



Winning the War on Insurance Penetration: A Strategic Outlook

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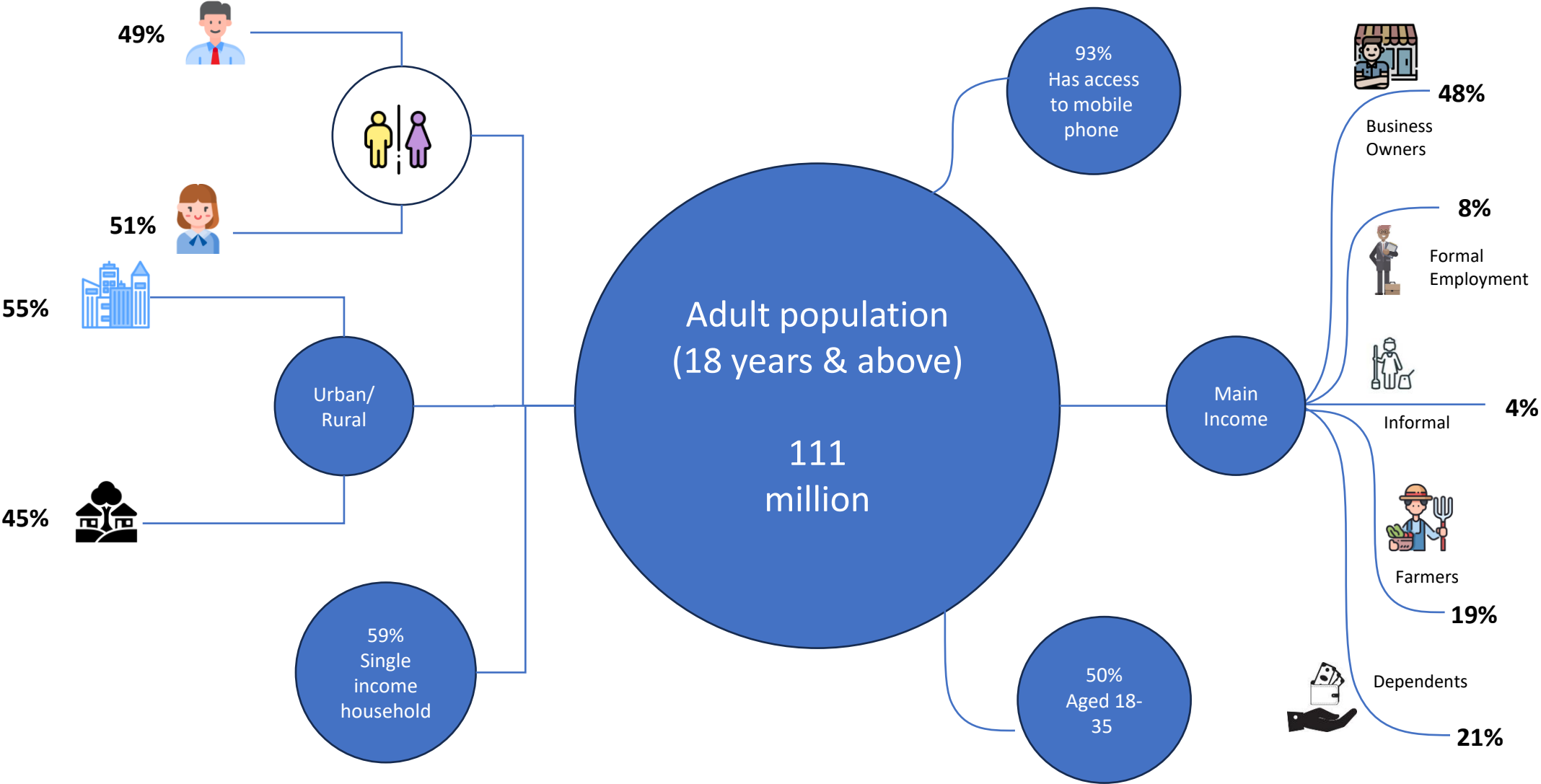
Outline

- Current State of Insurance Penetration
- Strategic Framework for Increasing Penetration
- Closing remarks

