

# MONTHLY INSURANCE NEWSLETTER

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# INSURANCE INDUSTRY NEWS



*Insurance broking at its best... stakeholders' satisfaction*

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# NUGGETS

## ➔ Loss Adjusters Urge NAICOM to Update 30-Year-Old Fee Scale

The Institute of Loss Adjusters of Nigeria (ILAN) has urged the National Insurance Commission (NAICOM) to update the fee scale that has been unchanged for over 30 years, citing it as a threat to their survival. ILAN President, Dipo Olanrewaju, raised this issue during NAICOM's new leadership's visit to the ILAN Secretariat in Lagos, led by Commissioner Segun Omosehin. Despite appeals to underwriters and brokers, no concrete actions have been taken. Olanrewaju warned that the outdated fee structure could lead to the extinction of the loss-adjusting sector, as it struggles to retain skilled professionals due to insufficient pay and delayed fee payments. Additional concerns include delays in ILAN's charter status and the need for continuous member training. Omosehin emphasized the importance of engaging all industry segments and highlighted the necessity of public confidence in insurance through efficient claims settlement.

## ➔ Old Mutual Nigeria Life Announces New Ownership Transition

The sale of Old Mutual Nigeria Life Assurance Company Limited to emPLE Group, announced in April 2024, has received approval from NAICOM and the Federal Competition Consumer Protection Commission (FCCPC). Effective July 1, 2024, emPLE will assume full ownership of the business.

During this transition, policyholders are assured that their policies will remain unaffected, requiring no action on their part. The management team will continue to oversee company operations, ensuring uninterrupted service. Additionally, it was announced that the Head Office will be relocating to 4th Floor, Plot 1297 Akin Adesola Street, Victoria Island, Lagos.

## ➔ REGIC Rebrands to REX Insurance

Royal Exchange General Insurance Company (REGIC) has rebranded to REX Insurance Limited, unveiling its new corporate head office in Victoria Island, Lagos. The transformation aims to embrace innovation, enhance service delivery, and uphold excellence. The Chairman, Ike Chioke, emphasized the commitment to customers, employees, and environmental stewardship. The new facility includes state-of-the-art amenities like a gym and a creche, reflecting a focus on staff well-being and family-friendly practices. The move underscores REX Insurance's dedication to prompt claims payment, improved customer service, and digital innovation, supported by recent capital injections for growth and development.

## ➔ NAICOM Seeks CIIN Support for Insurance Growth

The Commissioner for Insurance, Olusegun Ayo Omosehin, has called on the Chartered Institute of Nigeria (CIIN) to work with NAICOM to enhance the insurance sector. Leading a NAICOM delegation to the CIIN Secretariat, Omosehin stressed the importance of collaboration and gathering insights from the Council and industry elders to advance his administration's objectives. He emphasized that his goals would align with President Bola Ahmed Tinubu's eight-point agenda, underscoring the crucial role of CIIN as the educational arm of the industry.

## 50th AIO Conference: Enhancing Africa's Resilience to Natural Catastrophes



The 50th African Insurance Organisation (AIO) Conference held in Namibia provided a critical platform for addressing strategies to manage the increasing frequency and severity of natural catastrophes in Africa. The conference gathered industry experts, policymakers, and stakeholders to discuss innovative solutions and best practices. Here are some key insights and strategies that were discussed during the conference:

### Importance of Insurance in Disaster Risk Management:

- *Risk Transfer Mechanisms:* Promoting insurance products that transfer the financial risk of natural disasters from individuals and governments to insurance companies.
- *Microinsurance:* Developing affordable insurance solutions tailored to the needs of low-income populations who are most vulnerable to natural disasters.

### Enhancing Early Warning Systems:

- *Technological Innovations:* Utilizing satellite technology, mobile applications, and other digital tools to improve the accuracy and dissemination of early warnings.
- *Community Education:* Ensuring that communities understand and can act on early warning signals to reduce the human and economic toll of natural disasters.

### Building Resilient Infrastructure:

- *Standards and Regulations:* Implementing and enforcing building codes and land-use regulations that promote resilience to natural disasters.
- *Public-Private Partnerships:* Encouraging collaboration between governments and private sector entities to finance and develop resilient infrastructure projects.

### Climate Change Adaptation Strategies:

- *Sustainable Agricultural Practices:* Promoting farming techniques that are resilient to climate variability, such as



drought-resistant crops and efficient water management.

- *Reforestation and Ecosystem Restoration:* Investing in reforestation projects and the restoration of natural ecosystems to mitigate the effects of climate change and reduce disaster risks.

