



Regulatory Update:

Guidelines for Insurtech Operations in Nigeria Introduction



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Introduction

The National Insurance Commission (NAICOM), on 30th July 2025, released the Guidelines for Insurtech Operations in Nigeria (the “Guidelines”), which became effective on 1st August, 2025. The Guidelines establish a regulatory framework for the safe and responsible deployment of Insurtech solutions by licensed insurance operators and technology-driven firms, aimed at fostering innovation while safeguarding policyholders, maintaining market integrity, and promoting public confidence.

The Guidelines define Insurtech as an institution that uses technological innovations to provide insurance services efficiently and effectively. The Guidelines also aim to promote the growth of Insurtech in Nigeria by setting standards for the establishment and operations, authorising and licensing Insurtech firms, and outlining general product features. Encouraging innovation while safeguarding consumers, providing a pathway for eligible operators to transition into standalone Insurtech companies, and supporting Nigeria’s broader digital ecosystem and economy.

Entities currently operating Insurtech solutions are required to regularise their operations within 30 days of the circular’s issuance, i.e no later than 31st August 2025. Failure to do so may attract administrative sanctions.

We have outlined a summary of some relevant portions of the Guidelines below.

Categories of Insurtechs

The Guidelines recognise two major categories of Insurtech businesses: Partnering Insurtechs and Standalone Insurtechs. It also recognises the registration of insurance institutions partnering with insurtechs.

Partnering Insurtechs, which are insurtechs partnering with insurance institutions, may provide services such as marketing and distribution of insurance products, customer service, policy administration, product management, claims management, insurance aggregation, and agricultural-related services, including crop cutting, data collection, and yield calculation, as well as any other services approved by NAICOM.

Standalone Insurtechs may engage in the categories of insurance specified in their licence, but they are prohibited from offering special risk products such as oil and gas, marine and aviation, retiree life annuities, and insurance of government assets and liabilities for ministries, departments, and agencies (MDAs).

Impermissible Activities

The Guidelines prohibit Insurtechs from engaging in certain activities, including: operating without a NAICOM licence; offering ineligible insurance lines (e.g., oil and gas, marine and aviation, retiree life annuities, insurance of government assets for MDAs); launching unapproved products or pricing models; rejecting claims solely via AI without human review; engaging in misleading marketing or undisclosed cross-selling; conducting crypto-based transactions without approval; violating data privacy laws; using manipulative user interface designs (“dark patterns”); selling

insurance across borders without approval; conducting physical marketing like traditional insurers; and undertaking any activity prohibited by law or NAICOM directives.



