NATIONAL INSURANCE COMMISSION

HEAD OFFICE: Plot 1239, Ladoke Akintola Boulevard, Garki II, Abuja. P.M.B. 457, Garki Abuja Nigeria :09-2915101
Email: info@naicom.gov.ng Website: www.naicom.gov.ng

CIRCULAR NO: NAICOM/DPR/CIR/38/2022

DATE: 27TH JANUARY, 2022

TO: ALL INSURANCE/REINSURANCE COMPANIES AND INSURANCE BROKERS

INSURANCE WEB AGGREGATORS OPERATIONAL GUIDELINES

As part of the ongoing effort of the Commission to drive innovation of insurance products and services through digitization of insurance operations in line with the International best practices, the Commission hereby issues "Insurance Web Aggregators Operational Guidelines", for guidance and compliance effective from 1st February 2022.

Maximum cooperation is required please.

L. M. Akah
Director (Policy & Regulation)
For: Commissioner for Insurance

CIRCULAR

CIRCULAR NO: NAICOM/DPR/CIR/39/2022

DATE: 4th May, 2022

To: All Insurance Brokerage Institutions

Notification of the integration of the Approval In Principle, No Objection, Letter of Attestation and Post Placement Report processes via the NAICOM Portal for Brokers

Following the successful integration of Approval In Principle, No Objection, Letter of Attestation and Post Placement Report processes via the NAICOM portal, please be informed that effective 1st June, 2022 all applications in respect of the above processes coming from Insurance Brokers should be submitted via the NAICOM portal.

Take note that there shall be no more manual submission of such requests.

All enquiries on portal related issues should be sent to portal@naicom.gov.ng. Telephone calls can also be made to 08096398349 and 08165998685.

Your maximum compliance with the above directives is required as failure to comply will attract sanction from the Commission.

Thanks for your usual co-operation.

Yours faithfully,

L. M. Akah,
Director (Policy & Regulation),
for: Commissioner for Insurance.

NATIONAL INSURANCE COMMISSION

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CIRCULAR

CIRCULAR NO: NAICOM/DPR/CIR/40/2022

DATE: 22nd August 2022

TO: All Managing Director/Chief Executive Officer of Insurance Companies

SUBJECT: **NAICOM PORTAL ENFORCEMENT**

This Circular is issued furtherance to the directive from the Commission dated 3rd September 2021 that all Insurance Companies must upload their 5 years historical data of all insurance policies issued from 1st January 2016 to the Portal and also integrate core insurance application with the Commission's portal for issuance of NAICOM unique identification code for insurance policies/certificates issued effective 1st April 2021.

In view of the above, it has become necessary to issue this circular in which all Insurance Companies are required to comply with the following:

1. Forward a letter of confirmation signed by the CEO that the 5 years historical data of insurance policies issued by the Company from 1st January 2016 was uploaded successfully on the portal;
2. Forward a letter of confirmation signed by the CEO stating that all insurance policies/certificates issued from 1st April 2021 have NAICOM unique identification code as directed;
3. Continue to ensure on real time basis that all insurance policies issued are uploaded to the Commission's portal to generate the unique identification code as required; and
4. All policy documents/certificates issued by Insurance Companies must contain the NAICOM unique identification code for verification

Take notice that failure to comply with this circular will attract penalty of ₦1,000,000 (*one million naira*) per transaction and the Commission will also invoke stern regulatory sanctioned if the violation persists.

Please be guided accordingly.

Yours faithfully,

Sabiu Abubakar
Deputy Commissioner for Insurance (Technical)

NATIONAL INSURANCE COMMISSION

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CIRCULAR

CIRCULAR NO: NAICOM/DPR/CIR/41/2022

DATE: 18th August 2022

TO: Managing Director/Chief Executive Officer of All Insurance Institutions

SUBJECT: **REVISED MARKET CONDUCT AND BUSINESS PRACTICE GUIDELINES FOR INSURANCE INSTITUTIONS**

This Circular is issued in furtherance to the Circular from the Commission dated 18th October 2021 and to further ensure that Insurance Institutions conduct themselves in professional manner in line with the international best practice, the Commission hereby issues the "Revised Market Conduct and Business Practice Guidelines for Insurance Institutions September 2022" replacing the earlier Market Conduct and Business Practice Guidelines for Insurance Institutions October 2021.

Note that the Guidelines take effect from **1st September 2022** and you are required to ensure full compliance please

Yours faithfully,

L. M. Akah
Director (Policy & Regulations)
For: Commissioner for Insurance

NATIONAL INSURANCE COMMISSION

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CIRCULAR

CIRCULAR NO: NAICOM/DPR/CIR/43/2022

DATE: 31st August 2022

TO: Managing Director/Chief Executive Officer of All Insurance Institutions

SUBJECT: **REVISED PRUDENTIAL GUIDELINES FOR INSURANCE INSTITUTIONS IN NIGERIA**

As part of the ongoing effort of the Commission to ensure that Insurance Institutions maintain minimum prudential standards for Underwriting, Reinsurance, Investments, Reserves, Outsourcing etc to facilitate reliable, sound and sustainable growth in line with the international best practice, the Commission hereby issues the "Revised Prudential Guidelines for Insurance Institutions October 2022" replacing the earlier Prudential Guidelines for Insurance Institutions issued in July 2015.