### **International Cooperation and Funding:**

- *Donor Engagement:* Engaging with international donors and financial institutions to secure funding for disaster risk reduction initiatives.
- *Knowledge Sharing:* Facilitating the exchange of knowledge and best practices between countries to improve disaster preparedness and response.

### **Community-Based Approaches:**

- *Local Governance:* Strengthening local governance structures to manage disaster risks effectively.
- *Participatory Planning:* Involving communities in the planning and implementation of disaster risk reduction strategies to ensure they are contextually relevant and sustainable.

### **Data Collection and Research:**

- *Research Centers:* Establishing centers focused on studying climate change and disaster risk management in Africa.
- *Data-Driven Decision Making:* Using data to inform policy and practice in disaster risk reduction.

### **Conclusion:**

The 50th AIO Conference in Namibia underscored the need for a multifaceted approach to cope with rising natural catastrophes in Africa. By leveraging insurance, enhancing early warning systems, building resilient infrastructure, adopting climate change adaptation strategies, fostering international cooperation, empowering communities, and investing in data and research, Africa can better prepare for and mitigate the impacts of natural disasters. Public-private partnerships are crucial in this endeavor, offering practical solutions that encompass awareness, policy development, risk modeling, and more, ensuring a comprehensive approach to disaster risk management.

### **Closing Note:**

Insurance plays a pivotal role in promoting disaster resilience in Africa. The sector must harness innovation and technology, ensure effective risk management through data sharing and regulation, and foster proactive collaboration among all stakeholders to mitigate the impacts of major catastrophes.

## **African Aviation and Energy Pools See Strong Operating Results Post-Restructuring**



A restructuring of portfolios by the Managers of African Aviation and Energy Pools has led to improved operating results for both businesses in 2023. African Aviation Pool's operating result rose to \$863,911 from \$576,574 in 2022, while African Energy Pool's operating profit surged to \$10.22 million from \$3.78 million in 2022.

Despite a drop in turnover, the restructuring was deemed necessary to navigate the challenging operating environment. According to Africa Reinsurance Corporation (Africa Re), managers of the Pools, the turnaround strategy for the Aviation Pool was crucial to address past profitability issues caused by unfavorable global market conditions.

During the African Insurance Organisation (AIO) Conference in Namibia, Africa Re reported that the turnaround strategy positively impacted the Pools' results, despite a drop in premium income. The African Aviation Pool saw a reduction in premium income to \$730,515 in 2023 from \$1,289,856 in 2022 due to a more selective risk approach, while membership remained stable at 52 with a subscribed capacity of \$8.11 million and a gross underwriting capacity of \$17.5 million.

For the African Energy Pool, premium income decreased by 6.5 percent to \$27.13 million from \$29.03 million in 2022, yet the operating result improved significantly. Membership also remained stable at 51, with a subscribed capacity of \$8.86 million and a gross underwriting capacity of \$90 million. The Members' account stood at \$38.92 million as of December 31, 2023, a 35.6 percent increase from \$28.70 million in 2022.

The Pool Managers emphasized the need for increased support from members to ensure sustained profitable growth.

## Third-Party Insurance Premium Hike Boosts NLIP Earnings by 52%



The Nigeria Liability Insurance Pool (NLIP) saw its gross premium earnings rise by 51.6% in 2023, reaching N1.79 billion, up from N1.18 billion the previous year. This significant increase was largely driven by a hike in third-party motor insurance premiums, which came into effect on January 1, 2023, as directed by NAICOM.

According to the new directive, the premium for private vehicles increased from N5,000 to N15,000, raising the Third Party Property Damage Limit from N1 million to N3 million. Similarly, premiums for owner good vehicles and staff buses were adjusted to N20,000 for claims up to N5 million and N3 million, respectively.

At the 14th Annual General Meeting of the Pool held in Lagos, NLIP Chairman Gboyega Lesi attributed the growth in gross premium directly to the NAICOM review of third-party premiums. He also noted that claims expenses grew by 61%, from N297.3 million in 2022 to N478.6 million in 2023. This increase was primarily due to higher third-party liability limits and the country's high inflation rate.

Additionally, the hike in property pricing, driven by the adoption of the fire tariff with a four-year moratorium for full implementation, significantly contributed to premium income growth. Despite the rise in claims expenses, the Pool reported an underwriting surplus of N533.4 million for 2023, highlighting operational efficiency and prudent risk management.

