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**UPDATE ON NAICOM'S STATEMENT OF REGULATORY PRIORITIES**

In furtherance of the Commission's determination to enthrone regulatory clarity particularly with respect to regulatory actions in the Year 2017, it issued the statement on regulatory priorities in January 2017.

Following a review of some feedbacks and other unplanned events, the following statements reflect these developments and draw attention to both our expectations and plan for progress.

Accordingly, the attached is an update on the Statement of NAICOM's Regulatory Priorities for The Year 2017.

You are further required to kindly circulate and draw the attention of your members to the content of this circular in order to ensure strict compliance.

Yours faithfully

O. S. Thomas  
Deputy Commissioner (Technical)
NATIONAL INSURANCE COMMISSION
STATEMENT ON NAICOM'S REGULATORY PRIORITIES FOR THE YEAR 2017

INTRODUCTION

Following the issuance of the statement on Regulatory Priorities for 2017, the Commission received some responses. A number of actions have been taken in furtherance of the plan while some other unplanned events have taken place. The following statements reflect these developments and draw attention to the Commission’s expectations and its plan for progress.

MARKET DEVELOPMENT

Nigerian Insurance Industry Development Plan (NIIDP) 2018-2020

The Commission, under the guidance of the Federal Ministry of Finance is preparing a discussion paper that will form the basis of an Insurance Industry Development Plan for the period 2018 to 2020. This will include a strategic analysis of the Industry and its environment; determine the critical issues for innovation, achieving high level competitiveness and sustainable growth etc. It will also include articulating relevant objectives that drive appropriate initiatives which will be allocated to various arms of the Industry, the Commission and the Federal Ministry of Finance for implementation. This document will be exposed for stakeholders input and discussed at a forum to be convened by the Federal Ministry of Finance before finalization.

Enforcement of Compulsory Insurance

A major driver of growth for the Insurance Industry in economic times like these is the enforcement of the Compulsory Insurance provisions of the Insurance Act 2003. The Commission has taken steps to consolidate initiatives that will establish a sustainable framework for effective enforcement of the Compulsory Insurances. With the intervention of the Honorable Minister of Finance, this will be attained before the end of the first month in Q3, 2017.

Claim Payment.

The progress sought by way of voluntary patronage of Insurance, however, cannot be achieved if companies do not pay claims promptly. The Commission has drawn the attention of companies failing in their obligation on claims to keep their promises and will not hesitate to apply sanctions that will ensure that agreed outstanding claims are settled in good time.
CAPITAL VERIFICATION

Following the response to the statement on Regulatory Priorities, the Commission has decided to base the capital verification exercise on the financial returns submitted for the year ending 31 December, 2016 and subsequent development.

Each company’s Audited Financial Statements as at 31 December, 2016 and statutory returns for 2017 are being reviewed. An entity specific verification questionnaire will be sent to each company on completion. Each company will be required to provide the information requested within the deadline to be specified.

Additional work to be done will also vary from company to company and will depend on the extent to which information provided in response to the questions meet validation requirements.

The Commission has received a number of proposals from Service Providers and Consultants offering their services but the needs will be determined by the outcome of the offsite validation efforts.

RISK-BASED SUPERVISION

The financial condition reports received from some companies are being reviewed for appropriate attention. It is expected that before the end of May, 2017, the Commission will receive reports on Board’s assessment of their risk and solvency for the first quarter 2017.

The road map to Risk-Based Supervision has been issued and the Commission shall work with it strictly while amending the program as we learn.

INFORMATION TECHNOLOGY

To prepare the grounds for innovation and competitiveness, the Commission is currently consulting on the membership of an Information Technology Working Group (ITWG) that will develop a framework for balanced adoption of technology driven innovation in the Industry. The terms of reference will include addressing the risk and opportunities in InsurTech, RegTech and strategies for cost-effective deployment of Information Technology.

LEARNING EVENTS FOR DIRECTORS

The major thrust of the Commission’s improvement in the performance of Insurance Institutions is enhancing the level of achieved Corporate Governance.

Mandatory Directors Learning Events

Directors Course: Following the change in several Boards, there is need for all Directors to have the required level of understanding of the issues required of their position as principal drivers of Corporate Governance. In response to the statement of Regulatory Priorities for 2017, NAICOM has received a number of proposals on training
for Directors. The Commission chose the offer of Messrs. Doheney Services Ltd because of the profile of their faculty which is made up of presenters with experience in Corporate Governance from the United Kingdom. This event will be attended by representatives of the Senate and House Committees on Insurance as well as representatives of Ministries, Departments and Agencies (MDAs) that have Corporate Governance oversight over the Commission. The Commission does not intend to be involved in presentations because the Directors are expected to have an independent perspective of Directorship of Insurance Institutions from those who have seen it abroad. The course offered by Messrs. Doheney Services Ltd course is mandatory for all Directors.

Risk-Based Supervision Seminar

As part of the programme to prepare the Market for Risk-Based Supervision, the year 2017 will focus mainly on awareness creation. Directors will be required to attend a free but mandatory two-day Seminar on Risk-Based Supervision for Directors and Assurance Service Providers. These will be run in three batches between August and October, 2017.

OPTIONAL LEARNING EVENT

Management Accountability to The Board: Scope, Issues and Performance Dash Board

This program, which is optional, is meant to acquaint Directors with what they should expect from Management in terms of Plans, Action and Reports. This will be run based on subscription of each company. Tentatively this will run between August and October, 2017.

Understanding and Analyzing Financial Statements of Insurance Companies: Board Level Perspective.

This focuses on the equipping Directors with understanding of the structure and use of financial statements of Insurance Companies as well as questions to ask on performance reports submitted by Management.

Improving Board Risk Oversight

This will provide opportunities for case base study of Board’s role in Risk Management such that Directors will be fully aware of their role and detail issues they should pay attention to.

Signed

National Insurance Commission
May 25, 2017