



# NATIONAL INSURANCE COMMISSION

## *Guidelines for*

### **Insurance of Government Assets and Liabilities for Ministries, Departments and Agencies of Government and Other Stakeholders**

National Insurance Commission  
Abuja-Nigeria

**23 OCTOBER, 2023**

**NAICOM**

*...For a Healthier Insurance Industry in Nigeria*

[www.naicom.gov.ng](http://www.naicom.gov.ng)

## TABLE OF CONTENT

<b>Content</b>	<b>Page</b>
<b>1.0 Definition of Terms</b>	<b>5</b>
<b>2.0 Preamble</b>	<b>9</b>
<b>2.2 Objective</b>	<b>9</b>
<b>3.0 Scope of the Guidelines</b>	<b>11</b>
<b>4.0 General Requirements</b>	<b>12</b>
<b>5.0 Insurance desk/Unit</b>	<b>14</b>
<b>6.0 Procedure for Insurance Placement By MDAs</b>	<b>16</b>
<b>7.0 Rating/Premium Rates</b>	<b>23</b>
<b>8.0 Returned Premium</b>	<b>24</b>
<b>9.0 Role of Insurance Intermediaries</b>	<b>25</b>
<b>10.0 Claims Management</b>	<b>26</b>
<b>11.0 Anti-Money laundering/Combating the Financing of Terrorism (AML/CFT)</b>	<b>28</b>
<b>12.0 Complaints management</b>	<b>29</b>
<b>13.0 Provision of Information&gt;Returns</b>	<b>30</b>
<b>14.0 Conflict and Dispute resolution</b>	<b>31</b>
<b>15.0 Non-Compliance</b>	<b>32</b>
<b>16.0 Appendices</b>	<b>34</b>

## 1.0 Definition of Terms

In these Guidelines, unless the context otherwise requires:

**Insurance** Means risk-transfer mechanism that ensures financial compensation for the loss or damage caused by fortuitous event/risk cover.

**Insurer/Underwriter** Means a company that is licensed by National Insurance Commission (NAICOM) to provide insurance and underwrites risk.

**Policy document** Means the document evidencing Insurance Contract between the insurer and the insured.

**Policy Period** Means the term or duration of the Insurance Policy

**Insurance Intermediaries** Means Brokers, Agents or other intermediaries duly licensed by National Insurance Commission (NAICOM) to act in

that capacity on behalf of the Insured or Insurers.

**Insured**

Means entity/person covered under an insurance policy.

**Endorsement**

Means a document that is used to alter, amend, enhance or restrict the coverage in the original insurance policy.

**Renewal**

Means continuance of an expired insurance policy by payment of a new premium/issuance of endorsement.

**Budgetary provisions**

Means amount of money available or a financial plan for purchase of insurance.

**Valuation of Assets**

Means term used to describe the worth of assets used for computation of Sum insured.

**Premium**

Means the amount of money that must be paid as consideration in

the purchase of insurance.

**Reinsurance**

Means practice of insurers transferring portions of risk portfolios to other parties (Reinsurers) by some form of agreement in order to reduce the likelihood of having to pay a large obligation resulting from an insurance claim.

**Claims**

Means a process where notification is sent to an insurance company requesting payment based on the terms of the insurance policy

**Claims Settlement**

Means, payment of legitimate claim by the insurer in line with the policy terms.

**Insurance Desk Officer**

Means qualified and experienced officer that handles an MDAs Insurances.

**Market Conduct Guidelines** Means an essential

c o m p o n e n t o f insurance regulation that regulates the ways Insurance companies relate with their clients and distribute their products in the Nigeria Market as may be issued by the Commission.

**Loss**

Means, injury, damage or contingency sustained by the Insured/third party.

**Assets**

Means, valuables that an MDA owns, benefits from or uses to generate income.

**Liabilities**

Means, claims against legal obligation.

## **2.0 PREAMBLE**

2.1 As an Adviser to Federal Government of Nigeria on insurance related matter, NAICOM observed challenges on the insurance of Government Assets and Liabilities which has led to avoidable expenditure by the Government. Consequently, in exercise of the powers conferred on it by the provisions of National Insurance Commission Act 1997, Insurance Act 2003 and all other powers enabling it in that behalf, The National Insurance Commission with the approval of the Honorable Minister of Finance and Coordinating Minister of the Economy issues this “Guideline on the Insurance of Government Assets and Liabilities” as minimum set of requirements for insurance of government assets and liabilities and in pursuance to the Circular issued by the Secretary to the Government of the Federation (SGF) and NAS Resolution Referenced NAS/CAN/35/VOL.1/53922

### **2.2 Objectives**

- a) Ensure adequate protection of Government strategic assets
- b) Ensure adequate transfer of insurable risks to Insurance Companies

- c) Enable the National Insurance Commission to discharge its statutory responsibilities enshrine in the provisions of NAICOM Act 1997 and Insurance Act 2003
- d) Preserve the resources of Government entrusted with MDAs for developing projects and other financial activities
- e) Propel economic growth through insurance by protection of assets and avoidance of liabilities.
- f) Protect public members against unfortunate events and calamities and provide financial assistance in the event of unfortunate incidents.
- g) Ensure removal of huge unnecessary expenditures from Government annual budget arising from avoidable losses.

