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Nigeria's Insurance Industry in 1989

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NIGERIA'S INSURANCE INDUSTRY IN 1989*

STATISTICAL SURVEYS OFFICE

The growth in the number of insurance companies in Nigeria between 1988 and 1989 revealed the preference of the investors in the industry towards non-life underwriting business. In addition, only one out of the six new entrants into the industry was jointly owned. The unattractiveness of the industry to foreign investors was partly due to the perceived decreasing prosperity in the business as well as the unfavourable investment climate of the Nigerian economy. With many of the insurance companies now scheduled to be privatised, greater efficiency is expected in their operations, particularly among those previously controlled by the government. In addition, the report justifies the need to create awareness in the mind of overseas investors to invest more in the industry as the current Industrial Policy of Nigeria allows greater foreign ownership participation. The perceived better performance in terms of income earned, as well as the value of investment in fixed assets of the insurance companies appeared to be an illusion as their expenditure package was equally high while adjustment for the declining value of the naira would have revealed that performance actually decreased in real terms.

The result of data compiled from the Insurance Department of the Federal Ministry of Finance with respect to the activities of the Nigeria's insurance companies in 1989 is presented in this report. The exercise revealed that the number of insurance companies in the economy increased by 6.5 per cent, from 92 in 1988 to 98 in 1989, out of which 91.8 per cent submitted their returns from where we compiled this report. Adjustments were however made for the 8.2 per cent non-response rate.

For easy analysis, the report is treated under five parts. While Part I examines the structure and performance of the Nigerian Insurance Industry, the focus of Parts II and III is on activities of the life and non-life insurance businesses, respectively. In Part IV, the assets and investment pattern of the entire industry are discussed while Part V summaries the major findings from the report with a conclusion.

I. STRUCTURE AND PERFORMANCE OF THE INSURANCE INDUSTRY

Number and Type

With the entrance of six new companies, the number of insurance companies in Nigeria increased in 1989 by 6.5 per cent to 98 from the 1988 level of 92 (see Table 1). Based on the number of incorporated companies in the industry, the number would have been as high as 110 consisting of 105 insurance and 5 re-insurance companies,

* The maiden report of the insurance survey which explained the terminologies and methodologies used in this article is contained in Economic and Financial Review Vol. 23 No. 2 June 1985. Subsequent reports appeared in Vols. 24, No. 2; 25, No. 2; 26, No. 2; 27, No. 2 and 28, No. 3.

but the 98 reported upon constituted those that were still active as at 1989. Others that could not meet the expected standard of the Ministry of Finance ceased operation. A further breakdown showed that while the number of wholly life insurance companies remained the same at three, since 1987, the level of new entrants into wholly non-life rose from 60 in 1988 to 65 in 1989, an increase of 8.3 per cent. However, by 1989, only one new company was added to the list of the group insurance companies performing both life and non-life businesses.

Ownership Structure

Since there was no addition to the number of the insurance companies in the wholly life policy underwriting business, the ownership ratio remained at 1:2 between the indigenous and joint-venture insurance companies, respectively. However, with increasing number of companies in the non-life insurance activities in 1989, the structure of ownership fell from 85.0 per cent in 1988 to 84.6 per cent in 1989 against the wholly indigenous insurance companies despite the fact that four of the five new entrants into this class of the industry were wholly Nigerian companies. In the case of mixed insurance companies (i.e. both life and non-life), the only new entrant increased the wholly indigenous enterprises to 23 in 1989 as against the 22 in 1988 and thus enhanced the strength of the indigenous participation in this group of insurance from 75.9 per cent in 1988 to 76.7 per cent in 1989. For all the groups of insurance companies in Nigeria in 1989, 79 companies were wholly owned by Nigerians, while only 19 were joint-venture enterprises. In addition, as a result of the increase in the number of wholly owned Nigerian insurance companies from 74 in 1988 to 79 in 1989, but with only one new joint-venture, the share of the indigenous insurance companies increased from 80.4 to 80.6 per cent.

Paid-Up Capital

The increase in the number of insurance companies in 1989 was simultaneously accompanied by an increase in the paid-up capital of these companies (see Table 3). The aggregate paid-up capital of the companies stood at ₦228.7 million in 1989 showing an increase of 63 per cent over the 1988 level. Both types of ownership (that is the indigenous and the joint-venture insurance companies) witnessed the increase though the increase of the wholly Nigerian owned insurance companies rose by 76.5 per cent while that for the joint venture group recorded a lower increase of 28.5 per cent. The higher increase in the value of paid-up capital of indigenous insurance companies over the joint-venture ones was quite obvious as more new entrants into the industry were mainly into this class of insurance. In addition, the increase in the paid-up capital was due to both the new entrants as well as the broadening of the capital base of the existing insurance companies.

