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INSURANCE INDUSTRY NEWS



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NUGGETS

➔ Licensed Insurance Companies in Nigeria Increase to 67, Says NAICOM



The number of licensed insurance companies in Nigeria has grown to 67, according to recent data from the National Insurance Commission (NAICOM). This marks an increase from the previous count of 54 companies. The breakdown includes 13 life insurance companies, 27 general insurance companies, 12 composite insurers, three reinsurers, four Takaful insurers, and eight microinsurance companies. Notably, several old and recent insurance companies have been liquidated. NAICOM also revealed that operational licenses were issued to seven insurance companies in alignment with market conduct and business practice guidelines earlier in 2023.

➔ Aviation Authority Directs Compliance with Compulsory Insurance Regulations



The Nigeria Civil Aviation Authority (NCAA) has instructed allied aviation service providers to adhere to the Nigerian Civil Aviation Regulations (Nig. CARs) 2022 regarding insurance coverage. The directive, communicated in a letter dated August 11, 2023, applies to all airlines and allied aviation service providers. The regulations, effective since July 10, 2023, necessitate compliance with Part 18.14.1.1, mandating valid insurance coverage for airlines and aviation service providers. The requirement includes submitting valid insurance certificates, premium payment evidence, and policy documents covering at least three months. Failure to comply will result in sanctions, potentially including grounding of specific aircraft.

International Youth Day 2023: The Significance of Life Insurance for Young Nigerians



In recent times, insurance has gained substantial importance in the lives of individuals, offering essential protection and aiding in the creation of a financial safety net. With Nigeria's youthful demographic projected to make up a significant portion of the population, the country's young adults are poised to drive domestic consumption and bolster the Nigerian economy.

However, as Nigeria's dependency ratio is anticipated to gradually increase to around 35% by 2050, the significance of safeguarding against future financial uncertainties has become even more vital for the young adult population. Against this backdrop, investing in insurance products has become a crucial step for young Nigerians, providing not only financial security but also a range of additional benefits when initiated early in life.

While life insurance is often associated with safeguarding against financial challenges later in life, it's imperative to acquire such coverage at a young age. Age is a pivotal factor in the context of life insurance. For young adults who are entering the workforce with well-paying jobs and disposable incomes, investing in life insurance might be overlooked due to an assumption that they can maintain their lifestyle without interruption.

Regrettably, an increasing number of young Nigerians are being affected by life-threatening illnesses at an early stage, underscoring the necessity of obtaining financial protection through life insurance in their earlier years.

By opting for a term insurance policy with an optional critical illness cover, individuals can secure their loved ones with lump-sum or staggered payouts in the event of their demise. Moreover, such policies provide support against severe

illnesses like cancer, while an accidental death benefit cover ensures extra financial protection for young Nigerians' families during emergencies. Thus, acquiring life insurance is crucial for their financial security, especially in critical illness or unfortunate early demise scenarios.

Lower premiums and flexibility come with early insurance purchase. Young individuals usually have fewer health issues, resulting in affordable life insurance coverage due to reduced underwriting risks.

Choosing term insurance early also allows for coverage enhancement during significant life events like marriage or having children, with minimal premium adjustments. This ensures increased coverage and the inclusion of more dependents under the policy. Opting for life insurance early is a wise choice for potential extensions and safeguarding a growing family.

Endowment insurance plans extend coverage to post-retirement years, aiding regular savings for a stress-free retirement. They offer life insurance security and assured returns upon policy maturity. The received lump sum payout is tax-free. Additionally, policyholders can claim premium exemptions and may receive extra bonuses based on investment performance.

Embracing life insurance early offers numerous advantages to young Nigerians, from financial security in adversity to building a strong retirement fund. It's a strategic step towards ensuring a prosperous future for themselves and their families.

Swiss Re and One Concern Partner to Revolutionize Catastrophe Business Interruption Risk



Swiss Re, a powerhouse in reinsurance, has joined forces with One Concern, an AI-driven physical risk company, in a groundbreaking partnership that is poised to revolutionize how the uncertainties of natural catastrophe business interruption risks are handled.

