National Insurance Authority (NIA)

ANUAL INSURANCE MARKET REPORT

MORE INFO
www.reallygreatsite.com

CALL US
+123-456-7890

2023

OVERVIEW OF NATIONAL INSURANCE AUTHORITY

Our Business

Who are we?

We are National Insurance Authority (NIA), a statutory government authority established under the National Insurance Act, Law No.92/2020. The authority is the supervisor and regulator of Somaliland insurance industry with the main objective of ensuring effective administration, supervision, and regulation of insurance business.

In addition to ensuring insurance companies to remain operationally sustainable and solvent, the authority safeguards the safety of consumers and foster high degree of security for policyholders. Moreover, the Authority carries out remarkable endeavors to develop the insurance industry.

Vision

» To be a model regulator enabling effective and affordable insurance service for all.

Mission

» To effectively regulate, supervise and create enabling environment for sustainable growth of the insurance industry in Somaliland for purpose of protecting insurance beneficiaries.

» Core Values

» Accountability: We practice caution in use of public resources entrusted to National Insurance Authority.

» Team Spirit: We work effectively with others across functional lines to achieve our objectives.

» Transparency: We stimulate plainness and candidness.

» Integrity: We serve our customers in non-aligned and professional way with the maximum ethical standards.

» Creativity: We believe in unceasing enhancements in the conduct of our duties.

EXECUTIVE CHAIRMAN MESSAGE

I am pleased to present you with the National Insurance Authority's annual market report for 2023. In this letter, I aim to highlight key developments and trends in our vibrant insurance sector, which is currently in its infancy yet poised for remarkable growth.

Enaction of the Insurance Companies Law One of the most significant milestones this year has been the enactment of the new Insurance Companies Law. This landmark legislation provides a robust regulatory framework, ensuring that our insurance companies operate with transparency, accountability, and sound governance. The law is designed to protect policyholders' interests while promoting fair competition among insurers. Its implementation marks a pivotal moment for our market, laying the groundwork for sustainable growth and innovation in the insurance industry.

Sector Growth and Potential Despite being in its early stages, our insurance sector is witnessing substantial growth. There is a palpable increase in public awareness regarding the importance of insurance, driven by various educational initiatives and outreach programs. As consumers begin to recognize the value of financial protection and risk management, we anticipate a surge in demand for a diverse array of insurance products. This growth presents vast opportunities for both new entrants and established companies to diversify their offerings and improve customer service.

The Role of the National Insurance Authority As the principal regulatory body, the National Insurance Authority plays a critical role in ensuring the sustainable development of the insurance sector. Our commitment to fostering an environment conducive to growth includes implementing best practices in regulation, promoting financial literacy, and enhancing the overall quality of services provided by insurers. We advocate for collaboration among industry stakeholders to share insights and drive processes that enhance customer confidence and market stability.

Partnership with Insurance Companies The companies operating within our jurisdiction are vital partners in realizing the potential of the insurance sector. Their innovation, dedication to consumer education, and commitment to ethical practices are essential for fostering a robust market. We encourage these companies to embrace technology and develop products tailored to the needs of our diverse population, making insurance more accessible and relevant.

In conclusion, the National Insurance Authority is enthusiastic about the path ahead. With the recent legislative advancements and the collective efforts of all stakeholders in the industry, we are confident in our ability to usher in a new era of growth and resilience in the insurance sector.

Thank you for your continued support and commitment to the advancement of our industry.

Guleed Musse Galaal,

Chairman of the National Insurance Authority.

DIRECTOR GENERAL'S MESSAGE

I am pleased to present the National Insurance Authority's Annual Market Report for the year 2023, highlighting key developments and trends in the insurance sector.

Gross Written Premiums: The gross written premium for the year 2023 reached an impressive $4.4 million USD, marking a significant increase from $3 million USD in 2022. This represents a robust annual growth rate of 44.18%, demonstrating the dynamic expansion of our insurance market.

It is worth noting that two key segments, Medical Insurance and Motor Insurance, have been pivotal in driving this growth, contributing significantly to the overall premium. Their importance cannot be understated, as they continue to provide essential coverage and peace of mind to our community.