Nigeria at a Glance

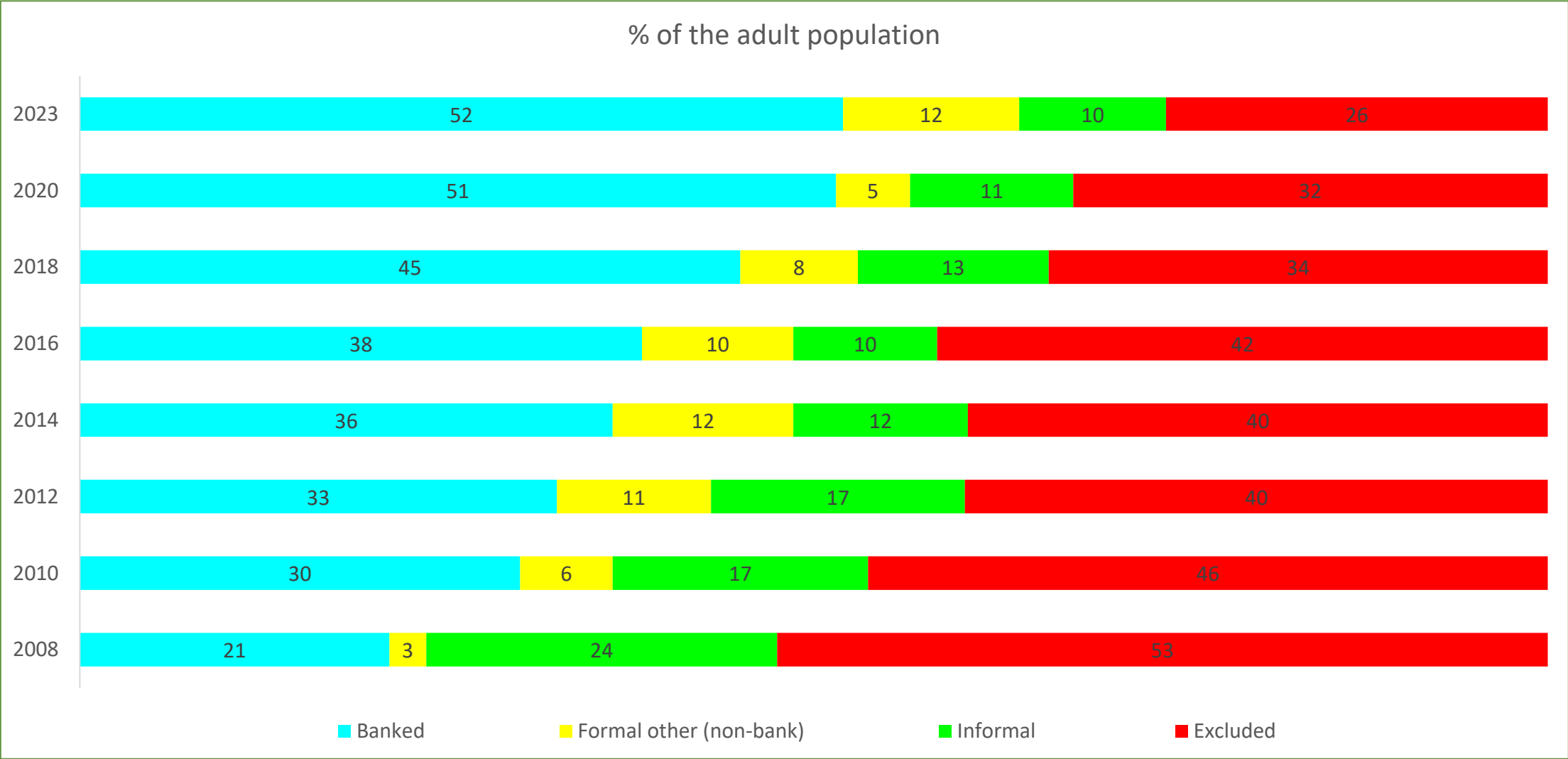


The population is predominantly young and digitally savvy, experiencing a significant rise in urban residency, and a marked boost in entrepreneurial activities, However, a larger percentage is still highly dependent.

