



# NAIPE Trumpet

...Building Bridges Across Stakeholders

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## Making Proposed Insurance Law A Reality

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Savings  
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## EDITOR'S NOTE

**F**rom inception, our aim as a body, primarily, has been to contribute our quota significantly to the growth and development of the Nigerian insurance and pension sub-sectors of the financial services industry.

It is our resolve to continue doing this until every adult in the country has one form of insurance cover or the other, while also having a pension plan to be able to enjoy pleasurable retirement.

In view of the fact that we see ourselves as stakeholders in the nation's insurance and pension sub-sectors, NAIPE Trumpet will not only continue to disseminate useful and relevant information to the teeming populace, but we will keep educating and enlightening the public to the extent that the people will voluntarily be embracing insurance and pension as ways of life.

Having realised that majority of the people are still ignorant of the workings of the insurance and pension sub-sectors, we are determined to do the best humanly possible, to ensure that the level of insurance and pension awareness and penetration, is increased to make these sub-sectors household names in the country.

As obtained in the developed countries of the world where the insurance and pension sub-sectors occupy their rightful position in the economy, we are convinced that this is also achievable in Nigeria considering the human and material resources at the nation's disposal.

It is our determination to keep propagating the gospel of insurance and pension so that the two sub-sectors, which are arguably the most important sub-sectors of the financial services industry, can be seen as having making significant



**As obtained in the developed countries of the world where the insurance and pension sub-sectors occupy their rightful position in the economy, we are convinced that this is also achievable in Nigeria considering the human and material resources at the nation's disposal.**

contributions to the nation's economy.


There is no gainsaying the fact other African countries and the entire world are looking up to Nigeria to take the lead in efforts to put the continent on the global stage. Armed with this fact, we will not relent in our efforts to ensure that the operators in the insurance and pension sub-sectors can compete favourably with their counterparts in other parts of the globalised world.

Once again, be rest assured that this edition of the NAIPE Trumpet is rich in content and you will definitely find it unputdownable.

Thank you.

**SOLA ALABADAN.**  
*Editor*





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# PenCom Receives 59 Complaints On Non-remittance Of Pension Contribution, Resolves Nine

BY NKECHI NAECHÉ-ESEZOBOR

The National Pension Commission (PenCom) received 59 complaints relating to non-remittance of pension contributions during the first quarter of the year, the commission disclosed in its first quarter report.

Out of the complaints received during the three months period, PenCom informed that nine were resolved, while the remaining 50 are at various stages of resolution.

The Commission also said there were no changes in the status of the implementation of the Contributory Pension Scheme (CPS) and other pension arrangements by States within the period under review.

According to PenCom, the number of states (including the Federal Capital Territory) with laws on the CPS remained at 25, while seven states are at the bill stages.

The report further said five states had



enacted laws on the Contributory Defined Benefits Scheme (CDBS) with two out of the five, i.e. Jigawa and Kano, currently implementing the Scheme (Kano is yet to transfer

pension assets to a Pension Fund Custodian), while the three others; Gombe, Zamfara and Adamawa are yet to commence implementation of the CDBS.

Meanwhile, PenCom said it recovered N384.28 million as pension contributions owed workers by defaulting employers in the first quarter (Q1) of 2023.

The commission added the amount recovered by the commission is from January 2023 to March 31, 2023, while N384.28 million was recovered from 34 defaulting employers.

The fund is comprised of "N193.06 million contributions and N191.22 million penalties".

PenCom noted that from January 2012 to March 31, 2023, it had recovered about N24.53 billion — comprising of N12.44 billion as the actual pension contribution while N12.09 billion is penalty.

# Lump Sum Pension Withdrawals Stand At N33.6m In 1st Quarter

BY NKECHI NAECHÉ-ESEZOBOR

A total of 6,415 retirees opted for Programmed Withdrawal as a mode to collect their pension benefits during the first quarter of 2023, the National Pension Commission said.

PenCom pointed out that lump sum withdrawals under the Contributory Pension Scheme, as at first quarter 2023, stood at N33,622.76 million, while their total monthly pension amounted to N481.46 million.

Lump sum is the initial withdrawal by a retiree from his or her Retirement Savings Account (RSA) balance at the point of leaving employment, in either the public service or the private sector.

As stipulated in Section 7(1) of the

PRA 2014, a holder of RSA shall, upon retirement or attain the age of 50 years, whichever is later, shall utilise the amount credited to his retirement savings account to procure a programmed withdrawal or annuity for life in accordance with guidelines issued by the commission.

Meanwhile, the commission also stated that 83,654 new Retirement Savings Account holders were registered and the associated PINs issued to these employees in different sectors, during the quarter ended March 31, 2023.

According to analysis of the distribution by the commission RSA registrations across PFAs in the first quarter 2023, revealed that Stanbic IBTC continued to maintain the largest market share of 28% with 23,586 new registrations, followed by

Access Pensions Limited which had 11% market share with 9,546 new registrations. ARM Pension Managers (PFA) Limited, Leadway and Premium Pension Limited followed with 9%, 8%, 7% market share, respectively. Consequently, the five PFAs collectively held about 63% of the 53,353 RSAs registered in the quarter under review.

PenCom stated this in its first quarter report that the total pension contributions remitted to individual RSAs in the first quarter of 2023 stood at ₦225.49 billion.

Out of this total, PenCom said the public sector accounted for ₦124.70 billion or 55.30%, while the private sector contributed ₦100.79 billion or 44.70%. Inception to the end of the first quarter of 2023 amounted to N8.70 trillion.



## 2023 Leadway Training for NAIPE Members on IFRS 17



From left: Chairperson, NAIPE, Nkechi Naeche-Esezobor, (middle) and team of Leadway Group at the Leadway Training held in Lagos.



NAIPE Members and some staff & Management Team of Leadway Assurance Company Limited during the 2023 Leadway Training for NAIPE in Lagos.

## NAIPE. Courtesy Visit To Prudential Zenith Life



From Left: NAIPE Chairperson, Nkechi Naeche-Esezobor and Mr Chuks Igumbor, MD/CEO, Prudential Zenith Life (3rd & 4th) during a courtesy visit of NAIPE executives to the company in Lagos.

## Universal Insurance Plc Host NAIPE 2023 AGM



From left: Dr. Ben Ujoatuonu, MD/ CEO, Universal Insurance Plc and Naeche-Esezobor, Chairperson, NAIPE, at the 2023 AGM of NAIPE held in Lagos.

## 2023 PenCom Training For NAIPE Members



Representatives of NATIONAL Pension Commission, Pension Fund Operators Association of Nigeria and members of NAIPE at the 2023 training for journalists in Lagos.





# Making Proposed Insurance Law A Reality

One of the last shocks of insurance sector operators and stakeholders during former President Muhammadu Buhari's regime was his failure to assent to the Consolidated Insurance Bill 2020. In this report, **EBERE NWOJI** posits that sector observers and analysts have challenged insurers to explore every opportunity towards signing the bill by President Tinubu's administration.

**T**he signing of the Consolidated Insurance bill into law was basically one of the expectations of insurance operators from the immediate past regime of the erstwhile President Muhammadu Buhari.

The insurers not only expected this, they dreamt of it, pushed and fought for it with vigour.

Unfortunately for them, the realisation of this dream became a mirage when, on May 22, just a week before the end of his tenure in office as the 15th president of Nigeria, Buhari signed eight other bills into law, leaving out the much desired consolidated insurance bill 2020.

The signing of those last eight bills brought to 129 the total number of bills signed into law by the former President

during his eight year tenure, but the insurance bill which would have brought to an end the regime of the already weakened Insurance Act 2003, was not given consideration.

To the insurers, this was a big blow because all their hopes for a better future for the insurance industry was anchored on the bill as the prevailing insurance Act 2003 has most of the stipulations

overtaken by events and time so the industry needed a fresh law that will stand the test of time and address realities on ground in the industry.

### **Insurers Probing Reasons For Bill Abandonment:**

Checks by Trumpet reveal that since the exit of the former President, insurers have been probing beneath the surface of event to unravel the reason for the abandonment of the bill despite that it has passed through all the readings and debates in both the upper and lower houses of Assembly.

They have intensified efforts to see the possibility of enthroning the regime of a new insurance Act that will take the industry to its dream land.

Apparently, since the exit of the former president and his failure to sign the insurance bill along the other eight bills he signed into law, the question on every lip has been what made the former president not to have signed the insurance bill while signing the last eight bills.