Swiss Re's CatNet® platform, a comprehensive overview of global natural hazard exposures, now gets an exciting boost. One Concern's Business Interruption Risk Scores and Metrics DNA product, an AI-powered digital twin of our physical world, will uncover hidden risks beyond property fences such as power outages, supply chain disruptions, and their effects on communities.

Ahmad Wani, the CEO and Co-founder of One Concern, couldn't be more thrilled: "We're teaming up with Swiss Re, a visionary company that shares our mission to leverage technology in tackling climate change and natural disasters. By integrating our DNA product into Swiss Re's CatNet® platform, we're giving insurers the data they need to understand business interruption risk better and make smart choices that safeguard assets and communities."

Anil Vasagiri, Senior Vice President and Head of Property Solutions at Swiss Re said, "This partnership empowers us to provide our clients with a new level of risk assessment. By embedding One Concern's DNA product into our CatNet® platform, we're offering our clients an in-depth understanding of concealed, non-damage business interruption risks that often result in significant claims."

Swiss Re's first-half performance in 2023, characterized by a substantial net income of \$1.4 billion, speaks volumes about its solid performance across business segments. The strategic collaboration with One Concern is yet another step forward in addressing the ever-evolving challenges posed by climate change and natural disasters.

"Preparing Nigerian Airports for Export Boom: Highlights from the 3rd Chinet Avi cargo Conference"



As Nigeria seeks to bolster its exports, experts emphasize the necessity of adequate airport facilities to

handle substantial cargo volumes. The Federal Airports Authority of Nigeria (FAAN) designates airports like Lagos, Abuja, and Kano for both passenger and cargo operations. Avia-cargo, a significant sector, hinges on swift and efficient delivery facilitated by airports.

Air cargo, which represents about 35% of global trade value, moves over \$6 trillion worth of goods annually, as reported by the International Air Transport Association (IATA). However, recent data indicates a decline in air cargo exports due to supply chain challenges and changing economic conditions.

To address this decline, FAAN established an Avia-Cargo Committee aimed at improving Nigeria's standing in cargo exports within Africa. The committee focuses on reducing turnaround times in cargo handling, financing gaps in modern infrastructure, and increasing interest in domestic cargo operations by local airlines.

FAAN's Managing Director, Kabir Yusuf Mohammed, revealed that the committee is working to overcome challenges in insurance coverage, standardization, and certification of cargo items. Additionally, FAAN has initiated the construction of an Aviation Cargo Village to address processing, packaging, certification, and traceability issues.

The Aviation Cargo Village, located near Murtala Muhammed International Airport, will promote public-private partnerships and serve as a model for other international airports. Mohammed emphasized the collaboration between FAAN and the private sector to develop essential cargo infrastructure, particularly for the export of fresh produce like cashew and avocados.

At the Chinet Aviacargo Conference, various stakeholders discussed strategies to enhance cargo facilitation. Moshood Adebayo Shittu of the Standard Organisation of Nigeria emphasized adherence to quality standards and codes of practice in the agricultural value chain. Christophe Penninck, CEO of Asaba Airport Company, outlined how Asaba Airport is positioning itself for increased cargo exports.

Through private management and strategic location, Asaba Airport aims to play a pivotal role in cargo exports. The airport plans to enhance its infrastructure, initiate international flights, and become a gateway to the South-South and South-East regions.

In conclusion, improving Nigerian airports to accommodate growing export demands is crucial for the country's economic growth. The collaborative efforts between regulatory authorities, airport management, and stakeholders aim to pave the way for a thriving cargo export sector.

Transforming Nigerian Pension System: The Impact of PTAD on Payment and Welfare Crises



The Pension Transitional Arrangement Directorate (PTAD), established in August 2013, marked its upcoming 10-year anniversary with significant achievements in reforming the Nigerian pension landscape. PTAD emerged as a solution to the deeply troubled Defined Benefit Scheme (DBS) characterized by fraud, mismanagement, and disregard for pensioners. This transformation was essential as the previous system was fraught with challenges, including over 50,000 complaints, ghost pensioners on payroll, and unaddressed senior citizens' welfare issues.