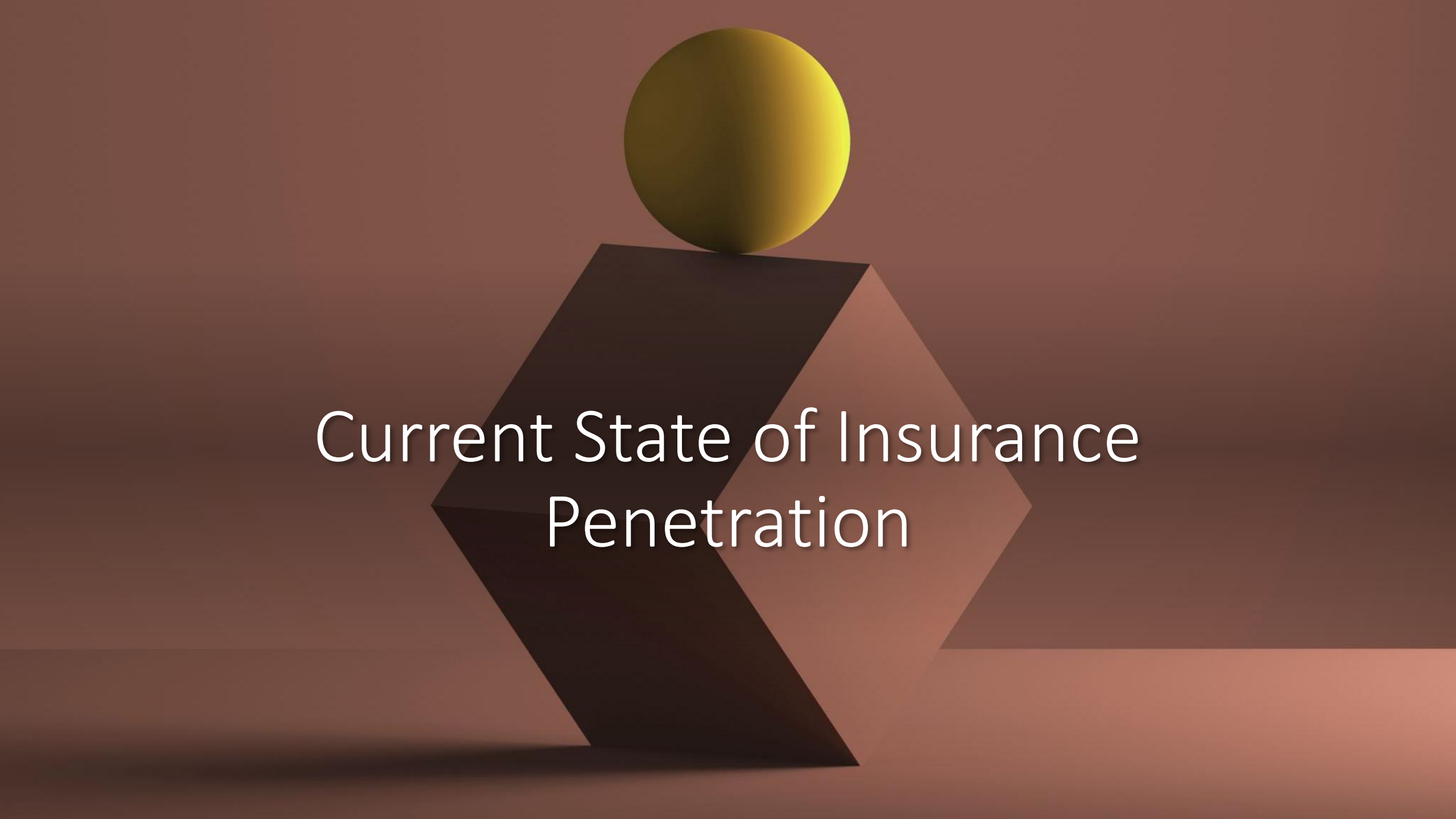


Source: EFINA Access to Financial Services in Nigeria 2023

Over the last 15 years, the proportion of formally served adults has more than doubled, while the proportion of adults who rely on informal providers only and the financially excluded has more than halved



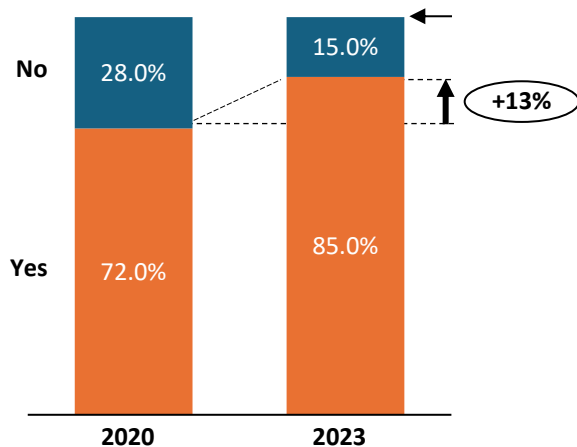
Source: EFINA Access to Financial Services in Nigeria 2023



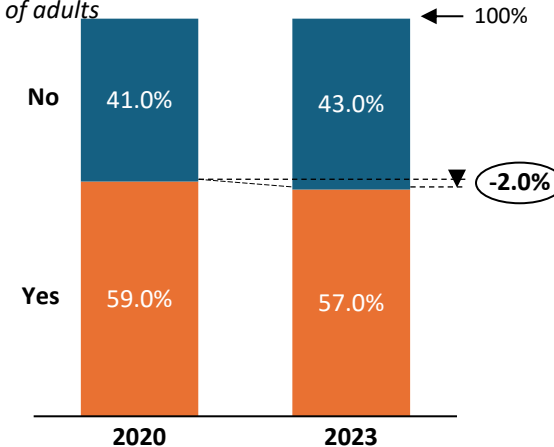
Current State of Insurance Penetration

Nigerians continue to be increasingly plagued with severe liquidity distress and financial shocks in the magnitude of the COVID-19 shocks

