

## NIGERIA'S BOOMING SHORT TERM INSURANCE MARKET



**Insurance has taken root in Nigeria. With awareness and trust in the concept of cover driven by a combination of legislation, market competition and technology, Nigeria's Insurance sector is, today, a N500 billion industry.**

Thanks to compulsory Third-party vehicle insurance as well as obligatory Retail, Group life, Marine cargo and Employers, Occupiers and Builders' liability insurance, Nigerians have, for some time, experienced the benefits of cover albeit in limited areas.

At the same time, as competition among insurance companies increased, claims settlement improved along with transparency and ease of use. Insurance solutions bundled with consumer items like covers included in the purchase price of mobile phones or white goods, has also helped demonstrate the value of insurance by allowing people to replace treasured items when damaged or lost.

In short, Nigerians are, today, familiar and comfortable with the promise of insurance to promptly pay genuine claims in the event of an insured occurrence. Despite this familiarity with insurance, the biggest hurdles preventing the wider adoption of insurance by Nigerians has been documentation as well as the understanding of policy terms and conditions of claims settlement.



Historically, when applying for insurance or processing claims, a raft of physical forms had to be secured, manually completed and returned to the insurer. Thereafter, settlement was an uncertain and opaque process. In the past, policyholders were simply paid out or had their claims rejected. There was very little explanation, understanding or transparency in the process.

Technology has changed all this.

Today, Nigerian insurance providers are investing in the digital capability to make the purchase, management and claims process simpler, faster and easier. This investment in technology is set to take the country's Insurance sector to scale, as ordinary Nigerians make insurance a common practice.

Coronation Insurance, for example, has an online portal enabling remote, digital insurance purchase, policy management and claims administration.

A simple two-step process allows applicants to complete and submit required documentation online. This helps people find the correct forms, complete them accurately and return them to the correct parties. By managing the knowledge gap, all claims received online are 100% correct or the system won't accept them.

Thereafter, claimants can track the progress of their claims online, with the portal providing regular communication on progress. Policyholders can even question outcomes, add additional information as required, or get answers or guidance quickly. The transparency of the digital process allows customers to understand why claims are accepted or rejected, or why they have received a different amount from what they expected.

**Coronation was one of the first Nigerian insurers to explore the use of technology by settling motor and marine claims within 48 hours via a seamless, automated user-friendly mobile and in web interface.**

Beyond the consumer or retail insurance environment, Coronation also partners with other financial institutions, like Access Bank for example, or directly with retailers or motor repair businesses to provide their clients insurance as part of their offering or service. By partnering with third parties, Coronation enables a far broader segment of Nigerians to benefit from the speed, ease and simplicity of its online insurance platform.

Leveraging technology to educate and familiarize people with insurance through simple products that appeal to grassroots consumers is an important part of growing Nigeria's future insurance industry.

As younger people experience the value of insurance - in the form of mobile phone cover purchased as part of their phone's sales and service package, or perhaps vehicle cover, purchased as part of their higher purchase agreement - they are likely to seek other covers as they acquire more assets.

Making the insurance process simple, easy, fast and effective via a user-friendly digital interface is key to building this confidence and culture amongst a younger generation.

The other huge advantage of technology is that it reduces the cost of managing applications and processing claims. By reducing the cost of cover in the Nigerian market, Coronation is making insurance accessible and relevant to a far broader segment of Nigeria's population.

Since insurance is a critical tool in building and preserving wealth, cheaper, more effective and more widely accessed cover will over time have a significant positive impact on broadening financial inclusion and security while sustaining long term growth in the Nigerian economy.

Coronation Insurance is a member of the Coronation group, a leading African financial services provider.