

# INSURANCE INDUSTRY NEWS

FEBRUARY 2021 EDITION



*The  
Official  
Newsletter  
of*

**BOFF & COMPANY**  
INSURANCE BROKERS LIMITED

*...insurance broking at its best - stakeholders' satisfaction*

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Dear Esteemed Client,

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

Innovative risk solutions continue to be a key factor in insurance deepening and capacity building in Nigeria. Insurers and Regulators must continue to look for ways to develop insurance products that provide solution to businesses and also provide an enabling environment for the industry growth.

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



### *Management's Corner*

“ All of us at Boff & Company are committed to providing you with personalized insurance brokering experience. We work tirelessly to deliver value to your portfolio and it is our greatest pleasure to be of service to you.

We promise to always exceed your expectations.

Do enjoy the read.”

## INSURANCE BROKER URGES CUSTOMERS TO REPORT LOSSES PROMPTLY

The Managing Director, Afriglobal Insurance Brokers Limited, Mr Casmir Azubuike, has said it is relevant for the insured to report their losses on time when they suffer a loss.

He said, if you have sustained a loss, you should report damages immediately to your insurance agent/broker or insurance company. Generally, policies require that claims resulting from criminal behaviour be reported promptly to a law enforcement agent. Review and comply with any reporting deadlines required by your policy such as reporting theft or vandalism to the police within time periods specified in the policy, usually within 30 days. Kindly note that the insurance broker or company has a legal right of entry to take reasonable steps to avoid further damages or losses.

He also said it was important to track all the expenses the insured incurred to preserve his property and complete emergency repairs. Save your damaged property so it can be inspected by your insurance broker or company. He urged the claimant to consider taking photos and video of the damaged property – especially damaged property that was perishable and must be discarded.

He also said that documentary evidence at all times was necessary as it could influence underwriters' liability. While speaking on document communications with insurance brokers and insurance company, he said, Log all of your conversations with your insurance broker or company about your claim and policy limitations in a dedicated claim diary.

**SOURCE: PUNCH.**

## UNIVERSAL INSURANCE DRIVES INNOVATION WITH FIRST-EVER OKADA INSURANCE PRODUCT

In order to ensure the safety of Okada riders and their passengers in Nigeria, Universal Insurance Plc, has introduced a first ever insurance product called Okada Personal Assurance & Safety Scheme (Okada Pass).

The Okada Personal Assurance & Safety Scheme (Okada Pass) comes in five different plans:

- **Jeje Cover**– With ₦2,300 annual premium, a rider can get paid up to ₦50,000 for Medical Expenses; ₦100,000 for Permanent Disability; ₦100,000 for Death; ₦50,000 for Third Party Liability and ₦10,000 for Repair Assist (Owned damage).
- **Carry -Go Cover**: Enables the rider to get paid up to: ₦75,000 for Medical Expenses; ₦150,000 for Permanent Disability; ₦150,000 for Death; ₦65,000 for Third Party Liabilities and ₦15,000 for Repair Assist (Owned damage). While this cover attracts a yearly premium of ₦3,400.
- **The No-Shaking Cover** comes with an annual premium of ₦4,000 which covers the Rider and enables him to get paid up to: ₦80,000 for Medical Expenses; ₦200,000 for Permanent Disability; ₦200,000 for Death; ₦70,000 for Third Party Liability and ₦20,000 for Repair Assist (Owned damage).
- **Confaam Cover**, riders are expected to get ₦80,000 for Medical Expenses; ₦200,000 for Permanent Disability; ₦200,000 for Death; ₦70,000 for Third Party Liability; ₦20,000 for Repair

Assist (Owned damage) and ₦20,000 for Passengers Medical Expenses. While annual premium is ₦4,400 per year.

- **Digital Bike** Cover allows policyholders to pay a yearly premium up to ₦10,000 which qualifies them to get paid up to ₦100,000 for Medical Expenses; ₦250,000 for Permanent Disability; ₦250,000 for Death; ₦75,000 for Third Party Liability; ₦50,000 for Repair Assist (Owned damage); ₦50,000 for Passengers Medical Expenses and ₦250,000 for Goods/Parcel (Annual Limit).

**SOURCE: BUSINESS DAY**

## **INSURANCE IN 2021: OPTIMISM HINGED ON ECONOMIC RECOVERY, STRONGER ENFORCEMENT**

Insurance operators have expressed optimism of improved turnover in 2021, citing revival of economic activities as the nation recovers from economic recession, stronger enforcement of compulsory insurance policies, as well as improved information technology system to help boost turnover within the year.

The operators are also gearing up to create products that will suit the prevailing circumstances in terms of the fallouts of the COVID-19 pandemic as part of measures to curtail the effects of the pandemic while on the other hand boosting insurance penetration.