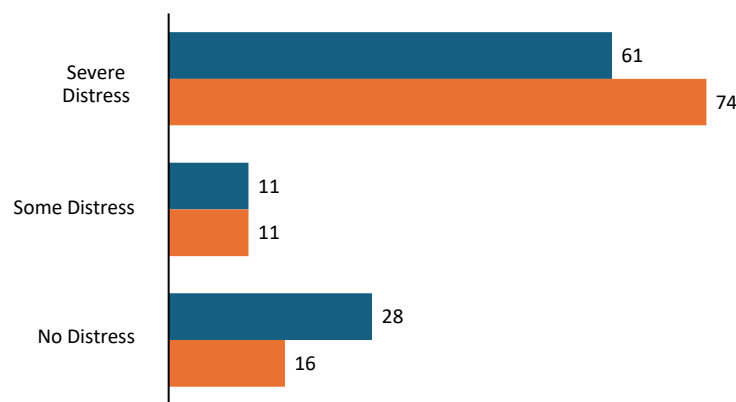
Adults with liquidity needs, %



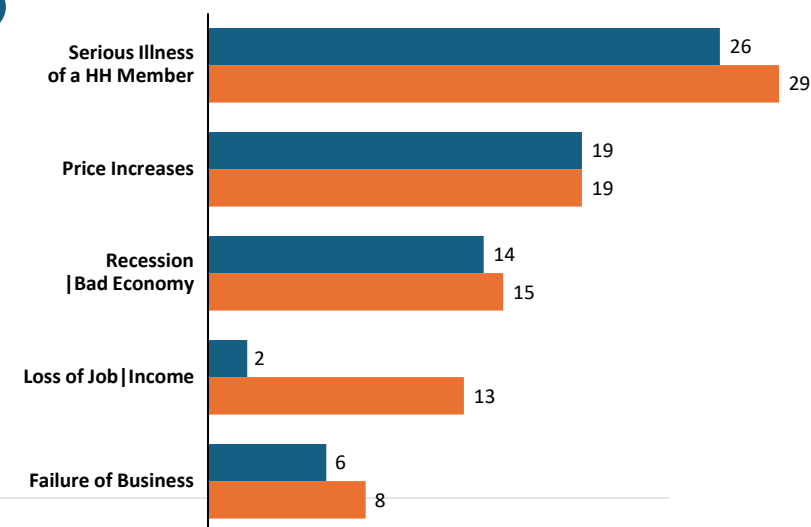
Adults who faced shock, % of adults



Level of Distress, %



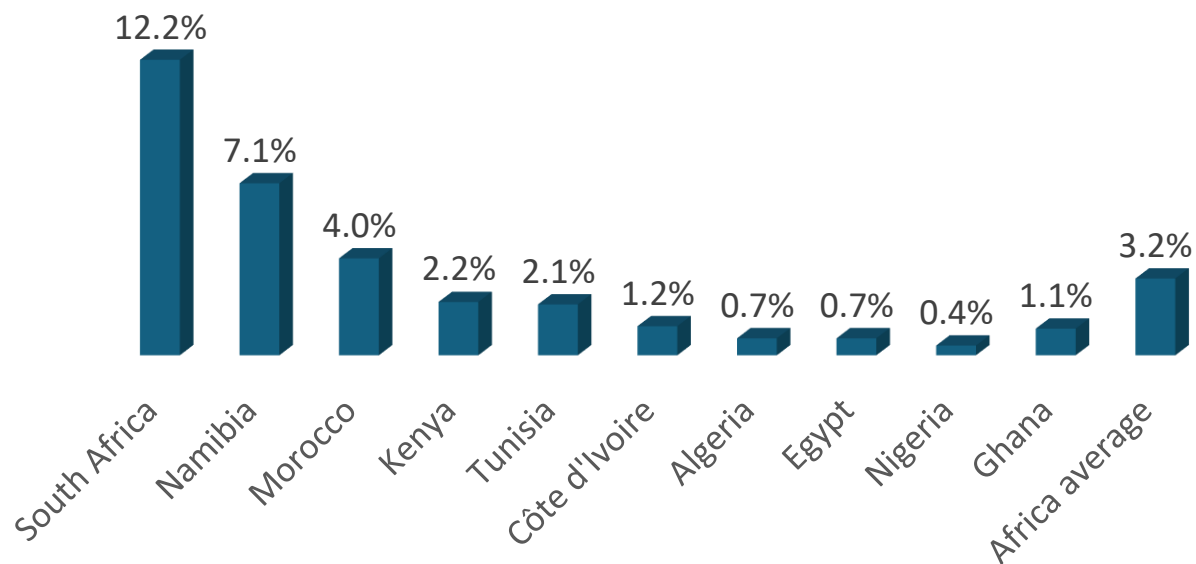
Top risks experienced by Nigerians, %



Buying Asset

Compared to selected countries in Africa, Nigeria has the lowest insurance penetration rate and highest proportion of uninsured adults at 108m adults

2021 Insurance Penetration rate



Source: Atlas



Nigeria is just 1% point away from achieving the 2022 NFIS recommended targets for 2024 and must now pay equal attention to deepening the quality and impact of inclusion. While innovation has catalysed growth in the payment ecosystem, translating the growth in payment services into broader impactful financial services remains a significant challenge that urgently requires attention, insurance being one of them.

** The NFIS target is: Enable access to and usage of financial products and services to 95% of adults by 2024. However, based on progress to date, population growth and status of enablers, the 2022 NFIS recommended a financial exclusion target of 25% by 2024*

	Focus Areas	Target by 2020/24	2022 NFIS recommended target by 2024	2020	2023	Variance to 2020 Target	Variance to NFIS 2024 Target
% of Total Adult Population	Payments	70%	55%	52%	52%	-18%	-3%
	Savings	60%	45%	37%	38%	-22%	-7%
	Credit	40%	8%	3%	6%	-34%	-2%
	Insurance	40%	8%	3%	3%	-37%	-5%
	Pension	40%	20%	8%	8%	-32%	-12%
	Informal	40%	40%	31%	39%	-1%	-1%
	Formally served	70%	65%	56%	64%	-6%	-1%
	Financial Inclusion	80/95%	75%	68%	74%	+1%	-1%

DEFINITION OF INDICATORS

Payments: % of adult population that has a transaction account with a regulated financial institution and/or has made an electronic payment through a regulated financial institution in the last 12 months

Savings: % of adult population that has a savings-related product at a regulated financial institution and/or has saved through a regulated financial institution in the last 12 months

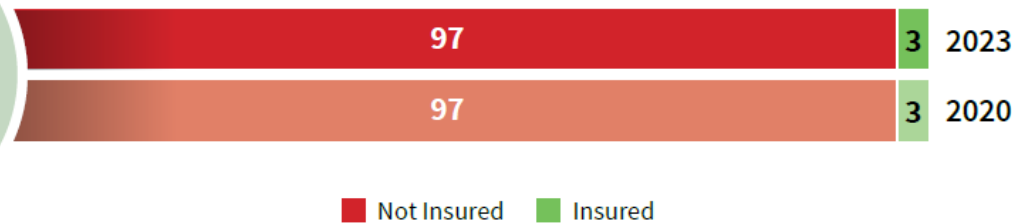
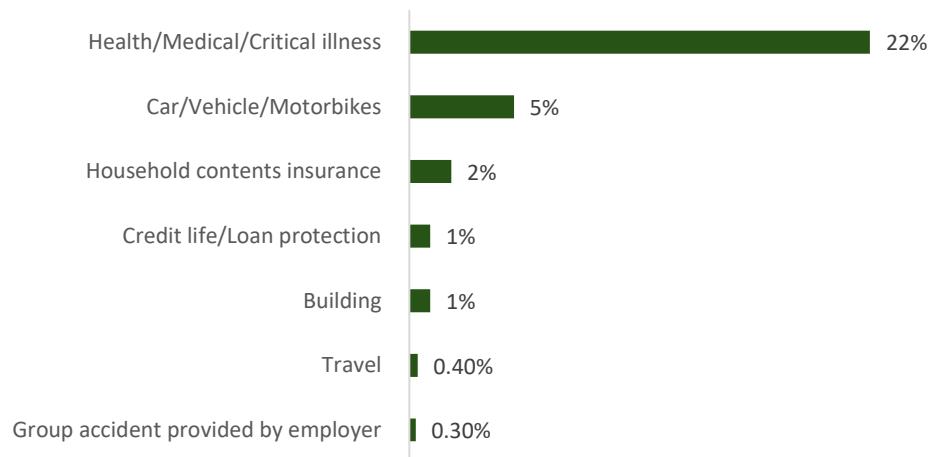
Credit: % of adult population that has had a credit product through a regulated financial institution in the last 12 months

