

## CLIENT UPDATE ON THE NAICOM CIRCULAR ON THE TENURE LIMIT FOR EXECUTIVE DIRECTORS OF INSURANCE AND REINSURANCE COMPANIES.

On 22<sup>nd</sup> November 2022, the National Insurance Commission (the “**Commission**”) released the Circular on the Tenure Limit for Executive Directors of Insurance and Reinsurance Companies (the “**Circular**”). The Circular was issued pursuant to the powers of the Commission under the National Insurance Commission Act 1997 and the Nigerian Code of Corporate Governance 2018.

The Circular, which takes effect from 1<sup>st</sup> January 2023, specifies the maximum tenure for executive directors in the insurance sector. Some of the major highlights include:

1. The maximum tenure for Chief Executive Officers (CEOs) and other Executive Directors (EDs) of insurance and reinsurance companies is 10 (ten) years which comprises two terms of 5 (five) years each. The approval of the Commission is only required to be obtained once in respect of the 10-year term.
2. The tenure of an ED subsequently appointed as a CEO in the same company is a cumulative term not exceeding 15 (fifteen) years.
3. If there is a change in an ED’s position to another ED equivalent position within the same company, the years spent in the previous position will count in determining the maximum tenure of the ED.
4. Where an insurance company is a product of a restructuring arrangement or any other combination, the service years of the CEO or ED in the company prior to and following restructuring arrangement or other combination will be used to determine their ten-year maximum tenure.

The Circular provides for a twelve-month transitional period from the effective date regarding existing appointments. All CEOs and EDs who have served for ten years in the insurance sector have been mandated to cease to continue in such capacity after the transition period.

For further information, please send an email to [uubo@uubo.org](mailto:uubo@uubo.org).

This update has been provided by the Corporate Advisory team at Udo Udoma & Belo-Osagie. For more information about our corporate advisory practice offering, please email us at [uubo@uubo.org](mailto:uubo@uubo.org).