Note that the Guidelines take effect from **1st October 2022** and you are required to ensure full compliance please.

L. M. Akah
Director (Policy & Regulations)
For: Commissioner for Insurance

NATIONAL INSURANCE COMMISSION

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Circular No.: NAICOM/DPR/CIR/44/2022 Date: 6th October, 2022

Circular to All Insurance Institutions in Nigeria

Conversion of Commission's 1% ISS Levy Denominated Currency in Dollar/Euro/Pound to Naira

It has been observed that some underwriters have formed the act of converting the 1% ISS levy due to the Commission for insurance transactions contracted in Dollar/Euro/Pound to Naira even when the underlying premium is in Dollar/Euro/Pound.

Apart from the fact that appropriate conversion rates are not being used, most importantly it makes the reconciliation of our accounting records difficult.

Please note that henceforth all Companies are to ensure that the 1% ISS levy due on any transaction is paid in the denominated currency in which the insurance transaction was contracted.

You are please invited to accept the assurances of my high regards.

L. M. Akah,
Director (Policy & Regulation),
For: Commissioner for Insurance.

NATIONAL INSURANCE COMMISSION

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Circular No: NAICOM/DPR/CIR/45/2022 22nd November, 2022

Circular to: All Insurance and Reinsurance Companies

TENURE LIMIT FOR EXECUTIVE DIRECTORS OF INSURANCE AND REINSURANCE COMPANIES.

The Commission in exercise of its powers under the National Insurance Commission Act 1997 and in line with the Nigerian code of Corporate Governance 2018, hereby states the maximum tenure for Executive Directors of Insurance and Reinsurance Companies operating in Nigeria.

1. Chief Executive Officers (CEOs) and other Executive Directors (EDs) of Insurance and Reinsurance Companies shall serve a maximum tenure of ten (10) years comprising of two terms of five (5) years each, subject to single approval of the Commission.
2. Notwithstanding the above, the tenure for an ED who becomes a CEO in the same company shall serve a cumulative tenure not exceeding 15 years.
3. Where an ED changes portfolio by moving to another position of ED equivalent within the same Company, the period spent in previous position will count for the purpose of determining maximum tenure.
4. Where an insurance company is a product of merger, acquisition, takeover or any other combination, the ten-year period shall include the pre and post combination service years as a CEO or as ED.
5. There shall be transitional period of twelve (12) months from the effective date of this Circular in respect of existing appointments.
6. All CEOs and EDs who have served for ten years shall cease to continue in such capacity, after the transition period of twelve (12) months.
7. Henceforth, all insurers/reinsurers shall give consideration to the provisions of this Circular in their future engagement of CEOs and EDs.

This Circular takes effect from 1st January 2023.

L. M. Akah
Director Policy & Regulation
For: Commissioner for Insurance

NATIONAL INSURANCE COMMISSION

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CIRCULAR

CIRCULAR NO: NAICOM/DPR/CIR/45/2022

DATE: 6th December 2022

TO: Managing Director/Chief Executive Officer of All Insurance Companies

SUBJECT: **ADJUSTMENT TO BANCASSURANCE REFERRAL OPERATIONAL GUIDELINES – LIBERALISATION OF PARTNERSHIP ARRANGEMENT**

Furtherance to the Circular with reference No. NAICOM/DAP/CIR/05/2017 on the Bancassurance Referral Operational Guidelines issued on the 21st March 2017, it has become necessary to adjust the provisions of articles 6.1.3 and 6.2.6 to liberalise the partnership arrangement to further increase the efficiency and effectiveness of the Bancassurance scheme.

Consequently, the existing Articles 6.1.3 and 6.2.6 of the Bancassurance Referral Operational Guidelines are hereby deleted and a new Article 6.1.3 is hereby inserted to read **"The Insurer is allowed to maintain Bancassurance relation with more than one (1) referral bank of its choice"**

Please note that all Bancassurance relationships must comply with the provisions of the existing Bancassurance Guidelines.

Note that this adjustment is with immediate effect and you are required to ensure full compliance please.

L. M. Akah
Director (Policy & Regulations)
For: Commissioner for Insurance

NATIONAL INSURANCE COMMISSION

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CIRCULAR

CIRCULAR NO: NAICOM/DPR/CIR/46/2022

DATE: 22nd December 2022

TO: All Insurance Institutions

SUBJECT: **NEW PREMIUM RATES FOR MOTOR INSURANCE**

Pursuant to the exercise of its function of approving rates of insurance premium under Section 7 of NAICOM Act 1997 and other extant Laws, the Commission hereby issue this Circular on the new Motor Insurance Premium rates effective from **1st January 2023**:

1. Third Party insurance policies inclusive of Ecowas Brown Card (EBC) shall be as follows;

NEW PREMIUM RATES				
S/N	**CLASS**	**TYPES**	**NEW TPPD LIMIT**	**NEW PREMIUM**
1	Private	Private Motor	₦3,000,000	₦15,000
2	Commercial	Own Goods	₦5,000,000	₦20,000
3		Staff Bus	₦3,000,000	₦20,000
4		Trucks/General Cartage	₦5,000,000	₦100,000
5		Special Types	₦3,000,000	₦20,000
6		Tricycle	₦2,000,000	₦5,000
7		Motor Cycle	₦1,000,000	₦3,000

2. Comprehensive motor insurance policy premium rate shall not be less than five percent (5%) of the Sum Insured after all rebates/discounts.

Note that failure to comply with this Circular shall attract appropriate regulatory sanction.

Please be guided accordingly.

Yours faithfully,

L. M. Akah
Director (Policy & Regulation)
For: Commissioner for Insurance

PORT HARCOURT ZONAL OFFICE: No. 32, Onne Road, GRA Phase 2, Via Airtel Office Port Harcourt, River State

NATIONAL INSURANCE COMMISSION

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CIRCULAR NO: NAICOM/DPR/CIR/50/2024

January 25, 2024

TO: All Takaful Operators

Guidance Notes on Microtakaful Window Operations

The National Insurance Commission in discharge of its functions towards the establishment of a sound and sustainable insurance industry and the entrenchment of financial inclusion services in Nigeria issue the attached Guidance Notes for Takaful Operators in Nigeria with the aim of bringing to the fore some salient issues to be considered in Microtakaful operations.

The Micrctakaful guidance notes are designed to assist Takaful Operators in understanding the unique features, operational considerations and regulatory requirements associated with Microtakaful. It is to be read with all other documents related to Takaful supervision and regulation.

You are to ensure strict compliance, please.

Halima M. Gajiram

For: Commissioner for Insurance

NATIONAL INSURANCE COMMISSION

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CIRCULAR

CIRCULAR NO: NAICOM/DPR/CIR/48/2023

DATE: 28th April 2023

TO: All Managing Directors/Chief Executive Officers of Insurance Institutions

SUBJECT: REGULATORY SANDBOX GUIDELINES

As part of the ongoing effort of the Commission to drive innovation of insurance products and services through digitization of insurance operations in line with the International best practices, the Commission hereby issues "Regulatory Sandbox Guidelines", for guidance and compliance effective from 1st May 2023.

Maximum cooperation is required please.

Olugbenga O. Jaiyesimi
Deputy Director, Policy & Regulation
For: Commissioner for Insurance

NATIONAL INSURANCE COMMISSION

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CIRCULAR

CIRCULAR NO: NAICOM/DPR/CIR/49/2023

DATE: 28th April 2023

TO: All Managing Director/Chief Executive Officers of Takaful Insurance Operators

SUBJECT: MARKET CONDUCT GUIDELINES AND ENTERPRISE RISK MANAGEMENT FRAMEWORK FOR TAKAFUL INSURANCE OPERATORS

As part of the ongoing effort of the Commission to ensure that Takaful Insurance Operators conduct themselves in professional manner in line with international best practices, the Commission hereby issues "Market Conduct Guidelines and Enterprise Risk Management Framework for Takaful Insurance Operators in Nigeria", for guidance and compliance effective from 1st May 2023.

Maximum cooperation is required please.

Olugbenga O. Jaiyesimi
Deputy Director, Policy & Regulation
For: Commissioner for Insurance

NATIONAL INSURANCE COMMISSION

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CIRCULAR

CIRCULAR NO: NAICOM/DPR/CIR/47/2023

DATE: 15th March 2023

To: **All Managing Directors/Chief Executive Insurance Companies and All insurance Brokers with Reinsurance Inclusion**

SUBJECT: **REQUEST TO UPLOAD ADDITIONAL DOCUMENTS FOR POST PLACEMENT REPORT**

We make further reference to the Commission's directive to all Insurance Institutions to connect to and upload required documents for all form of licensing on the NAICOM Portal.

Sequel to the above, please note that for all Approval in Principle, there are additional requirements to be provided during applications for post placement report as follows:

1. Evidence of premium collection from the insured which should be a bank statement signed, stamped and dated by the issuing bank(s);
2. Bank statement evidencing of premium remittance to co-underwriters and local reinsurers which should be stamped, signed and dated by the issuing bank(s);
3. Evidence that the foreign broker(s) remitted premium to foreign reinsurer(s) should be telex copy or any other verifiable means of payment.

Any company that has filed post placement report on the portal from January 2022 to date is now required to update their records with the three issues enumerated above and refile. Please you are to ensure that the update should be completed on or before 30th day of April, 2023.

Any documentation for post placement report going forward should take cognizance of and apply the three requirements mentioned above.

L.M Akah
Director, Policy & Regulation
For: Commissioner for Insurance

NATIONAL INSURANCE COMMISSION

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***Ref. No*:** NAICOM/TD/P&RD/DPR/05/23

***Date*:** 5th May 2023

Letter to All Managing Director/CEOs of Insurance/Reinsurance Companies

Dear Sir/Madam,

REQUEST FOR STATUTORY DOCUMENTS

The Commission is embarking on record audit exercise and you are required to provide the following documents for necessary action:

1. Certificate of incorporation of the Company issued by the Corporate Affairs Commission (CAC);
2. Particulars of Directors and Shareholders of the company as issued by CAC; and
3. Certificate of registration as an Insurer issued by NAICOM to the Company

Your response should reach the Commission not later than five (5) working days from the date of receipt of our letter

Yours faithfully,

Olugbenga Jaiyesimi
Deputy Director (Policy & Regulation)
For: Commissioner for Insurance

NATIONAL INSURANCE COMMISSION

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NAICOM/I&R/CIR/51/2024

30th July, 2024

To: All Insurance Institutions in Nigeria

Dear Sir/Madam,

NEW AGENTS LICESING PORTAL

This is to inform all registered Agents and Insurance Companies that a new licensing Portal for registration and renewal of the licences of insurance Agents has been developed.

