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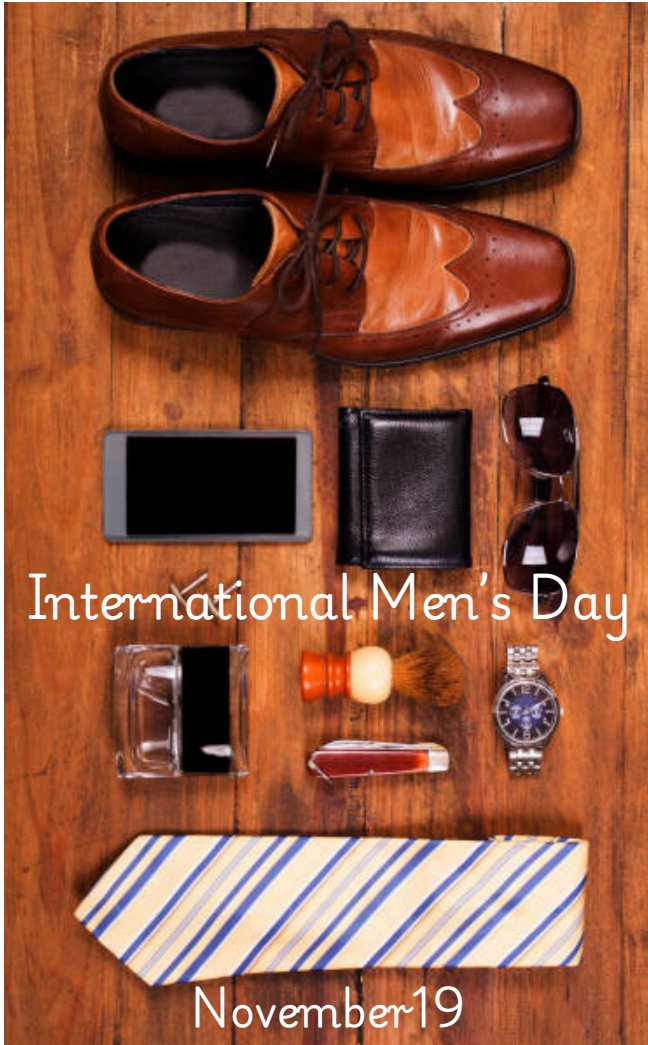
INDUSTRY INSURANCE NEWS

**MONTHLY
INSURANCE NEWS**
November 2024 Edition

HAPPY INTERNATIONAL MEN'S DAY
#PositiveMaleRoleModels

Insurance broking at it's best... stakeholders' satisfaction

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International Men's Day

November 19

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► **NAICOM Highlights Need for Insurance Stability to Boost \$1 Trillion Economy**



The Commissioner for Insurance (CFI), Mr. Olusegun Omoshin has iterated the pivotal role insurance plays in bolstering Nigeria's economy. Speaking during the 9th Annual Conference of the Nigerian Association of Insurance and Pension Editors (NAIPE) in Lagos, themed: Towards a \$1 Trillion Economy: Roles of Insurance and Pension sectors, the CFI who was represented by Mr. Abba Halil Inuwa- Head of Corporate Affairs, National Insurance Commission (NAICOM) - highlighted that the stability and financial health of the insurance industry are critical for achieving the government's \$1 trillion economic target by 2030. The CFI noted that adequate capitalization, aligned with insurers' risk profiles, is fundamental for the industry's growth. He stressed the importance of leveraging technology to make insurance more accessible, which he described as a key area of focus. Furthermore, he acknowledged the trend of integrated financial solutions and urged the insurance sector to adopt such strategies to maintain its relevance within the broader economy.

As the insurance regulator, NAICOM is committed to creating an environment that strengthens the capacity and stability of insurance institutions and the CFI affirmed the Commission's alignment with President Tinubu's vision of a \$1 trillion economy. The insurance sector has been actively engaged in discussions about its role in driving economic growth and he outlined the sector's contributions to the economy, including mobilizing savings, managing risk, promoting financial stability, generating employment, and supporting long-term projects. To enhance these contributions, the commission has implemented developmental initiatives aimed at improving the competitiveness and resilience of the insurance industry.

