

SOME KEY PROVISIONS IN THE NIGERIA INSURANCE INDUSTRY REFORM ACT 2025



SWIPE <<<

1. INTRODUCTION

This article highlights some key reforms introduced by the Nigeria Insurance Industry Reform Act 2025 (NIIRA 2025), which has repealed the Insurance Act 2003 (IA 2023).¹ It is the second in the series of articles exclusively focused on NIIRA 2025.

1. CLASSIFICATION OF INSURANCE

NIIRA 2025 has introduced a comprehensive reclassification of insurance categories and classes in Nigeria:

- It has redefined the categories of insurance from life and general insurance to **life and non-life insurance**.
- It has introduced **annuity** as a new class under the life assurance business.
- It has modified the classes of non-life insurance as follows:
 - It has reclassified oil and gas insurance as **energy insurance, covering oil, gas, and power**.
 - It has added agricultural insurance as a distinct class of non-life insurance.
- It has removed miscellaneous insurance from the non-life category and reintroduced it under a new category titled **other classes**.

2. POWER TO EXPAND OR RECLASSIFY INSURANCE BUSINESS

NIIRA 2025 has granted the National Insurance Commission (the “Commission”) the authority to classify insurance business and publish any additional list of classes in the Federal Government Gazette.²

3. BUSINESSES EXEMPTED FROM THE ACT

NIIRA 2025 has expanded recognized insurance businesses to include deposit insurance carried out by the Nigerian Deposit Insurance Corporation.³

4. CONDITIONS TO BE LICENSED

NIIRA 2025 has extended licensing conditions to include compliance with minimum capital requirements, statutory deposits, submission of a business plan and other requirements specified by the Commission.⁴

5. FOREIGN INSURANCE COMPANIES/SUBSIDIARIES IN NIGERIA

NIIRA 2025 requires foreign insurance companies or their subsidiaries operating in Nigeria to maintain a physical presence in their country of incorporation and licensing and be affiliated with a financial services group that is subject to effective consolidated supervision.⁵

¹ NIIRA 2025, long title.

² NIIRA 2025, s. 3 (5) & (8)

³ NIIRA 2025, s. 2

⁴ Ibid.

SWIPE <<

6. PROHIBITION OF COMBINED OR COMPOSITE INSURANCE COMPANIES

NIIRA 2025 prohibits companies from conducting both life and non-life insurance businesses. Existing composite insurers have a 5-year compliance window to restructure their operations to comply with this new rule. Exceptions include reinsurance companies and cross-ownership between life and non-life insurers.⁶

7. PRINCIPAL OFFICERS

NIIRA 2025 requires the National Insurance Commission's approval for all appointments and replacements of principal officers in insurance companies. NIIRA 2025 broadens the definition of principal officers to include not just managing directors and executive chairpersons, but also various other senior roles. Additionally, it extends the qualification requirements to all of these officers.⁷

8. MINIMUM CAPITAL REQUIREMENTS

Insurers that were registered prior to the commencement of the implementation of the NIIRA 2025 must meet the revised capital requirement within 12 months from the commencement of NIIRA 2025.

Additionally,⁸ NIIRA 2025 aligns with the Companies and Allied Matters Act 2020 by substituting the term “paid-up share capital” with “minimum share capital.”⁹

9. STATUTORY DEPOSIT WITH CENTRAL BANK OF NIGERIA

NIIRA 2025 permits the National Insurance Commission to invest insurers' statutory deposits, with profits from these investments remitted to the insurers on a biannual basis. NIIRA 2025 also protects statutory deposits from garnishee orders.¹⁰

10. INSURANCE INTERMEDIARIES

NIIRA 2025 has introduced more stringent qualification standards and license renewal timelines for insurance agents, brokers, loss adjusters, and reinsurance brokers to align with global best practices. Furthermore, the National Insurance Commission officially acknowledges actuaries as intermediaries and establishes regulatory provisions governing their practice.¹¹



5 NIIRA 2025, s. 5(6).

6 NIIRA 2025, s.6.

7 NIIRA, ss. 12, 231

8 NIIRA 2025, s 15(6).

9 NIIRA 2025, s. 15.

10 NIIRA 2025, s. 15.

SWIPE <<

11. AMALGAMATION OF INSURANCE COMPANIES

NIIRA 2025 has granted the National Insurance Commission the exclusive authority to approve amalgamations. Previously, such approvals required either the National Insurance Commission's consent or a court sanction.

Under NIIRA 2025, judicial involvement is now limited to cases where the National Insurance Commission refuses an application for amalgamation. In such instances, the applicant may seek court intervention within six months of the National Insurance Commission's refusal.¹²

12. FINANCIAL REPORTING AND DISCLOSURE OBLIGATIONS

NIIRA 2025 has expanded the financial reporting and disclosure obligations by:

- Requiring insurers to submit fully audited financial statements, instead of balance sheets and profit/loss accounts.
- Introducing a 14-day statutory timeline for regulatory approval – after this period, accounts are deemed approved if no response is received.
- Expanding publication requirements to include at least two national newspapers.
- Requiring the approval of annual returns along with declaration of dividends before the Annual General Meeting.



11 NIIRA 2025, ss. 37, 39 and 53.

12 NIIRA 2025, s. 107

Babalakin & Co. is a Firm with a broad experience on the subject of Regulatory Compliance & Company Secretarial Services and all matters related to it. If you have any questions or would like information on the issues discussed, please contact:



**Anene Lawrencia
Onyejekwe**

Associate
alanabor@babalakinandco.com



**Benedicta Ngozi
Ikwuegbu**

Trainee Associate
bikwuegbu@babalakinandco.com



**Wisdom Udochukwu
Obilor**

Trainee Associate
wobilor@babalakinandco.com

LAGOS OFFICE

1261A Adeola Hopewell Street
Victoria Island, Lagos State.
(+234)2012718700, 2718806, 2718808,
2718711, 27188004, (+234)2702802

ABUJA OFFICE

4, River Benue Street,
Off Ibrahim Babangida Boulevard,
Maitama District, Abuja.
(+234) 9-2780930, 2780933-9

PORT HARCOURT OFFICE

3, Williams Jumbo Street,
Old GRA, Port Harcourt
Rivers State.
(+234)703506876