



Deepening Agricultural Insurance Penetration in Nigeria: Opportunities & Strategies

PRESENTATION AT NIRSA WEBINAR.

THEME: DEEPENING AGRICULTURAL
INSURANCE PENETRATION IN NIGERIA:
OPPORTUNITIES AND STRATEGIES

By

Lanre Ojuola
Director of Operations
Nigerian Insurers Association
18th of June, 2020

Introduction

Potentials for Agriculture

Key Takeaways on Threats

Investments In Agriculture

The Need for Insurance Uptake

Risk Experience of Nigerian Farmers

Current Market Situation

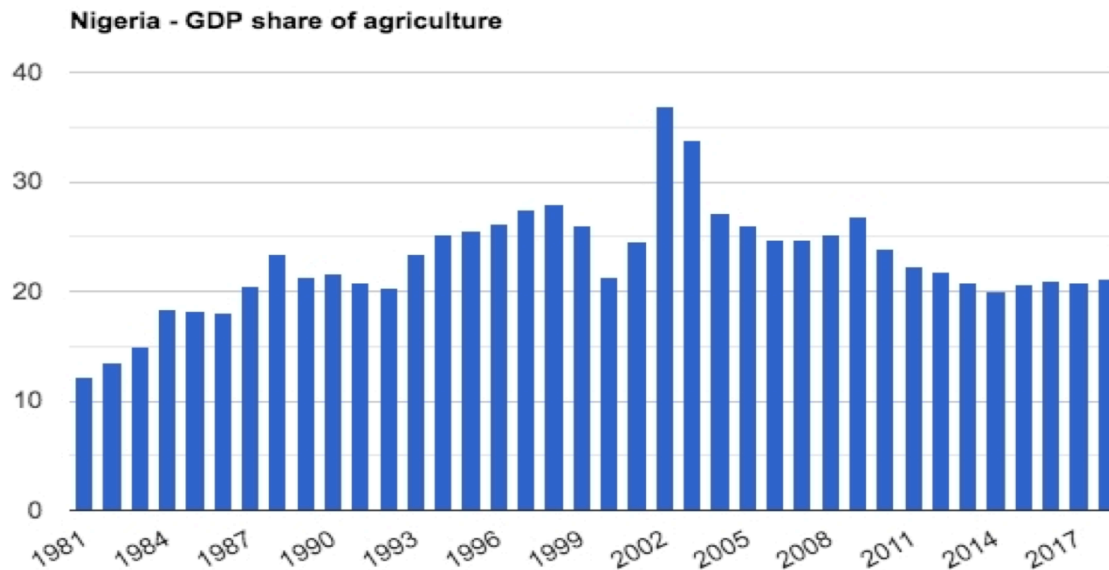
Benefits in Uptake of Insurance

Strategies for Improvement

Conclusion

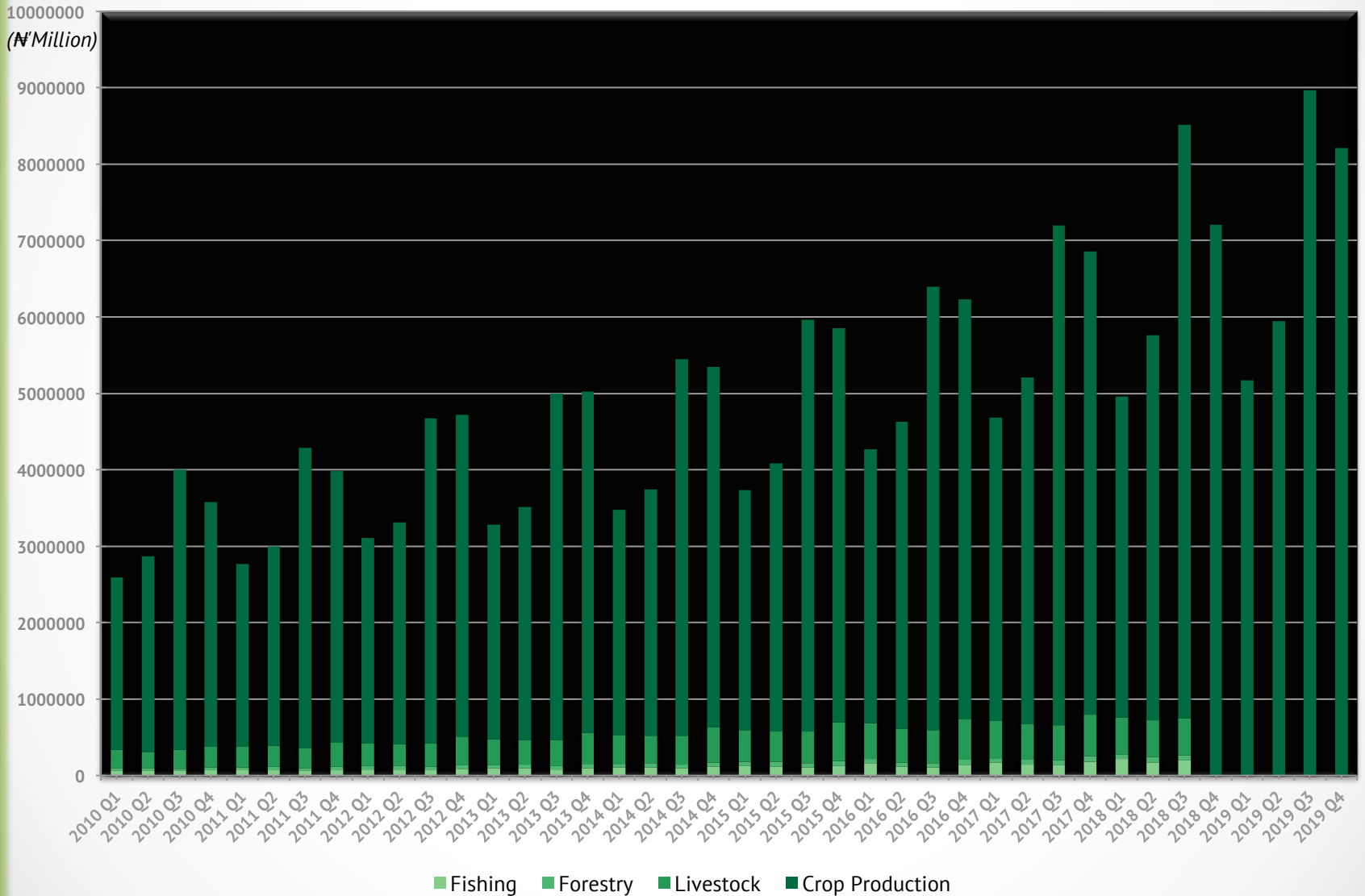
Agriculture in Nigeria - Overview

In spite of oil and gas, agriculture remains the base of the Nigerian economy, providing the main source of livelihood for most Nigerians. It is the largest sector of the Nigerian economy and employs about 2/3 of the entire labour force.



Source: TheGlobalEconomy.com, The World Bank

GDP by Agriculture Activities



Government Intervention in Agriculture

Farm Settlement Schemes, since the late 1950's

Plantation Agriculture Development Scheme between 1950's and 60's

Government Owned Food Companies or Corporation in the 1970's

The National Accelerated Food Production Programme in the 1970's

World Bank Assisted Agricultural Development Projects, 1974

Operation Feed the Nation in 1978

River Basin Development Authority

The Nigeria Green Revolution

The NAIS is linked to Agricultural Credit Guarantee Fund Scheme

The Nigeria Incentive-Based Risk Sharing System for Agricultural Lending



Key Notable Facts



Nigeria's food import growing at an unsustainable rate of 11% per annum

Heavy reliance of import of expensive food on global markets will fuel domestic inflation

Excessive imports will put high pressure on the Naira and this will hurt the economy

Import dependency is not acceptable, nor sustainable fiscally, economically and politically

Nigeria is importing what it can produce

Import dependency is affecting Nigerian farmers, displacing local production and creating rising unemployment

