robust performance of the sector. Gross written premiums surged to an impressive N792 billion during this period, with individual life and group life emerging as the principal contributors.

Breaking down the figures, individual life insurance claimed the lion's share, contributing 36.4% to the overall premiums, closely followed by group life, which made up 34.5%. In the broader spectrum of general business, the oil and gas sector played a significant role, contributing 28.9%, while fire and motor businesses accounted for 23.6% and 18.1%, respectively.

Analysts, such as Chika Onwunali, a partner at Premium Debate, attribute the dominance of individual life insurance to the considerable opportunities presented by retiree's annuity. He suggests that the sector could witness even more substantial growth if insurance companies fortify their risk management structures and bolster their actuarial capabilities.

Interestingly, despite the prevailing economic challenges, there has been an increased recognition of the pivotal role that life insurance plays in providing financial security and safeguarding dependents' futures. This has contributed to the growing popularity of individual and family protection plans.

Sunday Thomas, the Commissioner for Insurance, addressed the future trajectory of the industry during a recent insurance directors conference in Lagos. He outlined a comprehensive 10-year Strategic Transformation Roadmap aimed at achieving several strategic objectives. These include transforming the regulatory environment to sustain industry growth, transitioning to a risk-based capital model, promoting insurance awareness and adoption, broadening insurance product offerings, improving distribution channels, enhancing digitalization, and deepening the industry's talent pool and capabilities. Thomas stressed that this strategic roadmap is expected to revolutionize the insurance sector with a well-coordinated implementation approach.

He emphasized that the roadmap targets a significant increase in insurance penetration from the current rate of 0.4% to 2.1% by 2033. This ambitious goal, if achieved, would substantially elevate the standing of the Nigerian insurance market on the global map.

Despite the consistent year-on-year growth of 15.1% in

premium income, as reported by NAICOM, there is an acknowledgment that this growth is still below the inherent opportunities presented by the Nigerian economy. The gross claims for the third quarter stood at N365.5 billion, with net claims amounting to N259.0 billion. The total size of the market reached a substantial N2.8 trillion, with non-life insurance contributing N1.74 trillion and life insurance N1.07 trillion. The paid-up capital for the industry during this review period reached N422.3 billion, while the total capital stood at N848.9 billion, and the total statutory deposit amounted to N26.7 billion.

In conclusion, the Nigerian insurance sector is not only witnessing consistent growth but is also undergoing strategic transformations to capitalize on the immense potential presented by the nation's economy. The renewed focus on individual and family protection plans, coupled with digitalization initiatives and a broader array of insurance products, is reshaping the sector and positioning it for a more significant role in the country's financial landscape.

NAICOM Moves Against Unlicensed Brokers and Agents in Government Asset Insurance



In a proactive move to curb unethical practices perpetrated by unlicensed insurance brokers and agents, the National Insurance Commission (NAICOM) has issued a stern directive to all Ministries, Departments, and Agencies (MDAs). The directive, outlined in the "Guideline for Insurance of Government Assets and Liabilities for Ministries, Departments and Agencies of Government and Other Stakeholders," serves as a warning against engaging in insurance transactions with any institution that is not duly licensed by NAICOM.

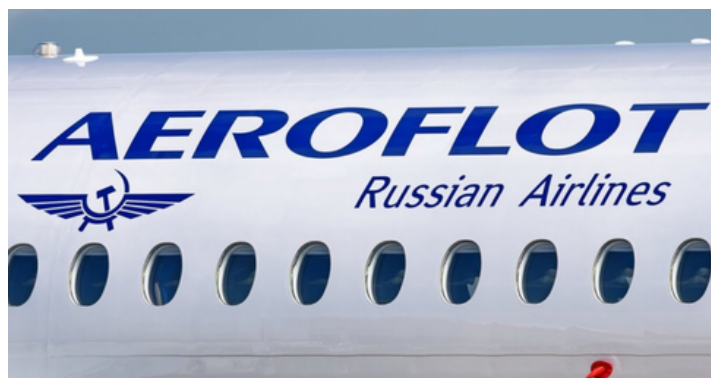
The industry regulator emphasizes that MDAs must refrain from interacting or transacting any insurance business with unlicensed entities. Furthermore, MDAs are instructed to ensure that all government assets and liabilities under their custody or supervision are adequately insured at all times. This includes obtaining insurance cover for mandatory items falling under compulsory insurance policies, subject to budgetary appropriation by the MDA.

To enhance transparency and compliance, NAICOM mandates MDAs to provide annual information to the commission on all their insurances. In line with market conduct guidelines, insurance cover for an MDA will only be provided on a strict "No Premium No Cover" basis, emphasizing the importance of timely premium payments for the renewal of insurance contracts.

NAICOM insists that MDAs must effect premium payments to enable the renewal of their insurances no later than the effective date of the insurance contract. To ensure the government receives value for money in its insurance activities, MDAs are required to establish and maintain an insurance desk or unit responsible for coordinating and managing their insurances. In cases where an MDA has a substantial volume of insurance needs, the directive suggests dedicating a division, department, or section accordingly.

This move by NAICOM not only safeguards government assets but also aims to maintain the integrity of the insurance industry by ensuring that licensed and reputable brokers and agents handle government insurance transactions. The guidelines underscore the regulator's commitment to upholding ethical standards and fostering a transparent and accountable insurance environment within the government sector.

Aircraft Firm Settles with Russian Insurer for Stranded Jets



Dubai Aerospace Enterprise Ltd. has finalized a \$118 million settlement with Insurance Company NSK over seven aircraft leased to Aeroflot that were stranded due to the Russia-Ukraine conflict. This settlement absolves NSK and Aeroflot from further claims by DAE. While negotiations with other Russian airlines are ongoing,

DAE is concurrently pursuing litigation against its insurers in England. In October, DAE initiated legal action against 11 insurers to recover around \$600 million for aircraft stuck in Russia.

This move follows a previous write-off of \$576.5 million related to assets in Russia. In a similar context, Aercap Holdings NV reached a \$645 million settlement with NSK in September for 17 leased aircraft to Aeroflot.

Birthday Celebrations



Adeoye Ogundimu
Technical Underwriter



Olusegun Pelemo
Technical Underwriter



Christmas Celebration at Our offices



Thank You for
2023!

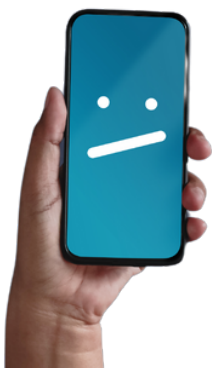


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