Insurance Penetration Rate: The penetration rate of insurance within our economy has shown marked improvement, with a rise from 0.09% in 2022 to 0.16% in 2023. This upward trajectory indicates an increasing recognition of the value and necessity of insurance among consumer

I would like to extend my heartfelt gratitude to the dedicated staff of the National Insurance Authority. Your commitment to achieving our vision and mission has been instrumental in reaching these milestones, and I am proud to work alongside such a talented and passionate group of individuals.

Additionally, I would like to express my sincere appreciation to the technical team members below that prepared this Annual Market Report. Your expertise and hard work have ensured that we not only meet our reporting obligations but also provide valuable insights into our market's development.

Jawhar Abdirahman Abdisalam	Director of Department of Licensing, Regulatory & Compliance
Ahmed Abdi Kahin	Director of Department of Supervision & Insurance Development
Farah Ali Abdalla	Director of Planning, Policy & Strategic Information
Najah Yassin Ali	Supervision Officer- Department of Supervision & Insurance Development

Together, we can continue to foster a thriving insurance landscape that benefits all stakeholders.

Thank you for your continued effort and dedication.

Abdirahman Muse Abdi
Director General, Somaliland National Insurance Authority

ACRONYMS

CAGR	Compound Annual Growth Rate
GDP	Gross Domestic Product
MTP	Motor Third Party
USD	United States Dollar
NIA	National Insurance Authority
MOU	Memorandum of Understanding
ERP	Enterprise Resource Management

GLOSSARY OF TERMS USED

Insurance	Risk mitigation mechanism whereby an individual/ entity share the risk of financial loss with an insurance company.
Insurer	Company that contract to indemnify another in the event of loss or damage
Insured	Any person or entity legally entitled to receive the benefits of an insurance policy
Insurance Act	The Insurance Act No. 92/2020.
License	License issued under the Insurance Act.
Policyholders	A person in whose name the policy is issued.
Third Party	Anyone else who is involved in a loss event, which may or may not result in a claim. For example, in motor insurance a third party may be another vehicle owner, property owner, or persons.
Incurred claims	Total claims paid and outstanding in a given period.
Premium	Amount paid/payable by the insured, in return for the insurance cover provided by the insurer.
Gross Premium Income	Total premium before deducting outgoing reinsurance premium.
Insurance Penetration	Gross premium as a percentage of the GDP

PART ONE INTRODUCTION

1. Overview of Insurance Global Market

In 2022, the global economy showed growth with a 3.0% increase in gross domestic product (GDP), a significant improvement from the 6.3% decline reported in 2021. The total global direct premium written also saw a slight increase of 0.3% in 2022. However, the global long-term insurance premium decreased by 4.3% to USD 2.8 trillion, compared to a 4.5% decline in 2021. On the other hand, the general insurance premium grew by 3.8% in 2022 to USD 4.0 trillion. Overall, the total world insurance premium reached USD 6.88 trillion, representing 6.8% of the world's GDP and highlighting the crucial role of insurance in supporting the global economy (Source: Swiss Re Sigma 3/2023).

Table 3

The world's 20 largest insurance markets by nominal premium volumes, 2022 vs 2021

Table 3

The world's 20 largest insurance markets by nominal premium volumes, 2022 vs 2021

Rank	Market	Total premium volumes (USD bn)			Global market share	
		2022	2021	% change	2022	2021
1	US	2 960	2 725	8.6%	43.7%	40.3%
2	China	698	696	0.2%	10.3%	10.3%
3	UK	363	374	2.8%	5.4%	5.5%
4	Japan	338	398	15.1%	5.0%	5.9%
5	France	261	293	10.7%	3.9%	4.3%
6	Germany	242	272	11.3%	3.6%	4.0%
7	South Korea	183	193	5.3%	2.7%	2.9%
8	Canada	171	166	2.8%	2.5%	2.5%
9	Italy	160	192	16.5%	2.4%	2.8%
10	India	131	123	6.5%	1.9%	1.8%
11	Taiwan	86	113	23.8%	1.3%	1.7%
12	Netherlands	84	92	9.2%	1.2%	1.4%
13	Brazil	76	63	0.7%	1.1%	0.9%
14	Australia	72	72	0.7%	1.1%	1.1%
15	Hong Kong	69	73	5.6%	1.0%	1.1%
16	Spain	68	73	6.7%	1.0%	1.1%
17	Switzerland	56	58	3.2%	0.8%	0.9%
18	Sweden	54	59	8.5%	0.8%	0.9%
19	Singapore	47	45	3.9%	0.7%	0.7%
20	South Africa	46	50	7.9%	0.7%	0.7%
Top 20 markets		6 165	6 131	0.5%	91.0%	90.7%
World		6 782	6 765	0.3%		