Was it because the insurance bill file was not presented to him by the relevant agencies and personnels who suppose to do so or was it because the former president did not regard insurance sector as important as deserving his attention at that critical time or that the 2003 Insurance Act was not due for review or that the content of the bill did not meet his requirement for signing? These and many other questions occupied the minds of not only insurance sector operators, but also sector stakeholders.

### **Views of industry analysts and stakeholders:**

While answers to these questions were being expected, industry analysts said operators should not relent in their efforts to see that the insurance bill is among initial bills to be signed by the present administration led by President

Bola Tinubu.

One of the investors and Coordinator of Progressive Shareholders Association, Mr. Boniface Okezie had suggested that it was because members of the Senate and House of Representatives during Buhari's regime were waiting for tips from the insurers in form of money bag and since the insurers failed to do so,



**The signing of those last eight bills brought to 129 the total number of bills signed into law by the former President during his eight year tenure, but the insurance bill which would have brought to an end the regime of the already weakened Insurance Act 2003, was not given consideration**

they dumped the bill.

Okezie had also described the failure of the former president to sign the bill as sign of ignorance of value of insurance and lack of fate on the sector.

He noted that, over the years, government had been indifferent to affairs of the insurance sector and has this time demonstrated that it has no regard for the sector.

"I don't know why it was not signed may be they don't have faith in the insurance industry in Nigeria, they don't want its progress, they want it to remain stagnant, but they should have understood that insurance is the financial power house of every economy. If government knows what it is doing, it should not be leaving insurance behind. If it knows the value of insurance, insurance should have been doing well if the minister of finance knows what she is doing and the chief economic planners that surround-

ed the President and even NAICOM knows their job well, they should have mounted pressure on the immediate past President to sign that bill", he lamented.

However, the Managing Director, Afriglobal Insurance Brokers, Mr Casmir Azubuike said that the reason could be that the various agencies like the ministry of finance and their personnel,

NAICOM and even the committee that presided over the bill amendment still needed a lot to do to put the bill in the right shape as to attract the interest of the president to assent to it.

He suggested that it could be that the necessary "ts" were not properly crossed and all the "i s" note properly dotted as to meet the presidential demand for a bill worth signing into law.

Azuniike therefore advised that personnel and agencies involved should work harder and ensure that this time the present administration do not escape the task.

### **Insurers' Views:**

Insurers who spoke to Trumpet on the need for presidential assent to be given to the bill said there was no reason for the former President not to have signed it into law.

Their position was based on the fact





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that former president Buhari had during his conferment ceremony as the grand patron of CIIN given his word that he would sign the insurance bill before leaving office. They, therefore, wondered why he abandoned the bill.

Buhari had during his conferment as grand patron of CIIN said “Once the National Assembly has finished the process of reviewing the Consolidated Insurance Bill 2020 and is forwarded to me, I will speedily subject it to the necessary executive checks and sign it into law,” the former President had promised, in a statement signed by his spokesperson, Femi Adesina.

In view of the promise by the former president, the Chairman of Nigerian Insurers Association, Mr. Olusegun Omosehin had said “since then, we have been following through with all the processes and I am indeed delighted to inform you that the Bill has been passed. It is going

**Since then, we have been following through with all the processes and I am indeed delighted to inform you that the Bill has been passed. It is going through the remaining legislative procedures preparatory to the Presidential assent.**

through the remaining legislative procedures preparatory to the Presidential assent.

“We are hopeful that it will receive speedy attention so that the industry can begin to tap into the opportunities provided by the new law,” Omosehin said.

Unfortunately, this hope was dashed.

Industry observers opined that the insurance operators blame themselves for the issue, saying their usual conservatism that made them to relax and were waiting for when the president would sign the bill and call them to come

and collect the document, was part of the problem.

The observers said the operators should have aligned with strong lobby group to push their way through.

Trumpet recalls that this was one of the reasons why the Insurance Industry Consultative Council (IICC) was formed to act as one voice that will speak on issues like the 2020 Consolidated insurance bill for the industry.

The insurance operators formed the IICC after the Workmen's Compensation was taken away from them and given to the Nigerian Social Insurance

Trust Fund (NSITF) because, unlike the insurers, the people who championed the NSITF, pursued the bill with vigour. It was against this backdrop that the former insurance commissioner, Mr. Fola Daniel challenged insurance practitioners to set up a strong lobby group to fight their cause in case such issue between the insurers and the government arises.

The industry observers said now that a new administration is in place, insurers should be prepared to do the necessary pushing, using the appropriate medium to get the present administration to sign the bill.

### **Sector Observers' Advise On Way Forward**

The observers advised the insurers to consult present and past lawmakers and even people who are close to the presidency to help them study the bill and expunge portions that may not be in tandem with what the president may have expected.

They further suggested strong closer ties with relevant agencies that would sit one on one with the president and his personnel in charge of bills and give them proper education on insurance and its relevance to the national economy.

They said this was necessary because it was obvious that majority of Nigerians are ignorant of benefits of insurance, as well as its workings and relevance to the economy.

They said insurers should not make the mistake of assuming that those in government know the value of insurance and just did not want to sign the insurance bill.

This time around, they advised insurers to contact people who would present their case to the president directly and make him have full knowledge and understanding of insurance.

They cited the pension sector as an example, pointing out that recently when

they had the challenge of police threatening to exit from Contributory Pension Scheme, it was only direct link with the president that saved them from the passage of the bill which has already passed through readings of the two houses.

The observers argued that if the pension sector was able to stop the passage of the police pension bill, the insurers can equally secure the signing of the insurance act.

They advised the insurers not to relent in their efforts in this regard or be discouraged because their previous efforts did not yield the desired results. Rather, they should continue to push hard using personalities like chairman of NAICOM if he has the right connection or even if

he does not, he should go all out and seek the help from other federal agencies' board chairmen with right connection to the presidency, to secure presidential assent to the insurance bill.

Some of the recommendations in the consolidated insurance bill was the introduction of Risk Based Supervision model of recapitalisation, the payment of N5 million fine by sellers of fake insurance certificate and the definition of what constitutes capital to an insurance firm, among others.

Tinubu has since his assumption of office on May 29th assented to the following bills: the Judicial Officers law, the Electricity Act, the Student Loan Act, and the Data Protection Law.

**The industry observers said now that a new administration is in place, insurers should be prepared to do the necessary pushing, using the appropriate medium to get the present administration to sign the bill.**





# Job Loss: How Pension Savings Provide Succour To Workers

SOLA ALABADAN

Section 7(2) of the Pension Reform Act 2014 provides that "Where an employee voluntarily retires, disengages or is disengaged from employment, as provided for under section 16(2) and (5) of this Act, the employee may, with the approval of the National Pension Commission, withdraw an amount of money, not exceeding 25 percent of the total amount credited to his retirement savings account, provided that such withdrawals shall only be made after four months of such retirement or cessation of employment and the employee does not secure

another employment".

This section of the PRA 2014, no doubt, provides succour to many Nigerians who have unexpectedly lost their jobs due to the economic downturn in the country, which has resulted in job cut.

This is in keeping faith with the objectives of the Pension Act 2014 to ensure that every pension contributor receives his entitlements as and when due.

The PRA 2014 stipulates that where an employee has accessed the 25 percent for temporary loss of job, such employee shall subsequently access the balance in the retirement savings account only at the time of retirement.

## Steps to accessing 25% retirement benefit

In case you decide to resign from paid employment or you were sacked, kindly note that the steps below are required to access your funds:

- Present to your PFA the letter of termination of appointment issued by the employer or letter of resignation
- Present to your PFA, last three months' payslips
- Write a letter requesting for 25 per cent payment of the RSA balance
- For public sector workers, you have to provide evidence of accrued pension rights, if any
- Provide bank statement or letter of introduction from the bank



- Proof of age (birth certificate or sworn declaration of age)
- Letter from the employer confirming full remittance of all contributions made to the RSA for the private sector worker
- PenCom retiree indemnity form for public sector workers
- Four passport photographs; and a form to be given by the PFA.

## Past Beneficiaries

From the inception of the Contributory Pension Scheme (CPS) to the end of 2022, PenCom has approved N188.51 billion in respect of 453,686 requests from individuals seeking to access 25 percent of their RSA balances due to temporary loss of employment.

It is on record that PenCom approved the payment of N26.9 billion to 40,646 Retirement Savings Account (RSA) holders who were disengaged from work in 2022.