PTAD's inception marked a turning point. The directorate inherited a complex situation but embarked on a comprehensive journey to revamp the pension system. Over the years, it has removed ghost pensioners, conducted thorough payroll diligence, and added eligible pensioners previously excluded from payroll. The directorate's careful management led to the payment of ₦754 billion in monthly pensions from January 2015 to December 2022.

Through efficient deployment of resources, IT integration, and dedication from the management and staff, PTAD has resolved many longstanding issues. The agency introduced field verification processes that respect the dignity of pensioners, streamlined verification procedures, and initiated mobile verification for those unable to attend in person. These efforts saved billions by eliminating ghost pensioners and led to notable improvements in the system.

PTAD's contribution to pensioners' welfare has been remarkable. It facilitated timely payments, resolved arrears and gratuity concerns, and provided a more dignified and accessible verification process. This success has been attributed to political support, strong leadership, and collaboration with stakeholders.

The transformation of Nigeria's pension system has significantly improved the lives of senior citizens who were once marginalized and overlooked. PTAD's dedication and systematic changes have set the stage for a more secure and efficient pension future in Nigeria.

Barineka Thompson and Two Other Directors Retire from NAICOM Due to FG's Tenure Policy



In accordance with the new Public Service Circular on tenure policy, Barineka Thompson, a renowned multi-subject matter expert, has retired from the National Insurance Commission (NAICOM). Alongside him, two other directors, Pius Agbola, the director of Inspectorate, and Habila Amos, the director of Administration and Human Resources, have also retired.

Barineka Thompson boasts an impressive professional background. He holds Fellow status in the Institute of Chartered Accountants of Nigeria (ICAN), is an Associate member of the Chartered Institute of Taxation of Nigeria (ACIT), and a member of the Nigerian Institute of Management (AMNIM). Thompson is a Certified Anti-Money Laundering Specialist (CAMS) and Certified Advanced AML Audit Specialist (CAMS-AUDIT) through the Association of Certified Anti-Money Laundering Specialists (ACAMS) in the USA. He is the only resident Nigerian with CAMS-AUDIT certification.

Thompson's expertise spans across various domains, including Insurance, Finance, Strategy Management, and Hospitality. He has made significant contributions to Anti-Money Laundering and Financial Crime Investigation fields. Before his tenure at NAICOM, he held the position of Group Head, Finance and Chief Finance Officer at Linkage Assurance Plc. He has also occupied key management roles in the private and public sectors and served on numerous corporate boards.

Before joining NAICOM, Thompson had a notable career. He acted as the general manager/chief executive of NICON HOTELS Limited, a subsidiary of NICON Insurance Plc. and former owner of Transcorp Hilton Hotel. He held senior management positions at NICON Insurance Plc. before its privatization and served as a

non-executive director on various company boards, including Associated Properties & Trust Plc, Nigeria Aluminium Extrusions Limited, Globe Re-Insurance Plc, Nigeria Hotels Ltd, and Abuja International Hotels Limited.

During his time at NAICOM, which he joined in October 2012, Thompson held significant roles, including director of the Supervision Directorate and director of the Inspectorate Directorate. His responsibilities encompassed off-site and on-site supervision, as well as Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) initiatives. Thompson played a pivotal role in shaping regulatory policies and supervisory strategies over the years.

Subrogation: Fairness and Prevention of Unjust Enrichment



Subrogation is a legal principle that allows an insurer to stand in for a policyholder and recover costs from a responsible third party. When the policyholder experiences a loss caused by someone else, like a car accident, and the insurer covers the costs, subrogation lets the insurer pursue the at-fault party for reimbursement.

For example, imagine you're in a car accident caused by another driver. Your insurance company pays for your car repairs. Here's how it works:

- **First Party:** You (the policyholder) who suffered the loss (car damage).
- **Second Party:** Your insurance company, which compensated you.
- **Third Party:** The driver who caused the accident.

After paying you, your insurer can use subrogation to go after the responsible driver for the money they paid you. This ensures fairness, prevents double recovery, and holds the at-fault party accountable. Subrogation maintains balance by letting insurers recover costs from those responsible for the losses they covered.

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