



NATIONAL INSURANCE COMMISSION

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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