Income and Expenditure

Aggregate revenue and expenses of all insurance companies by type of ownership is presented in Table 4, while Table 5 gives the same information by class of insurance. While the aggregate income of the insurance companies increased from 45.2 per cent in 1989 over the 1988 level, their expenditure bill increased much higher by 55.4 per cent. In absolute terms, both income and expenditure of the insurance companies in 1989 stood at ₦1,136.5 million and ₦780.0 million respectively.

A further analysis revealed that while the income of the indigenous insurance companies increased by 52.6 per cent from ₦422.7 million in 1988 to ₦645.1 million in 1989, their expenditure increased by 71.3 per cent from ₦297.1 million in 1988 to ₦509.0 million in 1989. On the other hand, joint-venture insurance enterprises recorded a 36.4 per cent increase in their revenue but with a lower percentage increase of 32.7 in their 1989 expenditure bill. Consequently, this development created the impression of greater prudence on the part of the joint-venture insurance companies vis-a-vis the wholly Nigerian ones.

In terms of class of insurance companies, it was discovered that non-life earned as much as ₦806.2 million worth of income in 1989 compared to ₦506.7 million in 1988, while those underwriting life policies witnessed an in-flow of ₦330.3 million as against ₦276.2 million in the respective years. The expenditure position equally revealed the same trend (i.e. non-life spending more than those solely concerned with life policies). While a 19.6 per cent increase in revenue of insurance companies underwriting life policies alone was realised in 1989, this same group of enterprises increased further their expenditure to ₦207.7 million by 36.8 per cent over the 1988 level.

Relative Performance by Type of Ownership

With the increase in the number of insurance companies in 1989, the ratio of income to expenditure dropped to 1.46 from 1.56 level attained in 1988 (see Table 4). While earnings per unit of naira expended fell from 1.42 in 1988, to 1.27 in 1989 for indigenous insurance companies, it rose from 1.76 to 1.81 for joint-venture insurance companies in the respective comparable periods. This development explained the continued better performance of the joint-venture insurance companies when compared to their wholly indigenous counterparts.

Relative Performance by Class of Insurance

Analysis of the relative performance of the two classes of insurance activities (i.e. life and non-life) revealed that the ratio of income to expenditure of wholly life insurance companies stood at 1.59 in 1989 as against 1.82 recorded in 1988. For non-life insurance companies, the ratio of earnings to expenditure fell to 1.41 in 1989 from 1.45 in 1988. From the foregoing, the continued relatively better performance of the life enterprises is further established as shown in earlier years.

II. LIFE INSURANCE BUSINESS

Income and Expenditure

The total revenue of all life insurance companies operating in the economy as shown in Table 5 is further disaggregated in Table 6 into the wholly indigenous and the join-venture companies. The investigation revealed that the 19.6% increase in the revenue of the life insurance companies in 1989 (i.e. from ₦276.2 million in 1988 to ₦330.3 million 1989) was shared between both types of insurance ownership groups. The increase was more pronounced in the insurance companies that are jointly owned by Nigerians and foreigners as the percentage increases stood at 25.2 while the indigenous counterpart was 12.5.

At ₦207.7 million, the total expenditure of all life insurance companies in the economy increased by 36.8 per cent in 1989 over the previous year's level. Though both type of ownership of insurance accounted for the increase, the expenditure bill of the joint venture companies was more remarkable as it increased by 53.3 per cent from ₦77.8 million in 1988 to ₦119.2 million in 1989.

Considering the absolute value of the income and expenditure of the life insurance companies in Nigeria, there is the tendency to conclude that they performed well in 1989 as their accrued revenue increased significantly by 19.6 per cent over the 1988 level. However, with an income per unit of naira expenditure of 1.59 in 1989 as against 1.82 recorded in 1988, there is a clear evidence that life insurance companies were less prosperous in 1989, possibly due to increasing cost of their operations. In addition, while the amount of income over expenditure in 1988 stood at ₦124.6 million, it reduced slightly to ₦122.6 million in 1989.

Sources and Application of Funds

The report identified four major sources of income of the insurance companies engaged in underwriting life policy. These were insurance premium; interest dividend and rents; profit on sales of assets; and other receipts. It also identified six ways through which the revenue is expended. They were net claim paid, bonuses, net commission, surrender and outstanding claims, management expenses, as well as other expenses.

