



# INSURANCE FUTURE SUMMIT 2008

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TOPIC:

**TRENDS IN GLOBAL INSURANCE  
AND PREPARING NIGERIA FOR THE  
GLOBAL CHALLENGE**

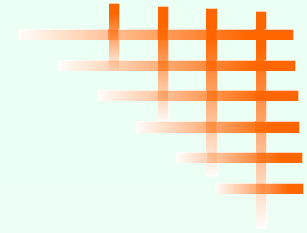
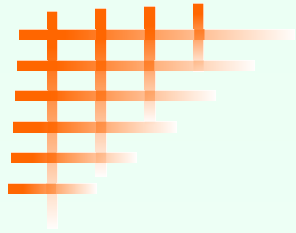
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**BY**

**YEMI SOLADOYE**



**RISKGUARD-AFRICA**



# ***OPENING***

- **Where is Nigeria Today?**
- **Where Is the Global Market Today?**
- **What are the Trends in the Global Market?**
- **Where Is Nigeria in the Global Market?**
- **How has Nigeria prepared for the Global Market?**
- **What will show Nigeria as a Global Player?**
- **Conclusion**



# WHERE IS NIGERIA TODAY

	2004 (\$)	2005(\$)	2006(\$)	2007(\$)
WORLD PREMIUM INCOME IN (USD)	3,244.0bn	3,426.0bn	3,723.0bn	-
% OF LIFE PREMIUM	56.99%	57.61%	59.33%	-
PREMIUM INCOME (NIG)	0.56b	0.61b	0.72b	-
% OF LIFE BUSINESS	18.71%	17.0%	15.0%	-
WORLD RANKING	62	65	63	-
NO OF INSURERS	103	103	103/69	69/49
POSITION IN AFRICA	4	6	4	-
AVERAGE PREMIUM/U/W	5.4m	5.9m	10.43m	14.69m
CHANNEL CREATION	1/5	1/5	1/5	1/5
PREMIUM/CAPITAL (USD)	4.0	4.3	5.1	-
PREMIUM/GDP	0.94%	0.7%	0.6%	-



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	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
LEVEL OF INS.GAP	94%	94%	94%	94%
REGULATION	Control- Based Multiple	Control- Based Multiple	Control- Based Multiple	Control- Based Multiple
SUPERVISION	Audit-Based	Audit-Based	Audit-Based	Audit-Based
EVOLUTIONARY STAGE	COTTAGE IND.	COTTAGE IND.	COTTAGE IND.	INSURANCE COMPANY
AVERAGE SHAREHOLDERS EQUITY (USD)	2.87m	2.87m	25.20m	35.50m
INDUSTRY STAFF STRENGTH	<22,000	<22,000	<21,000	<18,000

**Source – Various Industry Publications,  
Riskguard – Africa (Nig) Ltd**



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# Where is the Global Market Today?

## a) 2006 GLOBAL 500

### Five Biggest Insurance Companies In The World – 2006

	Premium Income (\$)	Class of Business	Country	Stock-holders Equity	No of Employees
ING Group	\$158.27b	Life & Health	Netherlands	\$50.46b	119,952
AXA	\$139.74	Life & Health	France	\$62.27b	96,009
ALLIANZ	\$125.35b	P & C	Germany	\$66.51b	166,505
AIG	\$113.19b	P & C	USA	\$101.67	106,000
Assicurazioni Generali	\$101.81b	Life & Health	Italy	\$20.05b	66,003

**Source: Global 500 – 2006 Edition**



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## b) THE BRICS – 2006

	<b>NIGERIA</b>	<b>BRAZIL</b>	<b>RUSIA</b>	<b>INDIA</b>	<b>CHINA</b>
POPULATION	140.0m	88.9m	142.5m	1,119.5m	1,323.6m
PRM INCOME (USD)	0.72bn	30.39bn	21.50bn	43.03bn	70.80bn
% OF LIFE INSURANCE	15.56	45.08	2.66	86.50	63.69
WORLD RANKING	63	19	22	15	9
% SHARE OF WORLD MARKET	0.02	0.82	0.58	1.16	1.90
INS. DENSITY	5.14	160.87	150.87	38.44	53.49
PREMIUM/GDP	0.6%	2.8%	2.3%	4.8%	2.7%
NO OF PRY U/W	103	N/A	N/A	31	52
AVERAGE PRM U/W	10.43m	N/A	N/A	1.39bn	1.36bn



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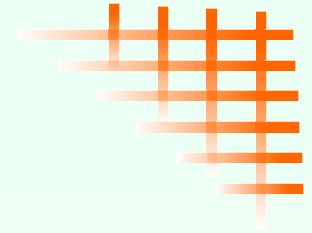
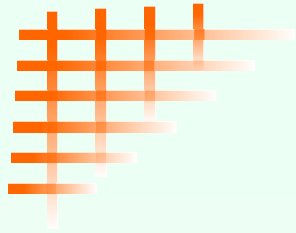
**Source: - The Official Data of the Respective Countries**