The CFI also identified five priority areas for immediate action:

1. Safeguarding policyholders' interests
2. Improving supervisory capabilities
3. Enhancing industry safety
4. Fostering innovation
5. Increasing accessibility and penetration of insurance services

He emphasized the importance of prompt claims settlement to address both perceived and actual challenges in the sector, which he described as essential, for market growth.

Furthermore, the CFI commended NAIPE's efforts in promoting the insurance industry and urged continued collaboration between insurance and pension editors to boost financial literacy and public understanding. He expressed optimism that the conference would generate constructive feedback and strategies to support policy reforms and economic growth.

In his remarks, Mr. Fola Daniel, former Commissioner for Insurance and Chairman of the event, underscored the timeliness of the conference's theme, which he described as a call for reflection, innovation, and collaboration. Mr. Daniel praised NAIPE for its role in enhancing public understanding of the insurance and pension industries and urged editors to ensure accurate and accessible narratives in their reporting.

► **FG Pledges to Strengthen Efforts in Insuring Aircraft Operations**



The Minister of Aviation and Aerospace Development, Festus Keyamo, indicated that the federal government was prepared to strengthen efforts toward improving aircraft operation insurance.

Speaking to journalists after a stakeholder engagement meeting in Abuja in November, 2024, he emphasized the importance of aviation insurance in providing financial protection against risks associated with aircraft operations.

Mr. Keyamo explained that it was crucial for aircraft owners, operators, and passengers to have a clear understanding of the various types of aviation insurance available. He mentioned that the meeting, convened on the directive of the Vice President, aimed to address issues concerning aircraft insurance, particularly balancing the demands of international lessors and financiers with local content requirements in Nigeria.

According to Mr. Keyamo, rebranding Nigeria's image globally was an integral part of the discussions, as every sector has a role in showcasing the country's capabilities. He revealed plans for a visit to Dublin in January to attend an aviation insurance event.

In Nigeria, aviation insurance typically covers various aspects, including pilots' loss of licence, aircraft hull all-risk insurance, airport liability, war risks, third-party liability, passenger liability, hangar keeper liability, spares and equipment liability, and crew personal accident insurance.

► **EFCC, NAICOM Join Forces to Enhance Transparency in Insurance Sector**



The Economic and Financial Crimes Commission (EFCC) affirmed its commitment to safeguarding Nigeria's insurance sector from fraudulent activities to ensure enhanced security and stability for policyholders.

This was disclosed by the EFCC Chairman, Mr. Ola Olukoyede, during a meeting with the Commissioner for Insurance, National Insurance Commission (NAICOM), Mr. Olusegun Ayo Omoshin.

Mr. Olukoyede stated that the EFCC intends to strengthen its unit dedicated to overseeing the banking and insurance sectors, with a particular emphasis on protecting the insurance industry from unethical practices. He also reiterated the Commission's determination to sanitize the sector through stricter oversight, enforcement of financial regulations, and close collaboration with regulatory authorities.

In response, Mr. Omoshin described the meeting as a vital step in solidifying the partnership between NAICOM and the EFCC to tackle financial crimes such as money laundering and fraud within the insurance sector. He expressed confidence in the EFCC's leadership under Mr. Olukoyede, anticipating stronger support to bolster NAICOM's regulatory functions.

► **NAICOM Issues Ultimatum to Insurers: Resolve Genuine Claims or Face Penalties**



The National Insurance Commission (NAICOM) has directed insurance companies to clear all outstanding, legitimate claims by December 31, 2024, with a warning of sanctions for non-compliance. This announcement was shared by Mrs. Ebelechukwu Nwachukwu, Managing Director of Rex Insurance Limited and Head of the Communication and Stakeholders Management Sub-committee, during a press briefing held after the Insurers' Committee management meeting in Lagos

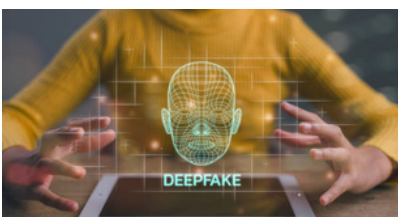
The meeting, which was the first of its kind under the leadership of Mr. Olusegun Omoshin as Commissioner for Insurance (CFI), included a mandate for insurance executives to exclude unsettled claims from their 2024 financial accounts. Additionally, Mr. Omoshin reportedly urged insurers to prioritize the execution of the 10-year roadmap for the Insurance Strategic Plan.