At ₦243.0 million in 1989, revenue from premium income accounted for 73.6 per cent of the gross income of life insurance companies in Nigeria. This is slightly higher than the 1988 figure when the relative contribution of this component of income stood at 71.2 per cent of the aggregate income of all life policies. The increasing contribution of this component of income was reflected in both the returns of indigenous companies, which recorded increase of 16.4 per cent over the 1988 level and joint-venture companies, which realised greater premium income of 29.2 per cent above the 1988 position. Another major area of increase in life insurance income was seen in terms of interest, dividends and rents. This component, at ₦83.6 million in

1989 was responsible for over a quarter (i.e. 25.3 per cent) of the total income accruing to life insurance companies in Nigeria. While such income made by joint-venture life insurance business stood at ₦50.2 million the share for the indigenous life business was ₦33.4 million. The other two groups of income only accounted for 3.5 per cent of the total revenue of this type of insurance industry in 1989 compared with 2.6 per cent a year earlier.

In terms of expenditure, management expenses; surrenders and outstanding claims; as well as net claim paid to clients were the important areas that attracted substantial fund in 1989. These three items jointly accounted for 85.1 per cent of the total expenses of life insurance companies. On a comparative basis, it was revealed that the expenses of the joint-venture business was higher than the indigenous ones. In fact, the expenses of this group rose from ₦74.0 million in 1988 to ₦119.2 million in 1989. However, the group equally earned more revenue of 25.2 per cent than the 1988 level, while their indigenous counterparts were only able to increase their revenue by 12.5 per cent above the 1988 level (see Table 7).

Loss Ratio

To determine the efficiency of these companies, it was necessary to compare the premium received with the amount expended on claims from clients. Thus, the ratio of total claims, i.e. net claims paid and surrender and outstanding claims, to gross premium income served as a useful way of measuring the efficiency of the insurance companies. Compared with 1988 when it was 26.1 per cent, the ratio of total claims to gross income of life insurance companies stood at 43.4 per cent in 1989, reflecting a downturn in the efficiency of these companies. The increasing inefficiency was more pronounced in the joint-venture life insurance companies as their ratio increased from 17.3 per cent in 1988 to 44.6 per cent in 1989 while that of the indigenous companies stood at 37.1 to 41.7 per cent for the respective periods.

Expense Ratio

Another way of measuring the efficiency of insurance companies is to relate the management expenses to the gross premium income. With this approach, the expense ratio is determined. In 1989, the expense ratio of life insurance companies rose to 29.4 per cent from 26.2 per cent in 1988 implying a reduction in the management efficiency of life insurance companies. This approach revealed that there was increasing inefficiency in the management of indigenous life insurance companies as the ratio moved from 25.5 to 34.2 per cent from 1988 to 1989 respectively. On the contrary, joint-venture life insurance companies demonstrated higher management efficiency as the expense ratio dropped from 26.7 per cent in 1988 to 25.9 per cent in 1989.

III. NON-LIFE INSURANCE BUSINESS

Income and Expenditure

As earlier revealed in Table 1, most of the insurance companies in Nigeria were engaged in non-life activities (i.e. general insurance business). This group of insurance companies also included those that are both in life and non-life business together. While in 1988, they accounted for 96.7 per cent of all insurance companies in Nigeria, their relative share moved up slightly to 96.9 per cent as all the new entrants into the industry were in this group of insurance activities.

At ₦806.2 million, non-life insurers accounted for 70.9 per cent of the aggregate income of all insurance companies in 1989 compared with 64.7 per cent a year earlier (see Tables 5 & 8). Both indigenous and joint-venture insurance companies contributed to the increase, although the former accounted for a larger share. Similarly, aggregate expenditure of non-life insurers increased by 63.4 per cent over the 1988 level, accounting for ₦572.2 million. In contrast to the decline of 9.8 per cent in 1988, expenditure of the joint-venture non-life insurance rose from ₦126.3 million in 1988 to ₦151.7 million in 1989. For the indigenous non-life insurers, their expenditures rose by 87.9 per cent in 1989 over the 1988 level.

Clearly, the performance of the non-life insurance business in Nigeria was not encouraging as their income to expenditure ratio dipped further to 1.41 in 1989 from 1.45 in 1988. While this development was more pronounced among the indigenous non-life insurance businesses, their joint-venture counterparts recorded substantial progress as their earnings per naira expended increased from 1.63 in 1988 to 1.97 in 1989.