# What Are The Trends in the Global Market

## Perfection of the Institutional Building Blocks for Insurance Market Development

- Rules and Regulations that work
- Proper Expertise of the people who operate the business and apply the laws
- Appropriate and Relevant Insurance Products
- Reasonable Level of Consumer Trust and Service



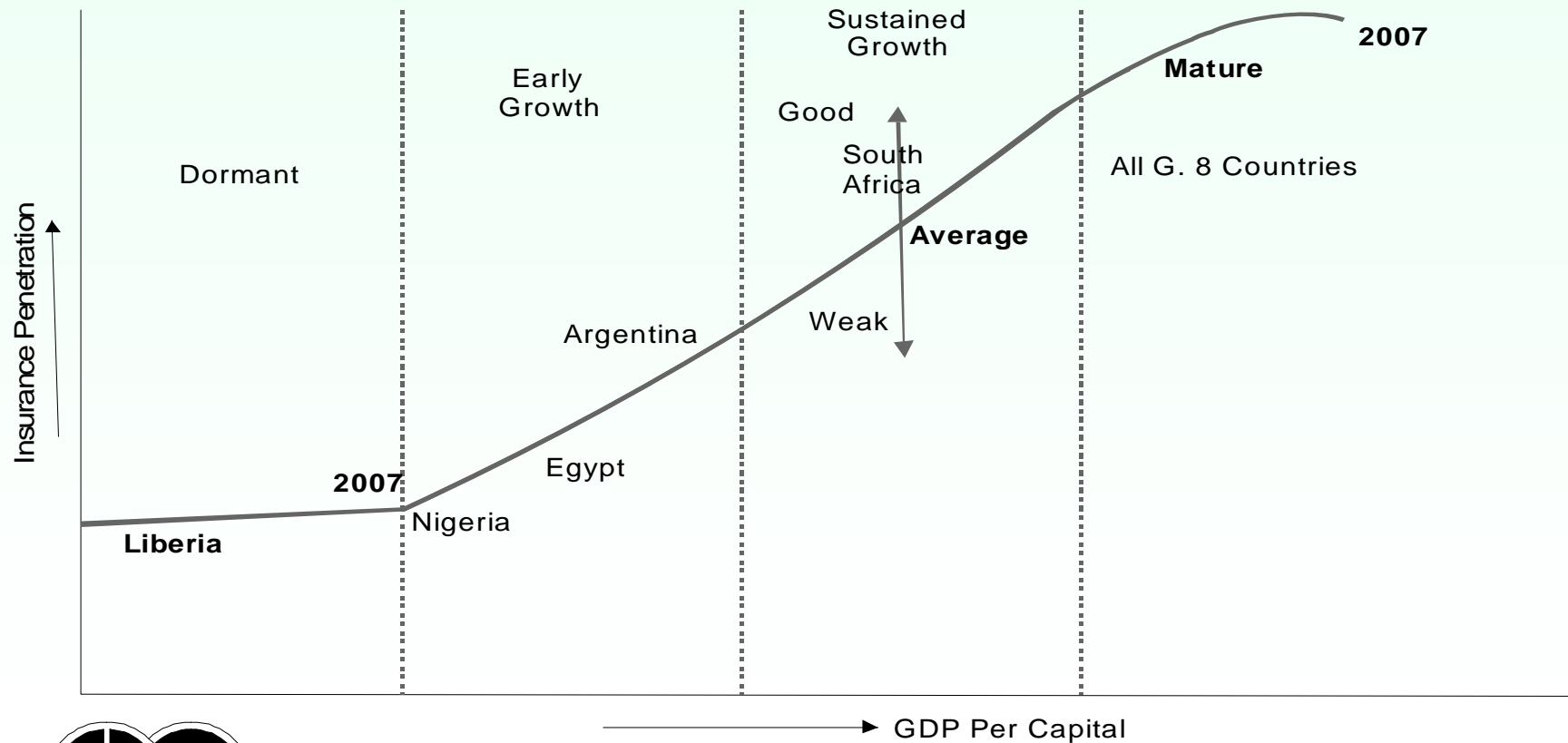


- Effective and Diverse Distribution Channels
- Sufficient Capital and Solvency of the Market
- Commitment of all the stakeholders to develop the market.