Insurance: % of adult population that is covered by a regulated insurance policy

Pension: % of adult population that is contributing to a regulated pension scheme or receiving a pension through a regulated pension scheme

In general, the uptake of insurance is low in Nigeria. Like 2020, only 3% of adults have insurance products, (around 3.4 million) in 2023. Product uptake is driven by medical insurance

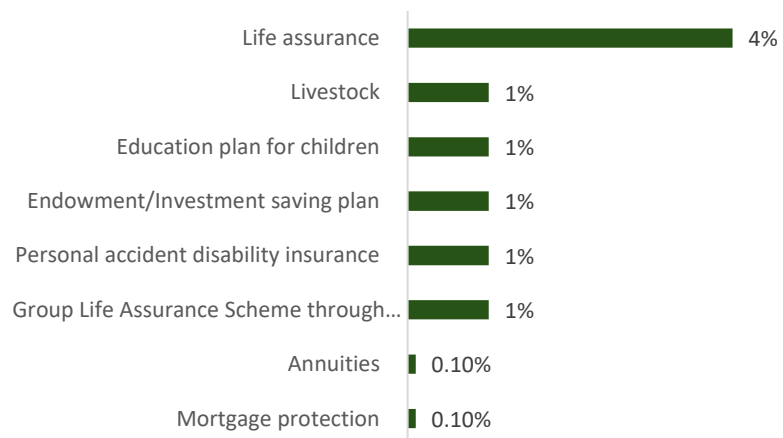
Short term insurance



Microinsurance

430k adults have microinsurance

Long-term insurance



- Uptake of insurance has remained at 3% since 2020 but there has been a slight increase in the proportion of individuals taking up insurance from 2.7m in 2020 to 3.4m in 2023
- Uptake of micro insurance is largely driven by health 44%, agriculture crops 21% and crops 11% and education 10%.

Only 11% of Nigerians are aware of microinsurance, and among this group, only 14% have an insurance policy. For those holding both insurance and microinsurance, the primary sources of premiums are employers and someone within the household



11% Nigerians are aware of microinsurance



Among the 11% adults who are aware of insurance only 14% have insurance

Source of insurance premium

- Insurance company 43%
- Employer 21%
- Someone in the HH/family
- Don't know/ can't remember 7%
- Bank 4%
- Broker 3%
- Internet 2%
- Agent 2%
- Phone 0.4%

Source of microinsurance premium

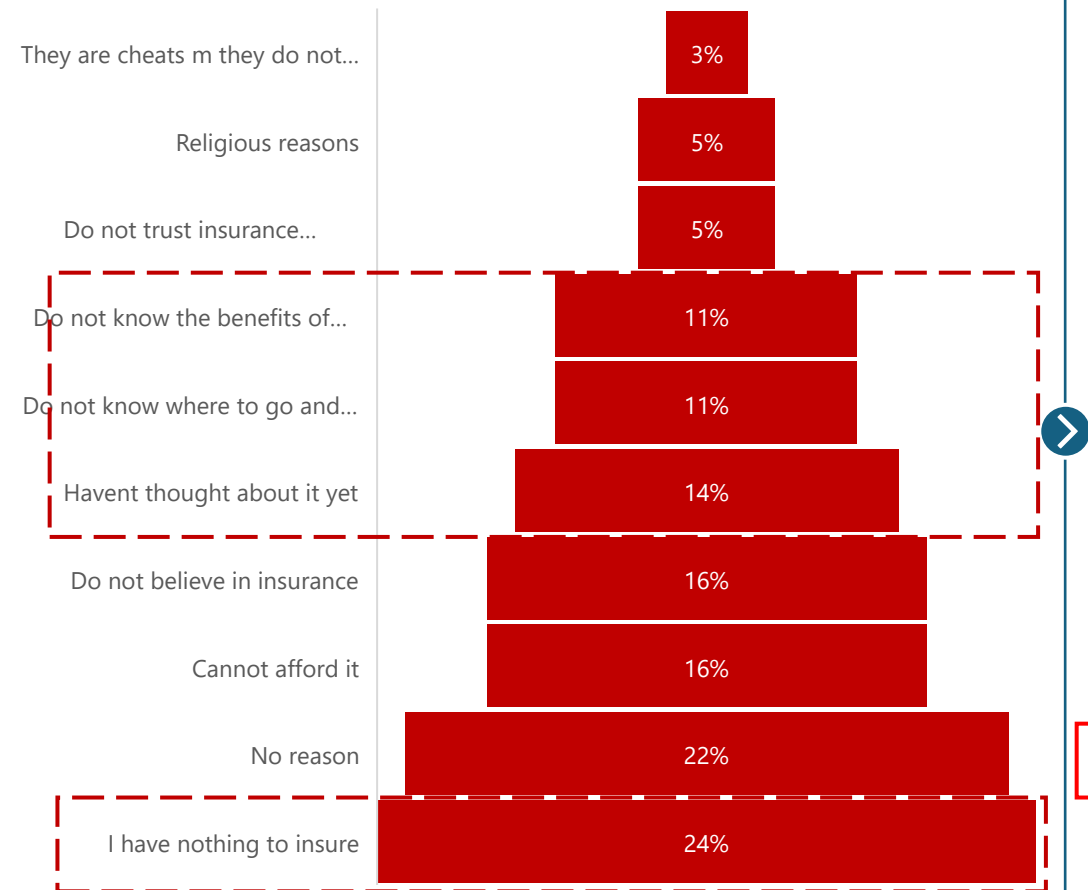
- Someone in the HH/family 39%
- Employer 20%
- Insurance company 13%
- Don't know/Can't remember 6%
- Broker 4%
- Bank 2%
- Agent 9%
- Through phone 0%
- Internet 0%