By the end of 2023, the Pool's total assets had increased by 39%, from N1.3 billion in 2022 to N1.8 billion. Looking ahead to 2024, Lesi expressed optimism about the Nigerian insurance sector, targeting growth despite current economic challenges and stratified income levels. He emphasized that growing disposable incomes and rising confidence among businesses and consumers would drive ongoing growth. The expansion of the country's middle class, contingent on sustained economic growth and stabilized inflation, is crucial for the sector's development.

Lesi also mentioned that leadership changes in the industry, driven by the implementation of the Code of Corporate Governance, are expected to positively impact the sector. These changes aim to enhance transparency, accountability, and effectiveness, bringing in fresh perspectives and innovative approaches to drive organizational growth.

The NLIP provides reinsurance services for various third-party liabilities, including motor and general liabilities, workmen's compensation, employer's contingent liabilities, and builders and occupiers liabilities. In 2023, the Nigerian insurance industry experienced notable growth, with gross written premiums surpassing N1 trillion for the first time, up from N790 billion in the previous year. Total assets in the industry reached N2.67 trillion, with capitalization amounting to N851 billion as of December 31, 2023.

## AI Adoption Diminishes Human Expertise in Insurance Sector



The growing use of Artificial Intelligence (AI) and the migration of skilled insurance professionals, known as 'Japa,' are significantly impacting the insurance industry. While these technological advancements enhance services, they also erode the human experience crucial for building customer relationships, according to industry experts.

Fola Daniel, CEO of FBS Reinsurance Limited, emphasized the need for continuous training of insurance professionals to maintain customer confidence. Speaking at a training program co-hosted by FBS Reinsurance and Munich Reinsurance of South Africa in Lagos, Daniel noted that many underwriters now rely heavily on software applications, leading to a decline in experience-driven underwriting.

Daniel stressed that while AI can provide answers to many questions, it cannot replace the nuanced expertise required in certain aspects of insurance, such as marketing and customer interaction. He highlighted the importance of face-to-face engagement in building trust and providing personalized service.



The training aimed to address technical knowledge gaps in the insurance industry, focusing on fire insurance, consequential loss, and reinsurance accounting. Daniel hopes that such initiatives will help bridge the knowledge gap and equip professionals with the necessary skills to navigate the evolving landscape.

As AI tools and algorithms automate routine tasks and decisions, there is a risk of diminishing the expertise of human executives. While AI can enhance data analysis, risk assessment, and policy issuance, it should augment rather than replace human judgment.

Insurance companies must invest in training programs to help executives adapt to AI technologies. This includes learning to work effectively with AI systems and interpreting complex data analytics. Striking a balance between the benefits of AI and the importance of human expertise will be key to the industry's success.

## What To Do in The Event of A Motor Claim



Recently, we had a client who was involved in a motor accident caused by another driver. Despite the obvious liability of the third party, our client did not collect any details from the other driver, believing it was unnecessary because he had a comprehensive motor insurance cover. Unfortunately, this oversight led to complications in processing the claim. Without the third party's information, it became challenging to establish liability and pursue the appropriate compensation. This incident underscores the importance of gathering all relevant information at the scene, regardless of the apparent circumstances.

At Boff & Company Insurance Brokers Ltd., we aim to provide you with the best advice and resources to help you navigate any claims efficiently and have highlighted five steps which policyholders can use as best practices in the event of a motor accident:

**1. Ensure Safety First:** The priority should always be the safety of everyone involved. If necessary, call emergency services immediately.

**2. Do not admit Liability:** At no point should you as the driver admit liability or discuss blame in relation to the incident. It can cause issues for the insurance companies to come to an agreement on who is at fault. It is important you speak to our Claims Team and follow the steps.

**3. Collect Details:** Gather as much information as possible from the scene. This includes:

- Names, contact information, and addresses of all parties involved (a valid driving license should have these).
- Insurance details of all vehicles involved in the accident.
- Vehicle registration numbers and make/model of all vehicles involved (where insurance certificates are not made available).
- Witness contact information, if any.

**4. Document the Scene:** Take photographs of the accident scene, the vehicles with the registration numbers visible, and any visible injuries. This visual evidence can be crucial for your claim.

**5. Report to Authorities:** If the accident is serious or involves hospitalization or death, notify the police and obtain a report, which will be essential for the claims process.

**6. Inform your broker or company account handler:** Contact us as soon as possible to report the incident. Provide all collected details and any other relevant information.

For a reminder of what to do in the event of a motor emergency, visit [www.boffbrokers.com/claim](http://www.boffbrokers.com/claim)

This information can be distributed to your driver(s) to ensure they follow the steps of what to do if involved in an accident.