Potentials for Agriculture



Government Incentives on Agriculture

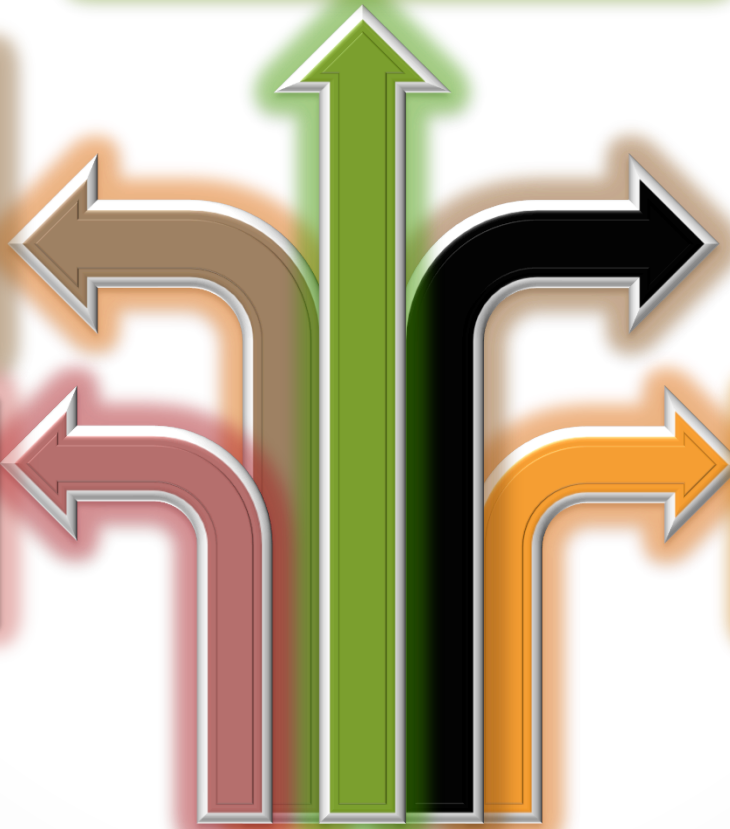
Removal of restrictions on areas of investment and maximum equity ownership in investment by foreign investors

Zero percent duty on agricultural machinery and equipment imports

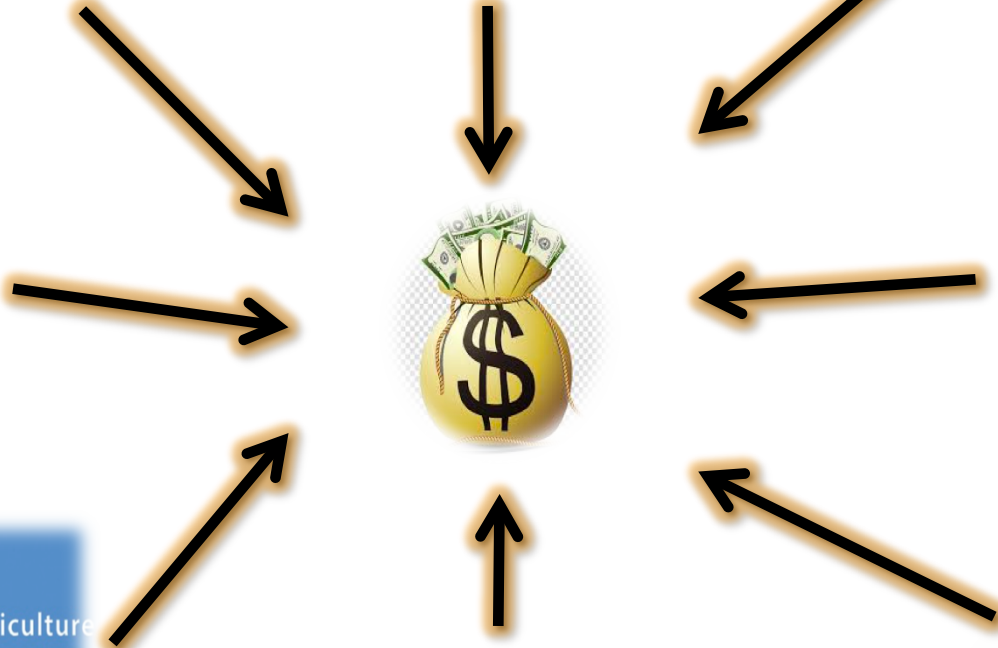
No currency exchange controls - free transfer of capital, profits and dividends

Pioneer Tax holiday for agricultural investments

Infrastructure support, with special focus on staple crop processing zones, for power, water and electricity



Leading Financial Institutions Supporting Nigeria's Agriculture Transformation



The Need for Insurance

- 4 **Government**
- Post disaster assistance



- 1 **Farmers**
- Reduced income and desire to sustain and improve investment

- 3 **Financial Institutions**
- Non-performing loans and its attendant implication

