

# INSURANCE INDUSTRY NEWS

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Monthly Insurance News Letter



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## NAICOM Advocates for Financial Stability Through Risk-Based Supervision



In a keynote address delivered at the 2024 Chartered Insurance Institute of Nigeria's Professionals' Forum, the Commissioner for Insurance and CEO of the National Insurance Commission (NAICOM), Mr. Olusegun Omosehin, emphasized the critical role of risk-based supervision in ensuring the stability of Nigeria's financial institutions.

Speaking on the theme "The Insurance Industry: Transformation Strategies towards Expanding Market Reach," Omosehin, represented by Deputy Commissioner Mr. Ekerette Ola Gam-Ikon, urged industry operators to adopt these frameworks to remain competitive globally and effectively manage risks for their customers.

Omosehin highlighted that recent global events such as the COVID-19 pandemic, economic volatility, and climate change have had a direct impact on financial markets. He stressed that financial institutions must prioritize soundness and stability to withstand such disruptions. "Financial soundness and stability have become more critical than ever," he said.

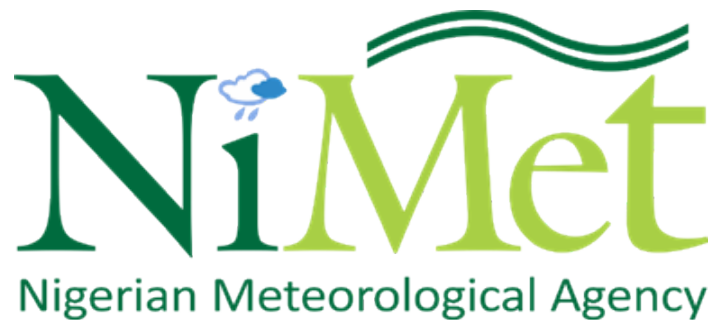
He also noted that innovation is key to staying relevant, encouraging the sector to embrace new technologies and diversify its product offerings to meet changing consumer preferences. NAICOM has already introduced a regulatory sandbox and an Innovation-Hub Unit to foster innovation and market expansion.

Furthermore, Omosehin underscored the importance of corporate governance and professional ethics, urging stakeholders to work together in building trust, deepening insurance pe

netration, and ensuring a strong, resilient insurance industry.

NAICOM's commitment to market expansion, talent attraction, and increasing insurance accessibility remains at the forefront of its agenda, with the cooperation of all industry players deemed essential for future growth.

## NiMet Calls for Farmers' Insurance to Enhance Food Security



The Director General of the Nigerian Meteorological Agency (NiMet), Professor Charles Anosike, has advocated for the introduction of insurance coverage for Nigerian farmers as a crucial step toward bolstering food security. Prof. Anosike made this statement during a courtesy visit by a delegation from the United States Agency for International Development (USAID) to NiMet's office in Abuja.

The visit aimed to explore NiMet's role in organizing the upcoming Agricultural Insurance and Weather Advisory Services Roundtable, themed "Creating Last-mile Structures for Agricultural Insurance & Weather Advisory Services - A Risk Mitigation and Resilience Measure for Smallholder Farmers." Prof. Anosike expressed gratitude to USAID for recognizing NiMet's contributions to the agricultural sector and for seeking its collaboration in the initiative.

In his remarks, Anosike emphasized the importance of extending the roundtable discussions to the financial sector, stating, "When financial institutions talk about risk management, they focus on shareholder value. By integrating climate risk into their operations, we can convince them to support an agricultural insurance scheme for farmers." He also underscored the need for early warnings, which not only protect farm productivity but also save lives, as demonstrated by the recent loss of lives during the 2024 floods.

Prof. Anosike further highlighted the compounding effect of climate change on Nigeria's economy, describing it as a "threat multiplier" that requires NiMet to adopt innovative approaches. He assured that NiMet would actively participate in the roundtable and collaborate with stakeholders to ensure the success of the initiative.

Encouraging USAID to pilot an agricultural insurance scheme for farmers, Prof. Anosike reaffirmed NiMet's commitment to supporting the project and involving relevant stakeholders to enhance resilience in the agricultural sector.

## **NAICOM and Aviation Ministry Chart Synergy on Local Content and Global Risk Sharing Practices**



The National Insurance Commission (NAICOM) has embarked on a strategic campaign aimed at enhancing the development of the Nigerian insurance sector, with its latest efforts focused on the aviation industry. In a recent high-level meeting, NAICOM, led by the Commissioner for Insurance, Mr. Olusegun Ayo Omoshin, engaged the Hon. Minister of Aviation and Aerospace Development, Mr. Festus Keyamo, at the Federal Secretariat in Abuja to discuss critical developmental strategies.

The discussions were centred around key areas, including the enhancement of local content in the aviation sector, promoting global practices of risk sharing, and building local capacity and expertise. A particular focus was placed on managing capital flight and fostering the growth of the nation's Gross Domestic Product (GDP) through effective insurance solutions.

Mr. Omoshin emphasized NAICOM's role in regulating, supervising, and developing Nigeria's insurance industry, as well as advising the Federal Government on insurance-related matters, with a strong commitment to protecting policyholders and

fostering public trust. He also briefed the Minister on aviation insurance and reinsurance practices in line with the country's laws.