Source: Swiss Re Institute

2. Insurance in Africa

According to Delloite 2023 report, following the pandemic, Africa is going through an economic rebound, but instability in the financial market is still there. A summary of the biggest insurance organizations' financial performance in 2022, in South Africa, for example, shows that the sector is strengthening, recuperating, and returning to pre-pandemic levels. Insurance companies in Ghana and East Africa follow this expanding pattern, striving to increase the profitability and efficiency of the industry.

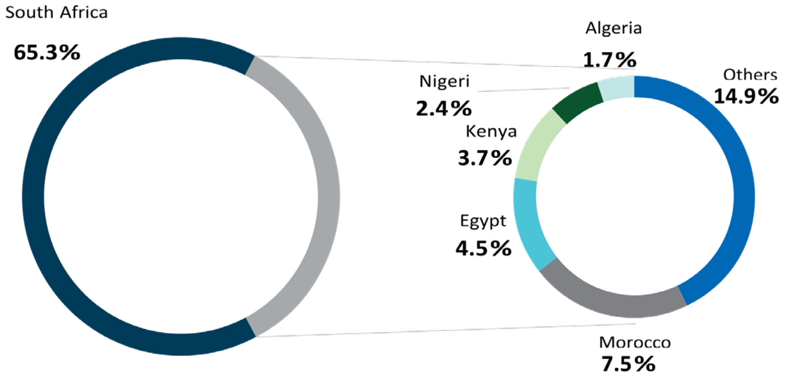
Aside from these encouraging advancements, the insurance sector in Africa is going through significant changes in response to laws, reporting requirements, and global developments. Insurance companies must stay up to date with these advancements while navigating macroeconomic and geopolitical obstacles, such as poor economic growth, rising prices, and the aftermath of the continuing Russia-Ukraine war. Anticipated risk-based capital (RBC) regime implementations are one change that insurers in Africa must deal with.

Africa's insurance premium totaled USD 70.17 billion, representing 1.0% of the global insurance premium. This marked a 2.6% decrease from the previous year, contrasting with a 6.1% increase in 2021. Long-term insurance premium in Africa fell by 4.2% to USD 46.90 billion, while general insurance premium grew by 1.2% to USD 23.26 billion, driven by economic recovery following the pandemic-induced recession in 2020. (Source: Swiss Re Sigma 3/2023)

Together, the top six insurance markets in Africa – South Africa, Morocco, Egypt, Kenya, Nigeria, and Algeria – were responsible for around 85% of the total insurance premiums written, which amounted to approximately USD 59.7 billion. By 2021, these markets accounted for 87% of the total insurance premiums written, totaling USD 64.4 billion.

South Africa saw a decrease in premium volume from USD 49.75 billion in 2021 to USD 45.83 billion in 2022, representing a decline of 7.9% nominally and 4.5% when adjusted for inflation. Morocco, the second-largest insurance market in Africa, held a global share of 0.1% and recorded premiums of USD 5.2 billion in 2022, slightly lower than the previous year. Egypt, the third largest insurance market in Africa, saw an increase in premium volume from USD 2.92 billion in 2021 to USD 3.18 billion in 2022, representing an 8.8% increase nominally or 5.1% when adjusted for inflation.

Africa's Insurance Sector in Figures



African Insurance Organization-Annual Report 2023

3. Insurance in Somaliland

Somaliland's insurance sector has made significant strides in recent years, with the number of insurance companies operating in the country now totaling seven. This increase in competition has led to the approval of the insurance companies bill, which aims to regulate and strengthen the industry.

One key development in the sector is the increasing level of awarness among the populace about the importance of insurance. As more people become aware of the benefits of insurance, there has been a growing interest in purchasing insurance products to protect themselves and their assets.

One notable change in the sector is the the road are covered in case of accidents, helping to protect both the drivers and other road users.