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**Boff & Co. at the 2024 African Insurance Organization (AIO) Annual Conference in Windhoek, Namibia**



Our Chairman with the Board Chairman of NAICOM, Hajjiya Halima Kyari



Our Ag. MD/CEO with the Deputy Finance Minister for Namibia, Maureen Hinda-Mbuende



Our Ag. MD/CEO with the Deputy Finance Minister for Namibia, Maureen Hinda-Mbuende and the DFM's Economic Adviser, Abigail Muzepe

*More Pictures!*





# HAPPY DEMOCRACY DAY NIGERIA!

*June 12*



We are one nation,  
united and free to create  
the future of our dreams.



*June 16*

To the one who safeguards  
our joy and shields us from  
life's uncertainties,

Dad  
Papa  
Daddy  
Papi

**Happy**

# Father's Day

Pop  
Dada  
Pa  
Popsy



June 17



We rejoice in the good fortune of  
**Eid-el-Kabir**  
with all our Muslim brothers and sisters.

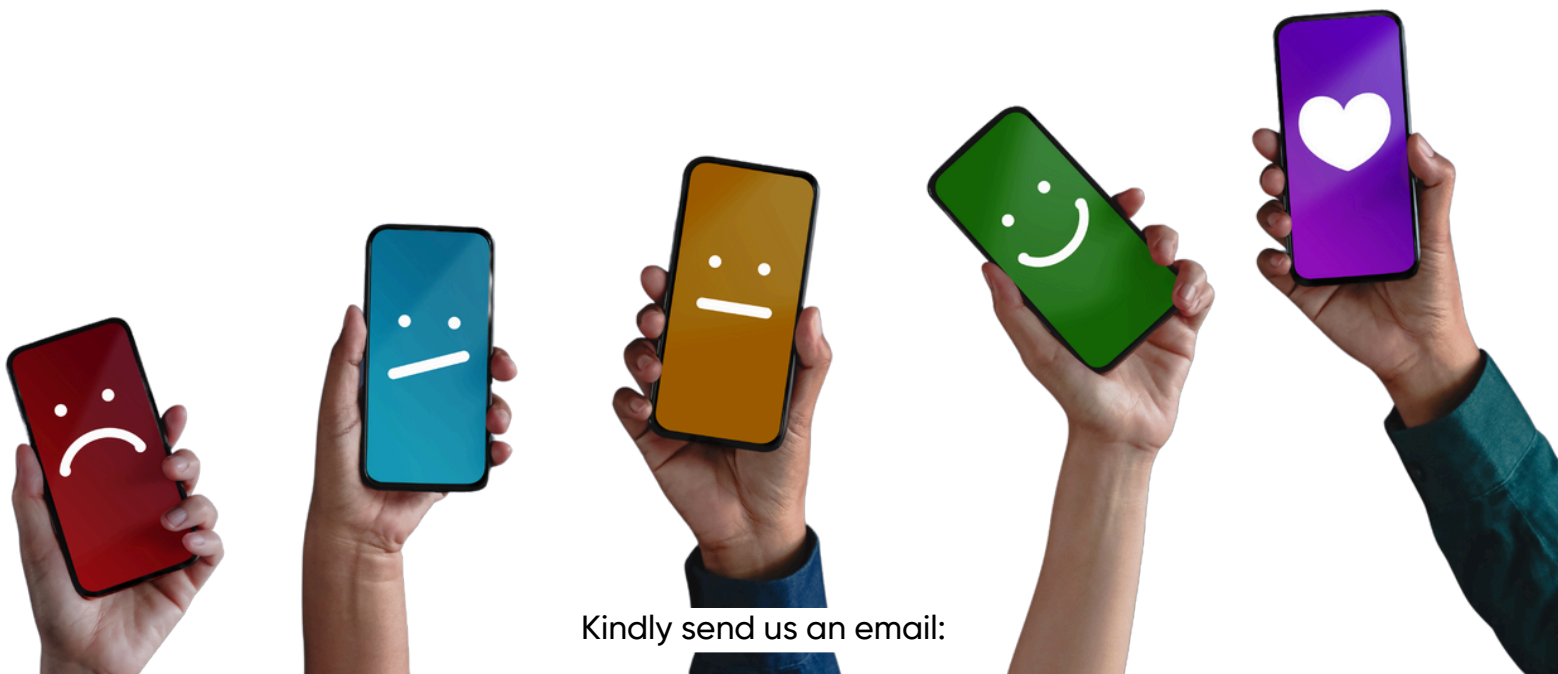
Wishing you and your loved ones Allah's peace and blessings this Eid.

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Or

Do you have comments or feedback on this publication?

We are eager to hear from you.



Kindly send us an email: