



INSURANCE INDUSTRY NEWS

MARCH 2021



**TO BE AHEAD OF THE REST IN PROVIDING
INNOVATIVE GLOBAL RISK SOLUTIONS**

Dear Esteemed Client,

We welcome you to the March edition of the Insurance Industry news.

The relevance of compulsory insurance to sustainable development has been highlighted in developed economies. Economic stakeholders in recognition of this have reiterated the benefits and continue to propose this to different parts of the economy. The capacity of the Nigerian Insurance industry is currently being underutilized as experts suggest more proactive initiatives from insurers.

We hope you enjoy the read; please contact your usual account liaison or send an email to info@boffbrokers.com in respect of any enquiries you might have about any of the news items herein.



Management's Corner

“ We value our relationship with you and all of us at Boff & Company assure you that we have a mutual interest which is to protect you at all times. It is our greatest pleasure to be of service to you.

We promise to always exceed your expectations.

Do enjoy the read.”

COMPULSORY BUILDING INSURANCE DEBATE SCALE SECOND READING IN SENATE

Nigeria Insurance Industry pressure to ensure protection of life and property through compulsory insurances, is getting the boost as a bill seeking the compulsory insurance of public buildings and buildings under construction scaled second reading on the floor of the Senate on Wednesday, the Insurance Act (Amendment) Bill, 2021, was sponsored by Senator Amosun, Ibikunle Oyelaja (Ogun Central). The Bill when passed would, among others, make it mandatory for victims of building collapse to be compensated by insurance companies.

Amosun said, “The need for the amendment of this Bill was necessitated by the prevalence of collapsed buildings in many Nigerian cities which has led to the unquantifiable loss of lives and property as well as permanent disability. There has been an increase in the cases of collapsed buildings in the country, most especially in the last 10 years.”

In a nutshell, the bill seeks to address the following: Provide security as a remedy for victims of collapsed buildings; fill the gap in the failure to provide for a limit of liability in respect of third party liability in compulsory insurance of public buildings under construction; provide adequate penalty provisions in line with current socio-economic realities for contravention of the law and restore the glory of the insurance industry which is characterized by gaps in addressing the multiple risks in the construction industry, Amosun said.

Senate President, Ahmad Lawan, referred the bill after it scaled second reading to the Committee on Banking, Insurance and Other Financial Institutions for further legislative work.

Source: <https://orientalnewsng.com/compulsory-building-insurance-debate-scale-second-reading-in-senate/>

INSURANCE FIRMS WITH BULKY UNSETTLED CLAIMS RISK SANCTIONS- NAICOM

NAICOM has commenced profiling of Insurance firms with heavy unsettled claims, as the regulator considers invoking regulatory sanctions against them. The Commission, however, promised to upscale promotion of economic growth in support of insurance firms to help them meet their claims obligations. The Commissioner for Insurance, Sunday Thomas, who stated this at a forum in Lagos, noted that the era of huge backlog of claims should no longer be associated with insurance companies. He urged

companies that are responsive to the plight of their clients in prompt settlement of claims to sustain the good business conduct.

Thomas urged operators in the industry to strengthen their human and financial capital for effective participation in big ticket risks, stressing that it has been observed that the gains of domestication policy of the government as enshrined in the Nigeria Content Development Act 2010 is gradually losing its meaning for the insurance sector.

He said: “More businesses especially in the oil and gas and the Aviation sectors are now being re insured abroad. Of more concern is the declining participation of life companies in the annuity business which is the emerging business for our industry. These are the areas the industry can impose itself on the economy through the control of funds for national development.”

Source: <https://orientalnewsng.com/insurance-firms-with-bulky-unsettled-claims-risks-sanctions-naicom/>

PENCOM RECOVERS N553.03M FROM DEFAULTING EMPLOYERS

The National Pension Commission (PenCom) has said it recovered ₦553.03m from defaulting employers who deducted their workers’ monthly emoluments but failed to remit to their Retirement Savings Accounts (RSA) with their respective Pension Fund Administrators (PFA).

PenCom disclosed this in its monthly report for the fourth quarter of 2020, out of this amount, the principal contribution of the workers was ₦382.46m, while penalties of ₦170.57m was recovered through recovery agents. It stated that the cumulative RSA registrations grew from the 9,147,039 recorded in Q3 2020 to 9,215,788 as at fourth quarter, 2020, representing a 0.75 per cent growth, which was mainly attributed to increased level of compliance by the public and private sectors.

Source: <https://punchng.com/pencom-recovers-n553-03m-from-defaulting-employers/>

BILL TO SANCTION RECKLESS DRIVERS IN NIGERIA

The Nigerian insurance companies are awaiting a new law sanctioning reckless drivers. The text proposed to the parliament provides for a fine of 5 million NGN (13 060 USD) for the holders of fake motor insurance policies. The owners of uninsured vehicles shall also be penalized.

The Nigerian insurance industry sustains an annual loss of about 48 billion NGN (125.36 million USD) due to false motor insurance policies and uninsured vehicles. The Nigerian Insurers Association (NIA), estimates that 9.64 million out of 12 million registered vehicles either hold fake insurance policies or are completely uninsured.