The new Portal will ease, fast track and streamline licencing of Insurance Agents and will reduce manual intervention in the issuance of Agency licensing process.

Consequently, all applications for registration and renewal of Agency license shall hence forth be submitted using https://agent.naicom.gov.ng on the new Portal effective 1st August 2024

It is hereby advised that all pending applications that have not been registered on the old portal should be resubmitted through the new licensing Agents portal.

All registered Agents and Insurance Companies are hereby advised to note the above and be guided accordingly.

Yours faithfully,

A. Y Adamu
Director (Innovation & Regulation)
For: Commissioner for Insurance

NATIONAL INSURANCE COMMISSION

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CIRCULAR NO: NAICOM/I&R/52/2024

DATE: 28th October 2024

TO: All Managing Directors/Chief Executive Officers of Insurance Companies, Reinsurance Companies and Brokerage Firms

SUBJECT: CIRCULAR ON THE PROVISION OF SECTION 3.8.3 OF THE REVISED MARKET CONDUCT AND BUSINESS PRACTICES GUIDELINES 2024

1. By the provisions of Section 16(2) of the NAICOM Act 1997 and other extant insurance laws and regulations, all insurance institutions are required to pay Insurance Levy which shall be 1% of the gross premium or commission or fees earned.

2. Section 3.8.3 of the Revised Market Conduct and Business Practices Guidelines 2024 provides that, "An insurance institution shall not impose an additional charge or transfer to the clients the cost of the ISS Levy payable in respect of the gross premium income."

3. The Commission has however, observed with serious concern instances of violations of this requirement whereby some insurance companies charge insureds additional 1% as ISS Levy outside the gross premium required by Law. This is inappropriate and must be stopped forthwith.

4. Accordingly, insurance institutions are hereby required to note that:

   i. The practice of charging the insured 1% ISS Levy outside the gross premium is a clear violation of extant laws and regulations.
   ii. The 1% ISS Levy is a function of the gross premium income and not an additional charge over and above the agreed premium imposed on the insured.
   iii. No operator shall, by whatever name called, charge extra fee in the similitude to 1% ISS levy.

5. Consequently, any insurance institution that charges or that is involved in levying insured(s) the 1% ISS levy other than on the gross premium violates extant laws, guidelines and regulations, and shall be liable to appropriate penalty and other regulatory sanctions.

6. This Circular shall serve as an addendum to the Revised Market Conduct and Business Practices Guidelines 2024.

A.I. Adamu
Director (Innovation and Regulation)
For: Commissioner for Insurance

NATIONAL INSURANCE COMMISSION

INNOVATION & REGULATION DIRECTORATE

Internal Memo

To: DC (T)

From: D (I&R)

Date: 15th November, 2024

Subject: **REQUEST FOR APPROVAL TO REVIEW RE-INSURANCE INCLUSION FEES**

Following the I&R submission to the Committee on scale of fees, and the ongoing process on that, the Directorate is inundated by the applicants for re-insurance inclusion on their pending applications. The applications are pending due to non-approval of the reviewed fees.

The review is necessitated by the need to provide for the inflation and resulting increase in cost of regulation. The management may recall that the process for re-insurance inclusion has been streamlined to comply with the provisions of section 43(2a&b) of the insurance Act 2003. Furthermore, the number of pending applications is increasing.

Prayers:

In view of the foregoing, we seek management approval for the following prayers:

1. The introduction of filing fee of ₦1million (One Million Naira);
2. The review of Re-Insurance Inclusion Fee from ₦500,000 (Five Hundred Thousand Naira) to ₦2.5million (Two Million Five Hundred Thousand Naira) and;
3. To Implement the reviewed Fees as follows;
   a. **Pending applications:** Payment of the ₦2.5million as Re-insurance inclusion fee only. Having already paid ₦500,000 before the implementation of the new fee regime;
   b. **New application**: Payment of filing fee of ₦1million (One Million Naira) and the Re-Insurance Inclusion fee of ₦2.5million.

Submitted for consideration and approval.

A. I. Adamu

(1)
DC
For, please.
15/11/24

(2)
DC
I concur. We agreed to communicate with the market as we introduce this.
18/11/24

(3) DIR
In the absence of the CEO, this is approved for internal implementation internally. All applicants to be required to pay the fees.
18/11/24

NATIONAL INSURANCE COMMISSION

INNOVATION & REGULATION DIRECTORATE

Internal Memo

To: DC (T)

From: D (I&R)

Date: 15th November, 2024

Subject: **REQUEST FOR APPROVAL FOR THE NEW RE-REGISTRATION FEE**

Following our presentation to the Committee on scale of fees and our recommendation for review of fees payable for re-registration of lapsed certificate of brokers registration.

The proposed new fee is to enable the Commission meet the increased cost of regulation due to inflation. The proposed fee will also instill discipline by ensuring regular renewal of the operating license by the brokers. The review of the fees will reduce the cases of careless non-renewal by the broker on flimsy excuses leading to the expiration and subsequent lapse of many Companies license for years.