According to the first quarter report released by PenCom, a total of N12.7 billion was withdrawn by disengaged workers from their Retirement Savings Accounts, RSA, in the first quarter of 2023.

PenCom granted approval for the payment of N12,717.90 million (being 25% of their RSA balances) to 13,126 RSA holders under the age of 50 years, who were disengaged from employment and unable to secure another job within four months of the current year.

The commission informed that 259 of the disengaged workers that went for the RSA were former federal government employees, 211 were former state government employees, while 12,656 were from the private sector.

The payment approvals were granted to PFAs after the Commission authenticated that the RSA holders who lost jobs were under the age of 50 years and were unable to secure another employment four months after the date of their dis-

engagements.

*NAIPE Trumpet* sought for the views of pension experts why there have been sharp rise in the value of funds withdrawn and this was attributed to the increasing number of skilled and professional workers migrating out of the country.

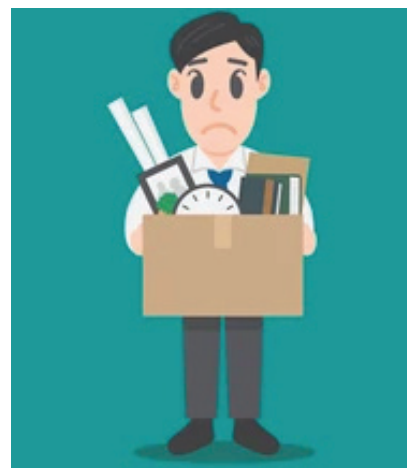
They posited that the growth in the value of funds being withdrawn could persist depending on the general macroeconomic condition of the country, especially as more Nigerians continue to migrate to other countries, and the affected people mostly highly skilled in mid level to senior positions in the higher pay brackets which translates to higher pension contributions.

## Last Line

This provision of the PRA 2014 that caters for the workers who lost their jobs, is definitely one of the salient provisions of the pension law in Nigeria, as it is tandem with the aims of the Contributory Pension Scheme in the country. It is an improvement over the old Defined Ben-

the RSA is not like the regular savings account with a commercial bank, where a customer deposits and withdraws funds at any time. In this case, all withdrawals from an employee's RSA are based on conditions allowed under the PRA 2014, including the 25% access for temporary job loss.

Employees who have accessed 25 percent of their RSA balances due to job loss, should equally note that they are expected to resume pension contribution once they secure another employment.



**From the inception of the Contributory Pension Scheme (CPS) to the end of 2022, PenCom has approved N188.51 billion in respect of 453,686 requests from individuals seeking to access 25 percent of their RSA balances due to temporary loss of employment.**

efits Scheme (DBS), which left many employees who lost their jobs without retirement benefits. Section 7(2) of the PRA 2014 therefore guaranteed financial security to employees under the CPS as they have their RSA balances to fall back

on in case of temporary job loss.

In spite of this provision of the PRA 2014, it is pertinent for RSA holders to understand that the CPS is primarily designed to cater for life at retirement. Employees should note therefore that



## INSURANCE

# Relevance Of Insurance In Mitigating Flood Risks

Risks from flood which is categorised as one of the major risks, is a big threat to Nigerian government, insurers and the insuring public, writes **EBERE NWOJI**.

**R**eports by the National Emergency Management Agency (NEMA) that flood affected over four million Nigerians in 2022 and forecast, early this year, by the Nigeria Meteorological Agency (Ni-MET) indicating that 2023 would witness an early onset of rainfall accompanied by flooding, point to the fact that Nigeria is gradually joining the list of countries prone to flood risks.

Nigeria is among countries witnessing the menace of flooding like Australia, Pakistan and Bangladesh.

It is also a wake up call for insurers to come up with relevant and affordable products that will mitigate flooding risk in different parts of the country.

Already, Nigeria has been officially listed among 10 countries that will suffer the most from climatic disasters in few years to come.

In fact, Nigeria occupies the fourth position in that list.

Other countries in the list include Yemen, Chad, South Sudan, among others.

This being the case, observers said in-

surers should brace up to the challenge of not only designing products that will help to mitigate losses emanating from flooding disaster also educate Nigerians to set aside funds for taking insurance cover against losses from flooding on yearly basis.

This has become necessary because the devastating effects of flood in Nigeria is currently affecting not only properties, but also lives.

For instance, NEMA reports said flood caused the death of 665 Nigerians, displaced over 2 million persons destroyed about 355,986 houses and 944,989 hectares of farmlands last year.

In 2021, there were reports that over 200 communities in four local councils of Rivers State, namely – Ogba/Egbema/Ndoni (ONELGA), Ahoada West, Ahoada East and Abual Odual – were displaced by flood in addition to communities in Anambra, Kogi, Bayelsa and Delta states swept by flood.

NEMA said to check the incidences of flood this year, it has alongside Meteorological Agency (NiMet), and Nigeria

Hydrological Services Agency (NIHSA) deployed experts to the 36 states of the Federation and FCT on early warning against flood and disasters as the raining season sets in.

NAIPE Trumpet notes that flood disaster in Nigeria did not start today. In fact it's menace in 2012 was perhaps what awakened the above listed agencies of government to embark on this early intervention efforts.

The 2012 flood which reports by NEMA said costs federal government a whopping N2.6 trillion took everybody by surprise and proved insurers wrong in their thinking that natural disaster risk was remote to third world and developing country like Nigeria.

Environmental experts who analysed the impact of the 2012 flood said it was indeed one experience that would remain indelible in the minds of Nigerians and calls for risk intervention plans for the future.

According to the experts, one of the sectors that was looked upon to step to-





**The government, on its part, should partner with insurers to compel people to prepare against these risks through preventive measures and insurance patronage rather than giving relief packages, which hardly place victims anywhere close to their former state before the risks occurrence.**

wards mitigation plan against flood risk was the insurance industry.

#### **Operators' Plans**

The insurance operators, shortly after the 2012 flood, realised that they could no longer ignore their responsibility in this regard called for collaboration with government to face the challenge.

The then President of the Chartered Insurance Institute of Nigeria (CIIN), Mr. Kayode Lawal had made a call for what he described as intervention fund from government to enable the industry go into natural disaster risk cover which he said fell within emerging risk profile.

He said the industry needed such assis-

tance from government because the risk was so huge that insurers alone could not cater for it without government intervention.

The response of government to this call is still not seen while year in year out issues of climatic change especially flooding continues to challenge both federal and state governments.

Here in Lagos, the story told by people living in some parts of the state, especially Lekki area is not different.

Indeed, losses from disasters as a result of climatic change, civil unrest, cyber crimes among others, which sum up what insurers tagged, "emerging risks,"

is fast becoming the key source of huge claims for Nigerian insurers and their global market counterparts throwing challenge to insurers and people on the need to prepare ahead of the ravages of these risks through innovative product designs and penchant for insurance patronage.

The government, on its part, should partner with insurers to compel people to prepare against these risks through preventive measures and insurance patronage rather than giving relief packages, which hardly place victims anywhere close to their former state before the risks occurrence.



Media reports said that the Orashi region of Rivers State comprising the three councils which experienced the worst flooding in 2012 where several lives were lost, also in 2016, 2017, 2018 and 2020, experienced worst flooding but no concrete action was taken by the government to address it.

While many homes were still battling to recover from the damages of the past years, the state was again hit by flooding

to their former financial position before the flood risk.

Some of the displaced persons complained that when such aids and relief items were provided, they hardly received them which has necessitated the need for insurance coverage for such people.

Industry analysts said in the face of these developments, Nigerian insurers are expected to shift from their cul-

**Some of the displaced persons complained that when such aids and relief items were provided, they hardly received them which has necessitated the need for insurance coverage for such people**

Insurance by its nature is a risk-mitigating mechanism that places a policyholder on the exact financial position he was before the occurrence of the risk.

Obviously, some of the people displaced by the 2012 flood settled by government in various Internally Displaced People's (IDP) camps are still there as destitutes and are far from regaining their financial standing despite relief packages sent to them by government, philanthropists and various donor agencies. But insurance policy and claims would have gone a long way to reestablish them.

According to the River State flood report, as a result of menace of flood in the state last year, six persons lost their lives while trying to cross through the flood to the road at Ihuike community in Ahaoda axis of the East-West road.

An eyewitness said a woman and her son were swept off by the flood. While the baby was later found dead, the mother has since remained missing.

It was also gathered that eight persons in a boat were also swept off by a flood, leaving four dead while others survived.

last year. For instance, In ONELGA, over 20 communities have been submerged with bridges, roads, farms and schools covered by water. Several farmlands were washed off and many artisans rendered jobless when their shops were submerged.