Sources of Income

Premium income of non-life insurance companies paid by policy holders, at ₦777.5 million accounted for 96.4 per cent of the aggregate income of all non-life insurers in 1989. This source of income witnessed an increase of 59.8 per cent over the 1988 level. The second category of income involve returns from various financial investments in various assets (see Table 9).

A further disaggregation of the premium income of non-life insurance companies revealed that the indigenous companies accounted for ₦500.3 million representing 64.3 per cent of the total premium revenue of this group of insurance in 1989. Compared to 1988 level, the 72.3 per cent increase in premium revenue was shared among five of the premium components (i.e. Fire, Accident, Motor Vehicle Employer's Liability, Marine, Aviation and Transit) while the miscellaneous premium as a component witnessed a reduction. Three components: Fire, Motor Vehicle as well as Marine, Aviation and Transit earned ₦118.3 million, ₦150.2 million and ₦107.0 million, respectively. These three components alone jointly contributed 75.1 per cent of the total premium income in 1989 as against 47.1 per cent in 1988 for the indigenous non-life insurance companies.

For the joint-venture non-life insurance companies, premium income equally accounted for ₦277.2 million representing 92.8 per cent of all the aggregate income of insurance companies in this group. A further look at the breakdown of the premium revenue of the joint-venture companies revealed some contrasts between this group of insurance and the indigenous ones. While premium from motor vehicle was the most important premium revenue source among the indigenous non-life insurance companies (it accounted for about 30 per cent of the aggregate premium), its share in the total premium of the joint-venture non-life insurance companies was only 4.2 per cent. By the same token, while miscellaneous premium income of indigenous non-life insurance companies accounted for a relatively insignificant proportion of 6.3 per cent of the aggregate premium income, the same component was responsible for about 18.4 per cent of the income of the joint-venture group in 1989. In addition, while other incomes of the indigenous non-life insurance companies was only ₦7.2 million or 1.4 per cent of the aggregate income, those of the joint-venture companies was about ₦21.5 million, representing 7.2 per cent of the group's income in 1989.

Expenditure on Non-Life Business

The expenditure structure of non-life insurance companies was analysed under two major components, i.e. expenditure on claims from clients and other underwriting expenses. The amount expended on claims was ₦278.9 million while other underwriting expenses stood at ₦293.3 million. A closer look at the composition of the two types of expenditure showed that management expenses alone accounted for 46.7 per cent of the aggregate non-life insurance expenditure for 1989 compared to 52.6 per cent in 1988 (see Table 10).

The share of the indigenous companies in the aggregate expenditure of all non-life insurance companies in the country, at ₦420.5 million, was 73.5 per cent. While claims for this group of non-life insurance companies stood at ₦206.2 million, other underwriting expenses accounted for ₦214.3 million. About half of the total expenses on claims (₦103.2 million) were in the form of Marine, Aviation and Transit, while management expenses dominated the other underwriting expenses by accounting for 85.9 per cent (see Table 10).

Total expenses of joint-venture companies stood at ₦151.7 million and accounted for 26.5 per cent of the aggregate expenditure package of all non-life insurance business in Nigeria in 1989 compared to 36.1 per cent in 1988. Management expenses, at ₦83.0 million, did not only dominate the total expenditure of the joint venture non-life insurance business in 1989, it was in fact more than the other underwriting expenses. Two striking developments emerged from this group of insurance business in 1989. First, the amount of claims on motor vehicles from the joint-venture non-life insurance companies dropped sharply from ₦37.0 million in 1988 to ₦28.7 million in 1989, while for the indigenous companies it steadily rose from ₦30.8 million in 1988 to ₦44.4 million in 1989. A look at the revenue figure (from Table 9) therefore showed the decreasing interest of joint-venture companies in underwriting motor vehicle policies, which explains the sharp reduction in the claims of this kind of expenditure. A second interesting development relates to the net income (as opposed to expenditure) received from net commission since 1987 for joint-venture non-life insurance business in Nigeria. This item of expenditure stood at ₦10.2 million, ₦20.5 million and ₦29.1 million respectively for 1987, 1988 and 1989 (see Table 10).

Loss Ratio

The loss ratio on non-life insurance business increased from 31.1 per cent in 1988 to 35.9 per cent in 1989. This implied that the performance of the non-life insurance business worsened as the rate of increase in claims exceeded that of premium income. The development occurred in both the indigenous and joint-venture insurance companies. However, at 41.2 per cent, the loss ratio was more pronounced among the indigenous non-life insurance business while the joint-venture companies recorded a loss ratio of 26.2 per cent in 1989. The respective loss ratios in 1988 were 28.6 and 34.7 per cent.

Expense Ratio

The expense ratio of non-life insurance business declined from 37.8 per cent in 1988 to 34.4 per cent in 1989. This decline was reflected in both indigenous and jointly owned insurance business. While the expense ratio of the former fell from 41.2 to 36.8 per cent, that of the latter declined from 32.9 to 29.9 per cent between 1988 and 1989 respectively.

IV. ASSETS AND INVESTMENT OF INSURANCE COMPANIES

Assets

The structure of investment in various assets by the insurance companies operating in Nigeria is shown in Table 11. At ₦5,290.8 million in 1989, the value of investments in assets by the insurance companies was 24.3 per cent higher than the 1988 level. This increase was much lower than the 60.5 per cent recorded in the preceding year. All components of assets contributed to the increase with the exception of mortgages and loans whose contribution fell by 51.1 per cent below the preceding year's level. While an increase of 67.2 per cent was recorded in assets of non-life insurance companies in 1989 over the 1988 level, those of life insurance companies fell by 21.5 per cent. Holdings of miscellaneous assets and government securities rose by 85.0 and 41.3 per cent, respectively. The level of assets in cash and bills receivable, as well as in shares and bonds increased by 9.7 and 27.2 per cent in 1989 over their respective 1988 levels (see Table 11).

The value of assets held by non-life insurance companies rose by 67.2 per cent to ₦3,661.4 million in 1989 and accounted for 69.2 per cent of the total assets held in the industry. On the contrary, investments in assets fell from ₦2,076.0 million in 1988 to ₦1,629.4 million in 1989 for life insurance business. The 21.5 per cent decline was solely due to massive disinvestment of ₦606.1 million from mortgages and loans as other components of investment portfolios recorded increasing investment levels. Another important revelation from the report is the substantial increase in the level of miscellaneous investments of non-life insurance business. The investment in this group of assets increased by 126.4 per cent to ₦1,283.1 million in 1989 over the 1988 level (see Table 11).

Distribution of Assets and Investment

The Insurance Act of 1976 made it mandatory for 25 per cent of the total assets of the all insurance companies to be invested in government and semi-government securities while a maximum of 10 per cent of the total assets of non-life insurance assets are expected to be held in real property and a 25 per cent limit placed on life insurers. In practice, life insurance companies prefer investing in long term securities since most of their policies are of long-term duration. On the contrary, non-life insurers embrace short-term investments because claims on the policies held by them can be called for at any time. Consequently, life insurance companies invest mainly in mortgages and loans which are long term in nature while non-life insurers patronise mostly short-term government securities.

Findings from this report showed that the insurance companies as a whole complied with the requirement that 25 per cent of their assets be held in government securities. In fact, they invested 34.7 per cent of their assets in government securities in 1989 compared with the 30.6 per cent in 1988. However, only 17.5 per cent of the life insurers' assets were invested in government securities while the non-life group invested 42.4 per cent of theirs in this type of securities. As regards the maximum of 10 per cent of assets of non-life insurance companies which are to be held in real property, this target was equally met as only 4.2 per cent of their assets were scheduled for this purpose in 1989 as against 5.0 per cent in 1988. On the question of life insurers, this group of insurance were equally able to meet the statutory requirement because they kept only 12.5 per cent of their assets in mortgages and loans in 1989 compared to their statutory limit of 25 per cent. These development contrasted with the 1988 position in which they failed to comply with certain aspects of the statutory requirements.

V. SUMMARY AND CONCLUSION

Though the number of incorporated insurance companies increased to 110 by 1989, only 98 of them were active in the industry. Thus, the number of active insurance companies in Nigeria rose from 92 in 1988 to 98 by 1989. All the new entrants (6 in number) engaged in non-life underwriting business. As a result of the increase in the number of insurance companies, the structure of ownership in 1989 stood at 79 indigenous companies and 19 jointly owned as against 74 and 18, respectively in 1988. With the increasing number of companies in the industry, the paid-up capital consequently increased by 63.0 per cent over the preceding year's level.

Though substantial increase in revenue was achieved by the insurance companies, the 45.2 per cent increase in income was met with a corresponding 55.4 per cent increase in expenditure bill in 1989. Indigenous insurance companies were worst hit by the increasing expenditure bills. Consequently, the relative performance of joint-venture insurance companies was better than that of their indigenous counterparts. On the relative performance by class of insurance activities, it was discovered that non-life companies were better of

When a detailed study was conducted into the activities of the life insurance business, it was revealed that joint-venture insurance business achieved higher revenue earnings than their indigenous counterparts though the former group also accounted for a bigger proportion of the expenditure. A clear case was made that life insurance companies were less prosperous as both the loss and expense ratios increased in 1989 over their respective 1988 positions, although the joint-venture life insurance companies demonstrated some improvements in their management efficiency. In the case of non-life insurance business, due to their number vis-a-vis the life insurance business, this class of insurance accounted for 70.9 per cent of the gross income accruing to the entire industry in 1989 as against 64.9 per cent in 1988. However, the income to expenditure ratio of this group of insurance revealed unfavourable performance due mainly to the activities of indigenous companies which dominated the industry. Their loss ratio also confirmed this development despite the fact that their expense ratio suggested better management of fund.

Analysis of the investment portfolios of the insurance companies showed strict compliance with the statutory requirements of the Insurance Act of 1976 which outlined the ways in which different class of insurance business should invest their funds. This development was in contrast to the earlier years when the insurance companies were unable to comply with the provisions of the law.

A major policy issue from the report was that insurance activities appeared to be less prosperous. Though this situation can be attributed to the current economic hardship which called for greater prudent management of scarce resources, it is unfortunate that substantial level of prodigality was discovered from this study. This development suggest that greater financial discipline need to be adhered to by the insurance companies. In addition, the level of foreign participation in the Nigerian insurance activity was rather low in spite of current industrial policy which allows greater foreign participation in many economic activities, including insurance business.

TABLE 1: DISTRIBUTION OF INSURANCE COMPANIES BY TYPE OF BUSINESS AND NUMBER

Class of Insurance	1987		1988		1989	
	No. of Companies	% of Total	No. of Companies	% of Total	No. of Companies	% of Total
Wholly Life	3	3.3	3	3.3	3	3.1
Wholly Non-Life	59	64.8	60	65.2	65	66.3
Life & Non-Life	29	31.9	29	31.5	30	30.6
Total	91	100.0	92	100.0	98	100.0

TABLE 2: STRUCTURE OF INSURANCE INDUSTRY BY TYPE OF BUSINESS & OWNERSHIP

Business Type & Ownership Pattern	1987		1988		989	
	No. of Companies	% Share of Total	No. of Companies	% Share of Total	No. of Companies	% Share of Total
1. Life	3	100.0	3	100.0	3	100.0
(a) Nigerian	1	33.3	1	33.3	1	33.3
(b) Joint	2	66.7	2	66.7	2	66.7
2. Non-Life	59	100.0	60	100.0	65	100.0
(a) Nigerian	50	84.7	51	85.0	55	84.6
(b) Joint	9	15.3	9	15.0	10	15.4
3. Life & Non-Life						
(Mixed)	29	100.0	29	100.0	30	10.0
(a) Nigerian	22	75.9	22	75.9	323	76.7
(b) Joint	7	24.1	7	24.1	7	23.3
4. All Companies	91	100.0	92	100.0	98	100.0
(a) Nigerian	73	80.2	74	80.4	79	80.6
(b) Joint	18	19.8	18	19.6	19	19.4

TABLE 3: PAID-UP CAPITAL OF INSURANCE COMPANIES BY VALUE (₦'000)

Year	Wholly Nigerian		Joint		Total	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
1987	77,776	67.8	36,974	32.2	114,750	100.0
1988	100,739	71.8	39,574	28.2	140,313	100.0
1989	177,831	77.8	50,863	22.2	228,694	100.0

TABLE 4: INCOME AND EXPENDITURE OF ALL INSURANCE COMPANIES IN NIGERIA: SUMMARY BY TYPE OF OWNERSHIP (₦'000)

Type of Ownership	Income			Expenditure		
	1987	1988	1989	1987	1988	1989
Wholly Nigerian	376,230	422,692	645,071	238,141	297,141	508,982
Joint	263,615	360,211	491,387	175,447	204,118	270,925
Total	239,845	782,903	1,136,458	413,588	501,886	779,911

TABLE 5: INCOME AND EXPENDITURE OF ALL INSURANCE COMPANIES IN NIGERIA: SUMMARY BY CLASS OF INSURANCE (₦'000)

Class of Insurance	Income			Expenditure		
	1987	1988	1989	1987	1988	1989
Life	219,887	276,228	330,294	145,671	151,801	207,731
Non-Life	419,958	506,675	806,164	267,917	350,085	572,180
Total	639,845	782,903	1,136,458	413,588	501,886	779,911

TABLE 6: INCOME AND EXPENDITURE OF LIFE INSURANCE COMPANIES IN NIGERIA: SUMMARY BY TYPE OF OWNERSHIP (₦'000)

	Income			Expenditure		
Type of Ownership	1987	1988	1989	1987	1988	1989
Wholly Nigerian	116,561	122,341	137,621	74,333	74,031	88,496
Joint	103,326	153,887	192,673	71,338	77,770	119,235
Total	219,887	276,228	330,294	145,671	151,801	207,731

TABLE 7: INCOME, EXPENDITURE OF LIFE INSURANCE BUSINESS IN NIGERIA (₦'000)

	Wholly Nigerian			Joint			All Companies		
	1987	1988	1989	1987	1988	1989	1987	1988	1989
INCOME									
(a) Premium	80,763	87,572	101,912	73,460	109,173	141,054	154,223	196,745	242,966
(b) Interest Dividend & Rents	27,220	30,180	33,418	26,880	42,099	50,140	54,100	72,279	83,558
(c) Profit on Sales of Assets	98	817	43	628	1,117	269	726	1,994	312
(d) Other Receipts	8,480	3,772	2,248	2,358	1,438	1,210	10,838	5,210	3,458
TOTAL	116,561	122,341	137,621	103,326	153,887	192,673	219,887	276,228	330,294
EXPENDITURE									
(a) Net Claims Paid	26,642	23,506	31,037	12,553	13,524	21,577	37,195	37,030	52,614
(b) Bonuses	196	4,395	—	2,665	331	2,941	2,861	4,726	2,941
(c) Net Commission	8,536	10,956	7,801	8,448	10,911	13,686	16,984	21,867	21,487
(d) Surrenders & Outstanding claims	15,020	8,961	11,464	23,993	5,344	41,399	39,013	14,305	52,863
(e) Management Expenses	21,902	22,337	34,851	23,044	29,164	36,487	44,946	51,501	71,338
(f) Other Expenditure	4,037	7,615	3,343	635	14,757	3,145	4,672	22,372	6,488
TOTAL	74,333	77,770	88,496	71,338	74,031	119,235	145,671	151,801	207,731

TABLE 8: INCOME AND EXPENDTURE OF NON-LIFE INSURANCE BUSINESS SUMMARY BY TYPE OF OWNERSHIP (₦'000)

	Income			Expenditure		
Type of Ownership	1987	1988	1989	1987	1988	1989
Wholly Nigerian	259,669	300,351	507,450	163,808	223,737	420,490
Joint	160,289	206,324	298,714	140,109	126,348	151,690
All Companies	419,958	506,675	806,164	303,917	350,085	572,180

TABLE 9: SOURCES OF INCOME OF NON-LIFE INSURANCE BUSINESS IN NIGERIA
(₦'000)

	Wholly Nigerian			Joint			All Companies		
	1987	1988	1989	1987	1988	1989	1987	1988	1989
A. PREMIUM	253,794	290,365	500,298	152,706	196,283	277,191	406,500	486,648	777,489
(a) Fire	51,810	55,124	118,319	232,777	27,588	36,603	75,087	82,712	154,922
(b) Accident	28,217	32,583	84,646	19,291	25,802	26,657	47,808	58,383	111,303
(c) Motor Vehicle	60,508	81,350	150,246	66,287	70,189	11,649	126,795	151,539	266,295
(d) Employer's Liability	2,681	5,504	8,692	3,955	5,305	4,409	6,636	10,809	13,101
(e) Marine, Aviation & Transit	73,326	71,761	106,985	21,764	31,760	42,516	95,090	103,521	149,501
(f) Miscellaneous	36,952	44,043	31,410	18,132	35,639	50,957	55,084	79,682	82,367
B. OTHER INCOME	5,875	9,986	7,152	7,583	10,041	21,523	13,458	20,027	28,675
(a) Interest, Dividends & Rents.	303	1,049	795	6,614	10,270	14,453	6,917	11,319	15,248
(b) Other Receipts	5,572	8,937	6,357	969	(229)	7,070	6,541	8,708	13,427
TOTAL	259,669	300,351	507,450	160,289	206,324	298,714	419,958	506,675	806,164

TABLE 10: BREAKDOWN OF EXPENDITURE FOR NON-LIFE INSURANCE BUSINESS IN NIGERIA
(₦'000)