Prayers:

In view of the forgoing, the management is requested to approve the following recommendations:

1. The review of the Appeal Filing Fee from ₦500,000 (Five Hundred Thousand Naira) to ₦1million (One Million Five Hundred Thousand Naira);
2. The review of Appeal Processing Fee from ₦500,000 (Five Hundred Thousand Naira) to ₦2Million (Two Million Naira); and
3. While the Licensing fee to remain at ₦3.5Million (Three Million Five Hundred Thousand Naira) (subject to subsequent review);

Submitted for consideration and approval.

A.I. Adamu

(1) DC

FYKC

15/11/24

(3) DIR

In the absence of the CFI, this is approved for implementation internally. All applicants to be required to pay the fees.

15/11/24

NATIONAL INSURANCE COMMISSION

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CIRCULAR: NAICOM/I&R/I&R/CIR/54 **25th November 2024**

To: All Managing Directors/CEOs of Insurance Broking Companies

REQUIREMENTS FOR ADDITION OF REINSURANCE TO INSURANCE BROKERS' LICENCE

The Commission has observed recurring cases of non-compliance with provisions of section 43 of the Insurance Act 2003 in the applications of Insurance Brokers for addition of reinsurance to their licence, which makes it imperative to issue this regulatory circular on the matter.

1. All applications for addition of reinsurance shall be by a registered insurance broker who has met the requirements of Section 43 (1), (2 a&b) of the insurance Act 2003.
2. The application for addition of reinsurance broking shall not be considered unless the insurance broker has submitted, along with its application, evidence of compliance with the following requirements:
   a. Proof of having in its employment a qualified professional with expertise in reinsurance in line with Section 36 q (i-iii) of the Insurance Regulation, 2003;
   b. Evidence that at least one of its directors has a working experience of not less than 5 years in a reinsurance broking firm or company;
   c. Payment of a non-refundable filing fee and a reinsurance broking authorization/licence fee and such other fees as may be prescribed by the Commission from time to time;
   d. The resolutions of company's Board of Directors authorizing the addition; and
   e. A sworn declaration of compliance with the requirements of the Insurance Act and other extant regulations.

Please note that this Circular takes immediate effect and all applications submitted without complying with the provision of the Circular shall not be considered.

Ahmad Ibrahim Adamu
Director, Innovation & Regulation
For: Commissioner for insurance.

NATIONAL INSURANCE COMMISSION

HEAD OFFICE: Plot 1239, Ladoke Akintola Boulevard, Garki II, Abuja. P.M.B. 457, Garki Abuja Nigeria ☎:08172047735
Email:info@naicom.gov.ng, contact@naicom.gov.ng Website:www.naicom.gov.ng

CIRCULAR NO: NAICOM/I&R/53/2024

DATE: 26th November, 2024

TO: All Managing Directors/Chief Executive Officers of Insurance Companies, Reinsurance Companies and Brokerage Firms

SUBJECT: CIRCULAR ON EXHAUSTION/UTILIZATION OF LOCAL CONTENT CAPACITY PRIOR TO ANY OFFSHORE/OVERSEAS INSURANCE/REINSURANCE PLACEMENT

The Commission has observed attempts to undermine/subvert statutory local content utilization requirements whereby some insurance companies and brokers connive to deny participation or restrict the capacity of eligible insurance and reinsurance companies from exercising their option of first refusal of participation under the guise of the companies failing to meet Financial Strength Ratings requirements and other extraneous conditions.

2. In view of the regulatory concerns around this practice, the Commission hereby clarifies and draw attention to the requirements of the Law on overseas insurance/reinsurance placements of all insurance risks as well as the consequences of violations.

3. Accordingly, insurance institutions are hereby required to note the provisions of extant laws and regulations to the effect that:

   a) By the provisions of extant insurance laws and regulations, all insurance or reinsurance businesses have been domesticated.

   b) It is unlawful to transact insurance or reinsurance business with a foreign insurer or reinsurer in respect of any life, asset, interest or other properties in Nigeria businesses classified as domestic insurance unless with a company licensed by the Commission.

   c) All overseas or foreign placements shall be by way of reinsurance only which shall be subject to the prior written approval of the Commission.

   d) The approval of the Commission shall only be granted after exhaustion or full utilization of in-country capacity (local capacity of the Nigerian insurance industry).

   e) The determination of the capacity, ratings and eligibility of insurance, reinsurance and brokerage companies under the Commission's regulatory purview is determined by the Commission in line with extant regulatory policies and guidelines.

4. Consequently, all insurance institutions are hereby required to note that:

   i) No proportion of any risk shall be ceded out of Nigeria until local capacity of Nigerian insurance and reinsurance companies are exhausted.

ii) The Financial Strength Ratings required for foreign reinsurers to participate in the Nigerian market does not apply to reinsurance companies licensed and regulated by the Commission.

iii) It is only the Commission that determines whether a regulated insurance or reinsurance company can participate in reinsurance business under the law.

5. Please note that any company found to have violated, is violating, or conniving with any entity with a view to circumventing these requirements pertaining to Local Content Laws and guidelines will be deemed to have flagrantly violated extant legislation as well as regulatory directives and shall be liable to appropriate penalty and other regulatory sanctions.

Please ensure strict compliance.