### **3.0 SCOPE OF THE GUIDELINES**

**3.1** This guideline shall apply to all activities incidental to insurance of assets and liabilities of the government of the Federal republic of Nigeria.

**3.2** All MDAs and relevant stakeholders are required to comply with provisions of the Guideline.

## **4.0 GENERAL REQUIREMENTS**

**4.1** An MDA shall ensure that all government assets and liabilities in their custody/supervision are adequately insured at all times.

**4.2** All MDAs shall procure insurance cover for adequate protection of Government assets and liabilities including mandatory items to be insured which falls under compulsory insurance policies (refer to appendix 1 for list of compulsory insurances). This will however, be subject to budgetary appropriation by the MDA (approved budgetary provision)

**4.3** An MDA shall provide information annually to the commission on all its insurances.

**4.4** An MDA shall not interact, engage or transact any insurance business with any insurance institution unless the institution is duly licensed by the commission

**4.5** In compliance with the premium collection and remittance provisions in the market conduct guidelines, insurance cover for an MDA shall only be provided on a strict No Premium No Cover basis.

**4.6** An MDA shall effect payment of premium to enable renewal of their insurances not later than the effective date of the insurance contract.

## **5.0 INSURANCE DESK/UNIT**

- 5.1** In order to ensure that government gets value for money in the conduct of its insurances, an MDA shall establish and/or maintain an insurance Desk/Unit that will be responsible for the coordination and management of its insurances. An MDA with substantial volume of the insurance needs shall dedicate a division, department or section as may be appropriate.
- 5.2** The insurance Desk/Unit shall be incorporated in the organizational structure of the MDA and shall be headed by qualified and experienced personnel dedicated to handle insurance of the organization
- 5.3** The Insurance Desk/unit shall liaise with NAICOM on relevant insurance matters for advice where necessary.
- 5.4** An MDA shall ensure that adequate personnel are provided for the effective coordination and management of its insurance needs
- 5.5** An MDA shall notify the commission of the appointment of the head of the insurance Desk/Unit. The notification shall be accompanied

by the profile and curriculum vitae of the appointed officer.

- 5.6** The insurance Desk/unit shall be manned by persons who have the relevant technical experience and professional skills in insurance. At a minimum, the person must have relevant University degree or its equivalent as well as relevant professional qualification and experience in insurance.

## **6.0 PROCEDURE FOR INSURANCE PLACEMENT BY MDAs.**

An MDA shall, in addition to compliance with relevant Public Procurement requirements, comply with the following:

- a.** Identification, Valuation of its risk's exposures on each asset/liability for procurement of insurance and ensure funds are provided for on its annual Budget
- b.** An MDA may utilize the services of an insurance intermediary duly licensed by the Commission to advise it in this respect or
- c.** An MDA may conduct the valuation of its assets and liabilities by utilizing the appropriate agency of Government (Federal Ministry of Works and/or other agency (ies) as may be stipulated by extant rules of the Government) for the purpose of conducting the asset valuations. Where the stipulated valuation agency is unable to conduct the valuation, the MDA may engage the services of professional surveyors(s) where it lacks in-house expertise to carry out the valuation exercise.
- d.** Where the Insurance Policy is due for renewal whilst the required valuation is yet to be concluded, the MDA shall, subject to

obtaining appropriate approvals and evidence of ongoing valuation, proceed to renew the policy on existing basis and thereafter make appropriate adjustment as may be deemed necessary.

- e. An MDA shall make adequate budgetary provision for its insurance needs and obtain requisite approvals. With this in place, only MDAs with budgeted/approved insurance premium appropriation will enjoy cover during the year. Funding for insurance cover will only be provided for MDAs that include their insurance premiums in their budgets.
- f. The amount budgeted for payment of insurance premiums shall not be utilized for any other purpose other than payment of premium in lieu of purchase insurance protection only. It shall be illegal for an MDA to use the funds budgeted for Insurance premium to compensate or pay an uninsured loss.
- g. It is an offence to spend the funds budgeted for payment of insurance premium for other purposes other than insurance. Mismanagement of the budgeted premium is an offence and defaulters shall be

punished accordingly.

- h.** There shall be no bidding fees for insurance services.

