NATIONAL INSURANCE COMMISSION

GUIDELINES FOR THE COLLECTION, MANAGEMENT, AND ADMINISTRATION OF THE INSURANCE POLICYHOLDERS' PROTECTION FUND

PURSUANT TO SECTION 212 OF THE NIGERIAN INSURANCE INDUSTRY REFORM ACT, 2025

APRIL 2026

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1.0 Introduction

1.1 These Guidelines are issued by the National Insurance Commission (the Commission) pursuant to Section 212 of the Nigerian Insurance Industry Reform Act, 2025 (NIIRA 2025.

1.2 The Guidelines provide a framework for the collection, management, and administration of the Insurance Policyholders' Protection Fund (hereinafter referred to as the 'Fund').

1.3 The Fund means the Insurance Policyholders Protection Fund into which shall be paid 0.25% of the gross premium income of every insurer and reinsurer and 0.25% of the balance standing in the Security and Insurance Development Fund as at 31 December of the preceding year after meeting all financial obligations stipulated for the Fund by the Act.

1.4 The Fund shall be used for the purpose of resolving distress and insolvencies of licensed insurers or reinsurer and payment of claims admitted by or allowed against a licensed insurer or reinsurer which remains unpaid by reason of insolvency or cancellation of the licence of the insurer or reinsurer.

2.0 Objectives

2.1 The objectives of these guidelines are to:

i) Ensure protection of policyholders and beneficiaries covered under an insurance policy.

ii) Ensure timely and accurate collection of contributions to the Fund.

iii) Establish sound management and investment practices for the Fund.

iv) Provide procedures for disbursement and recovery of loans from the Fund.

v) Promote transparency, accountability, and governance in the administration of the Fund.

3.0 Scope of Application

3.1 These guidelines apply to all insurance and reinsurance companies in Nigeria and to the Insurance Policyholders' Protection Fund Committee (hereinafter referred to as the Committee) and the Fund Manager appointed by the Commission to independently administer the fund under the oversight of the Committee.

3.2 Nothing in these Guidelines shall stop or prevent the Commission from exercising its regulatory and supervisory oversight.

4.0 Collection of Contributions

4.1 The collection and payment of contributions into the Fund commenced with effect from the date the NIIRA 2025 was signed into law by the President (i.e. 31st July 2025).

4.2 An insurer/reinsurer shall contribute 0.25% of its net premium income annually to the Fund. For this purpose, net premium income shall be the gross written premium less brokerage commission.

4.3 An insurer or reinsurer shall submit to the Commission an IPPF Assessment Returns on or before 31st March of each year indicating the gross written premium and brokerage commission in a prescribed format in respect of assessment period. The IPPF Assessment Returns Form in **Appendix E** shall be used for submission of the returns.

4.4 The Commission shall contribute 0.25% of the balance in the Security and Insurance Development Fund as at 31 December of the preceding year to the Fund. Notwithstanding the 0.25% contribution from SIDF, the Commission may provide additional contribution to the Fund as loan, where necessary, to achieve the objective of the Fund. The additional contribution shall be recouped from future contributions that may be due from the SIDF.

4.5 Contributions shall be paid into the Fund's designated accounts with deposit money banks not later than 30th June of each year based on the Audited or Management financial statement as at 31st December of the year preceding the assessment.

4.6 An assessment carried out using Management Financial Statements and the payments made based on such assessments shall be considered provisional. Upon confirmation of the final amount due from Audited Financial Statements:

i) Where there is a shortfall, the outstanding balance shall be paid within 10 working days of receiving the final assessment.

ii) Where there is an overpayment, a Credit Note shall be issued for the overpayment, and the excess amount shall be deducted from the contribution due in the subsequent year.