A.I. Adamu
Director (Innovation and Regulation)
For: Commissioner for Insurance

NATIONAL INSURANCE COMMISSION

HEAD OFFICE: Plot 1239, Ladoke Akintola Boulevard, Garki II, Abuja. P.M.B. 457, Garki Abuja Nigeria ☎:08172047735
Email:info@naicom.gov.ng, contact@naicom.gov.ng Website:www.naicom.gov.ng

CIRCULAR NO: NAICOM/I&R/54/2024

DATE: 29th November, 2024

TO: All Managing Directors/Chief Executive Officers of Insurance Companies, Reinsurance Companies and Brokerage Firms

SUBJECT: NON-COMPLIANCE WITH NIGERIAN CONTENT REQUIREMENTS OF EXTANT INSURANCE LAWS AND REGULATIONS BY INSURANCE INSTITUTIONS

Further to our circular on Exhaustion/Utilization of Local Content Capacity referenced NAICOM/I&R/53/2024, the National Insurance Commission has observed that some insurance institutions in Nigeria are violating extant insurance laws and regulations by transacting business with foreign reinsurers not licensed by the Commission. Some of these foreign reinsurers have established local offices in Nigeria, with their staff meddling in insurance placement negotiations.

2. This practice is a clear violation of Nigerian insurance laws and regulations. The law requires that no person or entity shall transact an insurance/reinsurance business with a foreign insurer or reinsurer in respect of any life, asset, interest or other properties in Nigeria businesses classified as domestic insurance unless with a company licensed by the Commission and Africa-Re, established under a protocol signed by the Federal Government of Nigeria.

3. In light of the above, it has become imperative to reiterate that all insurance/reinsurance businesses emanating from Nigeria have been domesticated in line with Section 72 (2) (f) of the Insurance Act 2003, and all foreign placements shall be by way of reinsurance only subject to the prior written approval of the Commission. During treaty renewals/negotiations, available local reinsurance capacity must be exhausted prior to any foreign treaty placement.

4. Accordingly, only insurance/reinsurance companies licensed by the Commission are allowed to participate in Nigerian insurance businesses. For the avoidance of doubt, an insurer or reinsurer that is not licensed by the Commission shall neither insure nor reinsure any business emanating from Nigeria, unless local capacity has been exhausted and the prior written approval of the Commission obtained.

5. All insurance institutions in Nigeria are required to ensure strict compliance with this directive, as the Commission will not hesitate to apply the full wrath of the law on erring entities.

Yours faithfully

A. I. Adamu
Director, Innovation & Regulation
For: Commissioner for Insurance

NATIONAL INSURANCE COMMISSION

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CIRCULAR

NAICOM/CIR/MCCB/MCP/INT/55 Data: 13th December, 2024

To: All Managing Directors/Chief Executive Officers of Insurance Broking Companies

SUBJECT: STRENGTHENING OPERATIONAL STANDARDS AND REPORTING PRACTICES

As part of the Commission's commitment to improving transparency, professionalism, and accountability in the insurance industry, the Commission has put in place mechanism to strengthen operational standards and market conduct of Insurance Brokers. These measures are designed to enhance trust, streamline processes, and ensure compliance with best practices. Accordingly, insurance brokers are required to comply with the following:

1. Insurance Brokers shall develop **Code of Ethics** approved by its Board of Directors that reflects the values and principles guiding its operations. The document shall at a minimum, contain the following:
    a. Continues Education
    b. Professional integrity, honesty and diligence
    c. Compliance with legal and regulatory requirements
    d. Client interests and fair treatment
    e. Confidentiality and data protection
    f. Competence and continuing education
    g. Duty to report unethical practices including whistle-blowing
    h. Accountability and responsibility
    i. Fair competition
    j. Conflict of interests

2. Insurance Brokers shall develop **Standard Operational Manual (SOM)**. This document shall at a minimum include:
    a. Introduction and purpose
    b. Roles and responsibilities
    c. Clients management
    d. Clients' accounts policy/procedure
    e. KYC compliance procedure
    f. Sales and policy management
    g. Compliance and regulatory requirements

h. Claims handling management
i. Customer service, complaints and communication protocols
j. Billing, premium collection, and financial management
k. Training and professional development
l. Technology and system usage
m. Record keeping and documentation standards
n. Data privacy and protection
o. Review and update protocol for the manual

The copies of the Code of Ethics and Standard Operational Manual are to be submitted to the Commission not later than 45 days from the date of this Circular.

3. To promote better reporting practices, the Commission has reviewed and standardized the **Business Schedule and Premium Transactions Report and the Schedule of Claims Awaiting Payment Templates** for submission of returns by all insurance brokers.

QUARTERLY RETURNS: BUSINESS SCHEDULE AND PREMIUM TRANSMISSION

Item	Name of Insured	Name of Insurer	Policy No.	Policy Detail	Commencement of Risk	Sum Insured	Premium		Date of receipt of Premium from client by Broker		Date of transmission of premium by Broker to Underwriter	Commission Earned	
							LO	FO	LO	FO		LO	FO

Key: Lo = (Local) Fo = (Foreign)

QUARTERLY RETURNS: SCHEDULE OF CLAIMS AWAITING PAYMENT TO BENEFICIARY

S/No	Date of claim(s) notification by insured to the broker	Date of claim(s) notification by the broker to the Underwriter	Name of Insurer	Claim(s) number	Claim(s) amount		Date of receipt of Discharge Voucher by broker from the underwriter	Name of insured / beneficiary	Date of Payment by the Insurer
					LO	FO			

Key: Lo = (Local) Fo = (Foreign)

Brokers are expected to use the above templates for reporting effective from First Quarter of year 2025.