	Wholly Nigerian			Joint			All Companies		
	1987	1988	1989	1987	1988	1989	1987	1988	1989
A. CLAIMS	59,429	82,981	206,236	50,001	68,162	72,691	109,430	151,143	278,927
(a) Fire	10,474	7,342	32,652	5,947	9,185	14,302	16,421	16,527	46,954
(b) Accident	3,628	6,383	19,870	4,746	4,859	8,952	8,374	11,242	28,823
(c) Motor Vehicle	21,827	30,780	44,426	33,810	37,045	28,686	55,637	67,825	73,112
(d) Employer's Liability	7,405	273	659	600	558	1,315	8,005	831	1,974
(e) Marine, Aviation & Transit	993	25,207	103,213	2,268	4,943	6,835	3,261	30,150	110,048
(f) Miscellaneous	151,102	12,996	5,416	2,630	11,572	12,601	17,732	24,568	18,017
B. OTHER UNDERWRITING EXPENSES	104,378	140,756	214,254	54,109	58,186	78,999	158,487	198,942	293,253
(a) Management Expense	93,711	119,639	184,038	56,914	64,537	83,009	150,625	184,176	267,047
(b) Net Commission	10,185	20,473	29,059	(3,311)	(7,463)	(5,200)	6,874	13,010	23,859
(c) Other Expenses	482	644	1,157	(506)	1,112	1,190	988	1,756	2,347
TOTAL	163,807	223,737	420,490	104,110	126,348	151,690	267,917	350,085	572,180

TABLE 11: ASSETS OF INSURANCE COMPANY IN NIGERIA
(₦'000)

TYPE	Life			Non-Life			All Companies		
	1987	1988	1989	1987	1988	1989	1987	1988	1989
Government Securities	144,069	281,450	285,294	706,397	1,019,699	1,551,588	850,466	1,301,149	1,836,882
Stocks, Shares & Bonds	209,272	182,718	241,776	114,953	143,331	172,877	324,225	326,049	414,653
Mortgages & Loans	160,255	936,212	330,156	111,299	108,408	180,667	271,554	1,044,620	510,823
Cash & Bills Receivable	146,097	182,377	112,854	134,388	351,761	473,147	280,485	534,138	586,001
Miscellaneous	154,820	493,205	659,335	769,947	566,735	1,283,140	924,767	1,049,940	1,942,475
Total	814,513	2,075,962	1,629,415	1,836,984	2,189,934	3,661,419	2,651,497	4,255,896	5,290,834

TABLE 12: PERCENTAGE DISTRIBUTION OF ASSETS

TYPE	Life			Non-Life			All Companies		
	1987	1988	1989	1987	1988	1989	1987	1988	1989
Government Securities	17.7	13.5	17.5	38.5	46.8	42.4	32.1	30.6	34.7
Stocks, Shares & Bonds	25.7	8.8	14.8	6.3	6.6	4.7	12.2	7.7	7.8
Mortgages & Loans	19.7	45.1	20.3	6.0	5.0	4.9	10.2	24.5	9.7
Cash & Bills Receivable	17.9	8.8	6.9	7.3	16.1	12.9	10.6	12.5	11.1
Miscellaneous	19.0	23.8	40.5	41.9	25.5	35.1	34.9	24.7	36.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

TABLE 13: INVESTMENT PATTERN OF INSURANCE COMPANIES IN NIGERIA BY CATEGORY (₦'000)

TYPES OF ASSET	Life			Non-Life			All Companies		
	1987	1988	1989	1987	1988	1989	1987	1988	1989
Government Securities	114,069	281,450	285,294	706,397	1,019,699	1,551,588	850,466	1,301,149	1,836,882
Stocks, Shares & Bonds	209,272	182,781	241,776	114,953	143,331	172,877	324,225	326,049	414,653
Real Estate, Mortgages & Loans	104,903	851,418	203,630	89,638	85,814	153,564	194,541	937,232	357,194
Other Loans	55,352	84,794	126,526	21,661	22,594	27,103	77,015	107,388	153,629
Total	513,596	1,400,380	857,226	932,649	1,271,438	1,905,132	1,446,247	2,671,818	2,762,358

TABLE 14: PERCENTAGE DISTRIBUTION OF INSURANCE INVESTMENT PORTFOLIO BY CATEGORY

TYPES OF ASSET	Life			Non-Life			All Companies		
	1987	1988	1989	1987	1988	1989	1987	1988	1989
Government Securities	28.1	20.1	33.3	75.8	80.2	81.4	58.8	48.7	66.5
Stocks, Shares & Bonds	40.7	13.0	28.2	12.3	11.3	9.1	22.4	12.2	15.0
Real Estate, Mortgages & Loans	20.4	60.8	23.7	9.6	6.7	8.1	13.5	35.1	12.9
Other Loans	10.8	6.1	14.8	2.3	1.8	1.4	5.3	4.0	5.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0