NATIONAL INSURANCE COMMISSION

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CIRCULAR NO:	**NAICOM/TD/I&R/SR/SA/CIR/74/2025**
DATE:	**8th December 2025**
TO:	**All Managing Director/CEOs of Insurance Institutions**
SUBJECT:	**ADDENDUM TO THE GUIDELINES ON REINSURANCE FOR INSURERS AND REINSURERS IN NIGERIA**

Please recall that the Guidelines on Reinsurance for Insurers and Reinsurers in Nigeria, issued pursuant to the Nigerian Insurance Industry Reform Act 2025 and other extant regulations, requires that net retention/deductible for insurance and reinsurance treaties shall be based on 5% and 2.5% of the Minimum Capital Requirement (MCR) for insurance and reinsurance companies respectively.

1. Sequel to representations from stakeholders and in consideration of the need to strengthen in-country market capacity, reduce systemic dependence on foreign reinsurers, and mitigate the impact of low retentions on reinsurance costs and consumer premiums, the Commission has resolved that the net retention/deductible for insurance and reinsurance treaties shall be based on the higher of the MCR and Shareholders' Funds.

2. Accordingly, the maximum net retention/deductible stipulated in Paragraphs 4.4, 5.2, 5.6 and 6.17 (n) of the Guidelines on Reinsurance for Insurers and Reinsurers in Nigeria shall be based on the higher of the MCR and Shareholders' Funds as disclosed in the Annual Audited Financial Statements approved by the Commission.

3. This is intended to enhance underwriting capacity within the domestic market, promote financial soundness and optimal risk retention and reduce excessive reliance on foreign reinsurance markets and associated costs.

4. All other provisions of the *Guidelines on Reinsurance Arrangements* remain unchanged, and insurance and reinsurance companies are required to ensure strict compliance.

Yours faithfully

John Falade
Assistant Director (Special Risks & Security Analysis)
For: Commissioner for Insurance.