All Insurance Brokers are required to strictly comply with this Circular.

A.I. Adamu
Director, Innovation and Regulation
For: Commissioner for Insurance

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CIRCULAR: NAICOM/I&R/CIR/56 **17th December 2024**

To: All Managing Directors/Chief Executive Officers of Insurance Companies, Reinsurance Companies and brokerage Firms

DEDICATED EMAIL SYSTEM FOR CORRESPONDENCE WITH THE COMMISSION

As part of the ongoing efforts of the Commission to ensure efficient delivery of services, improved Turn-Around-Time and in alignment with Federal Government initiative on ease of doing business in the Country, the Commission has created a dedicated e-mail address (mailroom@naicom.gov.ng) for all correspondences from Insurance Institutions. All Insurance Institutions are required to henceforth send all letters and requests (other than regular returns and CTC requests) by way of attachments, to the e-mail address referenced above.

In view of this development, all Insurance Institutions are also required to create and forward a dedicated e-mail address which the Commission will use as a medium of communication.

Please note that priority attention shall be given to electronic mails

Ahmad Ibrahim Adamu
Director, Innovation & Regulation
For: Commissioner for insurance.

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CIRCULAR: NAICOM/I&R/CIR/56 **17th December 2024**

To: Managing Directors/Chief Executive Officers of all Insurance Institutions

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Circular No: NAICOM/DIR/CIR/59/2025 **29th January 2025**

To: The Managing Directors/CEOs of all Life Insurance Companies

ADDITIONAL REGULATORY REQUIREMENTS FOR UNDERWRITING OF ANNUITY BUSINESS IN NIGERIA

In furtherance of the Commission's resolve to ensure a safe, sound and stable insurance sector, the Commission hereby issues the following additional requirements for insurers carrying on annuity business. These requirements, which are further to paragraphs 3.4.1 – 3.4.3, 7.3.1 – 7.3.3 and 8.1.1 – 8.1.3 of the Prudential Guidelines, are intended to enshrine best practice in the management of annuity portfolios by insurance companies.

2. An insurance company intending to carry on annuity business shall have at least one Qualified Actuary (as defined in appendix 1) who shall take statutory responsibility for the Assets-Liability Matching (ALM) analysis and implementation of its adoption by the investment team of the company.

3. An Insurer that does not have an in-house Qualified Actuary, shall make arrangement for a Qualified Actuary from an external actuarial firm to take on the ALM responsibility on its behalf for an interim period of no more than 2 years, subject to the Commission's approval for an extension for 2 or more years, thereafter.

4. The appointment of an in-house or external Qualified Actuary, who shall sign off all ALM reports as required by the provisions of paragraphs 3.4.3, 7.3.1 and 8.1.5(m) of the Prudential Guidelines, shall be subject to the prior approval of the Commission.

5. The ALM report required by the provisions of paragraphs 3.4.3 of the Prudential Guidelines, shall at a minimum, contain the following:

i. Analysis covering the following areas:
   a. The Relative sizes of the In-Scope Asset Portfolio and the Best Estimate Liabilities ("BEL").
   b. The Annualised Net Cash Flow (i.e. Matching Asset cash flows less BEL cash flows) analysis.
   c. The Duration of the Matching Asset and BEL cashflows, the Duration Gap and Relative Duration Gap where:

      Duration Gap =

$$Duration\ of\ Matching\ Assets \times \frac{Mkt\ value\ of\ Matching\ Assets}{Best\ Estimate\ Liabilities} - Duration\ of\ BEL$$

$$\text{Relative Duration Gap} = \frac{\textit{Duration Gap}}{\textit{Duration of BEL}} \times 100\%$$

d. The results of a stress test of +/- 300 basis points to the NAS risk-free yield curve, and where necessary that of a stress test of +/- 600 basis points to the NAS risk-free yield curve.

ii. Clearly indicate the results obtained from the analysis above and any further action required in conformity with the schedule of required action specified in the matrix in appendix 2 of this Circular.

iii. Clear recommendations to the investment team for a rebalancing of the asset portfolio; and

iv. Comparison of the situation in the previous report and the current report, with comments on what has changed with reasons.

6. An insurance company shall immediately identify the band within which the result fits in the matrix and shall implement the required action with immediate effect. An insurance company that fails to implement the required actions constitute a violation and shall be liable to regulatory sanction including payment of penalties as may be determined by the Commission.

7. The ALM report shall be submitted to the Commission not later than fifteen (15) days after the end of every quarter in line with the reporting requirement stipulated in paragraph 3.4.3 of the Prudential Guidelines.

8. Without prejudice to paragraph 7 of this circular, where the annuity portfolio of an insurance company has more than 1,000 (one thousand) annuitants or the portfolio is valued at ₦5,000,000,000.00 (Five Billion Naira) or more, the Company shall submit to the Commission the prescribed ALM report monthly, not later than 15th of the succeeding month.