Mrs. Nwachukwu emphasized that the Commission would adopt a rigorous and targeted approach to monitoring the outstanding claims on insurers' records, because it is focusing on ensuring the soundness of the insurance sector, particularly by evaluating the ability of insurers to fulfill obligations promptly.

Feedback from two policyholders highlighted mixed experiences with insurers. While one anonymous respondent and another identified as Ola Abiodun expressed satisfaction with the directive, they also shared concerns about the inconsistency of some insurers in honouring claims.

They noted the importance of strict regulatory enforcement, citing a recent regulatory intervention by NAICOM as a positive step. Both underscored the need for sanctions against companies that fail to settle legitimate claims, stressing the critical role of trust in sustaining the insurance industry.

► Insurance, AI, and Deepfakes: Redefining Coverage in a Digital Landscape



Insurance coverage issues surrounding artificial intelligence (AI) and deepfakes present a unique set of challenges for both insurers and policyholders.

With the rise of AI in creating hyper-realistic but often misleading digital content, questions about liability, verification, and fraud have come to the forefront in insurance circles. Deepfake technology, which uses AI to fabricate or manipulate audio and video, has especially contributed to coverage complexities, as it raises concerns in areas like identity fraud, misinformation, and cybersecurity.

- **Coverage Issues in Deepfakes and AI**
- **Liability and Accountability**

Determining responsibility for damages caused by deepfakes or AI misuse is often complicated. Traditional insurance policies, such as liability or cyber insurance, may not explicitly cover AI-generated content, leaving ambiguity. If a deepfake leads to defamation, reputational damage, or financial loss, the question arises: who is liable—the creator, the platform hosting the content, or the individual affected? Many policies may need additional clauses to clarify liability in AI and deepfake scenarios.

- **Fraud and Authentication Risks**

Deepfake technology enables sophisticated fraud, which has implications for insurance coverage. Fraudulent deepfakes might be used to impersonate individuals for financial gain, or even to falsely file insurance claims using fabricated evidence. Insurers are thus challenged with assessing the authenticity of submitted claims, and some may adopt AI-powered tools for deepfake detection. However, the fast-evolving technology makes it difficult to keep up, and some policies may exclude coverage for claims deemed suspect or unverified by AI detection tools.

- **Privacy and Data Security**

Insurance policies covering data breaches or cyber incidents may need updates to address threats posed by AI-driven synthetic media. Personal information extracted or manipulated by AI could compromise policyholders' security, leading to privacy breaches that require both restitution and cybersecurity responses.

Cyber insurance policies are increasingly factoring in the risks posed by malicious AI and deepfake creation tools, with some considering higher premiums for companies that don't use protective AI verification systems.

- **Ethical Use and Underwriting Challenges**

Insurers are assessing how to price policies that involve AI or deepfake risks, especially as misuse of these technologies might be deemed a high-risk activity. For example, some insurers may raise premiums or exclude coverage for companies using AI or deepfakes without established ethical guidelines or internal governance, due to reputational risks or the potential for third-party harm. This

can lead to a differentiated underwriting process where risk is assessed based on an organization's AI management and ethical standards.

Steps the Insurance Industry is Taking

To mitigate these risks, insurers are starting to implement several approaches:

Adopting AI Detection Tools: Some insurance companies are investing in AI-driven tools that detect deepfakes and identify synthetic media in claims. This helps mitigate fraudulent claims and manage liability more effectively.

Policy Revisions and Addenda: Insurers are revising policies to specify coverage exclusions or add endorsements that address AI and deepfake-related incidents. These endorsements help clarify circumstances under which coverage may be applied or denied.

