



**National Insurance Commission Decree  
No 1 of 1997  
Laws of the Federation of Nigeria**

**Arrangement of Sections**

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## Schedule



### National Insurance Commission Decree No 1 of 1997 Laws of the Federation of Nigeria

10<sup>th</sup> January, 1997

The Federal Military Government hereby decrees as follows:-

#### Part I

#### Establishment, etc. of the National Insurance Commission and its Governing Board

1. (1) There is hereby established a body to be known as the National Insurance Commission (in this Decree referred to as "the Commission").
  - (2) The Commission shall be a body corporate with perpetual succession and a common seal and may sue and be sued in its corporate name.
  - (3) Subject to the Land Use Act and this Decree, the Commission may acquire, hold or dispose of any movable or immovable property for the purpose of its functions under this Decree.
2. (1) There is hereby established for the Commission a Governing Board which shall be responsible for managing and superintending the affairs of the Commission and consist of -
  - (a) a part-time Chairman;
  - (b) a representative each of -
    - (i) the Federal Ministry of Finance not below the rank of a Director,
    - (ii) the Central Bank of Nigeria not below the rank of a Director,
    - (iii) the Chartered Insurance Institute of Nigeria,
    - (iv) the Federal Ministry of Commerce and Tourism;
  - (c) three part-time members to represent the interest of the public;
  - (d) the Commissioner of Insurance; and
  - (h) the two Deputy Commissioners of the Commission.
  - (2) The Chairman and members of the Commission other than *ex-officio* members shall be appointed by the Head of State, Commander-in-Chief of the Armed Forces.
  - (3) No member of the Board shall have the right to appoint any proxy to represent him at a meeting of the Board.
  - (4) The supplementary provisions set out in the Schedule to this Decree shall have effect with respect to the proceedings of the Board and the other matters mentioned therein.
3. (1) A member of the Board appointed, otherwise than by office, shall hold office for a period of four years, and subject to the provisions of subsection (2) of this section, may be re-appointed for one further period of four years and no more.

- (2) A member of the Board, other than an *ex-officio* member, shall cease to be a member of the Board if -
  - (a) he resigns as a member of the Board by notice in writing under his hand addressed to the Head of State, Commander-in-Chief of the Armed Forces;
  - (b) the Head of State, Commander-in-Chief of the Armed Forces is satisfied that it is not in the interest of the Commission for the person appointed to continue in office and notifies the member in writing to that effect; or
  - (c) he is removed from office under section 4 of this Decree.
4. (1) If it appears to the Minister that the Chairman or any other member of the Board, other than an *ex-officio* member, should be removed from office on the grounds of misconduct or inability to perform the functions of his office, the Minister shall make a recommendation to the Head of State, Commander-in-Chief of the Armed Forces.
  - (2) If the Head of State, Commander-in-Chief of the Armed Forces approves the recommendation, the Minister shall, in writing, declare the office of the member vacant.
5. The Chairman and other members of the Board shall be paid such allowances and incidental expenses as may be approved by the Federal Government from time to time.

## **Part II**

### **Object, Functions and Powers**

6. The principal object of the Commission shall be to ensure the effective administration, supervision, regulation and control of insurance business in Nigeria.
7. The Commission shall -
  - (a) establish standards for the conduct of insurance business in Nigeria;
  - (b) approve rates of insurance premiums to be paid in respect of all classes of insurance business;
  - (c) approve rates of commissions to be paid in respect of all classes of insurance business;
  - (d) ensure adequate protection of strategic Government assets and other properties;
  - (e) regulate transactions between insurers and reinsurers in Nigeria and those outside Nigeria;
  - (f) act as adviser to the Federal Government on all insurance related matters;
  - (g) approve standards, conditions and warranties applicable to all classes of insurance business;
  - (h) protect insurance policy- holders and beneficiaries and third parties to insurance contracts;
  - (i) publish, for sale and distribution to the public, annual reports and statistics on the insurance industry;
  - (j) liaise with and advise Federal Ministries, Extra Ministerial Departments, statutory bodies and other Government agencies on all matters relating to insurance contained in any technical agreements to which Nigeria is a signatory;
  - (k) contribute to the educational programmes of the Chartered Insurance Institute of Nigeria and the West African Insurance Institute; and
  - (l) carry out such other activities connected or incidental to its other functions under this Decree.
8. The Commission shall have power to -
  - (a) establish a *bureau* to which complaints, against any insurer, reinsurer, insurance broker or loss adjuster (in this Decree referred to as "insurance institution") may be submitted by members of the public;
  - (b) requests or call for information from Federal Ministries, Extra-Ministerial Departments, statutory bodies and other Government agencies on matters relating to insurance;
  - (c) borrow such sums of money as the Commission may, from time to time, require for performing its functions under this Decree;
  - (d) acquire offices and other premises for the use of the Commission;

- (e) establish such zonal and other offices of the Commission as it may deem necessary for the proper performance of its functions under this Decree; and
  - (f) do such other things as are necessary for the successful performance of its functions under this Decree.
9. The Board shall have power -

- (a) to manage and supervise the affairs of the Commission;
- (b) for the overall policy and general administration of the Commission and act in the name of the Commission;
- (c) to recommend to the Minister, from time to time, the rates of contributions to be made by insurance institutions to the funds of the Commission; and
- (d) to do such other things and enter into such transactions which in its opinion are necessary to ensure the efficient performance of its functions under this Decree or any other enactment.

**Part III**  
**Staff of the commission**

10. (1) There shall be for the Commission a Commissioner of Insurance (in this Decree referred to as "the Commissioner") who shall be appointed by the Head of State, Commander-in-Chief of the Armed Forces.

(2) A person shall not be qualified for appointment as the Commissioner unless he has -

- (a) a recognized professional qualification in insurance or related course;
- (b) not less than 15 years post qualification experience in the insurance industry.

(3) The Commissioner shall -

- (a) be the chief executive of the Commission; and
- (b) be responsible for -
  - (i) the execution of the policies of the Commission as formulated by the Board,
  - (ii) the day-to-day administration of the Commission; and
- (c) hold office for a period of 4 years in the first instance and may be re-appointed for a further period of 4 years and no more, and on such other terms and conditions, including emoluments and allowances, as may be specified in his letter of appointment.