9. An insurance company shall ensure regular but not less than monthly meetings between the Actuarial and Investment functions of the company to discuss the following:

i. The implementation of the previous ALM report; If any recommendation from the report was not executed, state clearly why it was not implemented.

ii. The latest ALM report and agree on an implementation plan; and

iii. Submission of the minutes of the meeting to the Management.

10. An insurance company shall also ensure that the Asset/Liability Committee (ALCO) reviews the following regularly, at a minimum every quarter:

i. The current ALM position and comparison to the position at the time of the last meeting; and

ii. Any identified ALM breaches, actions being taken to remediate breaches as well as any measures being put in place to prevent a recurrence of said breaches.

11. The Board of Directors of the insurance company shall be responsible for ensuring strict compliance with this Circular. Accordingly, the Board of Directors are required to adopt, issue or

update policies for effective compliance with this Circular, not later than three months of issuance of the Circular.

12. An Insurance Company whose strategic business plan for its annuity portfolio will not support the additional expense imposed by this Circular shall not later than 180 days from the effective date of this Circular, transfer its annuity portfolio to another suitable insurance company in line with extant insurance laws and regulations.

13. From the effective date of this Circular, an insurance company shall consolidate its Retiree Life Annuity (RLA) funds and assets with its chosen RLA Custodian adopting the procedures prescribed in paragraphs 16.2 – 16.11 of the Regulation on Retiree Life Annuity 2020.

14. In addition to all the above, the NAS Standards of Actuarial Practice (NSAP) on Annuities shall guide the pricing, valuation and ALM reports of annuity portfolios. An actuary that fails to satisfactorily explain any departure from NSAP in the pricing, valuation and ALM reports of any portfolio constitute a violation and be liable to regulatory sanction as may be determined by the Commission, taking cognizance of the quantum and benefits derived therefrom.

15. This Circular takes effect from 1st February 2025.

16. All correspondence to the Commission in respect of this Circular should be marked for the attention of the Actuarial Services.

A. I. Adamu
Director (Innovation & Regulation)
For: Commissioner for Insurance

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NAICOM/I&R/CIR/60/2025

6th March 2025

Circular to all Managing Directors/CEOs of Insurance Institutions in Nigeria

MANDATORY PROMPT SETTLEMENT OF CLAIMS AND ENFORCEMENT OF COMPLIANCE WITH STATUTORY THIRD-PARTY MOTOR INSURANCE

In accordance with our ongoing efforts to safeguard innocent third parties on our roads and ensure adherence to existing insurance laws and regulations, the Nigerian Police Force and the Federal Road Safety Commission have initiated a nationwide enforcement of compulsory third-party motor insurance. The primary objective of this mandate is to provide financial protection to innocent third parties in the event of an accident. Consequently, all insurance institutions are hereby directed to prioritize prompt settlement of genuine claims and ensure that policyholders receive equitable treatment.

In light of this development and pursuant to the powers vested in the Commission by extant insurance laws and regulations, all insurance institutions in Nigeria are hereby mandated to ensure strict compliance with the following directives:

1. *Prompt and Adequate Settlement of Claims*: All insurers are mandated to ensure the expeditious settlement of all claims arising from the enforcement of compulsory third-party motor insurance and other insurances. Insurers must prioritize settlement of claims and ensure that policyholders receive equitable treatment. In alignment with the Commission's mantra, "find a reason to settle claims and settle them promptly," every insurance company is required to settle all genuine claims promptly, fairly, and adequately. Where necessary, insurers are to dispense with documents that are not fundamental to the reported loss and settle genuine claims accordingly.

2. *Terms and Conditions of Compulsory Third-Party Motor Vehicle Insurance*: All insurance companies must ensure that the terms and conditions of insurance policies/certificates are in accordance with extant insurance laws, regulations, and guidelines, as well as the underlying principles. Insurers are required to issue insurance policies that are fair, appropriate, and contain approved standard terms and conditions, thereby ensuring that innocent third parties are not denied legitimate claims compensation and are compensated promptly, adequately, and fairly.

3. *Disclosure of Policy Terms and Conditions*: Insurance institutions must ensure full disclosure of the scope of coverage, policy terms, and conditions contained in every insurance policy, which must be issued in compliance with extant market conduct requirements. Furthermore, all insurance institutions are required to adequately enlighten insureds on the scope of coverage,

policy terms, and conditions of the policies issued to them to prevent disputes in the event of claims.

4. *Compliance with Premium Rates*: In order to maintain fairness and transparency and to ensure that insurance companies can fulfil the resulting claims obligations, insurance institutions are required to comply with the Commission's circular issued on 22nd of December 2022 in respect of the rates of premium for third-party motor insurance.

5. *Fraudulent Claims Reports:* To ensure that insurance policyholders' funds entrusted in insurance companies are effectively managed, insurance institutions are required by extant insurance laws to promptly report to the Commission any claims suspected to be fraudulent. Consequently, insurance companies are enjoined to strictly comply with this requirement as any insurer that fails to report a claim which it knows to be false or has reason to suspect is false shall be sanctioned.

Please be advised that the Commission will not hesitate to impose stringent regulatory sanctions against any insurance institution that fails to comply with this circular.

A. I. Adamu
Director (Innovation & Regulation)
For: Commissioner for Insurance