Collaborative Standards and Regulations:

Insurance organizations are collaborating to create industry standards for AI usage, data security, and ethical guidelines. This collaboration extends to cybersecurity firms and tech companies, establishing benchmarks for AI management and incident response.

As artificial intelligence and deepfakes become increasingly mainstream, the insurance industry will need to stay adaptive, modifying both policy language and tools to keep up with the evolving landscape. .

Balancing innovation with security, while minimizing fraud and managing liability, will be critical in making sure that coverage remains comprehensive and fair. For more insight visit <https://www.reuters.com/legal/legalindustry/insurance-coverage-issues-artificial-intelligence-deepfakes-2024-10-14/>

► **Improving Insurance Data Protection: NAICOM and NDPC Collaborate**



The National Insurance Commission (NAICOM) and the Nigerian Data Protection Commission (NDPC) have entered into a Memorandum of Understanding (MoU) aimed at improving data protection in the Nigerian insurance sector. NAICOM issued a statement detailing that the collaboration seeks to enhance awareness and skills related to data protection. Key objectives include organizing training sessions, establishing specialized clinics to address data protection concerns, and enforcing compliance with existing regulations.

The MoU also focuses on educating insurance companies about the importance of data protection and developing specific guidelines to help them manage data responsibilities effectively. A committee composed of representatives from both agencies, as well as from industry bodies like the Nigerian Insurers Association (NIA) and the Nigerian Council of Registered Insurance Brokers (NCRIB), will be established to oversee the implementation of the MoU. The committee's role will be to monitor progress, offer guidance, and ensure the initiative's successful execution, ultimately fostering trust and safeguarding policyholder data.

► International Air travel Liability Limits set to increase, enhancing Customer Compensation



Travelers on international flights will benefit from increased compensation limits for incidents involving death, injury, delays, and issues with baggage and cargo, effective 28 December 2024. The International Civil Aviation Organization (ICAO) announced that, in accordance with the Montreal Convention's five-year inflation adjustment mechanism, the liability limits will be raised to ensure fair and relevant compensation levels.

The Montreal Convention (MC99), formally the Convention for the Unification of Certain Rules for International Carriage by Air, was established in 1999 to create a unified framework for international air carriage liability. Since taking effect in 2003, MC99 has set and periodically reviewed compensation limits for various categories, providing legal protection for passengers and shippers and simplifying procedures, such as enabling the use of electronic tickets and air waybills.

Updated Liability Limits (in Special Drawing Rights - SDRs) as against the limits in 2019

Death or Bodily Injury: Increase from 128,821 SDRs to 151,880 SDRs (~USD 202,500).

Passenger Transport Delays: Increase from 5,346 SDRs to 6,303 SDRs (~USD 8,400).

Baggage Loss/Damage/Delay: Increase from 1,288 SDRs to 1,519 SDRs (~USD 2,000).

Cargo Loss/Damage/Delay: Increase from 22 SDRs to 26 SDRs per kilogram (~USD 35).

Juan Carlos Salazar, ICAO Secretary General, emphasized the importance of the Montreal Convention for protecting consumers' rights and supporting uniformity in international aviation standards. ICAO has also called on States Parties to adjust domestic laws to implement these updated limits by the effective date.

For more information visit:
<https://www.icao.int/Newsroom/Pages/International-air-travel-liability-limits-set-to-increase,-enhancing-customer-compensation--.aspx>

We wish to advise our clients that all related policies are being reviewed to determine which ones will be impacted by these changes. If you are yet to receive an update from your Account Executive in this regard, please do not hesitate to contact them via your usual medium or by sending an email to specialrisk@boffbrokers.com.



BIRTHDAY CELEBRATION



Mr. Yahaya
Maintenance Officer




Mr. Leke
Chief Financial Controller



Mrs. Ndidi
Deputy Manager

#POSITIVEMALEROLEMODELS INTERNATIONAL MEN'S DAY 2024



On International Men's Day, we celebrate the positive male role models who lead with integrity, demonstrating that true strength lies in kindness, respect, and the courage to empower others.

"The measure of a man is not in how he shows up in moments of comfort and convenience, but in how he rises in moments of challenge and controversy."