Furthermore, there is also growing international interest in Somaliland's insurance market, with foreign companies showing interest in investing in the sector. This international interest is seen as a positive sign of the potential for growth and development in the sector, as well as a recognition of the potential profitability of the market.

Overall, the insurance sector in Somaliland is experiencing positive growth and development, with key initiatives such as the approval of the insurance companies bill, mandatory motor insurance, and increasing awareness among the public contributing to the sector's progress. With international interest also on the rise, the future looks bright for the insurance industry in Somaliland.

No.	Insurance Companies
1.	Takaful Insurance
2.	Som-Takaful Insurance
3.	Horn of Africa Insurance
4.	Amanah Insurance
5.	Wadaag Insurance
6.	Ta'mini Insurance
7.	Kalkaal Insurance

PART TWO

1. Legal and Regulatory Frameworks

2. The National Insurance Authority Act

The National Insurance Authority Act 92/2020 establishes the scope, mandate, and objectives for the National Insurance Authority, which is tasked with regulating the insurance industry in order to protect the interests of policyholders and ensure the stability and growth of the insurance market. The Act outlines the Authority's responsibility to issue licenses to insurance companies, monitor their compliance with regulations, and investigate complaints and disputes between insurers and policyholders. The main objectives of the law are to promote transparency and accountability in the insurance sector, enhance consumer protection, and foster a competitive and efficient insurance market that contributes to the overall economic development of the country. By setting clear guidelines and standards for insurance companies to follow, the National Insurance Authority Act aims to ensure the sustainability and reliability of the insurance industry, ultimately benefitting both insurers and policyholders.

3. Legislation of the Insurance Companies Act

The Parliament has passed the Insurance Companies Act, which is set to have a significant impact on the insurance industry. This Act aims to regulate and streamline operations within insurance companies, ensuring transparency, accountability, and consumer protection.

The legislation also introduces new guidelines for capital requirements, risk management, and corporate governance, to enhance the stability and sustainability of the industry. By enforcing stricter regulations and standards, the Act aims to improve the overall trust and confidence in the insurance sector, leading to increased competition, innovation, and better services for consumers. This legislation will shape the industry by fostering a more ethical and efficient marketplace, ultimately benefiting both insurers and policyholders alike.

One of the key mandates of this act is the requirement for all motorists in Somaliland to have motor insurance coverage. This measure is crucial for ensuring that individuals are financially protected in the event of accidents or damages caused by vehicles.

4. Regulations and Circulars

4.1. Regulations

As an Authority, we understand that for the insurance sector to operate properly, regulation is an essential prerequisite to an important end. The sector must continue to be effective, adaptable, and responsive to new developments in order for the industry to prosper from a financially competitive global market.

The Insurance Companies Law and its supplementary Schedules and Regulations serve as the primary regulatory framework for the Somaliland insurance market. It is expected that these regulations will be followed, and this will be done through monitoring and inspections.

Regulations in the year under review from the National Insurance Authority included

» Draft of Compulsory Motor Vehicle Insurance Regulation.

» Draft of Medical Insurance Regulation.

» Draft of Insurance Intermediaries Licensing and Governance Regulation.

4.2. Compulsory Motor Vehicle Insurance Regulation

The Draft Mandatory Motor Third-Party (MTP) Vehicle Insurance Regulations was devised by the National Insurance Authority with expert guidance from insurance professionals. To put the third-party motor legislation into effect, the National Insurance Authority has worked with the Ministry of Transport and Roads Development and the Ministry of Finance Development.

4.3. Medical Insurance Regulation

The principal conclusions of the latest annual market study were that one of the main products provided by Somaliland's insurance companies was medical insurance. As a result, it has been determined that in order to support the market, safeguard people' rights and safety, and assure the supply of medical insurance services, it is imperative to close the regulatory gap and develop insurance medical regulation.

4.4. Insurance Intermediaries Licensing and Governance Regulation.

The regulation will assist those who need an intermediary license and, on the other hand, govern their operations. The objective is to make it easier to purchase and place insurance, as well as to offer consumers and insurance companies services that complement the insurance placing process.