11. (1) There shall be for the Commission -

- (a) a Deputy Commissioner of Technical Operations; and
- (b) a Deputy Commissioner of Finance and Administration, each of whom shall be appointed by the Head of State, Commander-in-Chief of the Armed Forces on the recommendation of the Minister.

(2) A person shall not be qualified for appointment -

- (a) as a Deputy Commissioner of Technical Operations unless he has -
  - (i) a recognized professional qualification in insurance or related course,
  - (ii) not less than 12 years post-qualification experience in the insurance industry, and
  - (iii) spent the last 7 years of the 12 years referred to in sub-paragraph (ii) of this paragraph at senior management level; or
- (b) as a Deputy Commissioner of Finance and Administration unless he has -
  - (i) a recognized professional qualification in finance, accounting or administration;
  - (ii) not less than 12 years post qualification experience in finance management and administration;

- (iii) spent the last 7 years of the 12 years referred to sub-paragraph (ii) of this paragraph at a senior management level.
  - (3) The Deputy Commissioner of Technical Operations shall -
    - (a) be responsible to the Commissioner for the day-to-day administration and coordination of all the technical operations of the Commission; and
    - (b) perform such other duties as the Commissioner or the Board may, from time to time, assign to him.
  - (4) The Deputy Commissioner of Finance and Administration shall -
    - (a) be responsible to the Commissioner for the day-to-day control of the financial affairs and administration of the Commission; and
    - (b) perform such other functions as the Commissioner or the Board may, from time to time, assign to him.
  - (5) A Deputy Commissioner appointed under subsection (1)(a) or (b) of this section shall hold office for a period of 5 years in the first instance, and may be re-appointed for a further period of 5 years and no more and on such terms and conditions, including emolument and allowances, as may be specified in his letter of appointment.
  - (6) When the office of the Commissioner is vacant or the Commissioner is for any reason absent or otherwise unable to perform his functions as Commissioner, the Minister shall appoint any of the two Deputy Commissioners to act as the Commissioner.
  - (7) A Deputy Commissioner acting on behalf of the Commissioner under subsection (6) of this section shall perform all the functions and have all the rights and privileges of the Commissioner.
- 12.** The Commissioner or a Deputy Commissioner shall cease to hold office in the Commission if he -
- (a) becomes of unsound mind or, owing to ill health, is incapable of carrying out his duties; or
  - (b) is convicted of any offence involving dishonesty or any other offence the maximum penalty of which exceeds imprisonment for a term of 6 months; or
  - (c) is guilty of a serious misconduct in relation to his duties under this Decree; or
  - (d) is disqualified or suspended from practising his profession in Nigeria by order of a competent authority made in respect of him personally; or
  - (e) becomes bankrupt or suspends payments or compounds with his creditors.
- 13.** The Commissioner and Deputy Commissioners shall be full time Commissioner and shall, while holding office in the Commission, not occupy or hold any other office or engage in any employment whether remunerated or not, but the Commissioner or Deputy Commissioners may, by virtue of their office, be appointed, with the approval of the Board to -
- (a) act as member of any body established by the Federal Government to inquire into any matter affecting insurance or other related matters in Nigeria; or
  - (b) become a member of a body (whether corporate or unincorporate), by whatever name called, of any international insurance organisation or institution in which the Federal Government has interest or has given support or approval;
  - (c) become a Director of any corporation in Nigeria in which the Commission may participate.
- 14.** (1) Subject to sections 10 and 11 of this Decree, the Board shall, from time to time, appoint for the Commission such number of Directors and other employees as may appear to it expedient and necessary for the proper and efficient performance of the functions conferred on the Commission under this Decree.
- (2) The Commission shall pay its employees such remuneration and allowances, pensions and gratuities and other benefits as it may, with the approval of the Minister, determine.
- 15.** (1) The Commission may, with the approval of the Minister, make rules relating generally to the conditions of service of employees of the Commission, and without prejudice to the generality of the foregoing, the rules may provide for -

- (a) the appointment and disciplinary control of all employees of the Commission; and
  - (b) appeals by the employees against dismissal or other disciplinary measures.
- (2) Rules made under subsection (1) of this section need not be published in the *Gazette* but the Commission shall cause them to be brought to the notice of all affected persons in such manner as it may, from time to time, determine.

#### **Part IV** **Financial Provisions**

- 16. (1)** The resources of the Commission shall comprise -
- (a) such sums of money as the Federal Government may, from time to time, to assign to it.
  - (b) one *per cent* levy on every insurance institution;
  - (c) income from investments of the Commission;
  - (d) money borrowed from such sources as may be approved by the Board;
  - (e) fees and penalties payable by insurance institutions and other persons; and
  - (f) all sums of money accruing to the Commission by way of gifts, testamentary dispositions and endowments and contributions from any other source whatsoever.
- (2) The levy imposed under subsection (1) (b) of this section shall be based -
- (a) in the case of an insurer or a reinsurer, on its gross premium income;
  - (b) in the case of an insurance broker, on its gross commission;
  - (c) in the case of a loss adjuster, on its gross fees.
- (3) Every sum payable by any insurer, reinsurer, insurance broker or loss adjuster under this Decree shall be payable on or before the 30th September of each year.
- 17. (1)** The Commission shall establish and maintain the following funds, that is -
- (a) an operating fund;
  - (b) an education fund;
  - (c) a security and insurance development fund; and
  - (d) a general reserve fund.
- (2) The sums of money derived from the resources of the Commission under section 16 of this Decree shall be paid into the funds established in pursuance of subsection (1) of this section as follows, that is -
- (a) in the case of the operating fund, 50 *per cent*;
  - (b) in the case of the education fund, 30 *per cent*;
  - (c) in the case of the security and insurance development fund, 20 *per cent*;
  - (d) in the case of the general reserve fund, the net operation surplus in the operating fund at the end of each year.
- 18.** The Commission shall, from time to time, apply the proceeds of the operating fund established in pursuance of subsection (1)(a) of section 17 of this Decree -
- (a) to the cost of administration of the Commission;
  - (b) for reimbursing members of the Board or of any committees set up by the Board for such expenses as may be expressly authorised by the Board in accordance with the rates approved by the Minister;
  - (c) to the payment of salaries, fees or other remuneration, allowances, pensions and gratuities payable to the employees of the Commission; and

