NATIONAL INSURANCE COMMISSION

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REF: NAICOM/CFI/DCT/NIIRA2025-RECAP/001

DATE: 12TH AUGUST 2025

TO: ALL INSURANCE AND REINSURANCE COMPANIES IN NIGERIA

SUBJECT: IMPLEMENTATION OF THE NEW MINIMUM CAPITAL REQUIREMENT (MCR) PRESCRIBED BY THE NIGERIAN INSURANCE INDUSTRY REFORM ACT (NIIRA) 2025

Following the enactment of the Nigerian Insurance Industry Reform Act (NIIRA) 2025 and assent of His Excellency, President Bola Ahmed Tinubu, GCFR on the 31st of July 2025, the Commission hereby notifies all insurance and reinsurance companies of the commencement of the recapitalisation exercise as prescribed by the NIIRA 2025.

2.0 **Minimum Capital Requirement and Risk-Based Capital**

The NIIRA 2025 introduces higher Minimum Capital Requirements (MCR) of ₦10billion, ₦15billion, ₦25billion and ₦35billion for life, non-life, composite and reinsurance companies respectively and a shift to a Risk-Based Capital (RBC) framework for insurance and reinsurance companies in Nigeria. In line with the provisions of the Act, the new MCR takes effect from the date of Presidential assent, and all operators are required to comply fully within a twelve (12) month period from the effective date.

3.0 **Effective Date and Compliance Period**

In line with the provisions of the Act, the new MCR takes effect from the date of Presidential assent, that is 31st July, 2025. A 12-month period has been provided for insurers and reinsurers to comply with the new MCR as well as the applicable RBC as may be determined. All insurers and reinsurers shall comply with the requirements on or before the 30th day of July 2026.

4.0 **Guidelines and Circulars**

The Commission shall, in due course, issue comprehensive guidelines and circulars detailing the modalities for the recapitalisation exercise. These shall include, but not limited to:

i) The composition of the MCR;
ii) Acceptable forms of capital;
iii) Procedures for capital verification;
iv) Qualifying assets for MCR purposes and criteria such as title, ownership, and existence;
v) A standardised template for computation of MCR.

5.0 **Treatment of Assets**

For the avoidance of doubt, insurers and reinsurers are hereby informed that:

i) Encumbered assets, assets without perfected title or ownership, and assets not in the full possession of an insurer/reinsurer shall be inadmissible for the purpose of meeting the MCR.

ii) Assets that exceed prudential thresholds or do not meet the prescribed criteria shall also be deemed inadmissible.

6.0 **Verification of Assets**

All assets for the purpose of the new MCR shall be subject to verification by the Commission or its appointed agents. In addition, where, due to the nature or circumstances of an asset, the Commission deems it necessary to undertake further verification beyond the norm, the cost of such non-standard verification shall be borne by the concerned insurer or reinsurer.

7.0 **Issuance of New Certificates and Fees**

Upon fulfilment of the new MCR, payment of the requisite fees and confirmation by the Commission, the successful insurance and reinsurance company shall be issued a new licence by the Commission. Any company that fails to meet the prescribed MCR within the stipulated timeframe shall be subject to liquidation, merger, or any other regulatory resolution action as may be deemed appropriate by the Commission.

8.0 **Engagement with Stakeholders**

The Commission will engage with relevant regulators such as SEC, CAC, NRS, etc and stakeholders with a view to securing, where possible, appropriate incentives and concessions that may ease compliance and reduce the cost of the exercise.

9.0 **Transparency and Value Addition**

The Commission wishes to assure the insurance industry and all stakeholders that the implementation of the new MCR, including the verification and confirmation processes, shall be conducted in a transparent, fair, and value-adding manner. The objective is to strengthen the financial soundness of the industry, enhance public confidence, and ensure that the benefits of the NIIRA 2025 accrue to the Nigerian people.

10.0 **In-House Committee**

An in-house Committee has been established to oversee, coordinate, guide, monitor, and implement the recapitalisation exercise across the insurance industry.

11.0 **Conclusion**

All insurance and reinsurance companies are required to commence internal preparations, outline recapitalization plan, engage proactively and take immediate steps to comply with the new minimum capital requirements within the stipulated 12-month period.

The Commission is committed to ensuring a successful implementation of the recapitalisation exercise. For enquiries and further clarification, please contact: recapitalisation@naicom.gov.ng.

Please accept the assurances of the Commission's best wishes.

Dr Usman J. Jankara
Deputy Commissioner (Technical)