Also in both Anambra and Delta States, many homes were submerged by flood chasing the occupants away and over running the farmlands in 2022.

One of the flood victims, Mrs. Justina Wilfred was quoted to have said: "We have lost everything we have, no shelter, no food, nothing. It is really disheartening."

Obviously these have no insurance cover because of ignorance and unavailability of specific policy that would address this kind of problem.

It was also reported that the then state governor Nyesom Wike had approved N1billion for emergency relief measures to support the victims.

But good as his kind gesture is, it has raised the question on how far the N1 billion will go in reinstating the victims

ture of racing for government business and those of corporate organisations at all cost to think bigger on how to harness the opportunities existing in these emerging risks and at the same time save Nigerian economy from huge losses emanating from the risks.

According to industry observers, insurers' current stance on relying on extension covers to address claims from these new risks will do more harm than good to the already dented image of the insurance sector, as when a client is denied of claim on a particular policy he bought because of non purchase of extension cover, he will conclude that the insurance firm in question has defrauded him and denied him claim.

### ENDSARS Protest Risks

An instance is claim from damages caused by disrupters of EndSARS protest in which the insurers said they would only pay claims to victims who bought extension to the main policy cover they paid for.



A veteran insurer and erstwhile Managing Director, FBN Insurance, Mr. Val Ojumah, responding to media enquiries on how insurers would handle the claims said “We are purely business operators and can only pay claims purely on business ground.

Insurers can only pay claims to those whose policy purchase covered the cause of the damage through extension.”

He said anybody who did not buy the extension policy would have to wait for the government’s support.

But for the insuring public, anybody who bought cover for a risk must be indemnified when risk occurs with or without extension.

This has spelt the need for insurers to design and sell specific policy for specific risk like flooding instead of relying on the extensions, which many Nigerians neither understand nor believe in.

### **Scientists' Views On Natural Disaster:**

Over the years, scientists and environmental experts have been warning against the negative effects of such climatic change like flooding, global warming on the environment.

They have been calling for action plans by governments and risk prevention and mitigating experts and agencies to prevent and provide for the effects of climatic change.

A group of scientists called union of concerned scientists in one of their reports on the impact of human activities on the environment said: “Human beings and the natural world are on a collision course. Human activities inflict harsh and often irreversible damage on the environment and on critical resources. If not checked, many of our current practices put at serious risk the future that we wish for human society and the plant and animal kingdoms, and may so alter the living world that it will be unable to sustain life in the manner that we know”.



The group warned that fundamental changes are urgently needed in order to avoid the collision the present course would bring about.

The report said among all the natural disasters that affect man, flood has the worst disastrous effect in terms of human life and material resources destruction. The report therefore called for action plan against the devastating effects of flood.

In response to this call, governments of advanced countries like the United States of America has among other actions set up what it called National Flood Insurance Programme (NFIP).

The programme enables property owners in participating communities to purchase insurance protection from the government against losses from flooding.

But for a developing country like Nigeria, there is the feeling that natural disaster risk like flood is the exclusive of advanced and industrialised countries like America, Australia and Japan which are known to have engaged in industrial activities that cause climatic change as a result of the ozone layer depletion.

With this feeling, both Nigerian government and the insurers remained passive to plans to mitigate losses from these emerging risks.

However, the Commissioner for Insur-

ance, Mr. Sunday Thomas, in a recent interaction with the media said Nigerian insurers could no longer ignore emerging risks because of its resurgence.

He challenged the insurers to put on their thinking caps for market innovations in terms of product offerings to address present and future problems.

Also the Nigerian Council of Registered Insurance Brokers (NCRIB) in one of their National insurance conference hinged their deliberations on security challenge and the ravaging floods in Nigeria.

The Insurance brokers at the conference expressed much concern about the rise in floods which rendered many homeless and lots of property destroyed

Analysts said since the Nigerian insurance regulatory body, National Insurance Commission (NAICOM) some years ago, signed technical agreement with its US counterpart, NAIC, it is expected that the commission should borrow a leaf from the guidelines on underwriting of emerging risk like flooding and terrorism which the American regulator has put in place and do the same in Nigeria so that underwriters venturing into the specialised business will be more focused and do the business in a way that will benefit both the industry and the insuring public.



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# Addressing Infrastructural Deficit Through More Investment Windows



ROSEMARY IWUNZE

**D**eficit of infrastructure has been a major factor hindering Nigeria's growth and development since independence in 1960 and a major challenge to ease of doing business. According to experts, this issue must be addressed so that the country can move forward as expected.

The infrastructural deficit cuts across poor port infrastructure, dilapidated transport networks, epileptic power supply and huge housing deficit, among others.

According to the World Economic Forum's 2019 global competitiveness index, Nigeria ranked 116 out of 141 countries, largely due to the poor state of her infrastructure.

Infrastructure, in the area of ports,

pipelines, hospitals, highways, water, sewage and phone systems, matters. It provides the bedrock of national prosperity and well-being, while facilitating transport, promoting communication, providing energy and water. Beside, it boosts the health and education of the workforce, enabling the whole economy to flourish. The cost of building infrastructure is vast, but the cost of failing to make such invest-

ments is unquantifiable.

For a country to be competitive, it needs roads and airports to provide access to markets, power sources to fuel homes and businesses, reliable water to generate productivity. Therefore, Nigeria needs more investment into infrastructure.

Unfortunately, investigations reveal that investment of pension fund into



infrastructure has been hugely insignificant when compared to investment of pension fund into FGN bonds.

Total pension assets as at June 2023 stood at N16.8 trillion. Meanwhile, investment of the fund into investment vehicles that are recognised by the National Pension Commission (Pen-Com), show that N152.3 billion was invested into sukuk bond, N16.1 bil-



**Experts  
argue  
that**

**there is need to channel more investments into infrastructure than FGN bonds. They maintained that a well structured infrastructure fund with structured government policy environment could offer better returns on investment than FGN securities**

lion was invested into corporate infrastructure bonds while N127.4 billion was invested into infrastructure funds.

However, a whopping N10.4 trillion was invested into FGN bonds. The allocation pattern, according to industry analysts was informed by better security and yield in the FGN bonds, while investment climate in the infrastructure sector remained unattractive.

It is in this regard that experts argue that there is need to channel more investments into infrastructure than FGN bonds. They maintained that a well structured infrastructure fund with structured government policy environment could offer better returns on investment than FGN securities.

According to experts, massive investment into infrastructure would be beneficial to Nigeria and its citizens. This is due to the fact that despite the huge investment in FGN bonds, federal government's allocation to infrastructure has been abysmally low all through the years. They also argue that well structured infrastructure fund will greatly reduce the huge infrastructure deficit being recorded in the country.

### **Stakeholders' Position**

Stakeholders are advocating for more focus to have a measurable impact on the Nigerian economy through diversified and increased investments of pension funds in infrastructure, real estate and other alternative assets.

It will be recalled that the Pension Reform Act 2014 stipulates that 15 percent of the total pension asset can be deployed into infrastructure.

Reacting to the poor allocation to infrastructure, PenCom had stated: "The main challenge inhibiting the Pension Funds Administrators, PFAs, from investing the pension assets for infrastructure development is the non-availability of eligible instruments (funds and bonds) in the fi-





nancial market. The Commission and the pension industry would support efforts at issuing eligible instruments for pension funds to support infrastructure development in Nigeria.”

However, PenCom emphasised that such investments must be done in safe and well-structured vehicles that align with the provisions of the Pension Act and the Regulation of Investment of Pension Fund Assets.

“This establishes transparency and fair valuation, thus removing all ambiguity on the real market values and tradability of the assets. PFAs can then readily buy and sell at prevailing market prices. The eligibility requirement ensures that the assets are real, liquid and within tolerable risk levels,” PenCom stated.

Speaking on the funds’ allocation structure, Head, Research and Strategy Management, PenCom, Mr. Ibrahim Kangiwa, said that the Commission is into engagement with relevant stakeholders in a bid to promote safe investment in infrastructure development.

He said: “We are into collaborations

with relevant government agencies and the organize private sector for viable public private partnership arrangements in infrastructure for pension fund investment.”

Also speaking, Chief Executive Officer, Pension Fund Operators Association of Nigeria, PenOp, Mr. Oguiche Agudah, noted that there must be a legal and commercial framework in place for any proposed infrastructure fund.