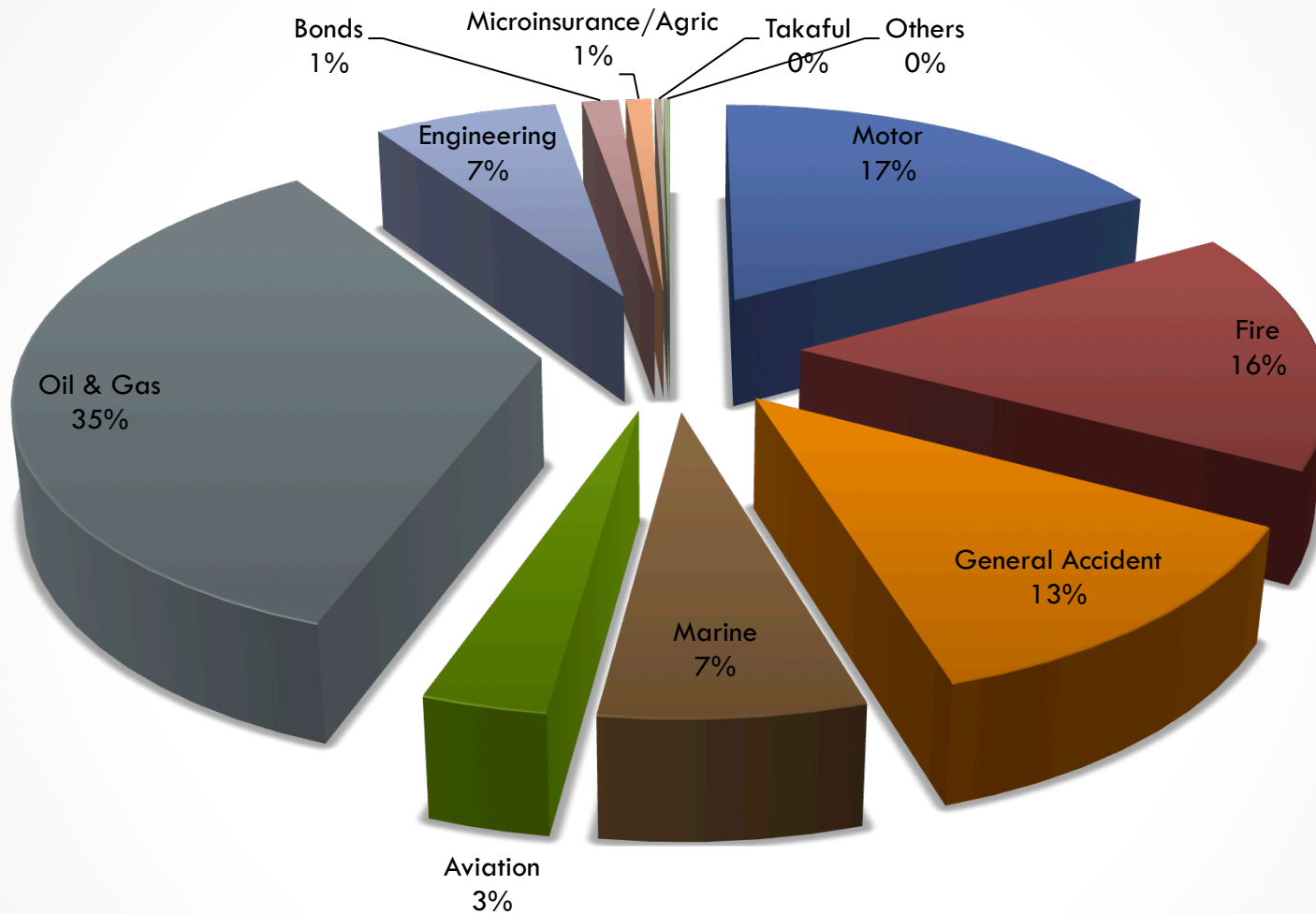


- 2 **Consumers**
- Food insecurity

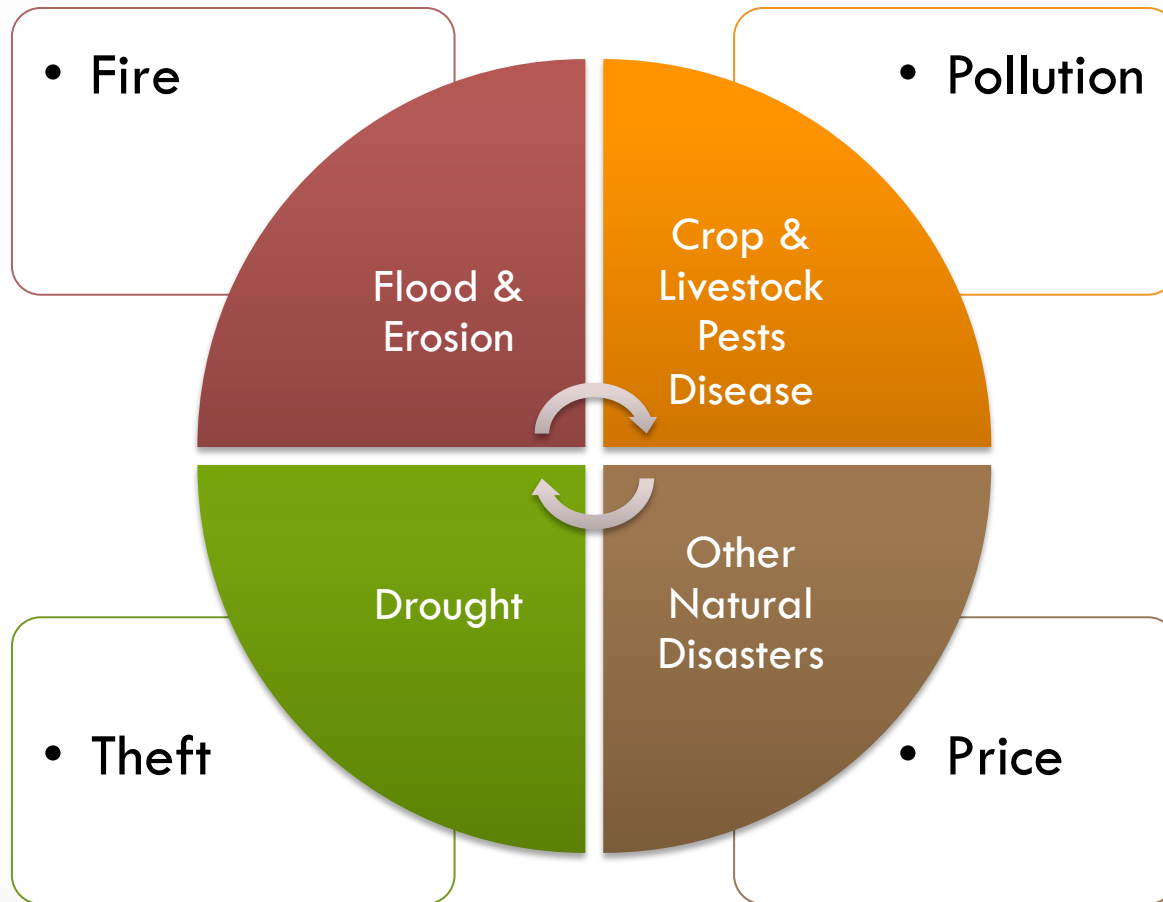
Insurance Contribution to GDP (2009 – 2018)

YEAR	GDP 'm(\$)	GWP 'm(\$)	INSURANCE CONTRIBUTION (%)
2018	398,186	1,352	0.34
2017	376,361	1,193	0.32
2016	405,442	1,033	0.25
2015	493,841	1,021	0.21
2014	568,496	959	0.17
2013	514,965	875	0.17
2012	460,952	824	0.18
2011	414,095	712	0.17
2010	369,062	607	0.16
2009	297,458	585	0.20

2018 Portfolio Distribution (Non-life)



Risks Experienced by Farmers



Current Market Situation



Nigeria Agricultural Insurance Corporation



Leadway Assurance Company Limited



Allco Insurance Plc.



Prestige Assurance Plc.



AXA Mansard Insurance Plc.



Royal Exchange Assurance Plc.



Industrial & General Insurance Plc.



Benefits in Uptake of Insurance

Government intervention in form of subsidy



Significant increase in premium income



Increased profitability

General increase in insurance contribution to GDP



Improved penetration drive and financial inclusion

Increased brand awareness



Portfolio diversification

Strategies for Improvement



Insurance sector should take advantage of the opportunities provided by the Agriculture sector.

01



Access point to purchase insurance should be improved upon

02



The insurance industry must create the needed awareness, product development and availability.

03



Partnership with relevant government agencies such as the CBN, NIRSAL and MDAs with respect to Agribusiness.

04



Strong collaboration with international bodies such as the World bank Group and the ILO

05



Bundling of insurance into other requirements of small scale farmers such as fertilisers could help reverse the trend.

06



The Federal/State Government should consider the increase of subsidy on premiums paid by these farmers to increase their level of production.

07

"BY 2030, THE SIZE OF THE FOOD AND AGRIC BUSINESS IN AFRICA WILL REACH \$1 TRILLION. SO, IF YOU ARE THINKING OF HOW TO MAKE MONEY, THAT IS THE SECTOR TO BE IN."

Dr. Akinwumi Adesina



Thank you