## **CONSOLIDATED INSURANCE BILL: FRAUDSTERS FACE ₦5 MILLION FINE, IMPRISONMENT**

Troubles await insurance policy peddlers, especially those selling fake third party motor insurance policies if the Industry Consolidated Act becomes operational. Defaulters would face a fine of ₦5 million or two years' imprisonment for transacting underwriting business without a license.

To address the menace in the industry, the Consolidated Bill states that any person who transacts insurance business without being licensed for the purpose commits an offence and is liable on conviction, in the case of a company or other combination of persons, each principal officer of the company, firm or other combination of persons responsible, is liable to a fine of ₦5 million or imprisonment for a term of two years: or an individual, to a fine of ₦1 million or imprisonment for a term of two years.

The bill notes that persons who transact business as an insurance agent without having been licensed commits an offence and is liable on conviction to a fine not exceeding ₦250,000 or to a term of imprisonment not exceeding six months or to both fine and imprisonment.

“In addition to subsection (10) of the section, the court may make an order requiring the person to refund any sums collected by him, while so transacting the business, to the rightful owners or other entitled persons,” it says.

Speaking on the law, the Director-General, the Nigerian Insurers Association (NIA), Mrs. Yetunde Ilori, said the association had intensified awareness on the menace of fake insurance papers, adding that the

association had also continued to educate insurance companies on the need to upload their motor policies on the Nigerian Insurance Industry Database (NIID).

She noted that about 2.5 million vehicle insurance policies have been uploaded on the NIID, stressing that the NIID platform remains one of the best ways to curb fake motor insurance policy. She added that to help vehicle owners easily verify the genuineness of their policies, the insurance industry introduced the Unstructured Supplementary Service Data (USSD) code \*565\*11#.

According to her, awareness on the usage of USSD code \*565\*11# is gaining ground as people daily rely on it to settle issues bordering on the genuineness of their policies.

**SOURCE: THE GUARDIAN**

### **NIGERIANS ASKED TO ADOPT INSURANCE CULTURE.**

The need to protect life and property with an insurance cover has been stressed by the Executive Director, Law Union and Rock Insurance, Olasupo Sogelola.

Speaking in an interview with journalists, Sogelola said insurance has evolved as a means of safeguarding the interest of people against losses and uncertainties. He said it is necessary to control “whatever life throws at us with insurance,” citing the destruction of properties and lives lost during the #EndSars protest and the coronavirus pandemic as examples of uncertainties in life. He said: “Life is nothing without surprises.”

“A major way to control whatever life throws at us is by having an insurance cover in place at all times. You can reach for the top instead of shying away from responsibilities when you can pay a token as a premium and be confident that if any unforeseen event happens, you will be compensated by your insurance company.”

**SOURCE: THE GUARDIAN**

### **BUHARI REAPPOINTS MRS FOLASADE JOSEPH AS AGRICULTURAL INSURANCE MD**

President Muhammadu Buhari has approved the reappointment of Mrs. Folashade Joseph as the Managing Director/CEO of Nigerian Agricultural Insurance Corporation (NAIC) for a second term with effect from 11<sup>th</sup> April 2021

## **HEALTH INSURANCE AGENCY TO COMMENCE OPERATION WITH 14,000 BENEFICIARIES IN NIGER**

Niger State Contributory Health Agency (NGSCHA) has disclosed that necessary machinery has been put in place for the take-off of its operations with over 14, 000 beneficiaries. Executive Secretary of the Agency, Dr. Mohammed Usman, who stated this in Minna, explained that only 15 per cent residents of Niger State are aware of health insurance, adding that, out of that figure, only 5 per cent have keyed into State or National Health Insurance Scheme.

Usman said the state civil servants are expected to contribute 2.5 per cent from their basic salary, which the state government will augment toward the scheme. He said each worker, his or her spouse, and four children below the age of 18 years will benefit under the scheme.

Also, under the scheme, those in the informal sector, which comprises traders, artisans, farmers, market women and other artisans, are expected to pay ₦7,200 and is subject to renewal every year.

**SOURCE: THE GUARDIAN**

## **GROUP LIFE INSURANCE BECOMES MORE RELEVANT AS COVID-19 INCREASES DEATH CASES**

Incidentally, rather than push the burden of compensation to insurance companies whose responsibility it is to settle diseased families in such situation, the company had to bear the burden because it failed to take group life insurance for its employees, as provided in the Pension Reform Act 2014.

According to the law, any employer that fails to take up this insurance for its employees will be mandatorily responsible to provide that compensation in the event of employee death.

So, it pays a company to take insurance for her employees, as this does not only motivate the staff for improved productivity and growth of the economy, it gives the company rest of mind to concentrate on other operational issues The Act stipulates that every employer, to which this applies, must maintain a life insurance policy in favour of the employee for a minimum of three times the annual total emolument of the employee. Under the policy, total annual emolument is defined as the basic salary, transport and housing allowances and shall not include bonuses, overtime, directors' fees or other fluctuating emoluments.

According to the guidelines, the employer is required to fully bear all costs in relation to procurement of this policy, and this shall be in addition to the contributions to be made by the employer to each employee's Retirement Savings Account.

This means that the policy provides for the payment of the sum assured in the event of the death of a member of the scheme from any cause, natural and accidental. Given the importance of complying with

this policy, employers are expected to pay their premium before commencement of the cover, as there is a law guiding payment of premium and effective death of cover.

This is why the National Pension Commission (PenCom) at this time of the year mandates employers of labour to take this insurance as precondition to participate in government contracts and businesses.

PenCom year on year, gives employers of labour at the Federal, State and the private sector up to 31 March 2020 to comply with the Pension Reform Act 2014 on provision of life insurance cover for employees, or assume to have breach the law. Besides that, PenCom also gave employees the mandate to report any employer that fails to comply with this provision, as well as other provisions of the PRA 2014 including pension remittances to the Pension Fund Custodians (PFCs).

### **LOCAL INSURERS LOSING OUT ON BIG TICKET TRANSACTIONS, NAICOM LAMENTS**

The National Insurance Commission, NAICOM, has lamented the declining participation of local insurers in big ticket businesses such as aviation, annuity as well as oil and gas risks underwriting. Expressing this concern while speaking in Lagos at a directors' conference, Commissioner for Insurance and Chief Executive of NAICOM, Mr Sunday Thomas, noted that more businesses are being sent abroad to reinsure them, further eroding the capacity of the local market. He said: "More businesses especially in the aviation sector and oil and gas are now being reinsured 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 where the industry can impose itself on the economy through the control of funds for national development; unfortunately, we are missing it. According to Thomas, the industry must embrace technology to move forward. "The industry must invest handsomely in technology which is one of our key drivers for developing the market. Institutions should be prepared to digitalize their processes, procedures and systems in order to make their operation seamless and real time." Thomas stated that the Commission is investing heavily in automating its processes and expects nothing less from insurance institutions.

### **INSURANCE SECTOR CONTRACTED BY 12.05% IN Q4 – NBS**

The insurance sector contracted by 12.05 per cent in the fourth quarter of 2020, latest figures from the National Bureau of Statistics have revealed. Figures obtained from the NBS on the industry's performance also revealed that the insurance sector accounted for 8.6 per cent of the entire financial sector in the period under review.

Part of the report read, the finance and insurance sector consists of the two subsectors, financial institutions and insurance, which accounted for 91.40 per cent and 8.6 per cent of the sector respectively in real terms in Q4 2020. As a whole, the sector grew at -1.10 per cent in nominal terms (year-on-year), with the growth rate of financial institutions as 0.07 per cent while -12.05 per cent was recorded for insurance.

“The overall rate was lower than in Q4 2019 by –24.43 per cent points and – 7.01 per cent points than the preceding quarter.”

According to the report, quarter-on-quarter growth was 26.88 per cent, while annual growth of this sector was 11.98 per cent in 2020. The sector’s contribution to the overall nominal GDP was 2.80 per cent in Q4 2020, lower than the 3.12 per cent it represented a year earlier, but higher than the contribution of 2.46 per cent it made in the preceding quarter. It stated that for 2020, the sector contributed 3.11 per cent of aggregate nominal GDP. Growth in this sector, in real terms, totaled – 3.63 per cent, lower than the rate recorded in Q4 2019, and the rate recorded in the preceding quarter. Quarter on quarter, real growth stood at 26.07 per cent, it stated.

The NBS revealed that the annual growth of 9.37 per cent was recorded in 2020, compared to 2.57 per cent in 2019. The contribution of finance and insurance to real GDP stood at 3.07 per cent, lower than the contribution of 3.19 per cent recorded in the fourth quarter of 2019 by – 0.12% points, but higher than 2.67 per cent recorded in Q3 2020 by 0.40 per cent points. It added that the annual sectoral contribution recorded in 2020 was 3.36 per cent.

**SOURCE: PUNCH.**

## **RANDLE GENERAL HOSPITAL URGES LAGOSIANS TO EMBRACE HEALTH INSURANCE SCHEME**

The Medical Director of Randle General Hospital, Aduke Odutayo, has described the Lagos State Health Insurance Scheme introduced as the wisest way to plan and solve health challenges for all residents, just as she urged more Lagosians to enrol on the scheme.

Odutayo, who made the call recently while reviewing the activities of the scheme since its introduction at the hospital in 2019, stated that 8,702 residents have so far registered with the hospital, being one of the facilities approved for the scheme.