Agudah said: “There have been various discussions spanning months regarding how best to structure the funds to invest in infrastructure development and also attract local pension funds, local and international investors.

“The industry has also been engaging with various parties on how best to individually and collectively fund infrastructure in a sustainable and responsible manner with a commercial return for the benefit of all stakeholders. The industry has recorded some success on some infrastructure funding across the country directly and through funds, investing in pow-

er plants, student accommodation, roads, telecommunication infrastructure, among others.

“It must be commercially viable and self-financing, that is, generate cash flows to repay itself overtime; and bid/concession processes must be open and transparent.”

He added: “Pension funds remain a potential source of private financing to fund infrastructure in Nigeria, but the funds could only be invested indirectly through structured instruments, such as bonds and funds.

“The minimum requirements/criteria for pension fund investments in infrastructure, as stipulated in the investment regulation, are very robust and provide adequate safeguard for pension fund assets.

“There must be availability of bankable, commercially viable projects; full repayment guarantee by the Federal Government, especially in the early stages of projects financing; and strong political will and consistency in formulation of policies to retain investors’ confidence.”

# NHIS To NHIA: Is Health Insurance For Nigerians Guaranteed?

Notwithstanding the transformation of NHIS to NHIA, attaining universal health coverage for all Nigerians will only be achieved through focused, dedicated and firm implementation of the new Act, **ROSEMARY IWUNZE** writes.

**T**he Nigerian Government took a definite step to establish a National Health Insurance Scheme (NHIS) in 1999 as a social tool towards attaining equity in health service delivery.

The goal of the NHIS was to provide easy access to qualitative healthcare services at an affordable price to all Nigerians.

Unfortunately, since 1999, the NHIS has only been able to capture only 10% of Nigerians into the health insurance scheme.

Due to the inability of the Scheme to achieve the aims and objectives for which it was established, the National Health Insurance Authority (NHIA) Act was signed in May 2022.

The NHIA aims at ensuring the effective implementation of a national health insurance policy and attainment of Universal Health Coverage (UHC) in Nigeria.

According to experts, the NHIA Act makes health insurance mandatory for all residents of Nigeria with the introduction of the vulnerable group fund and implementation of the Basic Health Care Provision Fund through the estab-



lished State Health Insurance Schemes.

Unlike the NHIS which was a Scheme, the NHIA is an Authority and has an expanded function to regulate, promote, manage and integrate all health insurance schemes and practices in Nigeria. Also, funds management has been transferred from Health Maintenance Organizations to the State Health Insurance Schemes and the Health Maintenance Organizations are now excluded from

the governing council.

## Experts' Reactions

Speaking on the development, NHIA said the new Act has empowered the authority to better regulate the service providers, that is, the health facilities, Health Maintenance Organisation, HMOs, and further protect the interest of enrollees in the insurance scheme.

The Lagos Zonal Coordinator, NHIA,



Mr Olufemi Akingbade, said the authority is developing digital system that will make billing and settlement very seamless. The system will make registration, medical records of enrolees and bill settlement claims readily available to avoid dispute.

Akingbade also revealed that the authority is currently migrating from the semi-manual to digital operation.

He said, "We are developing a system that will actually take it from that beginning of registration, retrieval when you get to the hospital so that there will be no issue of bringing your ID card. In each hospital, we will have a terminal that once you give them your NHIA number, it calls up your data. Along the way, whatever you pass through at the hospital will be recorded, which is the Electronic medical record. With it, dealing with medical records will be easy.

"This is because if you have been treated with malaria and we have a code for malaria treatment, there is a price that is fixed for that malaria treatment, such that once they click the code, the price will come out. It is not something that anybody can dispute. When the billing gets to HMO, there will not be any dispute. In terms of claims management; also, the system will take care of everything from registration, electronic medical records and also claims payment".

Meanwhile, Lagos State Coordinator, NHIA, Ikeja Office, Dr Bethuel Kasimu Abraham, said it has empowered the authority to be able to take punitive actions against health facilities and HMOs who commits any infraction. He said hitherto, the authority had limited power to sanction the stakeholders of the scheme.

Abraham said: "The old scheme didn't give us the power to really do some regulations we wanted to do to effect some things in the system. But thank God that, with the new Act now, as an authority, if

**The NHIA is more powerful than the NHIS. The Authority has more powers now to do their business than the NHIS. They have been empowered to regulate activities of HMOs which can increase acceptance if enforcement is vigorously pursued**

you go wrong, at my level, I can hammer you without making recourse to Abuja. The Act is going to give us more power. In fact, we are expecting a new guideline that is based on this Act. From the Act alone, some things have been criminalised that could have happened previously and we were limited to what we can do."

On whether the NHIA has achieved much since its establishment, Managing Director of Guinea Insurance Plc, Mr. Ademola Abidogun said that the Authority has to pay more attention on enforcement.

Abidogun said: "The NHIA is more powerful than the NHIS. The Authority has more powers now to do their business than the NHIS. They have been empowered to regulate activities of HMOs which can increase acceptance if enforcement is vigorously pursued.

"The NHIA is compulsory; however with the powers that the NHIA has now it can do more to facilitate coverage of health insurance for all Nigerians.

"However, implementation is still relatively low and a lot of it has to do with inadequate enforcement. Enforcement has to be fast-tracked for them to make more impact. It is an insurance scheme and if there is no enforcement, then the aims and objectives for establishing the Act will be defeated.

"Certainly, the journey towards UHC could be safer and more equitable with health insurance now mandatory for all Nigerians and the introduction of vulnerable group funds in the new Act. This will eliminate the catastrophic expenses of poor Nigerians if the Act is correctly implemented."

Also speaking, Chief Executive Officer of Novo Health Africa, Dr. Dorothy Jeff-Nnamani, said the panacea for better healthcare services is favourable policies and subsidizing healthcare in Nigeria.

Jeff-Nnamani, explained that "With the right government, everybody should be under health insurance."



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# Understanding Insurance Regulatory Sandbox

The insurance regulatory sandbox operational guideline is one of the latest guidelines and regulatory policies released by the National Insurance Commission in line with its strategic moves to expand the Nigerian insurance market through innovation and technology **EDET UDOH** writes.

**O**n April 28, 2023, the National Insurance Commission (NAICOM) announced the introduction of regulatory sandbox as part of innovations in its supervisory functions.

A regulatory sandbox is a test area set up by regulators to allow innovators and startups to try out technologies and innovations, through live experiments under the regulator's supervision. Regulatory sandboxes have become particularly relevant in the fintech space where

there's a growing need to develop regulatory frameworks for emerging business models.

Regulatory Sandbox was first introduced in Nigeria by the Central Bank of Nigeria (CBN) in 2022 as a regulatory instrument to serve as a platform for companies to conduct live tests of new innovative products, services, delivery channels, or business models in a controlled environment, with regulatory oversight.

As part of its market development ob-

jectives, NAICOM adopted the initiative as a way of bringing innovation into its regulatory system.

The circular to this effect with reference: NAICOM/DPR/CIR/48/2023, signed by NAICOM Deputy Director Policy and Regulation, Olugbenga Jaiyesimi, on behalf of the Commissioner for Insurance, was issued by the commission to all insurance Chief Executive Officers.

The circular reads in part: "As part of the ongoing effort of the commission to drive innovation of insurance products and services through digitalisation of insurance operations in line with the international best practices the commission hereby issues regulatory sandbox guidelines for guidance and compliance effective from May 1st 2023 and demanded for maximum cooperation".

According to NAICOM, the regulatory sandbox refers to a consciously established relaxed regulatory environment for the testing of innovative products, services, business models, and channels of distribution, subject to regulatory discretions and set parameters that have the

potential of improving insurance inclusiveness.

NAICOM said the goal of the Insurance Regulatory Sandbox is to reduce regulatory hurdles for companies that want to introduce new concepts and products at the same speed as insurance technology develops. Search from NAICOM's website the procedures for introducing and securing approval of new product before and how to see the relevance of the sandbox.

The adoption of the regulatory sandbox serves as a quick response to several calls for business disruption in the insurance sector through adoption of digitalisation and innovations in business conduct in the system.

Five years ago, this topic dominated discussions at the insurance industry mega conference organised by the Insurance Industry Consultative Council (IICC) in Abuja, where insurers, paper presenters and analysts agreed that Nigerian insurance sector and its operators cannot but follow the global trend in discarding the old ways of doing business and regulating their operations and embrace the digital based trend.

The latest call to this effect came from Olufemi Awoyemi, chairman Proshare Nigeria while speaking on "Shaping the Financial Sector: Emergent Challenges and Opportunities – The National Budget as it Relates to the Insurance Sector, in which he called on the insurance industry to spearhead the adoption of digital assets in the country in order to leverage inherent risks for wider coverage.

He said to thrive amid the emerging challenges facing the industry; insurance operators must be innovative by exploring accessible and affordable products that address the needs of the society.

Commenting on the release of the Insurance regulatory sandbox guideline, British Deputy High Commissioner in Lagos, Ben Llewellyn-Jones said: "Insurance remains a critical tool in building the resilience of businesses, livelihoods, and households globally.

With the persistence of climate risks/disasters and fluctuating economic re-

alities in Nigeria, it is more important for the insurance industry to leverage innovation to develop more contextualised products and services that would mitigate the risks for Nigerians and their businesses.

The Managing Director of GOXI Microinsurance, Shina Gbadegesin, described the initiative as a commendable one that would promote innovation and drive insurance inclusion at the grassroots.

Gbadegesin noted that regulatory

more people will take up insurance via the insurtech solutions and this will lead to more premiums for the operators, return on investment for the investor and increased insurance penetration in Nigeria."

Many investors are attracted to markets with regulatory sandboxes as long as their primary goal remains aligning compliance and regulation with the rapid growth of fintech companies without drowning them in rules. In most cases, sandboxes bring about legal clarity by



### **The adoption of the regulatory sandbox serves as a quick response to several calls for business disruption in the insurance sector through adoption of digitalisation and innovations in business conduct in the system.**

sandboxes were guidelines that allowed operators to seek a relaxed regulatory environment to test innovative ideas such as products, services, business models, or distribution channels.

The guidelines, he noted, set parameters that had the potential to improve inclusion and efficiency, adding that the initiative by NAICOM would go a long way in promoting innovation and driving insurance at the grassroots.

Also speaking on the issue, Ekerete Ola Gam-Ikon, Founder/CEO, Finterate Projects, commended NAICOM for the initiative, noting that "the future of insurance is digitization and with insurtech (insurance technology), you are most likely to get more customers and by so doing increase the rate of insurance penetration in Nigeria."

On the advantage of the guideline, Ekerette said, "The whole world is going digital and with initiatives like this, Nigeria will be there. Remember, how young founders emerged with fintech and disrupted the activities of the traditional banks; same with payment solutions.

"As per gains for the operators, investors and regulator, we should expect that

streamlining authorisation, occasionally accompanied or enabled by regulatory change.

Now that the guideline has been released, it should be allowed to undergo public scrutiny and should not be used to circumvent existing insurance laws and regulations which though are somehow outdated with the failure of Buhari's administration to sign the 2020 consolidated insurance bill should not be abruptly discarded.

Industry analysts have suggested that the sandbox should not be applied to proposed product, service, or solutions that are already appropriately addressed under the prevailing laws and regulations.

Analysts say there is evidence that regulatory sandboxes have become an important vehicle for regulatory monitoring and incremental change, sometimes bearing ties to financial inclusion efforts and that there are over 60 operational sandboxes in the world with Africa having the third highest number of sandboxes globally.



# Safeguarding Informal Sector Workers' Retirement Through Micro Pension

SOLA ALABADAN

In appreciation of the fact that all Nigerians deserve pleasurable retirement, the National Pension Commission (PenCom), in September 2018, issued the guidelines for the implementation of Micro Pension Plan to cater for the people not covered by the Pension Reform Act 2014 (PRA 2014).

The PRA 2014 applies to all employees in the Public Service of the Federation, Federal Capital Territory, States and Local Governments and the Private Sector Organisations in which there are three or more employees.

Micro Pension Plan refers to an arrangement under the Contributory Pension Scheme (CPS) that allows the self-employed and persons working in organisations with less than three employees to make financial contributions towards the provision of pension at their retirement or incapacitation. This is taking into consideration the fact that only... can join CPS.

## How To Participate In The Plan

To participate in the Micro Pension Plan, the prospective must:

- a) Be a Nigerian, not below 18 years of age;
- b) Have a legitimate source of income;
- c) Belongs to trade/association/profession; and
- d) May be self-employed or an employee of an organisation with less than three employees with or without a formal em-



ployment contract.

To make it easier for the contributors, there is no stipulated minimum amount of contribution under the Micro Pension Plan because it is dependent on the Contributor's pension aspiration and financial capacity. Thus, higher contributions will result in more money available for pension.

In a similar vein, contributors are at liberty to make contributions daily, weekly, monthly or as may be convenient to the contributor. However, the contributions shall be subject to reporting requirements under the Money Laundering (Prohibition) Act.

Again, the contributors are free to

make their contributions by cash deposit or electronic transfer through any payment platform, or other financial service agents approved by the Central Bank of Nigeria (CBN).

## Your Contribution Is Safe

In order to allay the fears contributors may have, PenCom ensures that only fit and proper persons are appointed as Directors and Top Management of the PFAs and PFCs. It also entrenched sound corporate governance in the pension industry, which is strictly monitored through off-site supervision to review the reports submitted by the PFAs and PFCs on periodic basis; and on-site

examination to physically review their books and records, on annual basis, to confirm that their operations are within the confines of the law.

Pension funds and assets are kept in safe custody by the PFC and, as such, the liquidation of the PFA will not affect the funds and assets. In such situations, PenCom will transfer the records of the failed or liquidated PFA to another PFA.

Additionally, every PFA is expected to maintain a statutory reserve fund, from its earnings, as contingency fund to meet claims for which it may be liable.

The failure or liquidation of a PFC will also not affect the pension assets in its custody as it only keeps investment certificates and records. The only cash being held by the PFC comprises of monthly contributions before decisions are made by the PFA to invest the amount contributed; and matured investments before reinvestment by the PFA.

In addition, PenCom has the power and responsibility in such situations to transfer the pension fund assets being held by any failed PFC to another PFC.

### Overcoming Implementation Challenges

PricewaterhouseCoopers, in its advisory outlook, states that: "There will be challenges faced in implementing a micro pension scheme which will range mostly from creating awareness and engendering trust to operational difficulties. Nigeria should learn from the success stories of other developing countries such as Kenya, Indonesia, Vietnam and Jamaica which have put in place strong institutional structures for micro pension to facilitate fund administration and made use of technological platforms including mobile money to increase coverage, remit pension contributions and pay retirement benefits.

Most implementation challenges can be overcome through sustained communication and education campaigns

as well as the development and implementation of an appropriate micro-pension framework. Mass sensitization and awareness can be achieved through innovative and cost effective platforms such as social media while utilizing a robust technological platform (mobile apps) that would effectively support the provision of customer services to the target population.


### Conclusion

Contributions under the Micro Pension Plan cannot be subject to any taxes, especially as the regulations issued by

Commercial Bank because any savings made under the plan can only be withdrawn as monthly pension after retirement. On the other hand, savings made with Commercial Banks can be withdrawn anytime as the need arises.

Operators in the informal sector are therefore encouraged to join Micro Pension bearing in mind that it guarantees secured future through steady income at retirement, as well as reduces old age poverty and the process is easy, simple and flexible.

Under the Micro Pension Plan, all Associations, Unions, Cooperatives



**Pension funds and assets are kept in safe custody by the PFC and, as such, the liquidation of the PFA will not affect the funds and assets. In such situations, PenCom will transfer the records of the failed or liquidated PFA to another PFA.**

PenCom stipulate that all interests, dividends, profits, investments and other income accrued to Micro Pension Fund and assets are not taxable.

To safeguard the funds under the Micro Pension Plan, there is effective monitoring and supervision of the Plan by the Commission through daily monitoring of the Plan asset and investment decisions made by Pension Fund Administrators to ensure that their decisions are in line with relevant laws and Investment Regulations issued by the Commission.

As if that is not enough, the Pension Fund Custodian (PFC) has also provided full guarantee of the total pension assets under its custody. Thus, any kobo lost will be refunded by the Custodian.

It will be instructive to point out that Micro Pension Plan is different from savings account maintained with a Com-

mercial Bank because any savings made under the plan can only be withdrawn as monthly pension after retirement. On the other hand, savings made with Commercial Banks can be withdrawn anytime as the need arises.







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# Curbing Incessant Building Collapse Through Compulsory Insurance

JOKE ADEYEMI

**T**he rate of building collapse across the country in recent times has become worrisome to all professionals and stakeholders in the real estate sector.