The background features a dark, textured surface with several stylized floral motifs. These motifs are rendered in teal, a deep red, and a muted grey. The flowers have a hand-drawn, sketch-like quality with fine lines radiating from their centers. Interspersed among the larger floral shapes are small, solid-colored circles in teal, red, and grey, adding to the abstract composition.

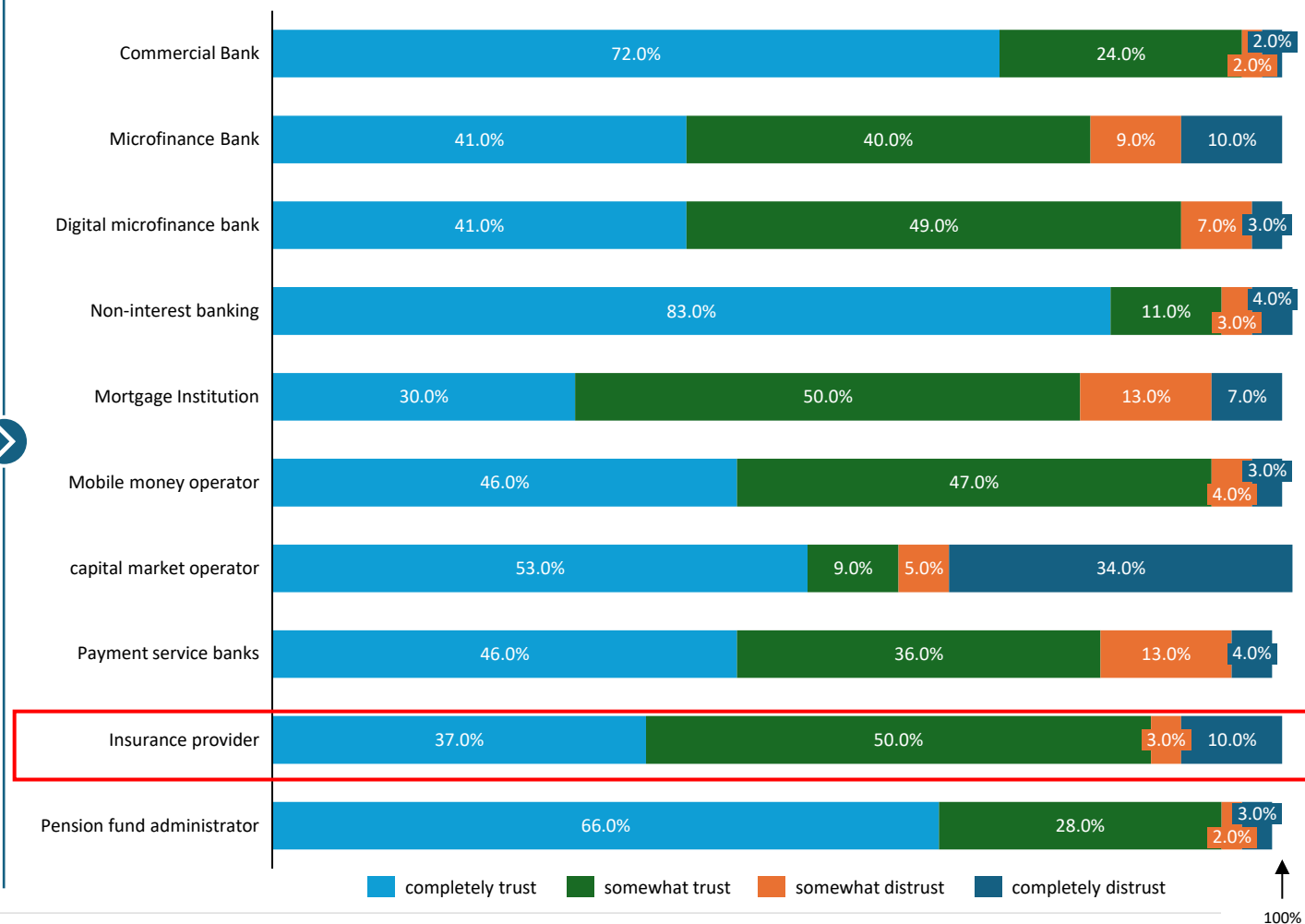
Barriers to Insurance Penetration

The primary reasons for being uninsured include affordability constraints, a lack of knowledge, or a perception that there's nothing substantial to insure. Additionally, only 37% of individuals express complete trust in insurance companies.