— Martin Luther King Jr.

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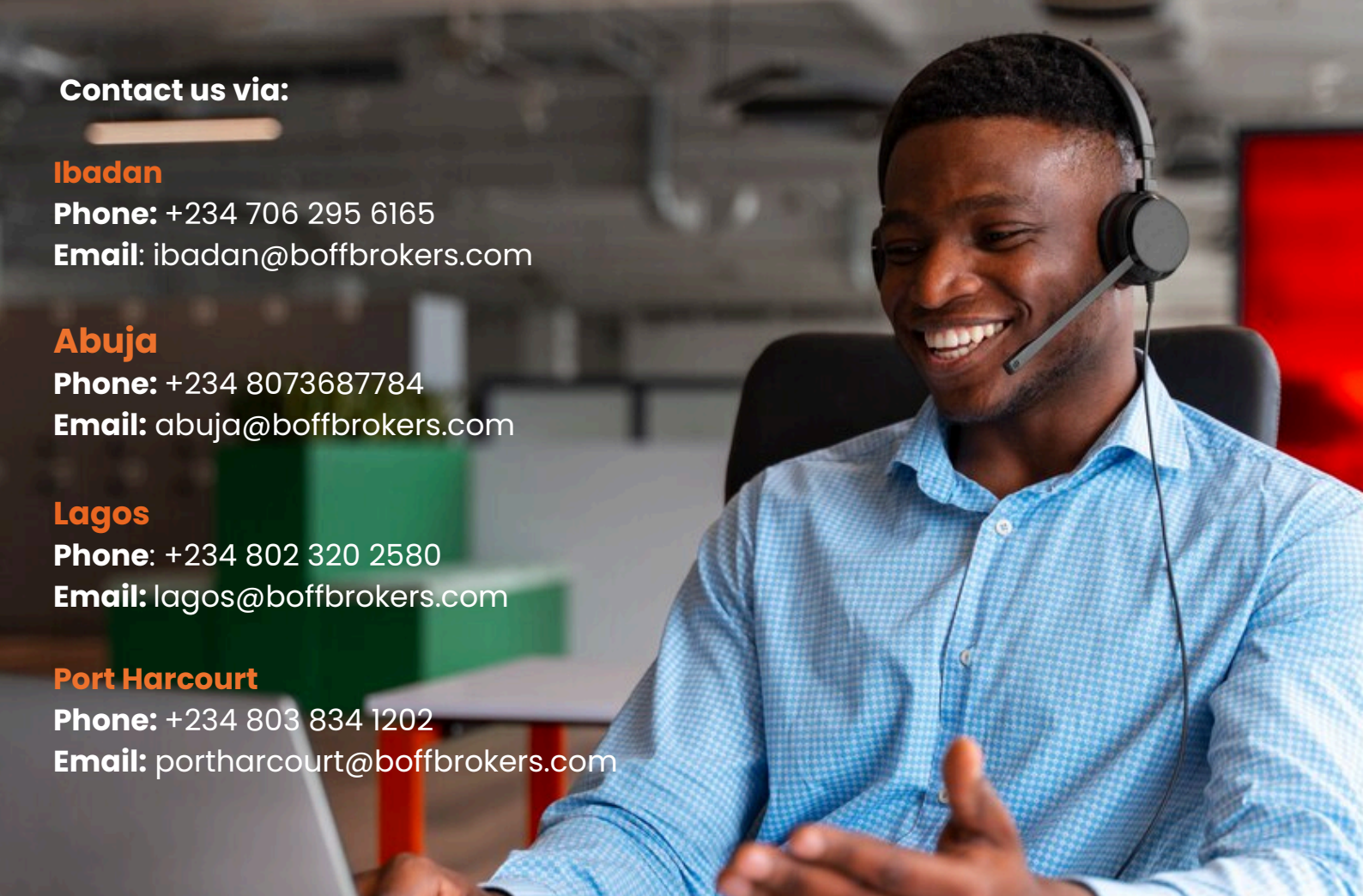
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Do you have any enquires, complaints or comments on this publication? We are eager to hear from you.

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