The Building Collapse Prevention Guild in January 2023 revealed that a total of 541 cases of building collapse were recorded in the country in the last 10 years.

The Guild disclosed that during the period of review, at least 531 persons died as the menace of crumbling structures continues to plague the nation's built industry.

According to the report, Lagos State top the list of fatalities, as 271 collapsed buildings, representing 50 per cent of the total of 541 cases recorded across the country happened in Lagos.

Findings revealed that professional ineptitude ranging from excessive load-

ing, use of substandard materials, faulty design, poor workmanship and weak foundation accounted for a significant fraction of the collapses recorded during the period in review.

Following these and many other challenges, compulsory insurances, which includes; occupiers' liability insurance or insurance of public buildings, third-party motor insurance, employer's liability or workmen's compensation insurance, group life assurance, healthcare and professional indemnity insurance are the most viable options for the public to embrace, for succour in the eventuality of any building collapse.

While the occupiers liability insurance is the most important in this context, other forms of insurances, if taken would cater for eventualities such as; vehicles that may be affected in the scene of a collapsed building, employees injured or that died as a result of a collapsed building, among others.

Meanwhile, the Occupiers Liability Insurance provides compensation in the events of bodily injury, death and property damage to tenants and members of the public in the event of building collapse, fire, earthquakes, storm or flood.

The policy is made to comply as a minimum with the provisions of the Insurance Act 2003 {Section 65(1)} which makes it mandatory for any "public building" to be insured in respect of general third party liabilities

Under the Occupiers' Liability Acts, occupiers of a premises can be held liable for injury or damage that is suffered there.

The law defines the 'occupier' as the person who is in control of the premises, so this could be the tenant rather than the owner of the building.

This means that if one is a business owner with a business premises, you are likely to count as an 'occupier' whether you rent or own the premises.



The occupier is therefore responsible for taking measures to make sure the premises is safe and free from hazards.

If a visitor is injured or their property is damaged on a business premises, the occupier of the building could be held liable, hence, public liability insurance is the cover that can protect the occupiers in these situations, as it can pay the legal fees and compensation if they are sued.

In domestication of the Occupiers Liability Insurance across various states in the country, the Nigerian Insurers Association (NIA) says it is in talk with stakeholders on the enforcement of compulsory insurance on public buildings in the state.

For a state such as Lagos, which recorded the highest cases of building collapses, the NIA and the Lagos State Government through the Lagos State Safety Commission, in 2022 began an engagement.

The engagement was geared towards seeking for support on the initiative to domesticate the Federal Government law on compulsory insurance on public buildings in the state.

The Director-General, NIA, Mrs Yetunde Ilori, said that NIA has taken a step forward to digitalise the purchase of Occupiers Liability insurance at the comfort of the homes of Nigerians and at a pocket-friendly price.

Ilori noted that the Occupiers Liability is not about IGR or profit for the insurance companies, but safety for all.

She explained that insurance would not prevent unfortunate events from happening but would provide succour to the affected and an avenue to bounce back.

According to her, all the laws provided to help support the growth in the economy should be enforced.

"We need your support, as this is not about punitive measure but partnering to ensure that we are all our brothers' keeper.

"It is not about making business a liability but about sustainability," she said.

The Director-General of the Lagos State Safety Commission (LSSC), Mr



Lanre Mojola, said that the state government thought it necessary to implement statutory insurance for the benefit of all its residents so as to ensure the safety of lives and property.

"Safety is everyone's responsibility, and statistics, as carried out by the commission, has revealed that over 480 buildings nationwide have collapsed within the last 44 years. This is the data we recorded, imagine so much more that were not recorded," he said.

Mojola maintained that the state government would ensure that everyone is protected in the state and safe when using public places, adding that in case of unfortunate incidents, government must also ensure that the victims are covered by insurance or compensated where death occurred.

He said, "Now that we have identified the problem, we have begun engagement, then we will educate the public on the need to key into the implementation of the law before we begin enforcement and sanction after the law is fully in place.

"Safety Commission have the mandate to issue Safety Compliance Certificate to owners of buildings and this will only be issued after the Owner Occupiers certificate issued by an insurance company is presented.

In his contribution, Dr Benedict Ujaotuonu, Managing Director/Chief Executive Officer of Universal Insurance Plc, said that the insurance on buildings, storey buildings and structures under

construction has been provided for in the constitution, but only needed to be enforced by states.

Ujaotuonu stated that government at all levels need to collaborate with the insurance industry in the enforcement of the provision of the guidelines and laws covering the policy.

He noted that one of the things that the enforcement of the Occupiers Liability Insurance would do, is to control the professionalism and quality of the material and jobs that makes up buildings, and as such reduce the incessant collapse of buildings.

"If collapse does happen, one is sure that the victims would have compensation based on the insurance cover that has been put in place.

"So there must be enforcement in terms of the provision of the guidelines of the laws put in place," he said.

In conclusion, lives and properties have been lost to the collapse of buildings in Nigeria over the years, and whenever a building collapses, many reasons are given as a cause of the incident.

Government's agencies in charge of regulation of buildings had always made promises that going forward, they would ensure strict adherence to rules guiding erection of multistorey buildings, but such promises has not prevented the collapse of more buildings.

To this end, government at all levels must rise up to its responsibility of enforcing insurance for buildings across Nigeria as part of measures to addressing building collapses.



# Why Government Should Stop Flouting Insurance Laws

FAVOUR NNABUGWU

**D**uring the #EndSARS protest in October 2020, government's property were vandalised by the protesters in cities such as Lagos, Abuja, Cross River, Asaba, Ibadan, Osogbo, Benin City, Port Harcourt, among others, over police brutality and extra-judicial killings by SARS operatives.

In fact, investigation showed that property worth over N73 billion were vandalised by aggrieved protesters in Cross River State, alone.

Another spot was the Lekki toll-gate built by the Lagos State Government and operated by the Lekki Concession Com-

pany; as a source of internally generated revenue.

Drives around these cities shows that the governments have neither rebuild, reconstruct the facilities nor compensate individuals and groups who had lost properties in the incidences.

Had the properties been insured by the government through its Ministries, Departments and Agencies (MDAs), the narrative would have changed.

Despite pronouncements by the Federal Government that all government assets should be insured, many government parastatals, Ministries, Departments and Agencies (MDAs) still flout the directive.

"We believe that if destroyed properties

were insured, the insurance companies will pay the appropriate claims to them," said Rasaaq Salami, Head of Corporate Communications and Market Development Department, NAICOM.

He highlighted the essence of insurance in risk mitigation during at a national workshop on micro-insurance organised by Safe Sapphire Foundation, in partnership with the industry's regulator in Abuja.

He said that to this end, NAICOM is adopting guidelines that would ensure all Federal Government assets are insured.

The Deputy Commissioner, Technical, NAICOM, Sabiu Abubakar, disclosed that the guidelines, which are being de-



veloped in partnership with the Ministry of Finance, Budget and National Planning, would be unveiled soon.

He maintained that the guidelines would help to eliminate the sharp practices perpetuated by MDAs and insurance operators.

He pointed out that the guidelines would also mete out appropriate sanctions to defaulters.

Abubakar noted that the guidelines only cover national assets, adding that NAICOM is working to get state governments to domesticate the planned law, which would enable the industry to provide adequate insurance cover for assets in the states.

#### **Budgetary Allocations For Insurance**

Dr. Muda Yusuf, CEO of the Center For the Promotion of Private Enterprise (CPPE), had at a retreat for insurance journalists organised by the Insurance Industry Consultative Council, IICC, in Ijebu Ode, Ogun State, pointed out that many MDAs do not even have any budgetary provision for insurance premium, and where there are grossly inadequate.

Citing examples, he said that the Head of Service has a total budget of N8.4 billion but has budgetary provision for insurance premium of N16.3 million. This represents only 1.9 per cent of the budgeted figure.

The Economic and Financial Crimes Commission, EFCC, has budgetary provision of N43.2 billion with insurance premium provision of 213 million, representing 0.5 per cent of the figure.

Federal Road Safety Corps has budgetary provision of N43.2 billion with insurance premium provision of N250 million representing 0.4 per cent.

Police Command has budgetary provision of N805 billion with insurance premium provision of N394 million, representing 0.05 per cent of the fund.