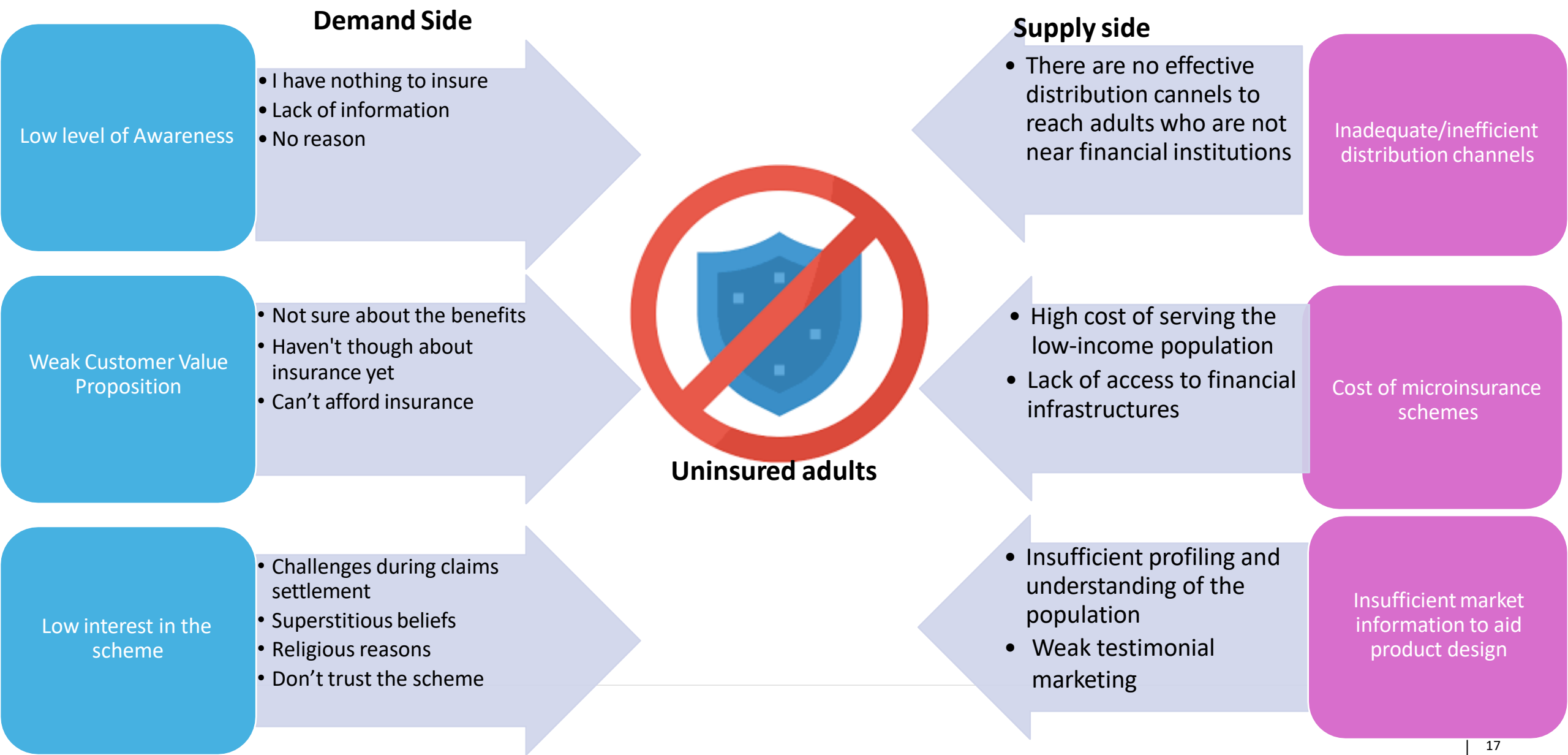
Reasons for not being insured (%)



Level of trust of financial service providers, (% of adults who use the provider)



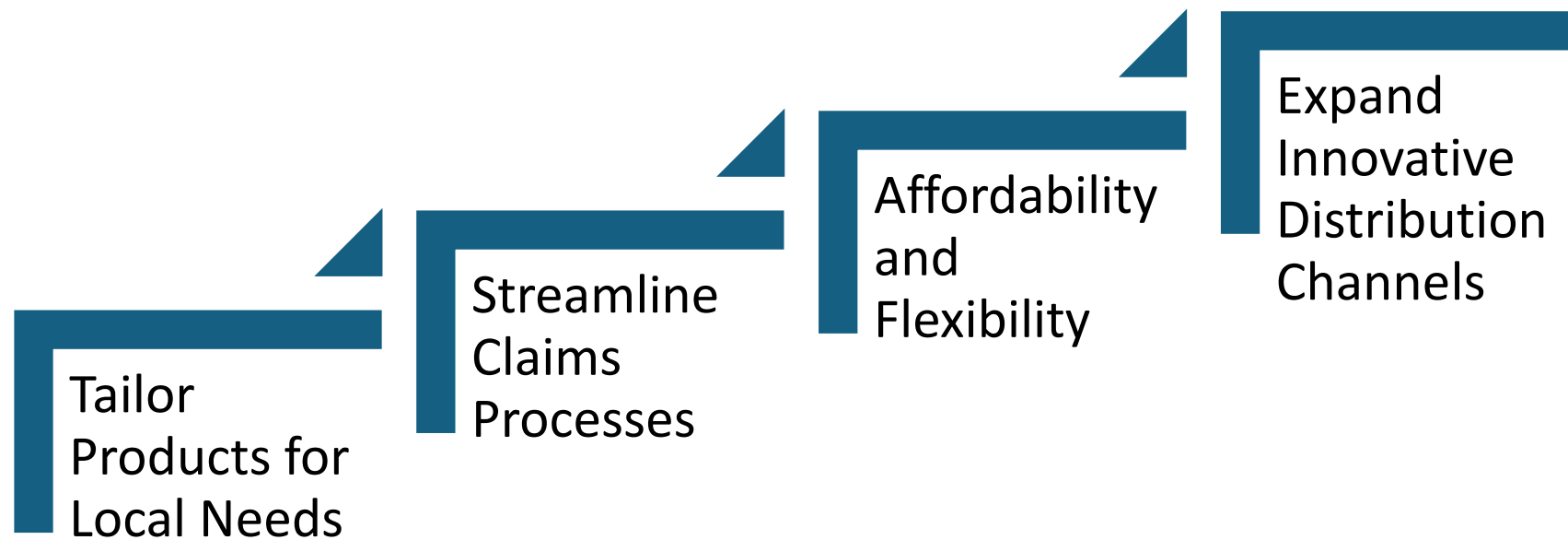
The combatants in the quest for insurance penetration are low levels of awareness, weak customer value proposition, low interest in the scheme, inefficient distribution channels, the cost of reaching low-income households, and insufficient information for product design."