## **6.1 Information to be provided by MDAs for Group Life and Group**

**Personal Accident Insurance** - All MDAs shall, as a minimum provide the following information:

- a.** Name of the organization
- b.** List of assured employees containing the following:
  - i.** Name of employee
  - ii.** IPPIS Number
  - iii.** Grade Level
  - iv.** Title/Designation
  - v.** Age Next Birthday
  - vi.** Total Emoluments
  - vii.** Sum Assured
  - viii.** Duty Post/Location (where applicable)
  - ix.** Any other information as may be required by the underwriter
- c.** The information provided in 6.1(b) above must not differ from the information of personnel on the MDAs Human Resource Records (and on IPPIS) as at the time of procuring Group Life and/or Group personal Accident Insurance Cover.

## **6.2 Harmonization of Commencement Date**

- a) All MDA's shall harmonize their Insurance covers to commence not earlier than 1<sup>st</sup> July of each year.
- b) New insurance cover as well as renewal of insurance cover should commence and terminate within second half of the year (i.e. 1<sup>st</sup> July) so as to harmonize the new anniversary date.

## **6.3 Transition Arrangements**

The date of commencement of all insurance cover of all MDAs shall be harmonized to commence from 1<sup>st</sup> July to terminate at 30<sup>th</sup> June of every year. This will act as the 1<sup>st</sup> year of commencement of insurance cover for all MDAs.

- i. On expiry for those with existing insurance covers before the harmonization of date of the commencement, they shall put in place a short-term insurance cover to cover the shortfall which must terminate at the end of the 2<sup>rd</sup> quarter (i.e. 30<sup>th</sup> June) so as to harmonize with the new Anniversary date of 1<sup>st</sup> July every year
- ii. For MDAs that intend to purchase cover before 30<sup>th</sup> of June, 2024, they shall take up

a short-term insurance cover which will expire by the end of 30<sup>th</sup> June 2024.

## **6.4 Selection Criteria of Insurance Institutions**

**6.4.1** An MDA shall design an appropriate Selection Criteria in line with the Public Procurement Act, and extant government regulations.

**6.4.2** An MDA shall submit the Selection Criteria in line with “paragraph 6.4.1” above and submit to the Commission for review and appropriate advice prior to implementation of the criteria. The prequalification, bidding and qualification requirements set out by MDAs shall become the basis of prequalification and selection of insurance institutions.

## **6.5 Due Diligence**

- a)** No MDA shall engage, utilize or seek (directly or indirectly) the services of an Insurance Intermediary that is not licensed by the Commission.
- b)** An MDA desirous of engaging the services of any insurance institution (brokers/agents and underwriters) shall prior to the appointment, conduct due diligence

including confirmation of the status of the insurance institution from the Commission.

## **6.6 No Objection from NAICOM**

**6.6.1** The Letter of No Objection from the Commission shall be a condition precedent to engagement/appointment of any insurance institution.

**6.6.2** An MDA shall, before inception, endorsement and/or renewal of an insurance policy, obtain a Letter of “No Objection” from the Commission prior to continuation of the contract with the Insurance Institution.

**6.6.3** An insurance institution shall not accept to be appointed and/or issue an insurance cover to an MDA without having sighted the letter of No Objection from the Commission.

## **6.7 Letter of Appointment**

**6.7.1** Where an MDA intends to engage or renew the services of an insurance

intermediary, it shall issue a Letter of Appointment/Renewal to the insurance intermediary prior to inception of the contract/policy.

**6.7.2** The Letter of Appointment shall state the terms and conditions of the engagement as well as duties/roles of the intermediary as specified in this Guidelines.

**6.7.3** Where an insurance intermediary is appointed midway, the intermediary shall not be entitled to commission in excess of the pro-rata commission from the period of appointment. The pro-rata commission is only applicable where no insurance intermediary has been appointed on the account prior to the new appointment.

## **6.8 Non-Interference in Reinsurance Arrangements**

**6.8.1** An MDA shall not interfere in the reinsurance arrangement nor intervene in the selection of the reinsurer(s).

## **7.0 RATING/PREMIUM RATES**

It shall be illegal to inflate the premium payable by an MDA in respect of the insurances of the government assets and liabilities.

- 7.1 Insurance Institutions to conduct their relationship with MDAs in line with the provisions of Market Conduct & Business Practice Guidelines.
- 7.2 Insurance Institutions to ensure that Premium quotes/rates for insurances of Government assets and liabilities are supported with appropriate data/exposure analysis and other underwriting information
- 7.3 It shall be illegal to solicit, offer, pay or receive any rebates or discount which is not reorganized by extant insurance laws and regulations.
- 7.4 No Insurance operator shall impose, quote, offer, pay or receive any rate/amount which is not within the range of rates earlier submitted to the commission in accordance with the rate filing requirements stipulated in the market conduct guidelines
- 7.5 MDAs shall ensure best value for insurance expenditure.