# Where is Nigeria in the Global Market?

## NIGERIA AND STAGES OF INSURANCE MARKET DEVELOPMENT



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Source: FSS 2020, Insurance Market Report



# NIGERIA'S PREPARATION FOR THE GLOBAL CHALLENGES



- 1) The Financial Sector Reforms – 1999-2007
- 2) The Insurance Consolidation Guidelines – 2005
- 3) The Financial System Strategy – 2020
  - To be No 15 in GPI by 2020
  - 3 Major Reforms Areas identified
  - Ensuring that the sector is financially sound – capacity
  - Creating a performing market structure – efficiency
  - Creating consumer trust in the market – safety
- 4) Seven (7) Areas of Quick-Wins identified



# What Will Show Nigeria As A Global Player

	<b>Start of Early Growth Stage</b>	<b>Middle of “Early Growth”</b>	<b>End of Early Growth Stage</b>	<b>Sustained Growth Stage</b>
Heading	<b>2006</b>	<b>2012</b>	<b>2015</b>	<b>2020</b>
No of Industry Players	103/69	50	30	40
Industry Gross Premium Income (GPI)	N82.20b	N1,000.00b	N2,500.00b	N6,000.00b (USD 60.00b)
Average Premium/Underwriter	N1.20b (\$10.0m)	N20.0b (\$200.0m)	N83.33b (\$833.33m)	N150.0bn (\$1.5bn)
Total Assets	N257.86b	N3,000.00b	N5,000.0b	N16,000.00b
Industry Capitalization	N34.80b	N300.00b	N440.00b	N500.00b
Insurance Density Premium/Capital (USD)	5.14	15.28	113.12	256.41
% of World GPI	0.02	0.60	1.20	1.50
Current World Position	65	60	38	15



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Current Africa Position	6	2	2	1
Insurance Premium as % of GDP	0.6	4.8	8.9	15.91
Job Creation – Regular	<25,000	25,000	30,000	40,000
Job Creation – Agency (Licensed)	870	20,000	80,000	250,000
Population	131.50m	150m	170m	180m

**NOTE:**

Current No. 15 is 43.03 USDbn (India)

The Insurance Contribution to GDP of No 1 in Africa (S.A) is 16.0%

All figures beyond 2006 are estimates and still subject to fine-tuning

Current \$60.0bn range is No 11 (Netherlands)

**Basic Assumptions:**

- 1) Market Consolidation will follow Industry Consolidation
- 2) The naira will continue to be strengthened (N100/\$1)

**Source**

Nigeria Insurance Digest 2007  
National Insurance Commission  
Sigma: Publication 2006  
Riskguard-Africa (Nig) Ltd.



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# CONCLUSION

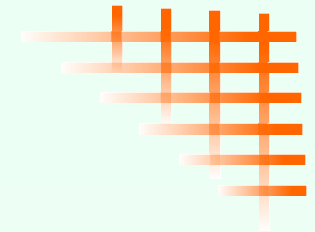
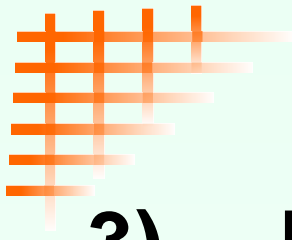
## 1) Under-Trading

-The new capital is not meant to be Bank Deposit or to Develop Ghana Market

## 2) Charity begins at home

- The local market still needs to be developed in areas of Capacity, Efficiency and Safety.





### **3) Market Development**

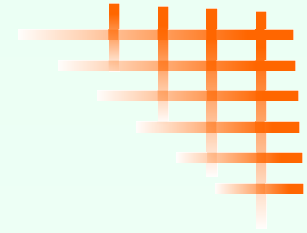
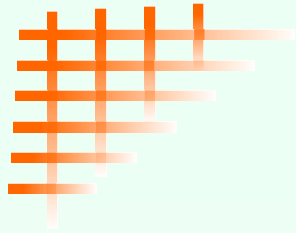
#### **- Insurance gap**

- 94% gap yet to be filled at home
- 7 Areas of Quick Wins
- Nigeria is 79.0% of W/A's Economy

### **4) Market Risk**

- Nigeria – 1974, 1977, Ghana 1971,  
Zimbabwe 2000

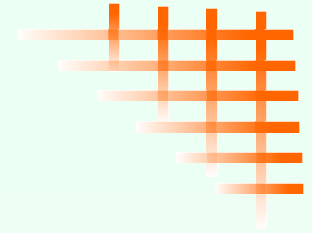
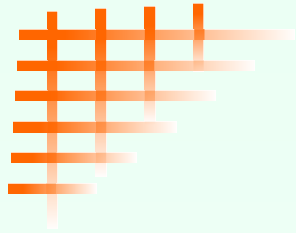




## 5) Product Focus

- Oil and Gas? (Flare)
- Marine and Aviation? (Fly)
- Property and Casualty? (Casualty)
- When there is LIFE, there is hope.





# Thank You

## Yemi Soladoye

7/4/2008



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