The Hon. Minister, in his response, expressed his appreciation for the visit and stressed the importance of addressing pressing issues affecting the operations of domestic airlines. He proposed convening a stakeholder meeting involving NAICOM, airline operators, and insurance professionals to reach consensus on critical matters.

Also present at the meeting was Mrs. Olubunmi Kuku, Managing Director of the Federal Airport Authority of Nigeria (FAAN). Both parties acknowledged the importance of collaboration to promote Nigeria's aviation sector and enhance international relationships through improved legal frameworks.

This meeting signifies a crucial step in harmonizing efforts between the insurance and aviation sectors to support national economic growth.

## **Global Insurance Customers Ready to Embrace AI in Insurance Interactions**

A recent survey by GlobalData reveals that a significant portion of insurance customers worldwide are increasingly open to interacting with artificial intelligence (AI) tools, even in challenging situations such as filing claims. The findings suggest that insurers should consider integrating AI into their operations to attract new customers and reduce pressure on staff and phone lines.

According to GlobalData's 2024 Emerging Trends, Insurance Consumer Survey, 39% of respondents from 11 leading countries reported feeling comfortable with AI determining the outcome of their insurance claims. While 38% expressed discomfort with the concept, a substantial percentage of consumers remain undecided. Notably, Brazilian consumers showed the highest level of acceptance, with 51% comfortable with AI involvement in claims processes.

In contrast, Australia recorded the lowest receptiveness, with only 23% of respondents in favour of AI-driven claims decisions.

The varying degrees of consumer comfort across different regions highlight the importance for insurers to consider geographic differences when launching AI-based products and services. Although the technology is still in its early stages within the insurance industry, its potential to streamline operations and enhance customer experience is clear. Even in countries with lower AI adoption rates, such as Australia, more than one in five consumers are open to AI interactions.

As AI tools evolve, insurers in markets with higher acceptance levels should seize the opportunity to invest in the technology, offering innovative solutions that distinguish them from competitors. Moreover, implementing AI can help ease the strain on customer service teams and improve operational efficiency, making it a valuable asset in the future of insurance.

This shift in consumer sentiment towards AI underscores its growing role in reshaping the insurance landscape.

### **U.S. Department of Labor Recovers \$77,206 in Back Wages for Workers on Federally Funded Construction Project**

A recent investigation by the U.S. Department of Labor has resulted in the recovery of \$77,206 in back wages for five workers on a federally funded construction project. The investigation found that two subcontractors—Claras Construction Inc. and Westview Building Co. Inc.—violated the Davis-Bacon and Related Acts while working on a 2023 project for the Brookline Housing Authority in Massachusetts.

Claras Construction failed to pay the required prevailing wages and fringe benefits, while Westview.

Building falsified payroll records in an effort to avoid paying workers appropriately. As a result, both companies have been barred from working on federally funded projects for the next three years.

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The recovered wages were paid by the prime contractor, Daniel O'Connell's Sons Inc. of Holyoke, Massachusetts, which was responsible for ensuring subcontractor compliance.

This construction management company, with a history dating back to 1879, employs around 200 people across its five regional offices in Massachusetts, Connecticut, New York, and Florida.

### **Global Construction Insurance Market Sees Increase in Capacity, Positive Outlook for 2024 and Beyond**



According to WTW's latest Global Construction Rate Trend report, the global construction insurance market is experiencing rising capacity across most regions and commercial lines, a trend reminiscent of the soft market cycle in 2019. This growth is expected to continue into 2025, driven by insurers' focus on maximizing local capacity and the entry of new players, including renewed interest from international (re)insurers.

WTW forecasts that increased competition will benefit buyers with improved terms, stable pricing, and reduced pressure for significant rate hikes. The market is set to offer more favourable conditions, particularly for addressing coverage gaps like large CAR/EAR risks and infrastructure projects in regions such as Europe, Asia, and Australia.

However, challenges persist, including high interest rates, inflation, and the impact of natural catastrophe events, especially in vulnerable regions like the Caribbean, US East Coast, and Australia. Insurers are paying close attention to secondary perils like wildfires and floods, focusing on risk mitigation and detailed project information.

Looking ahead, the construction industry is poised for growth, with energy, utilities, and infrastructure projects set to increase by 7.8% and 5.1%, respectively, in 2024. Investment in manufacturing, particularly for semiconductor plants and data centres in North America, Latin America, and Europe, is also expected to surge.

Despite economic uncertainties, the construction insurance market remains resilient. Iain Drennan, head of construction for Australia and New Zealand, highlighted the importance of quality underwriting information and risk management in navigating current challenges.

The Construction Risk Management Asia Conference will be held in Singapore on 17 October 2024, bringing together industry leaders to discuss evolving risk strategies and collaborative approaches to managing threats.

*Insurance Golf Tournament at Ibadan Golf club*



*Investiture of Mrs. Awele Ayetuoma as the 9th Chairman of the South-South Area Committee of the Nigerian Council of Registered Insurance Brokers Limited.*



*Ibadan Boys' High School awards Boff & Co. Most impactful Corporate Organisation*



*Wider Perspectives Limited 2024 SME Conferences.*



*Ms. Yetunde Adebisi's birthday*



*Mr. Lawrence Ajayi's birthday*