- (d) for the maintenance of any property vested in the Commission.
19. The Commission shall apply the proceeds of the education fund established in pursuance of subsection (1)(b) of section 17 of this Decree as contribution to -
- (a) the Chartered Insurance Institute of Nigeria;
  - (b) the West African Insurance Institute;
  - (c) such other insurance educational institutions as the Board may, from time to time, determine, to assist the institutions in the education of professionals required for the insurance industry.
20. The Commission shall apply the proceeds of the security and development fund established in pursuance of subsection (1)(c) of section 17 of this Decree to assist in the development of the insurance industry in Nigeria.
21. (1) The general reserve fund which contains the net operational surplus in the operating fund at the end of every year shall be applied to such purposes and invested in such manner as the Board may, from time to time, determine.
- (2) The net operational surplus in the operating fund at the end of each year shall be determined after meeting all the current expenditure for that year and after making such provisions as the Board may deem fit for the depreciation and superannuation funds and all other contingencies.
22. (1) The Commission may, within and outside Nigeria, accept gifts of land, money or other property or things upon such terms and conditions, if any, as may be specified by the person or organisation making the gift.
- (2) The Commission shall not accept any gift if the conditions attached by the person or organisation making the gift to the acceptance thereof are inconsistent with the aims and objectives of the Commission under this Decree.
23. (1) The Commission shall cause to be prepared and submitted to the Board, not later than 3 months to the end of the year or soon thereafter, an estimate of the expenditure and income of the Commission during the next succeeding year.
- (2) The Board shall cause to be kept proper accounts and proper records in relation thereto and when certified by the Board, such accounts shall be audited by auditors appointed from the list and in accordance with the guidelines supplied by the Auditor-General of the Federation.
24. The Board shall not later than 30th September in each year submit to the Minister a report on the activities of the Commission and its administration during the immediately preceding year and shall include in such report the audited accounts of the Commission and the auditors report thereon.

**Part V**  
**Collection of Levy from Insurers, etc.**

25. Any insurance institution which is liable to pay a levy under this Decree shall furnish to the Commission not later than 31st March of each year return in such form as may be approved by the Commission and containing such particulars as are specified therein.
26. (1) In addition to any return which is required under section 25 of this Decree, the Commission may, with the approval of the Minister, by notice in writing, call upon any insurance institution to furnish to it within a time specified in the notice, such return or further returns as the Commission may require.
- (2) For the purpose of inquiring into or ascertaining the liability of an insurance institution under this Decree, the Commission may, by notice in writing, require the insurance institution to -
- (a) furnish it with such information as it may require; or
  - (b) attend and give evidence before it or before an officer authorised by it for that purpose; or
  - (c) produce any book of account, documents and other papers relating thereto in the custody or under the control of an insurance institution or any person under its supervision or control.
27. (1) The Commission shall at the beginning of each year assess and furnish to the insurance institution, the sum payable as contribution to the Commission for the year.
- (2) An assessment made pursuant to subsection (1) of this section may be confirmed, varied or modified by the Commission, upon being shown a balance sheet duly audited showing the financial position of the insurance institution for the close of the previous year.



28. (1) An insurance institution aggrieved by an assessment or a decision made by the Commission pursuant to section 27 of this Decree may appeal to the Minister within 28 days of his receiving the notification of assessment.
- (2) The decision of the Minister on an appeal under subsection (1) of this section shall be final and binding and shall not be the subject of any action or proceeding in any court or tribunal.
29. (1) Any sum payable under this Decree or any installment thereof unpaid, including any additional sum, may be sued for and recovered in a court by the Commission or by any officer authorised in that behalf by the Commission.
- (2) Where an insurance institution is liable to pay any sum of money or installment under this Decree and fails to pay the sum payable on or before the date on which the sum is due and payable, the insurance institution shall, in addition to the inability to pay the sum or installment, be liable to pay an additional sum at the rate of  $2\frac{1}{2}$  per centum above the Central Bank of Nigeria minimum discount rate.
- (3) The additional sum or installment payable under subsection (2) of this section shall be computed from the date on which the sum became due and payable.
- (4) Any sum or additional sum payable under this Decree shall be deemed to become due and payable as a debt due to the Commission and may be recovered pursuant to this section.
- (5) Failure by an insurance institution to pay any sum or additional sum due under this Decree shall constitute a ground for the cancellation of its certificate of registration under the Insurance Decree 1997.
- (6) For the purposes of implementation of the provisions of subsection (5) of this section the Commission may exercise its powers thereof without recourse to the provisions of subsection (1) of this section.
30. (1) Notwithstanding any other provisions of this Decree or any other enactment, an insurance institution which -
- (a) for the purpose of avoiding payment of any sum due under this Decree knowingly makes any false statement, declaration, representation, or produces, furnishes or causes to be produced or furnished any return document information which is false in any material particular; or
- (b) fails to pay to the Commission within such period as may be prescribed any sum due under this Decree; or
- (c) fails to make any returns, as the case may be,
- is guilty of an offence under this Decree and liable on conviction to a fine not exceeding 500,000.
- (2) The court before which an insurance institution is convicted of an offence under this Decree may, without prejudice to any civil remedy, order the insurance institution to pay to the Commission any sum together with any interest or penalty thereon certified to be due from the insurance institution to the Commission at the date of conviction and such amount may be recovered in the same manner as a fine and paid to the Commission.

## **Part VI** **Supervision**

### **Inspection**

31. (1) There is hereby established for the Commission an Inspectorate Department which shall be responsible for carrying out the supervisory functions of the Commission in respect of insurance institutions and shall for that purpose -
- (a) not less than once in every 2 years, authorize an inspection, examination or investigation of every insurance institution for the purpose of satisfying the Commission as to whether or not the provisions of this Decree or the Insurance Decree 1997 or any regulations made thereunder are being complied with;
- (b) may, without prejudice to the provisions of paragraph (a) of this subsection; at any time, authorize one or more inspectors or other officers, to inspect, examine or investigate any aspect of the insurance institution's business; and
- (c) with reference to the inspection to be carried out under paragraph (b) of this subsection, the Commission shall submit to the Minister a half yearly report on the activities of the Inspectorate Department.
- (2) The Inspectorate Department shall -
- (a) be headed by a Chief Inspector of Insurance whose status shall be of the rank of a Director;

- (b) have such number of other officers, to be known as inspectors as may be necessary and expedient, to assist the Chief Inspector of Insurance in the performance of the functions of the Department under this Decree.
- 32. (1) An inspector shall, in the performance of his duties under this Decree -
  - (a) inspect, examine or investigate in accordance with subsection (1) of section 31 of this Decree and under conditions of confidentiality, the books and affairs of an insurance institution;
  - (b) have a right of access at all times to the books, accounts, documents and vouchers of an insurance institution;
  - (c) intervene in the checking of the cash in hand, cash accounts and otherwise verify the liquid and other assets of the insurance institution;
  - (d) check all the main and auxiliary books of accounts, registers, computer records and other papers and correspondence connected with the insurance institution's business;
  - (e) verify the investment of the capital and statutory reserves of the insurance institution;
  - (f) verify the legality or otherwise of any insurance business transacted by the insurance institution;
  - (g) have the power to require from any director, manager and officer of an insurance institution such information and explanation as he may deem necessary in each case.
- (2) In exercising the powers under subsection (1) of this section, an inspector shall exercise reasonable care to avoid undue hindrance to the day-to-day activities of an insurance institution.
- 33. (1) It shall be the duty of every insurance institution to produce and give an inspector such book, account, document, voucher, information and explanation as the inspector may require for the purposes of section 32 of this Decree.
- (2) An insurance institution which -
  - (a) wilfully refuses to -
    - (i) produce any book, account, document or voucher, or
    - (ii) give any information or explanation required by an inspector; or
  - (b) negligently, wilfully or with intent to defraud -
    - (i) produces any book, account, document or voucher, or
    - (ii) gives any information or explanation, which is false in any material particular, is guilty of an offence.
- (3) An insurance institution which is guilty of an offence under subsection (2) of this section is liable on conviction to a fine of 250,000 and in the case of a continuous offence, to an additional fine of 1,000 for each day during which the offence continues.
- 34. (1) An inspector shall, on completing a routine inspection under section 32 of this Decree, make a report of the inspection to the Commissioner.
- (2) The Commissioner shall -
  - (a) submit every report made to him under subsection (1) of this section to the Board for consideration; and
  - (b) forward a copy of the report, together with any recommendation by the Board, to the insurance institution concerned with instruction that it be placed before a meeting of the Board of directors or of the partners specially convened for the purpose of considering the report and recommendation.
- (3) The insurance institution shall within 14 days of receiving the report under subsection (2) of this section forward to the Commission, the Board of director's or partners reactions to the report and its proposals for implementing the recommendations of the Board.
- (4) An insurance institution which fails to comply with the provisions of subsection (3) of this section is guilty of an offence and liable on conviction to a fine of 2,500 for each day during which the offence continues and if the offence continues for more than 60 days, the Commission may, in addition to the fine suspend the registration of the insurance institution.

35. (1) The Commissioner may, at any time with the approval of the Board, order a special inspection or investigation of the books and affairs of an insurance institution where he suspects, or is satisfied that -
- (a) it is in the public interest so to do; or
  - (b) the insurance institution has been carrying on its business in a manner detrimental to the interest of its policy holders; or
  - (c) the insurance institution does not have sufficient assets to cover its liabilities to the insuring public and it is necessary to do so; or
  - (d) the insurance institution has been contravening the provisions of the Decree or the Insurance Decree 1997; or
  - (e) an application is made therefor by -
    - (i) a director, shareholder or partner of the insurance institution,
    - (ii) a policy-holder of the insurance institution.
- (2) For the purpose of subsection (1) of this section, the Commission shall have power to appoint one or more qualified persons, other than the officers of the Commission to conduct the special inspection or investigation, under conditions of confidentiality, of the books and affairs of the insurance institution.
- (3) Nothing in this section or in any other section of this Decree shall be construed as precluding the Commission from appointing one or more officers of the Commission apart from those mentioned in subsection (2) of this section and ascribing to those officers such other designations as it deem fit, and from directing or requiring all or any of the officers to exercise all or any of the powers conferred on the Inspectorate Department.
- (4) An inspector shall not later than 30 days after completing an inspection or investigation under this section submit a report to the Commissioner.
- (5) The provisions of section 34 of this Decree shall apply to a report submitted under subsection (4) of this section.
- (6) An insurance institution which fails to comply with the provisions of section 34 of this Decree in respect of a report submitted under subsection (4) of this section is guilty of an offence and liable on conviction to a fine of 1,000 for each day during which the offence continues and if the offence continues for more than 60 days, the Commission shall in addition suspend the certificate of registration of the insurance institution.
- (7) In this section -
- (a) "inspector" includes a person appointed under subsection (2) of this section;
  - (b) an inspector carrying out an inspection or investigation has the same powers as are conferred on an inspector under section 32 of this Decree.

#### **Actuarial Investigation**

36. The Commission shall appoint actuaries or secure the services of actuarial consultants to advise and assist the Commission on all actuarial matters relating to the relevant insurance institutions under this Decree.
- (2) An actuary appointed or secured under subsection (1) of this section shall in every 5 years make an investigation into the financial condition of insurance institutions.
  - (3) The value of any asset and the amount of any liability shall, for the purposes of an investigation under subsection (2) of this section, be determined in accordance with the applicable valuation regulations.
  - (4) The report of every investigation made under this section shall be made to the Commissioner.

#### **Intervention**

37. The Commission may exercise the powers of intervention specified in sections 38, 39, 40 and 41 of this Decree if-
- (a) it considers the exercise desirable for protecting policy holders or potential policy holders of an insurance institution against the risk that the insurance institution may be unable to meet its liabilities or fulfill the reasonable expectations of policy-holders or potential policy holders; or
  - (b) it appears to the Commission that the insurance institution has failed to satisfy an obligation to which it is subject by virtue of this Decree; or

- (c) it appears to the Commission that the insurance institution has furnished misleading or inaccurate information to the Commission under this Decree or the Insurance Decree 1997; or
  - (d) there exists such other condition or circumstance, as the Commission may determine, which makes it necessary for the Commission to exercise any of those powers.
- 38. (1)** The Commission may require an insurance institution-
- (a) not to make investments of a specified class or description;
  - (b) to realize, before the expiration of a specified period or such longer period as the Commission may allow, the whole or a specified proportion of investments of a specified class or description.
- (2) A requirement under subsection (1) of this section shall not apply to the assets of an insurance institution where their value exceeds the amount of the liabilities of the business carried on by the insurance institution.
- 39. (1)** Without prejudice to the power of inspection under this Decree, the Commission may at any time -
- (a) require an insurance institution to furnish it with information about such matters as it may specify; or
  - (b) require an insurance institution to produce, at such time and place as it may specify, such books and papers as it may specify.
- (2) The power conferred on the Commission under subsection (1) of this section to require an insurance institution to produce books and papers includes power -
- (a) if the books and papers are produced -
    - (i) to take copies of or extracts from them;
    - (b) to require a person who is or was at any time, a director, partner, controller, auditor or employee of the insurance institution, to provide an explanation of any of them;
    - (c) if the books or papers are not produced, to require the person who was required to produce them, to state to the best of his knowledge and belief where they are.
  - (3) In this section, "books or papers" includes accounts, deeds, writings and other documents.
- 40.** The Commission may require an insurance institution to take such action as appears to it to be appropriate for the purpose of protecting policy-holders or potential policy -holders of an insurance institution against the risk that the insurance institution may be unable to meet its liabilities or fulfill the reasonable expectation of policy holders or potential policy- holders.

**Part VII**  
**Failing and Failed Insurers, etc.**

- 41. (1)** Where -
- (a) an insurance institution informs the Commission that -
    - (i) it is likely to become unable to meet its obligations under the Insurance Decree 1997, or
    - (ii) it is about to suspend payment of claims to any extent, or
    - (iii) it is insolvent; or
  - (b) where, after an examination, inspection, investigation or intervention under this Decree or otherwise howsoever, the Commission is satisfied that an insurance institution -
    - (i) is of an unsound condition so that its method of transacting its business is such as to render its continued operation hazardous to its policy-holders and potential clients, or
    - (ii) has failed to maintain the statutory reserves, or
    - (iii) has failed to maintain adequate management control; or

- (iv) has failed generally to comply with the provisions of this Decree or the Insurance Decree 1997 or of regulations made thereunder;

the Commission may by order in writing exercise any one or more of the powers specified in subsection (2) of this section.

(2) The Commission may by order in writing under subsection (1) of this section -

- (a) prohibit the insurance institution from transacting any further business for such period as may be set out in the order, and make the prohibition subject to such exceptions, and impose such conditions in relation to the explanations as may be set out in the order, and from time to time, by further order similarly made, extend that period;
- (b) require the insurance institution to take any step or any action or to do or not to do any act or thing whatsoever, in relation to the insurance institution or its business or its directors, partners or officers which the Commission consider necessary and which is set out in the order, within such time as may be stipulated therein;
- (c) remove for reasons to be recorded in writing, with effect from such date as may be set out in the order, any manager or officer of the insurance institution, notwithstanding anything in any written law, or any limitations contained in the Memorandum and Articles of Association or partnership agreement of the insurance institution;
- (d) in respect of an insurance institution, notwithstanding anything in any written law or any limitations contained in the Memorandum and Articles of Association or other agreement of the insurance institution and in particular, notwithstanding any limitation therein as to the minimum number of directors, for reasons to be recorded in writing -
  - (i) remove from office, with effect from such date as may be set out in the order, any director of the insurance institution, or
  - (ii) appoint any person or persons as a director or directors, of the insurance institution and provide in the order for the person or persons so appointed to be paid by the insurance institution such remuneration as may be set out in the order;
- (e) appoint any person to advise the insurance institution in relation to the proper conduct of its business, and provide in the order for the person so appointed to be paid by the insurance institution such remuneration as may be set out in the order.
- (f) all appointments and removals to be undertaken by the Commission under this section shall be subject to the prior approval of the Minister.

42. (1) If, after exercising any of the powers set out in section 41 of this Decree as in the opinion of the Commission may be appropriate in the circumstance, the state of affairs of the insurance institution concerned does not improve significantly, the Commission may, with the approval of the Minister -

- (a) assume control of the whole property and affairs of the insurance institution, and carry on the whole of its business and affairs; or
- (b) assume control of such part of its property, business and affairs as the Commission considers necessary; or
- (c) appoint persons to do so on behalf of the Commission.

(2) Where the Commission or an appointed person has assumed control of the business of an insurance institution in pursuance of subsection (1) of this section, the insurance institution shall submit its business to the control of the Commission and shall provide the Commission or the appointed person with such facilities as the Commission or the appointed person may require to carry on the business of the insurance institution and notwithstanding the provisions of this section, all insurance institutions shall co-operate with the Commission at all times.

(3) An insurance institution which fails to comply with the provisions of subsection (2) of this section or with any requirement of the Commission or any appointed person under subsection (1) of this section, is guilty of an offence and liable on conviction to a fine of 500,000 and, in addition, to a fine not exceeding 5,000 for each day during which the default continues.

(4) The insurance institution may however within 30 days from the date in which the Commission shall have taken over the operation of the insurance institution lodge an appeal through the Director-General to the Minister whose decision on the appeal shall be final.

43. (1) Where the Commission or an appointed person has assumed control of the business of the insurance institution in pursuance of section 42 of this Decree, the Commission or the appointed person shall remain in control and continue to carry on the business of the insurance institution in the name and on behalf of the insurance institution until such time as -
- (a) the Commission is satisfied that adequate provision has been made for the settlement of all outstanding liabilities;
  - (b) in the opinion of the Commission, it is no longer necessary for the Commission to remain in control of the business of the insurance institution.
- (2) The cost and expenses of the Commission or the remuneration of an appointed person, as the case may be, shall be payable from the funds and properties of the insurance institution as a first charge on the funds of the insurance institution.
44. Notwithstanding, anything contained in any law or Memorandum and Articles of Association or other agreement of the insurance institution, where the Commission or an appointed person has, pursuant to an order under section 42 of this Decree, assumed control of an insurance institution whose paid-up capital is lost or unrepresented by available assets, the Commission may, with the approval of the Minister, apply to the Head of State, Commander-in-Chief of the Armed Forces for the revocation of the licence of the insurance institution concerned.
45. (1) No order under section 42 or 43 of this Decree shall be made unless -
- (a) the insurance institution in respect of which the order is to be made; and
  - (b) in the case of an order under paragraph (c) or (d) of subsection (2) of section 41 of this Decree, the director, manager or officer who is to be removed from office,  
  
has been given a reasonable opportunity of making representations against or otherwise in respect of the proposed order.
- (2) The Commission shall not make an order under subsection (1) of this section if in its opinion any delay would be detrimental to the interest of the insurance institution, policy-holders, creditors or the public generally.
- (3) An order made in consequence of a representation may either be confirmed, modified, altered, varied or replaced by the Minister.
46. (1) Where the Commission makes an order revoking the certificate of registration of an insurance institution and requiring the business of the insurance institution to be wound up, the insurance institution shall within 14 days of the date of the order, apply to the Court for an order winding up the affairs of the insurance institution and the Court shall hear the application in priority to all other matters.
- (2) If, the insurance institution fails to apply to the Court within the period specified in subsection (1) of this section, the Commission may apply to the court for the winding up of the insurance institution.
47. Subject to the approval of the Minister, the Commission shall have power, notwithstanding the provisions of sections 44, 45 or 46 of this Decree, to direct that -
- (a) a failing insurance institution shall merge or consolidate with any other insurance institution, subject to such conditions as it may deem fit to impose;
  - (b) an insurance institution merged or consolidated with a failing insurance institution shall settle the financial liabilities of the failing insurance institution;
  - (c) any asset of the failing insurance institution shall be transferred to and be vested in the insurance institution concerned with the merger or consolidation.
48. Without prejudice to such actions as the Commission may undertake in order to deal with a failing or failed insurer as set out under the provisions of Part VII of this Decree, the Commission may in such circumstance as it deems appropriate, with the prior approval of the Minister, refer such failing or failed insurer and any persons connected therewith to be prosecuted under the Failed Banks (Recovery of Debts) and Financial Malpractices in Banks Decree 1994, as amended.

- 49. (1)** In addition to any of its powers under this Decree, the Commission may -
- (a) require any person having access thereto, at all reasonable times, to supply, in such forms as the Commission may, from time to time, direct information relating to or touching or concerning matters affecting the insurance industry in Nigeria; and
  - (b) issue guidelines to insurance institutions.
- (2) The Commission shall take account of matters of confidential nature supplied to the Commission under this section, but where the Commission is satisfied that it is in the national interest and that the person supplying the information does not object to a proposal to publish it within a reasonable time of becoming aware of it, the Commission may, from any information in its possession, compile and publish statistical data, and anything relevant thereto, on the insurance industry.
- (3) A person, lawfully required to supply information for the purpose of this section who -
- (a) supplies information which he knows to be false or supplies the information recklessly as to its truth or falsify; or
  - (b) without reasonable excuse (the proof of the reasonableness to lie on him) fails to comply with any requirement of the Commission under paragraph (a) of subsection (1) of this section, is guilty of an offence.
- (4) A person guilty of an offence under subsection (3) of this section is liable on conviction to -
- (a) a fine not less than 250,000 or more than 500,000 or imprisonment for a term not exceeding 3 years for every false information supplied or to both such fine and imprisonment; and
  - (b) a fine of not less than 2,500 or more than 10,000 for every day during which the failure to comply with any requirement of the Commission continues.
- (5) A person or insurance institution which fails to comply with any guideline issued under paragraph (b) of section (1) of this section, is guilty of an offence under this Decree and liable on conviction to a fine not less than 250,000 or more than 500,000 or imprisonment for a term not exceeding 3 years or to both such fine and imprisonment.
- 50.** For the purpose of this Decree, an inspector or such other person appointed in writing by the Commission to exercise powers under this Decree may, at all reasonable times and on production of that authority -
- (a) enter and search any building or place in which he has reason to believe there are any books of account, documents or other papers relating to any insurance institution under this Decree; and
  - (b) inspect or take any such book of account, documents or other papers.
- (2) Any person who without reasonable excuse obstructs or hinders a person in pursuance of an authority under subsection (1) of this section is guilty of an offence and liable on conviction to a fine of 250,000.
- 51. (1)** No suit shall be commenced against the Commission before the expiration of a period of 30 days after written notice of intention to commence the suit shall have been served on the Commission by the intending plaintiff or his agent and the notice shall clearly and explicitly state -
- (a) the cause of action;
  - (b) the particulars of the claim;
  - (c) the name and place of abode of the intending plaintiff; and
  - (d) the relief which it claims.
- (2) The notice referred to in subsection (1) of this section and any summons, notice or other documents required or authorized to be served on the Commission under this Decree or any other enactment or law, may be served by -
- (a) delivering it to the Commissioner; or
  - (b) sending it by registered post addressed to the Commissioner at the head office of the Commission.

- (3) In an action or suit against the Commission, no execution or attachment or process in the nature thereof shall be issued against the Commission, but any sums of money which may, by the judgment of the Court, be awarded against the Commission shall, subject to any directives given by the Commission, be paid from the general reserve of the Commission.
52. (1) A person who, being a director, partner, an officer or employee of an insurance institution -
- (a) fails to take all reasonable care to secure -
    - (i) compliance with the provisions of this Decree and the Insurance Decree 1997, or
    - (ii) the authenticity of any statement, information, book or any document whatsoever submitted, pursuant to the provisions of this Decree; or
  - (b) knowingly, recklessly, negligently, willfully or otherwise, approves or pays or is in anyway connected with the approval or payment of an insurance claim which is false; or
  - (c) receives or participates in sharing, for personal gratification, any money, property or other benefits, towards or after the approval or payment of an insurance claim which is false,
- is guilty of an offence and liable on conviction to a fine not exceeding 250,000 or to imprisonment for a term not exceeding 2 years or to both such fine and imprisonment.
- (2) An insurance institution which fails to make a report to the Commission of a claim which it knows to be false or has reason to suspect is false is guilty of an offence and liable on conviction to a fine of 500,000.
- (3) Any person who knowingly, recklessly, negligently, wilfully or otherwise makes an insurance claim which is false is guilty of an offence and liable on conviction to a fine of 250,000 or to imprisonment for a term of 3 years or to both such fine and imprisonment.
53. Where an insurance institution is failing or has failed, any person who, being a director, partner, officer or employee of the insurance institution, is found to have contributed in any way whatsoever to the failing or failure of the insurance institution, is guilty of an offence and liable on conviction to a fine of 100,000 or imprisonment for a term of 3 years or to both such fine and imprisonment.
54. Any person who offers, pays, gives, receives or participates in sharing, for personal gratification, any money, property or other benefits -
- (a) towards or after the acquisition, transfer, merger or consolidation of an insurance business; or
  - (b) as an inducement for procuring any insurance business, is guilty of an offence and liable on conviction to a fine of 500,000 or imprisonment for a term of 3years or to both such fine and imprisonment.
55. Without prejudice to the power of the Attorney-General of the Federation, under section 160 of the Constitution of the Federal Republic of Nigeria 1979, as amended, to continue or discontinue criminal proceedings against any person in any Court of law, the Commission may compound any offence punishable under this Decree by accepting such sums of money as it thinks fit, not exceeding the amount of the maximum fine to which that person would have been liable if he had been convicted of that offence.
56. (1) Where an insurance institution or any other person is found guilty of an offence under this Decree, the Court, shall, in addition to the imposition of the penalty specified for the offence, make an order for the payment to the Commission of the amount involved in the commission of the offence.
- (2) Where the Court makes an order under subsection (1) of this section and the person fails to comply within the time specified in the order, the Court shall make an order to levy execution on all the property of the person.
- (3) Any amount paid or recovered under this section shall be used to compensate any person who, the Commission is satisfied, suffered in any way as a result of the insurance transaction connected with the offence.
- (4) Where the amount referred to in subsection (3) of this section is not fully utilized for the purpose specified in that subsection, the balance shall be paid into the security and development fund established under section 20 of this Decree.
57. (1) Where an offence under this Decree has been committed by a body corporate or firm or other association of individuals, a person who at the time of the commission of the offence -
- (a) was an officer thereof; or



- (b) was purporting to act in the capacity of an officer thereof,  
  
is guilty of the offence and liable to be prosecuted and punished for the offence in like manner as if he had himself committed the offence, unless he proves that the act or omission constituting the offence took place without his knowledge, consent or connivance.
- (2) In this section, "officer", includes -
  - (a) in the case of a body corporate, a director, chief executive by whatever name called, manager and secretary of the body corporate;
  - (b) in the case of a firm, a partner, manager and secretary of the firm; and
  - (c) in the case of any other association of individuals, a person concerned in the management of the affairs of the association.
- 58. (1) An offence under this Decree shall, subject to the Rules of Court, be tried in the Federal High Court and references in this Decree to "Court" or "the Court" shall be construed accordingly.
- (2) Prosecution for offences under this Decree shall be instituted before the Court in the name of the Federal Republic of Nigeria by the Attorney-General of the Federation or such officer in the Federal Ministry of Justice as he may authorise so to do, and in addition thereto, he may -
  - (a) after consultation with the Attorney-General of any State in the Federation, authorise the Attorney-General or any officer in the Ministry of Justice of that State; or
  - (b) if a Court so directs or if the Commission so requests, authorise any other legal practitioner in Nigeria, to undertake any such prosecution directly or assist therein.
- (3) The question whether any or what authority has been given in pursuance of subsection (2) of this section shall not be inquired into by any person other than the Attorney-General of the Federation.
- (4) A person accused of an offence under this Decree shall be entitled to defend himself in person or by a person of his own choice who is a legal practitioner resident in Nigeria.
- 59. A person who wilfully obstructs, interferes with, assaults or resists a public officer in the performance of his duties under this Decree or aids, invites, induces or abets any other person to obstruct, interfere with, assault or resist any such officer is guilty of an offence and liable on conviction to a fine of 250,000 or to imprisonment for a term of 3 years or to both such fine and imprisonment.
- 60. (1) A public officer is guilty of an offence if, in the discharge of his duties under this Decree, he presents to another public officer, who is to take a decision thereon or do any other act in relation thereto, information which is false in any material particular, unless he proves that -
  - (a) such information was supplied to him by another person; and
  - (b) he exercised all such diligence to prevent the commission of the offence as he ought to have exercised, having regard to the nature of his functions in that capacity and in all the circumstances.
- (2) A public officer who is guilty of an offence under subsection (1) of this section is liable on conviction to a fine of not less than 250,000 or not exceeding 500,000 or to imprisonment for a term of 3 years or to both such fine and imprisonment.
- 61. The provisions of this Decree are without prejudice to and shall be read in conformity with the Insurance Decree 1997, so however, that where any of the provisions of the Insurance Decree 1997 is inconsistent with any provision of this Decree the provisions of the Insurance Decree 1997 shall prevail and the provisions of this Decree to the extent of that inconsistency, be void.
- 62. The Minister may give to the Commission directives of a general nature or relating generally to matters of policy with regard to the performance by the Commission of its functions under this Decree and it shall be the duty of the Commission to comply with those directives.
- 63. (1) The Insurance Special Supervision Fund Decree 1989 is hereby repealed and the Fund established thereunder is consequently dissolved.