4.5. Circulars

» Circular on the Enforcement of the Insurance Companies Act

» Circular on Licensing Requirements for Insurance Companies for the year 2023

» Circular on Licensing Requirements for Insurance Intermediaries for the year 2023

4.6. Strategic Plan of the National Insurance Authority

» The Authority is now conducting out its 2021–2025 Strategic Plan. The Authority evaluated its Strategic Plan throughout the year while taking supply-side, demand-side, legal, and regulatory considerations into account.

5. Sustainability and stability of the Insurance Industry

To guarantee that the industry will continue to be sustainable, the Authority has taken the following actions. These actions align with global best practices:

» Ensuring that all of the security deposits from the licensed insurance companies are placed in the banks.

» Presentation of new insurance products for approval to increase product safety.

» Encouraging Licensed Insurance Companies to use licensed local banks.

» Development of the draft of third part motor insurance regulation and Medical Insurance Regulation.

» Comparing results to those of other insurance regulators.

5.1. Advocating for Market Best Practices

As it carried out its duties in the insurance industry, the Authority continued to encourage good business practices. The Authority has continued to empower the public by carrying out consumer education initiatives across the country in order to protect consumer rights and interests.

5.2. The following actions have been taken by the Authority

» Increasing stakeholders' understanding of insurance and related issues and their capacity.

» The creation of the Insurance Fraud Investigation Section to address fraud in the insurance sector

6. Consumer Complaints Handling

The Authority received complaints concerning insurers during the reviewed year from both the public and policyholders. The authority has responded to concerns from medical service providers who claimed that insurance companies do not reimburse them on actual bases. The Consumer Protection Division of the National Insurance Authority handles complaints and supports policyholders. The majority of complaints made to the Authority were handled within the allotted time frames.

PART THREE

KEY DEVELOPMENT INITIATIVES

1. Enaction of the Insurance Companies Law 104/2023

The enaction of the Insurance Companies Law 104/2023 in October 2022 marked a significant milestone in the regulatory landscape of the insurance sector. This law introduced comprehensive reforms aimed at enhancing transparency, consumer protection, and financial stability within the industry.

Key provisions of the law include stricter capital requirements for insurers, enhanced risk management protocols, and more robust mechanisms for consumer grievance redressal. As a result, the enactment of Law 104/2023 is expected to contribute positively to market confidence among consumers and investors alike, ultimately driving growth within the industry and ensuring that it meets the evolving needs of its stakeholders.

2. Exposure visits to Lloyds of London

In the year under study, a noteworthy highlight was the recent exposure visit to Lloyds of London undertaken by the Chairman of the National Insurance Authority (NIA). This visit was aimed at fostering collaboration and acquiring insights into the global reinsurance landscape.

Throughout the visit, the Chairman engaged with stakeholders and senior executives within Lloyds, exploring innovative underwriting practices and risk management strategies that have positioned Lloyds as a leader in the insurance market.

The discussions also revolved around emerging market trends and the impact of technological advancements on insurance operations. By immersing in Lloyds' renowned marketplace, the Chairman was able to gain valuable perspectives that could inform regulatory frameworks and enhance the operational capabilities of the NIA.

This exposure not only underscores the NIA's commitment to bolstering the national insurance sector but also paves the way for potential partnerships that could strengthen the country's risk financing strategies in an increasingly complex and evolving global market.

3. Initiation of the Government Employee Medical Insurance Scheme

In 2023, the Ministry of Health Development, in collaboration with the National Insurance Authority and the Civil Service Commission, initiated the Government Employee Medical Insurance Scheme, marking a significant stride towards enhancing the healthcare benefits for civil servants. This comprehensive scheme was designed to provide robust health insurance coverage tailored to meet the diverse medical needs of government employees and their families. The scheme aims to alleviate the financial burden associated with medical expenses, thereby promoting better health outcomes and overall well-being among civil service personnel.

Through this initiative, the partnership seeks to streamline the process of healthcare accessibility, ensuring that employees can receive timely medical attention without fear of exorbitant costs. The implementation included extensive stakeholder engagement, allowing key players in the healthcare and insurance sectors to create a framework that is sustainable and effective. Furthermore, the scheme is anticipated to bolster employee morale and productivity while serving as a model for future health initiatives, thereby reflecting the government's commitment to investing in the health of its workforce as a priority for national development.

4. Licensing of Insurance Intermediaries

In the year 2023, Somaliland National Insurance Authority have intensified their focus on establishing rigorous licensing frameworks aimed at ensuring that intermediaries possess the requisite knowledge, experience, and ethical standards to operate effectively. This initiative has not only streamlined the entry of qualified professionals into the market but has also eliminated fraudulent practices that undermine consumer confidence.

Furthermore, the licensing process provides a mechanism for better monitoring and enforcement of industry standards, thereby facilitating a more transparent marketplace. As a result, consumers are increasingly empowered to make informed choices, while the overall professionalism of the insurance intermediary sector is expected to lead to improved service delivery and enhanced competition among licensed entities.

5. Exposure Visit to Malaysia

Somaliland National Insurance Authority's ongoing efforts to enhance its regulatory framework and improve the overall insurance landscape in Somaliland, an exposure visit to Malaysia was organized, facilitated by Al-Huda Centre for Islamic Banking and Economics (CIBE).

This visit aimed to provide National Insurance Authority practical insights into global best practices in the insurance sector, particularly in the realm of Islamic insurance (Takaful), which has seen significant growth in Malaysia. During the visit, delegates engaged with various Malaysian insurance companies, regulatory bodies, and industry experts, allowing them to observe innovative practices in risk management, product development, and customer engagement strategies.

6. Memorandum of Association between SLNIA and INCEIF in Malaysia

In a significant development for the insurance in Somaliland, the Somaliland National Insurance Authority (SNIA) has formalized a Memorandum of Understanding (MoU) with the International Centre for Education in Islamic Finance (INCEIF) in Malaysia. This strategic partnership aims to facilitate knowledge exchange and capacity building in the field of insurance, particularly focusing on the principles of Islamic finance, which are increasingly relevant in the region.

PART FOUR

1. INDUSTRY REGULATION AND SUPERVISION

Insurance regulation and supervision is carried out under the National Insurance Act, No.92/2020, with the main objective of sustaining the safety and soundness of insurance companies, protecting the interests of insurance beneficiaries and ensuring supply of high quality and transparent insurance services and products.

2. PRUDENTIAL SUPERVISION OF THE INDUSTRY

Insurance supervision in Somaliland is primarily overseen by the National Insurance Authority (NIA), which serves as the regulatory body responsible for ensuring the stability, reliability, and integrity of the insurance sector in the region. The NIA's role encompasses both onsite and offsite supervision of insurers operating within Somaliland.

3. ON-SITE INSPECTIONS

On-site inspections of insurance companies are among the core responsibilities of the Authority. These inspections are conducted to ensure that insurance companies adhere to financial regulations and provide accurate and transparent information about their operations.

During the year, the Authority conducted one on-site inspection, focusing on several insurance companies including Takaful Insurance of Africa, Ta'miini Insurance, Horn of Africa Insurance, Amanah Insurance, Kalkal Insurance, Wadaag Insurance, and Som-Takaful Insurance. Meetings were held with CEOs, senior management, and other key personnel to discuss their financial standings and business strategies. The inspection primarily aimed to evaluate whether these insurance providers comply with regulatory requirements and possess sufficient capital to withstand unforeseen financial disruptions.

The findings indicated that all insurers inspected are well-prepared to manage market fluctuations and continue to meet their business obligations to customers. The results of the inspection were communicated to the insurance companies, along with feedback on how they could improve their practices and policies to enha0nce overall business performance.

In conclusion, the insights gained from these inspections will inform future policy initiatives and contribute to the ongoing stability and growth of the insurance industry.

In conclusion, the insights gained from these inspections will inform future policy initiatives and contribute to ensuring that the insurance industry remains resilient and healthy.

4. INSPECTION HIGHLIGHT

The Insurance Annual Market Report 2023 presents a comprehensive overview of the industry's performance, emphasizing the rigorous inspection highlights conducted by the National Insurance Authority. This year's assessments have shown that all insurance companies operating within the jurisdiction have successfully met the established standards, reflecting the sector's commitment to regulatory compliance and customer protection. The diligent efforts of the National Insurance Authority not only reinforce the integrity of the market but also foster confidence among consumers, ensuring that they receive reliable and secure insurance products. As the market continues to evolve, these inspections play a crucial role in promoting transparency and accountability, ultimately contributing to the long-term stability of the insurance landscape.

PART FIVE

1. FINANCIAL PERFORMACE OF THE INDUSTRY

1.1. OVERALL PERFORMANCE

1.1.1. INSURANCE INDUSTRY PERFORMANCE

During the year under review the insurance market experienced significant growth. Growth premium written increased by 44%, rising from 3 million to 4.4 million. Outward reinsurance also saw a notable expansion, growing by $213 thousand to $270,980 thousand, representing an increase 27%.

The premium of the industry grew from 3 million to 4 million which represent an increase of 44% in the previous year review. This positive trend demonstrates a robust and improving market in Somaliland

1.1.2. POLICIES

The insurance industry experienced a positive increase in policy issuance during the year under review. Insurance service providers issued a total of 322 insurance policies in the year 2023: this

Represents an increase of 11% compared to the289 insurance policies underwritten in the previous year (2022).

1.1.3. INSURANCE INDICATORS

The market penetration insurance has risen from 0.09% in 2022 to 0.16% in the year under review. The increase in the insurance penetration rate represents a significant increase compared to previous year's penetration rate like 2020: 0.06, 2021: 0.07, 2022 :0.09, and 2023:0.16.

Table 5.1 overall performance of the industry

Industry performance	2022	2023	Annual change (2022-2023)
Policies	289	332	15%
Gross premium	3,092,332	4,462,808	44%
Reinsurance	213,519	270,890	27%
Net primium	2,884,741	2,986,947	3%
Penetration rate	0.09%	0.16%	77%

1.2. GROSS WRITTEN PREMIUM

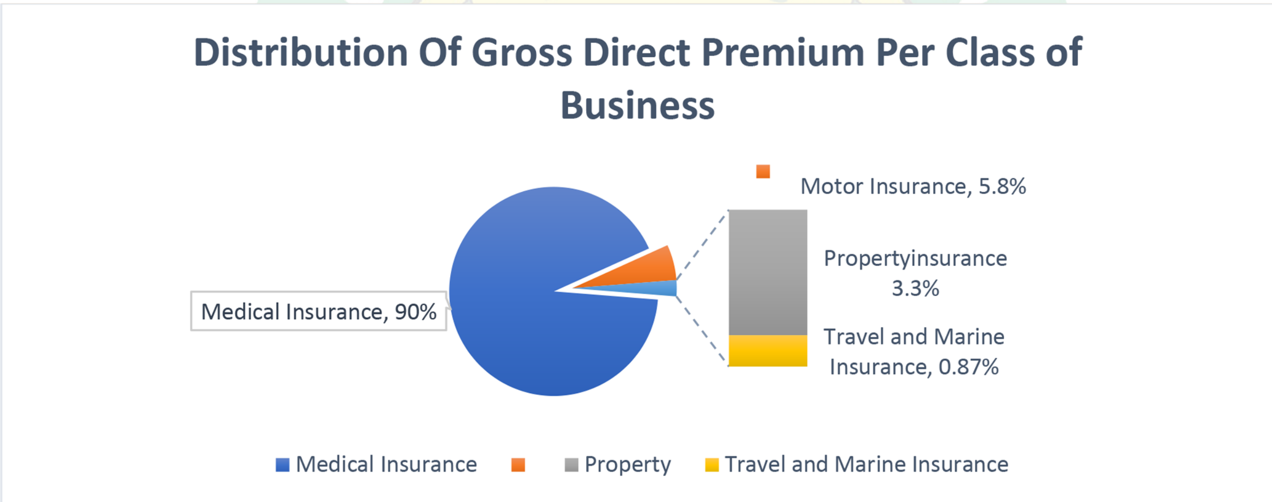
In 2023 the industry generated a significant growth gross written premium of 4.4 million, that representing a 44% increase from the 3 million recorded in 2022. The table below outlines the distribution of gross written premium per business class for both years 2022 and 2023.

Table 5.2 Distribution of gross written premium

Class of business	2022	2023	Annual change(2022/2023)
Motor	189,341	257,973	26.3%
Medical	2,866,775	4,018,576	40%
Property	18,500	147,700	689%
Marine	12,811	3,560	72%
Travel	4,301	34,999	312%
Total	3,092,332	4,462,808	44.3%

Medical and motor to be the biggest contributors to the gross written premium of the industry accounting for 95.8% of the total gross premium written by the insurance sector in the year 2023. The contribution of gross written premium per class of business is shown the figure below.

Table 5.2 Distribution of gross written premium



1.3. INCURRED CLAIMS

During the reporting year, the industry's incurred claims totaled $ 1.6 million, representing 22% an increase from the 1.3 million reported 2022. The table 5.3 provides a claim incurred per class of business for the year 2022-2023.

Table 5.3 claims incurred per class of business

Class of business	2022	2023	Annual change (20222-2023)
Motor	189,341	257,973	36%
Medical	2,867,379	4,018,576	40%
Property	18,500	147,700	698%
Marine	12,811	3,560	-72%
Travel	4,301	34,999	713%
Total	3,092,332	4,462,808	44.3%

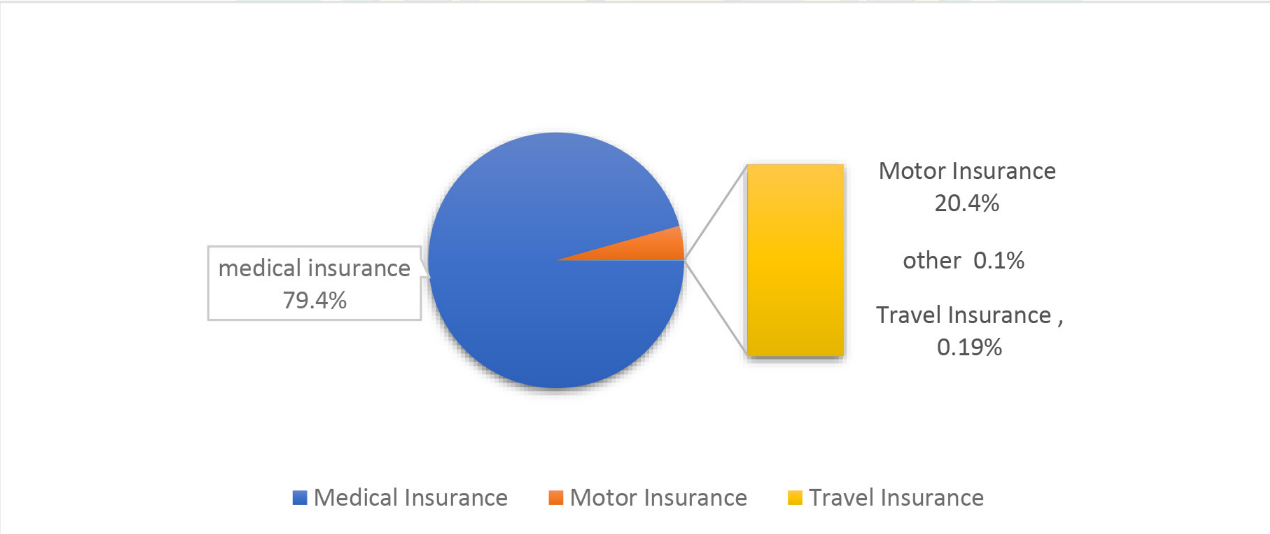
1.3.1. DISTRIBUTION OF INCURRED CLAIMS PER CLASS OF BUSINESS

Insurance lines whit the higher premium volumes such as, medical and motor insurance contributed the largest portion of incurred claims. In the revied year, medical insurance accounted for the highest incurred claims, totaling 1.3 million which representing 79.4% of the total incurred claims.

Motor insurance was the second highest class that contributing total of $332 thousand which representing 20.4% the total incurred claims.

Property and marine insurance incurred no claims during the reviewed year, contributing zero dollar to the total industry claims.

Figure 5.3 Distribution of incurred claims per class of business for the year 2023



5.4 USEFUL RATIONS

Useful Ratios			
Ratio	2022	2023	Global Standard
Retention Ratio	94%	67%	Undefined
Net Incurred Claim Ratio	69%	55%	50% to 70%
Commision Ratio	5%	10%	<=10%
Administration Expense Ratio	19%	11%	<=25%
Combined Ratio	93%	89%	<110%

NATIONAL INSURANCE AUTHORITY

أوْفُوا بالْعُقُود

HCQ NIA

SOMALILAND