Quarantine allotted N37.8 million

(0.14%) of the N27 billion allocation for insurance premium; Finance Ministry with a total budgetary allocation of N259.2 billion only set aside N35.4 million (0.01%) for insurance premium;

Works and Housing with a total budgetary allocation of N356 billion set aside N5 million (0.001%) for insurance premium;

Labour Ministry allocated N5.9 million (0.06%) for insurance premium

of 27.64 per cent, while non-life grew by 7.43 per cent in the last 10 years.

Available statistics from the latest edition of the Nigerian Insurers Association's annual digest showed that life business witnessed highest increase in premium of 85.8 per cent in 2008, but recorded poor performance in 2016 when it recorded -0.50 per cent increase in premium generation.



**...Many MDAs do not even have any budgetary provision for insurance premium, and where there are grossly inadequate.**

from a total budgetary allocation of N9.5 billion.

The Ministry of Power with a total N162.7 billion allocation sets aside N1 million (0%) for insurance premium.

He further stated: "There are also concerns about the centralization of insurance premium in the office of Head of Service".

He said that the strengths of the Nigerian insurance sector lies in the large population of the country, large domestic economy with extremely low penetration and density, admission of new operators by supportive regulator, mature reinsurance industry, significant investment appetite by local investors, positive regulatory partnership and changes to develop pension savings.

#### **The Industry's Growth Trajectory**

The insurance sector has in the past 10 years achieved an average growth rate of 35.07 per cent in both life and non-life classes of business.

A breakdown of this showed that life business recorded a higher growth rate



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# Dangers Of Premium Underpricing

LOVETH AZODO.

**P**remium underpricing is the cankerworm that continues to eat up the image, confidence and efforts put on a regular basis to sell the relevance of Insurance policies.

Premium is the bedrock on which the insurance business stands, as it is capable of turning around the fortunes of the industry for good, hence Its importance cannot be over-emphasised.

Forbes, in a report, described premium as predefined amount which is borne by the policyholder to receive a certain amount of insurance coverage. It is a kind of fee that can be paid at one go, or on a monthly, quarterly, half-yearly or yearly basis, during the premium payment term of the insurance policy.

In their quest to generate huge premium, insurance operators have, over the years, indulged in unethical practice of premium underpricing commonly called 'rate cutting'.

In some cases, government insurance agents do collude with the insurers, to pay below the market approved rate, on the condition that when the risk crystallises, the insurer should ignore the claim.

This continued for many years but the overall effect was low premium generation by the industry and low contribution of insurance to the National GDP. .

A case in point was the Mamman Kotangora house gutted by fire sometimes ago, which was abandoned for many years.

Along the line, NAICOM waded into the matter and put a stop to it by insisting that the unhealthy competition going on in the insurance of government assets must stop and the right premium charged.

This, to a reasonable extent, controlled the excesses of government's insurance agents in cheating the insurers on premi-



**Some insurers engage in premium underpricing by paying excessive commissions to brokers, engaging in return premium payment and other similar unprofessional acts.**

um pricing.

Then, came the issue of Group Life Insurance of government employees requiring government to buy cover from insurers, but will not pay premium but when it loses any of such staff, it will begin to negotiate to subtract claims from premium and if at the end of any year it loses no employee, it will refuse to pay the premium and will sweep the year's premium under the bed.

Some insurers engage in premium underpricing by paying excessive commissions to brokers, engaging in return premium payment and other similar unprofessional acts. These perpetrators of this acts are at the forefront of claims denials knowing full well that the premium they charged to grab the business from others would not enable them pay

claims emanating from such businesses.

In Nigeria, the problem of insurance industry is bad image. This has for decades stood as bane of the industry's growth. The bad image problem of the industry dates back to early 19th century when insurance business underwriting was taken over by Nigerians from the early British managers running the few available insurance companies in the country.

The industry operators realising this few years ago, expressed determination to embark on image laundering for the industry through publicity, enlightenment campaign and improved claims payment.

The regulator, way back in the years of Fola Daniel as the Commissioner for Insurance, increased the capital base of insurance firms to the present level of N 3 billion for general business to make claims payment easier.

Some of the industry operators have been proving that it is no longer business as usual through positive attitude towards claims payment. But there are still bad eggs tarnishing the industry's image through claims denial. Such companies even deny claims on comprehensive motor insurance but the regulator has always insisted that claims payment is the right way to go.





## For Paying N15,000 Premium, Motorists Now Enjoy N3m Claims

IMODESTUS ANAESORONYE

**D**amilola, a 39-year old civil servant with Lagos State Ministry in Ikeja, Lagos, is like one of the many people in Nigeria who do not believe that insurance pay claims, let alone the motor third party policy.

Back in February 2023, Damilola had gone to renew his vehicle insurance policy when it expired, but was surprised when the insurance company told him that the premium for motor third party insurance has been reviewed upward from N5,000 to N15,000, effective January 1, 2023.

Damilola's cousin was to wed in Oshogbo the following weekend and he would need to travel with other members of his family. So, to avoid embarrassment from Police, Road Safety or VIO' on the road,

he grudgingly paid the N15,000 for the insurance policy, after he had verbally abused the insurance staff who attended to him. He, however, collected the motor insurance certificate and put it in his Toyota Highlander SUV.

In June, he had closed from work and was on his way home when his car braking system failed and ran into a Mitsubishi SUV 2018 model from behind, breaking one rear-light and one fog-light, which an auto repair company valued at N450,000.

Damilola, realising that he had taken out a genuine motor third party insurance of N15,000, having a claims limit of up to N3 million, contacted his insurance company, and the insurer took up the matter, followed up with owner of the damaged vehicle and fixed it to the satisfaction of Damilola and the victim.

Damilola, who never believed in the genuineness of insurance, has become

the one testifying and taking the message of insurance to his colleagues, friends and families that truly insurance works.

### **Insurers educate the public**

Insurers Committee of the Insurance Industry, realising that there are still many Damilolas across the country, recently embarked on campaign to educate the public on the reviewed premium for motor insurance and the benefits therein.

The campaign, driven by the slogan 'Small Premium, Big Coverage' is designed in five languages, which are: Yoruba, Igbo, Hausa, Pidgin and English, to reach every segment of the population through radio, Television and other media platforms.

Speaking to journalists during the launch of the campaign in Lagos, Chairman, Publicity Sub-Committee of the Insurers Committee, Mr. Akinjide Ori-



molade, said the campaign is to position the insurance market in a positive way before the insuring public in terms of the new rates.

Orimolade said “Insurance companies have since commenced implementation of the new rates and consumer education continues to dominate discussions at various fora.”

“It is in response to the plethora of questions and enquiries received from our clients that the Insurers Committee, through its Publicity sub-committee, decided to embark on this short, but eventful campaign, to shed more light on the new rates and generally improve insurance uptake among the citizens.”

The Federal Government, through the National Insurance Commission (NAICOM), in December 2022, reviewed the premium rate for motor insurance in Nigeria and it became effective on January 1, 2023.

In the new directive, private vehicles that were paying N5,000 premium for N1 million Third Party Property Damage (TPPD) limit, are now to pay N15,000 premium for N3 million TPPD, while owner good vehicles are to pay N20,000 premium for N5 million claims limit, and staff buses are to pay N20,000 premium for N3 million claims limit.

For commercial trucks and general cartage, they are to pay N100,000 premium for N5 million TPPD limit; Tri-cycles N5,000 for N2 million TPPD limit, and Motor Cycles N3,000 for N1 million TPPD limit.

While for comprehensive motor insurance policy, premium rate shall not be less than 5% of the sum insured after all rebates and discount.

Beyond this, the review also offer motorists plying the ECOWAS region the benefits of third party liability protection under the ECOWAS Brown Card Scheme.



The scheme provides motorists complete guarantee for a prompt, fair and immediate compensation for any accident that may occur outside his habitual resident country.

According to NAICOM, the ECOWAS Brown card used by motorists plying within West Africa sub-region had been captured in the revised premium for third

In the same vein, motorists from other West African countries into Nigeria will get third party compensation in event of accident with a Nigerian vehicle.

Policyholders who had taken out the insurance policy can check the genuineness of their motor insurance policy by visiting [www.askniid.org](http://www.askniid.org) or by sending Short Messaging Service (SMS) to the

**Private vehicles that were paying N5,000 premium for N1 million Third Party Property Damage limit, are now to pay N15,000 premium for N3 million while owner good vehicles are to pay N20,000 premium for N5 million claims limit, and staff buses are to pay N20,000 premium for N3 million claims limit**

party motor insurance.

This means registered Nigerian vehicles with third-party motor insurance automatically purchased the ECOWAS brown card and is covered when in and around any of the West African countries.

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