- (2) Without prejudice to section 6 of the Interpretation Act, the repeal of the enactment specified in subsection (1) of this section shall not affect anything done under or pursuant to that enactment.
  - (3) The rights, interests, obligations and liabilities of the fund existing before the commencement of this Decree under any contract or instrument, or in law or in equity apart from any contract or instrument, shall by virtue of this Decree be assigned to and vested in the Commission established by this Decree.
  - (4) Any such contract or instrument as is mentioned in subsection (3) of this section shall be of the same force and effect against or in favour of the Commission established by this Decree and shall be enforceable as fully and effectively as if instead of the Fund the Commission established by this Decree has been named therein or had been a party thereto.
  - (5) The Commission established by this Decree shall be subject to all the obligations and liabilities to which the Fund was subject immediately before the commencement of this Decree and all other persons shall have the same rights, powers and remedies against the Commission established by this Decree as they had against the Fund immediately before the commencement of this Decree.
  - (6) Any proceeding or cause of action pending or existing immediately before the commencement of this Decree by or against the Fund in respect of any right, interest, obligation or liability of the Fund may be continued or, as the case may be, commenced and any determination of a court of law, tribunal or other authority or person may be enforced by or against the Commission established by this Decree to the same extent that such proceeding, cause of action or determination might have been continued, commenced or enforced by or against the Fund as if this Decree had not been made.
  - (7) All assets, funds, resources and other movable property which immediately before the commencement of this Decree were vested in the Fund shall by virtue of this Decree and without further assurance, be vested in the Commission established by this Decree.
  - (8) Notwithstanding the repeal of the enactment referred to in subsection (1) of this section, if the Commission established by this Decree thinks it expedient that any vacancy in the Commission established by this Decree should be filled by a person holding office at the commencement of this Decree in the Fund, it may employ such person by way of transfer to the Commission established by this Decree and the previous service in the Fund by such person shall count as service for the purposes of any pensions subsequently payable by the Commission established by this Decree.
  - (9) The Minister may, if he thinks fit, within twelve months after the commencement of the Decree, by order published in the *Gazette*, make additional transitional provisions for the better implementation of the provisions of this section.
- 64.** The Commission may, with the approval of the Minister, make regulations for carrying into effect the provisions of this Decree.
- 65.** In this Decree, unless the context otherwise requires -
- "Board" means the Governing Board of the Commission;
- "Commission" means the National Insurance Commission established under section 1 of this Decree;
- "Court" means the Federal High Court;
- "failing insurance institution" means an insurance institution which has failed in its business pursuant to this Decree and the Insurance Decree 1997;
- "insurance broker" has the meaning assigned to it under the Insurance Decree 1997;
- "insurance institution" means an insurer, a reinsurer, insurance broker or a loss adjuster registered under the Insurance Decree 1997;
- "insurer" has the meaning assigned to it under the Insurance Decree 1997;
- "loss adjuster" has the meaning assigned to it under the Insurance Decree 1997;
- "Minister" means the Minister charged with responsibility for matters relating to insurance, and "Ministry" shall be construed accordingly;
- "reinsurer" has the meaning assigned to it under the Insurance Decree 1997.
- 66.** This Decree may be cited as the National Insurance Commission Decree 1997.

**Schedule**  
*Section 2(4)*

**Supplementary Provisions Relating to the Board and the Commission**

*Proceedings of the Board*

1. Subject to this Decree and section 27 of the Interpretation Act, the Board shall have power to regulate its proceedings and may make standing orders with respect to the holding of its meetings, and those of its committees, the notice to be given, the keeping of minutes of its proceedings, the custody and production for inspection of such minutes and such other matters as the Board may, from time to time, determine.
2. (1) There shall be at least four ordinary meetings of the Board in one calendar year and subject thereto, the Board shall meet whenever it is summoned by the Chairman, and if the Chairman is requested to do so by notice given to him by not less than 3 other members, he shall summon a meeting of the Board to be held within 14 days from the date on which the notice is given.  
(2) Every meeting of the Board shall be presided over by the Chairman and if the Chairman is unable to attend a particular meeting, the members present at the meeting shall elect one of their number to preside at the meeting.
3. The quorum at the meeting of the Board shall consist of the Chairman (or in an appropriate case, the person presiding at the meeting pursuant to paragraph 2 of this Schedule) and four other members at least two of whom shall be members appointed pursuant to paragraph (b), (i), (ii) and (iii) of section 2(1) of this Decree.
4. The Board shall meet for the conduct of its business at such places and on such days as the Chairman may appoint.
5. A question put before the Board at a meeting shall be decided by consensus, and where this is not possible, by a majority of the votes of the members present and voting.
6. The Chairman shall, in the case of an equality of votes, have a casting vote in addition to his deliberative vote.
7. Where the Board desires to seek the advice of any person on a particular matter, the Board may co-opt a person as a member for such period as it thinks fit, but a person who is a member by virtue of this paragraph shall not be entitled to vote at any meeting of the Board and shall not count towards the quorum.

*Committees*

9. The Board may appoint one or more committees to carry out on behalf of the Board such of its functions as the Board may determine and report on any matter with which the Board or the Commission is concerned.
10. A committee appointed under this Schedule shall be presided over by a member of the Board and consist of such number of a persons (not necessarily all members of the Board) as may be determined by the Board, and a person other than a member of the Board shall hold office on the committee in accordance with the terms of his appointment.
11. A decision of a committee of the Board shall be of no effect until it is confirmed by the Board.

*Miscellaneous*

12. The fixing of the seal of the Commission shall be authenticated by the signature of the Commissioner or of some other person authorised generally by the Board to act for that purpose.
13. A contract or an instrument which, if made or executed by any person not being a body corporate, would not be required to be under seal, may be made or executed on behalf of the Commission by the Commissioner or by any person generally or specially authorised to act for that purpose by the Board.
14. A document purporting to be a contract, an instrument or other document signed or sealed on behalf of the Commission shall be received in evidence and, unless the contrary is proved, be presumed without further proof, to have been signed or sealed.
15. The validity of any proceedings of the Board or its committees shall not be affected by -
  - (a) any vacancy in the membership of the Board or its committees; or
  - (b) reason that a person not entitled to do so took part in the proceedings; or

- (c) any defect in the appointment of a member.
- 16.** Any member of the Board and any person holding office on a committee of the Board, who has a personal interest in any contract or arrangement entered into or proposed to be considered by the Board or a committee thereof -
- (a) shall forthwith disclose his interest to the Board or committee, as the case may be; and
  - (b) shall not vote on any question relating to the contract or arrangement.

Made at Abuja this 10<sup>th</sup> day of January 1997

**General Sani Abacha**  
Head of State, Commander-in-Chief of the Armed Forces  
Federal Republic of Nigeria