4.7 The Formula for computation of the Annual Contribution by an insurer/reinsurer shall be: *0.25% × Net Premium Income (NPI).*

4.8 For the year 2025, the pro-rated contribution shall be paid by an insurer/reinsurer. The pro-rated contribution shall be equal to: *Annual Contribution × (Number of days from 31st July to 31st December 2025/365) as r*epresented in the table below:

Name	NPI (₦)	Annual Contribution (₦)	Days in Year	Pro-Rated Contribution (₦)
XYZ Insurance Ltd	1,000,000,000	2,500,000	148	1,011,643.84

4.9 Failure by any insurer or reinsurer to remit the full amount of its assessed contribution to the Insurance Policyholders' Protection Fund within the stipulated timeframe shall constitute a ground for suspension or cancellation of its operating licence by the Commission.

4.10 For the purpose of making contribution to the Fund by an insurer or reinsurer, the Net Premium Income (NPI) shall be determined as gross written premium less brokerage commission for the immediate preceding year.

5.0 Fund Management

5.1 The Fund shall be managed independently by a competent Fund Manager appointed by the Commission.

5.2 The Fund shall be held in Deposit Money Banks licensed by the Central Bank of Nigeria and rated not below investment grade.

5.3 The selection criteria for the Fund Manager shall include the following:

i) Securities and Exchange Commission (SEC) registration as a Fund/Portfolio Manager.

ii) Minimum paid-up capital of ₦5billion.

iii) Audited financials for the past three years.

iv) Fidelity bond of not less than 50% of the fund placed with the Fund Manager or as may be directed by the Commission.

5.4 The Fund Manager shall invest the Fund in low-risk, government-backed instruments to maintain liquidity and security of the Fund and any other investment type as may be approved by the Commission.

5.5 The investments shall comply with extant prudential requirements, including:

i) Low-risk, liquid, diversified.

ii) Government-backed securities.

iii) Asset-liability matching.

5.6 The Fund Manager shall provide quarterly reports, annual audits, and stress testing results to relevant stakeholders, as may be required by the Commission.

5.7 The Fund Manager shall submit quarterly performance reports, annual audited financial statements and stress testing results to the Committee, who will thereafter vet and submit same to the Commission, not later than 15 days and 3 months from the end of the quarter and year, respectively.

5.8 The Commission, in consultation with the Committee, may direct the appointment of a Fund Custodian who shall be responsible for safeguarding and physical holding of the contributions on behalf of the Fund Manager.

6.0 Administration and Disbursement

6.1 The Fund shall be used to resolve distress and insolvency of licensed insurers and reinsurers.

6.2 The disbursements shall be made as loans to affected insurers or reinsurers by the Committee, subject to the approval of the Commission.

6.3 Loan terms, interest rates, and repayment schedules shall be determined by the Committee, subject to the approval of the Commission.

6.4 The procedure for disbursement of the Fund shall be as follows:

i) Formal application with financials, claims register, actuarial valuation, recovery plan.

ii) Claims must be admitted with discharge vouchers.

iii) Due diligence by an external auditor appointed for that purpose and approved by the Commission.

iv) Approval of the application by the Commission.

6.5 The loan terms shall be Monetary Policy Rate (MPR), not more than 24-month repayment period or refunds within 90 days of recovery, whichever is earlier.

6.6 All loans disbursed to an insurer or reinsurer shall be paid to legitimate claimants and other beneficiaries within ten (10) working days from the date of disbursement.

6.7 The fund disbursed to an insurer or reinsurer shall not be used for any other purpose other than for the settlement of obligations under insurance policies.

7.0 Recovery and Reimbursement

7.1 Loans shall be repaid within 90 days of recovery from distress or insolvency or not more than 24-months, whichever is earlier.

7.2 In the event of liquidation, repayment shall be a first-line charge on realised assets of the insurer/reinsurer.

7.3 The Commission may require additional contributions by insurers/reinsurers if the Fund is inadequate.

8.0 Governance Structure

8.1 The Insurance Policyholders' Protection Fund Committee (hereinafter referred to as the 'Committee') shall oversee the Fund.

8.2 The Committee shall comprise:

i) A Chairman appointed by Commission
ii) Two representatives of the Commission
iii) Two representatives of the Nigerian insurance industry
iv) The Fund Manager (Secretary)

8.3 The Committee shall meet quarterly and maintain conflict of interest policies with mandatory disclosures.

8.4 The tenure, qualifications and experience of members of the Committee shall be in line with best regulatory practices as specified in **Appendix A.**

8.5 The remuneration of members of the Committee shall be as stipulated in **Appendix B** to ensure a transparent, fair, and performance-aligned framework for compensating Committee members, including guidance on the Fund Manager's compensation to ensure accountability and attract qualified professionals.

8.6 The Code of Conduct for members of the Committee shall be as specified in **Appendix C.**

9.0 Reporting and Compliance

9.1 An insurer, reinsurer and insurance operator shall report imprudent practices within five days of awareness.

9.2 All whistleblowers shall be accorded full and adequate protection by an insurance institution. For the purpose of this section, an insurance institution shall, at all times, have and implement policies to adequately protect a whistleblower and confidentiality of its identities. No whistleblower shall, under any circumstance, be subjected to retaliation, intimidation, threat, or any form of adverse action. The Commission shall ensure that whistleblowers and their identities under this section are adequately protected.

9.3 The Commission shall investigate reports and take regulatory action against an insurer/reinsurer for unprofessional/imprudent practices.

9.4 No fund shall be disbursed from the fund without the prior written approval of the Commission.

9.5 The Committee shall submit Annual Audited Financial Statements to the Commission not later 6 months from the end of the year.

9.6 The Committee shall present the Audited Financial Statements on the management and performance of the Fund to industry stakeholders at an Annual General Meeting (AGM) called for that purpose. The AGM shall be called at any time not later than July each year. Where there is reasonable ground to hold the AGM at a later date, the prior written approval of the Commission shall be obtained by the Fund's Committee.

9.7 The Committee shall publish annually a summary of Fund adequacy and stress test results on the Commission's website or other channels as the Commission may approve.

10.0 Enforcement and Sanctions

10.1 Failure by an insurer/reinsurer to contribute or repay loans shall result in cancellation of licence.

10.2 Failure to report imprudent practices shall attract regulatory sanctions.

10.3 The Commission shall maintain lists of compliant and non-compliant entities and may publish the list on its website.

10.4 An insurance institution that fails to comply strictly with any of these guidelines shall be liable to appropriate penalty. In determining the appropriate penalty, the Commission shall be guided by the principle of disgorgement in regulatory enforcement aimed at removal of financial benefits gained by an insurance institution through non-compliance or breach of regulatory obligations, the seriousness of the breach, aggravating and mitigating factors, and deterrence adjustment. This ensures that no entity profits from misconduct and supports the broader goals of discipline and deterrence.

11.0 Rules & Regulations Governing the Committee's Meetings

11.1 The rules and regulations in **Appendix D** shall guide meetings of the Committee in order to ensure transparency, accountability, and effective decision-making.

12.0 Review and Amendments

12.1 The Commission may review these guidelines periodically to align them with best practices.

12.2 Amendments shall be made in consultation with stakeholders and published accordingly.

13.0 Appendices

13.1 Appendices A, B, C, D and E. These appendices shall form part of this Guideline.

APPENDIX A

A. TENURE, QUALIFICATIONS, AND COMPOSITION OF THE COMMITTEE

1. Tenure of Office

i) Members of the Committee shall serve a term of four (4) years and no more.

ii) Continued eligibility shall be subject to satisfactory performance and at the discretion of the Commission.

iii) A member may be removed by the Commission for gross misconduct, conflict of interest, persistent non-attendance (e.g., missing two consecutive meetings without valid reason) and breach of confidentiality or fiduciary duty, etc.

2. Composition of the Committee – The Committee shall consist of the following:

Position	*Appointing Authority*	*Minimum Rank/Designation*
Chairperson	The Commission	Serving or retired executive or above, with at least 20 years' experience.
2 Reps of the Commission	The Commission	At least one from the Technical Division; Minimum rank: Assistant Director with at least 15 years' regulatory experience.
2 Reps of the Industry	NIA nominee. Approved by the Commission	Must be serving or retired executives (e.g., MD, ED), with at least 15 years' experience in asset management.
Fund Manager (Secretary)	Appointed by the Commission	Must be a licensed fund/portfolio manager with at least 7 years' experience in asset management

3. Qualifications and Experience – All members must meet the following criteria:

i) *Educational Qualification:* Bachelor's degree or recognized professional qualification in insurance, finance, accounting, law, economics, or a related field. A postgraduate degree or professional certification (e.g., ACII, CFA, ICAN) is an added advantage.

ii) *Experience*: Minimum of 15 years post-qualification experience in insurance, financial services, regulation, or public administration.

iii) *Reputation*: Must be persons of proven integrity, with no record of professional misconduct, regulatory sanctions, or criminal conviction.

APPENDIX B

B. REMUNERATION POLICY FOR COMMITTEE MEMBERS AND FUND MANAGER

1. The purpose of this section is to establish a transparent, fair, and performance-aligned framework for compensating members of the Committee, ensuring accountability and attracting qualified professionals.

2. This policy applies to Committee Members and the Fund Manager (Secretary to the Committee)

3. Remuneration Structure:

   i) Committee Members may be paid:

      a) Fixed sitting allowance per meeting attended, subject to a quarterly cap, as may be approved by the Commission. The Chairperson may be paid higher sitting allowance.

      b) Modest annual honorarium subject to the Commission's approval.

      c) Reasonable travel and logistics expenses shall be reimbursed or allowance paid in lieu as may be approved by the Commission.

   ii) The Fund Manager may be paid:

      a) Contractual emolument, not salary, to preserve independence. The emolument may be structured as base fee plus performance incentive. Up to 50% of the incentive shall be deferred for three years. The incentive may be withheld or clawed back for poor performance.

      b) The Performance Metrics shall include the following:
         - Investment returns vs. benchmark.
         - Liquidity and solvency of the Fund.
         - Timeliness and accuracy of reporting.
         - Compliance with NAICOM directives.

4. All remuneration shall be subject to the Commission's approval. An independent consultant may be engaged for benchmarking and appropriateness.

5. The remuneration details shall be disclosed in the Fund's Annual Report. Any changes to the policy shall be published and shall be subject to the approval of the Commission.

APPENDIX C

C. CODE OF CONDUCT FOR COMMITTEE MEMBERS

1. *Integrity and Accountability* – Members shall act with honesty, integrity, and transparency in all Committee activities. Decisions shall be made in the best interest of policyholders, free from personal bias or external influence.

2. *Confidentiality* - All information obtained in the course of the Committee's duties shall be treated as strictly confidential. Members shall not disclose or use confidential information for personal gain or to benefit third parties.

3. *Conflict of Interest* - Members must declare any actual or potential conflict of interest prior to deliberation on any matter. Affected members shall recuse themselves from discussions and voting on such matters. Failure to disclose a conflict may result in disciplinary action or removal from the Committee.

4. *Professionalism* – Members shall conduct themselves in a respectful, courteous, and professional manner during meetings and interactions. Disruptive behaviour, harassment, or discriminatory conduct shall not be tolerated.

5. *Compliance with Laws and Regulations* – Members shall comply with all applicable laws, regulations, and the Commission's directives. Any breach of regulatory obligations shall be reported immediately to the Commission.

6. *Attendance and Participation* – Members are expected to attend all scheduled meetings punctually and actively participate. Absence from two consecutive meetings without valid justification may result in removal from the Committee.

7. *Use of Position* – Members shall not use their position for personal advantage or to influence decisions for the benefit of any insurer, reinsurer, or related party. Gifts, favours, or inducements from stakeholders are strictly prohibited.

8. *Record-Keeping and Documentation* – Members shall ensure that all decisions, votes, and deliberations are accurately documented in meeting minutes. Records shall be maintained in accordance with extant archiving and retention policies.

9. *Continuous Learning* – Members shall commit to ongoing professional development, including participation in relevant training, workshops, and briefings organized by the Commission.

10. *Enforcement* – Breaches of this Code of Conduct shall be investigated by the Commission. Sanctions may include warning, suspension, removal, or referral to appropriate authorities.

APPENDIX D

D. RULES AND REGULATIONS GOVERNING THE COMMITTEE'S MEETINGS

1. *Frequency of Meetings* - The Committee shall meet at least once every quarter. Emergency meetings may be convened at the request of the Commission. The Chairperson or any two members of the Committee may convene a meeting, subject to approval of the Commission.

2. *Notice of Meetings* - A written notice specifying the date, time, venue, and agenda shall be circulated to all members at least 7 calendar days prior to a scheduled meeting. For emergency meetings, a minimum of 48 hours' notice shall be required.

3. *Quorum* - A quorum shall consist of at least three (3) members, including one representative of the Commission, one representative of the insurance industry and the Chairperson or a designated alternate. No meeting shall proceed without a quorum.

4. *Chairing of Meetings* - The Chairperson shall preside over all meetings. In the absence of the Chairperson, a member designated by the Commission shall act as Chair.

5. *Decision-Making* - Decisions shall be made by consensus, where possible. Where consensus cannot be reached, decisions shall be made by simple majority vote of members present. In the event of a tie, the Chairperson shall cast the deciding vote.

6. *Voting Procedures* – Each member shall have one vote. Voting may be conducted by show of hands, voice vote, or secret ballot, as determined by the Chairperson. Proxy voting shall not be permitted.

7. *Minutes of Meetings* - The Fund Manager (serving as Secretary) shall record and circulate draft minutes not later than 5 working days after each meeting. Minutes shall be approved at the next meeting and signed by the Chairperson and Secretary.

8. *Conflict of Interest* - Members shall declare any conflict of interest prior to deliberation on any agenda item. Affected members shall recuse themselves from discussions and voting on such matters.

9. *Confidentiality* - All deliberations and documents shall be treated as confidential. Members shall not disclose any information made available to them without prior written approval from the Commission.

10. *Attendance and Participation* - Members shall attend meetings regularly and punctually. Absence from two consecutive meetings without valid reason may result in removal from the Committee.

11. *Reporting* – The Committee shall submit a quarterly report of its activities to the Commission. An annual summary shall be included in the Fund's audited financial statements.

APPENDIX E

E. IPPF ASSESSMENT RETURNS FORM

Class of Business	Gross Written Premium				Brokerage Commission		Net Premium Income (NPI)	
	Direct	Indirect	Direct	Indirect	Indirect	Indirect	Total	Total
	₦	₦	$	$	₦	$	₦	$
	(a)	(b)	(c)	(d)	(e)	(f)	(g) = (a) + (b) less (e)	(h) = (c)+(d) less (f)
Life/Family								
1. Individual life								
2. Group Life								
3. Annuity								
4. Health								
5. Others (List)								
Non-Life/General								
6. Fire								
7. General Accident								
8. Motor Vehicle								
9. Marine & Aviation								
10. Oil, Gas & Power								
11. Engineering								
12. Bond Credit								
13. Agric								
14. Others (List)								
Total								
Contribution at 0.25%								

14.0 Enquiries

14.1 Enquiries on any aspect of these Guidelines should be referred to the National Insurance Commission, Plot 1239, Ladoke Akintola Boulevard, Garki II, Abuja or email: info@naicom.gov.ng or visit the Commission's website: www.naicom.gov.ng

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MARCH 2026