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EXTENSION AND SEGMENTATION OF RECAPITALIZATION DEADLINE BY NAICOM

By a circular dated 3 June 2020, the National Insurance Commission (NAICOM) extended the recapitalization deadline for insurance companies and segmented the recapitalization process into two phases. This is against the background that the deadline for the insurance companies was earlier extended from June 2020 to 31 December 2020.

According to NAICOM, the effects of the COVID-19 pandemic had made it difficult to proceed with the 31 December 2020 recapitalization deadline. Hence, it became necessary to review the recapitalization schedule to lessen the impact of the pandemic on the entire exercise. So, whilst the deadline was further extended to 30 September 2021, insurance and reinsurance companies are nonetheless respectively required to meet 50% and 60% of the minimum paid up capital required by 31 December 2020.

Consequently, the required minimum paid-up capital for the classes of business in the sector is set out in the table below:

Class of Business	Minimum paid-up capital requirement by 31 December 2020	Minimum paid-up capital requirement by 30 September 2021
Life insurance	N4 Billion	N8 Billion
General life insurance	N5 Billion	N10 Billion
Composite insurance	N9 Billion	N18 Billion
Reinsurance	N12 Billion	N20 Billion

It is expected that the insurance/reinsurance companies would comply with this new directive to avoid a restriction on the scope of business they can transact.

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