## **8.0 RETURNED PREMIUM**

- a)** An MDA shall not pay premiums in excess of the actual premium on an insurance policy that may result in refund of the excess amount paid or with the intent of returning the excess in any form, by cash or otherwise to the insured, its agents or any party thereafter.
  
- b)** An MDA that acts contrary to the above shall be deemed to have contravened this regulation. The individual officer(s) involved shall be deemed to have committed a Gross Misconduct and may be reported to the appropriate authority.

## **9.0      R O L E   O F   T H E   I N S U R A N C E I N T E R M E D I A R Y**

- a.**      An insurance intermediary shall, at a minimum, perform the following roles:
  - i.        Obtain Letter of Appointment from the MDA.
  - ii.        Advise the MDA professionally on their insurance needs and other insurance matters including risk improvements etc.
  - iii.        Place the risks with Insurance Company (ies).
  - iv.        Ensure policy servicing, administration and renewals.
  - v.        F a c i l i t a t e        c l a i m s processes/settlement and resolution of complaints.
  
- b.**      In line with insurance principles, an insurance intermediary (e.g. an insurance broker) shall only be entitled to receive insurance commission from the underwriter(s) with which it had placed the risk. It is illegal for an insurance intermediary to receive commission from an MDA.

## **10.0 CLAIMS MANAGEMENT**

### **a) Notification:**

It shall be mandatory for an MDA, which has insurance in force, to report/notify the insurer(s) in the event of a loss/damage arising from the insured event. A copy of the notification must be filed with the Commission.

### **b) Documentation:**

Upon reporting a loss, it is obligatory on the MDA to provide requisite substantiating documents in line with the applicable terms and conditions of the policy.

**c)** All claims payments in respect of losses suffered by an MDA shall be payable to the MDA only or payable to an identified beneficiary in line with the Loss Payee or Lien Clause specified in the policy.

**d)** All claims shall be handled in compliance with the Claims Management requirements stipulated in the Market Conduct Guidelines.

**e)** MDAs shall also inform NAICOM of claims made on insurance companies. NAICOM shall ensure prompt settlement of claims by Insurance companies.

**f)** Payments shall be made by insurance

companies into the MDA's account. In line with insurance regulation, such shall be used to replace or repair the asset lost/damaged. Funds from claims payment shall not be used for any purpose other than to make good the loss of the insured asset.

**11.0 A N T I - M O N E Y  
LAUNDERING/COMBATING THE  
FINANCING OF TERRORISM (AML/CFT):**

All insurance transactions shall be conducted in compliance with the provisions of the AML/CFT Guidelines for insurance institutions.

## **12.0 COMPLAINTS MANAGEMENT**

- a)** Where a complaint is not satisfactorily resolved by the insurance institution, the MDA shall report the matter to the Commission.
  
- b)** It shall be mandatory upon an MDA, who had filed a complaint, to provide requisite supporting documents as may be required by the Commission.
  
- b)** An MDA that acts contrary to the above shall be deemed to have contravened this regulation. The individual officer(s) involved shall be deemed to have committed a Gross Misconduct and may be reported to the appropriate authority.

### **13.0 PROVISION OF INFORMATION/ RETURNS:**

- I) In the exercise of the powers and responsibilities enshrined in the NAICOM Act 1997, an MDA shall be obliged to provide information relating to its insurances, in the specified format and within the timeframe, as may be required by the Commission.
  
- ii) Where No Objection has been granted by the Commission, it shall be mandatory upon the MDA to submit, in the prescribed format, a Status Report on its insurances to the Commission within 90 days from the date of issuance of the No Objection.

#### **14.0 CONFLICT AND DISPUTE RESOLUTION:**

Where a dispute arises between the parties, the aggrieved party may opt for Arbitration in line with the Arbitration Clause of the policy or elect to exercise his right to seek redress from the Commission's Complaint Bureau or at a competent court of law.

## **15.0 NON-COMPLIANCE:**

- a)** Where an MDA is found to have contravened any of the provisions of this Guidelines, the relevant officer(s) shall be reported to the office of the Secretary to the Government of the Federal Republic of Nigeria (SGF).
  
- b)** An insurance institution that fails/neglects to comply with any provision of this Guidelines shall be penalized in accordance with extant insurance law and regulation
  
- c)** Such penalty on non-performing operators could be extended to blacklisting the defaulters from handling government insurance and/or the suspension or withdrawal of their operating licenses, as the case may be.
  
- d)** A Committee on implementation of these Guidelines shall be put in place to supervise its implementation. The membership of the Committee shall comprise of the following representatives:
  - 1.** Office of the Secretary to the Government of the Federal Republic of Nigeria (SGF)

2. Office of the Head of the Civil Service of Nigeria
3. Federal Ministry of Finance
4. The National Insurance Commission of Nigeria

**16.0 APPENDICES**

List of Compulsory Insurances and applicable rates

**COMMISSIONER FOR INSURANCE**