Source: <https://www.atlas-mag.net/en/article/bill-to-sanction-reckless-drivers-in-nigeria>

NAICOM URGED TO IMPLEMENT STRINGENT MEASURES IN INSURANCE INDUSTRY – ARIAN

The Association of Registered Insurance Agents of Nigeria (ARIAN) have called on the National Insurance Commission (NAICOM) to implement and enforce strict rules especially in claims management to achieve a stronger insurance sector in Nigeria.

Speaking with Daily Sun in Lagos, the National Public Relations Officer, ARIAN, Malachy Maduako, said prompt claims payment a major challenge the industry, is presently facing is affecting trust and confidence insurance consumers have in agents who sell policies to them as well as insurance companies.

Maduako said the major reason Nigerians have apathy towards insurance was not necessarily due to lack of finance to get policies, but because insurance firms do not pay claims and for the few that do, they are not prompt to meeting policyholders' purposes for which they invested. He said that until this challenge is taken care of, the penetration level of insurance in Nigeria will continue to be low because agents who are one of major drivers of insurance penetration in the country bear the largest burden when insurance claims are not paid promptly to customers.

Many insurance consumers purchase products because of the trust they have in agents and not necessarily because of an insurance company. This is why agents bear the burden more when insurance firm do not pay claims to policyholders as at when due.

INSURANCE INDUSTRY PERFORMING BELOW CAPACITY — PWC

The Nigerian insurance industry is performing below its risk capacity evident by the low patronage of insurance services in the country. PriceWaterHouseCoopers (PWC) analysts stated this in a report titled: Insurance penetration in Nigeria. Aside from the regulatory issues which operators in the industry are grappling with, poor patronage of insurance in Nigeria could be blamed on relationship management by some insurance companies which sometimes is below par because an average customer simply wants to be comfortable. Such relationship challenges have their basis in weak corporate governance and risk management framework which sometimes make the companies seem unfriendly particularly when there are claims to be made by customers thus creating doubts about how well the insurance companies may be trusted. “At the heart of this, customers often complain about the lack of flexibility and technology-driven innovation in terms of the kind of insurance policies and packages that meets today’s upwardly mobile audience of contemporary insurance,” analysts stated.

According to analysts: “The implications of these challenges on the industry are rife. For instance, in 2018, the Enhancing Financial Innovation & Access, EFinA report stated that of the 99.6 million adult population in Nigeria, only 1.6% have insurance covers even though nearly 40% of them have access to financial services. According to the survey, lack of awareness remains a key barrier as a massive 77.2% of the adult population are not aware of insurance. Although largely due to the knowledge gap, the low-income level of the citizens makes it difficult to be convinced of buying insurance on a risk that may not happen, the benefits notwithstanding. Essentially, there is an urgent need to address these issues and grow the insurance industry in Nigeria.” To this development, insurance experts have opined that insurance companies in Nigeria must be deliberate and diligent in addressing these issues to curate the lethargy in patronage.

Source: Vanguard News Nigeria

NIGERIA INSURANCE PRACTITIONERS TO RECEIVE MODERN PROFESSIONAL KNOWLEDGE- CIIN

The Chartered Insurance Institute of Nigeria (CIIN) has promised to boost capacity of Insurance professionals with knowledge that is in tune with modern realities to enable them provide first class

services to their clients. President/Chairman of Council, Sir. Muftau Oyegunle, said this whilst reinforcing the Institute's commitment to upholding the quality and integrity of its Professional examinations.

Oyegunle said this at the Institute's 2021 Examiners Workshop, held virtually, noting that the content, presentation, and adequacy of the Institute's syllabus must be current and forward-looking.

According to him, the programme was organized by the Institute to ensure that that the Institute and its examiners are all on the same page in terms of the demands of the Institute and the requirements from its examiners. This he said serves to guarantee the sustained success and relevance of the Institute's professional exams.

Source: <https://orientalnewsng.com/nigeria-insurance-practitioners-to-receive-modern-professional-knowledge-ciin/>

NAICOM TASKS INSURERS ON TECH-DRIVE INVESTMENT

The National Insurance Commission (NAICOM) has urged insurance operators to invest significantly in technology to drive efficient business operations in the industry.

He said "The industry has to invest handsomely in technology, which is one of the key drivers for developing the market. Institutions should prepare to digitalise their processes, procedures and systems to make their operation seamless and real-time." He stated that the commission is investing heavily in automating its processes and expects nothing less from insurance operators.

Thomas noted that more businesses are being insured abroad, which further erodes the capacity of the local market.

GROWING INSECURITY SCARING AWAY INVESTORS - NCRIB

The Nigerian Council of Registered Insurance Brokers, NCRIB, has decried the spate of kidnappings and other forms of violent crimes in the country, lamenting that the development is scaring investors away from the country. President of the Council, Bola Onigbogi said. Since there is a correlation between insurance and economic growth, it is most auspicious for the NCRIB to join its voices to call on the government to put in more efforts to combat security challenges in the country. We are using this medium to call on the Federal Government to overhaul its security apparatus while at the same time

enhancing collaboration with governments and institutions both within and outside the country to put an end to this menace”.

Source: Vanguard News Nigeria