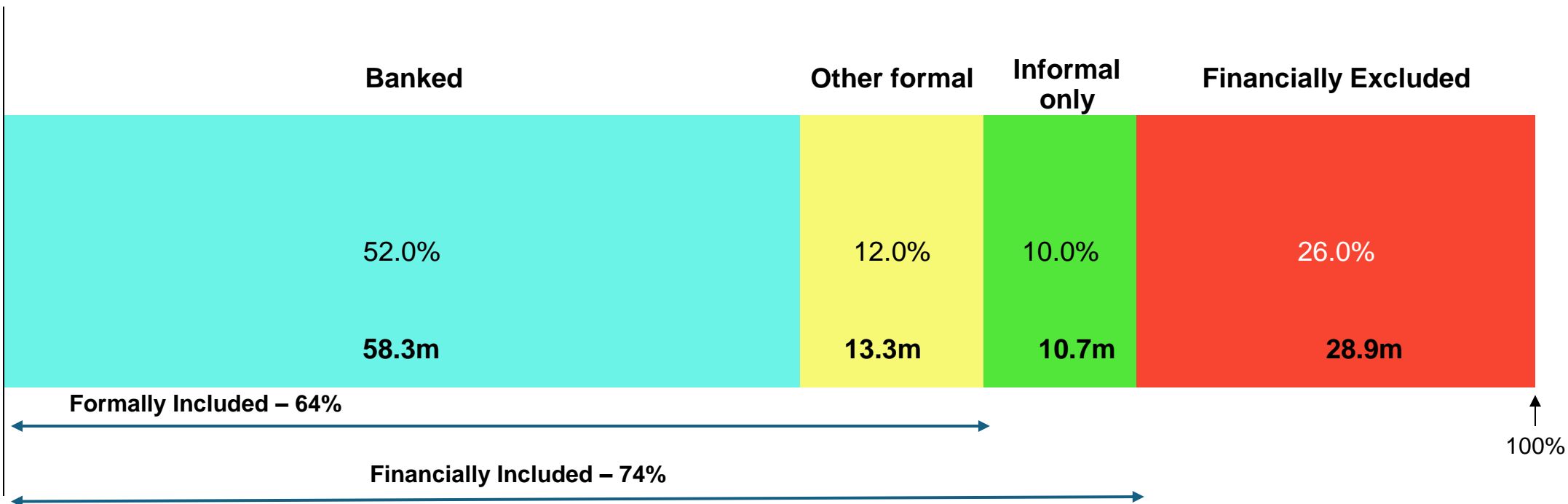


Strategic Framework for Increasing Penetration

Leverage Technology



- Formal financial inclusion has grown significantly from 56% in 2020 to 64% in 2023, fueled by marginal growth in the banked population and major gains in non-bank formal adoption
- Over the last 15 years, the proportion of formally served adults has more than doubled, while the proportion of adults who rely on informal providers only and the financial excluded has more than halved



Partner with CBOs
: such as coops, trade unions and faith-based organizations

Address
knowledge gaps

Beyond awareness,
educate

Large scale- targeted
nationwide education
Campaigns

Simple

Accessible

Efficient

Understood

Valuable

The background features a light gray grid with thin black lines connecting various nodes. Some nodes are represented by small circles, while others are larger squares. These squares are scattered across the grid and come in a variety of colors: black, gray, blue, green, purple, orange, red, yellow, and pink. Some squares are solid, while others are outlined. The overall aesthetic is clean, modern, and technical, resembling a network diagram or a data visualization.

Closing remarks

A group of people are shown from the chest up, arranged in a circle and clapping their hands. The background is blurred, focusing attention on the hands and the central text. The text "Thank you for listening" is written in a white, sans-serif font across the middle of the image.

Thank you for listening



INSURANCE



HOME INSURANCE



HEALTH



FAMILY INSURANCE



SAFETY



CAR INSURANCE



DENTAL



SOCIAL SECURITY



PET CARE



HOSPITALIZATION



TRAVEL CARE



DISABILITY



FINANCIAL PROTECTION



ACCIDENT



LIFE INSURANCE



APPROVED



PREGNANCY



RISK



LIABILITIES



RETIREMENT



SAVINGS



SECURE



POLICY



BENEFICIARY