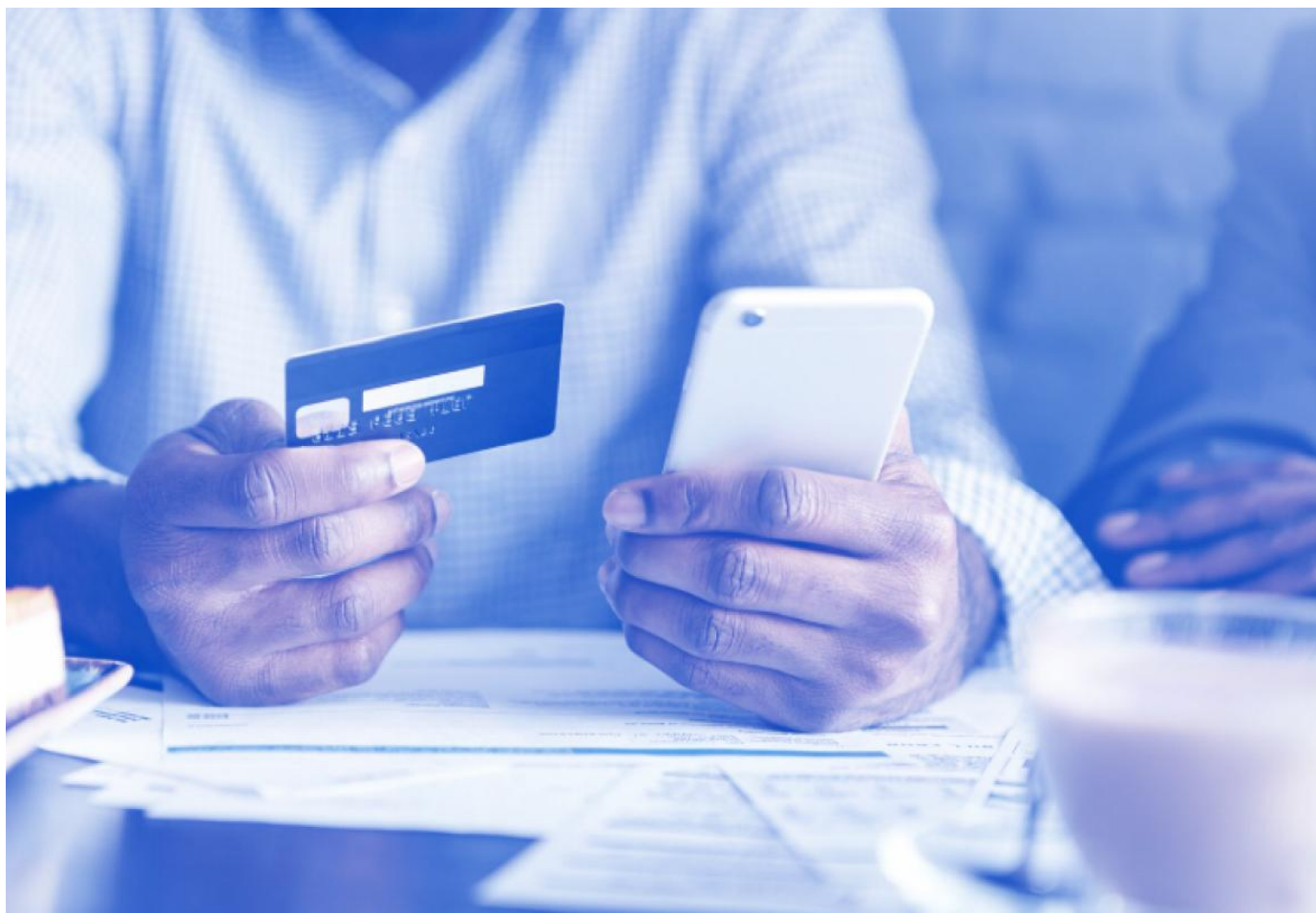
Registration with NAICOM

Applicants seeking to register as Partnering Insurtechs or Standalone Insurtechs must ensure that they register with NAICOM and shall, in addition to the documentary requirements for the registration be required to appear before NAICOM for a pre-registration interview and may be subjected to regulatory sandbox testing for a period as may be determined by NAICOM. The registration procedure involves three stages: the application stage; the verification stage, and the licensing stage. The licence, when issued, shall be valid for a period of 4 (four) years unless it is cancelled or suspended by NAICOM.

For Partnering Insurtechs as well as financial institutions working with them, one of the key registration requirements is the execution of a partnership agreement (SLA) between the insurer and the Insurtech. The SLA must set out the scope of operations, the operational model to be used, the roles and responsibilities of each party, service timelines and delivery modes, regulatory compliance obligations, data to be shared, the duration of the contract and its renewal terms, termination conditions, fees and commissions, among other things, and any other requirements that may be specified by NAICOM.

In addition to complying with the specific requirements under these Guidelines, Insurtechs are also subject to NAICOM's broader Prudential Guidelines, which cover critical areas such as risk management, data governance, cybersecurity, outsourcing, capital adequacy, and corporate

governance. These apply equally to both Standalone and Partnering Insurtechs and are essential for ensuring operational soundness and market stability.



Minimum Capital, Levies, Commissions, and Premium Payments

Under the Guidelines, a Standalone Insurtech must maintain the higher of: ₦1.5 billion per category of general/non-life business or ₦1 billion per category of life business (or risk-based capital as determined by NAICOM), or any other amount prescribed by NAICOM. A Partnering Insurtech must have at least ₦10 million in capital and maintain Professional Indemnity cover of not less than ₦100 million. NAICOM may revise these requirements, and Insurtechs must submit audited annual financial statements within Q1 each year.

Levy obligations include:

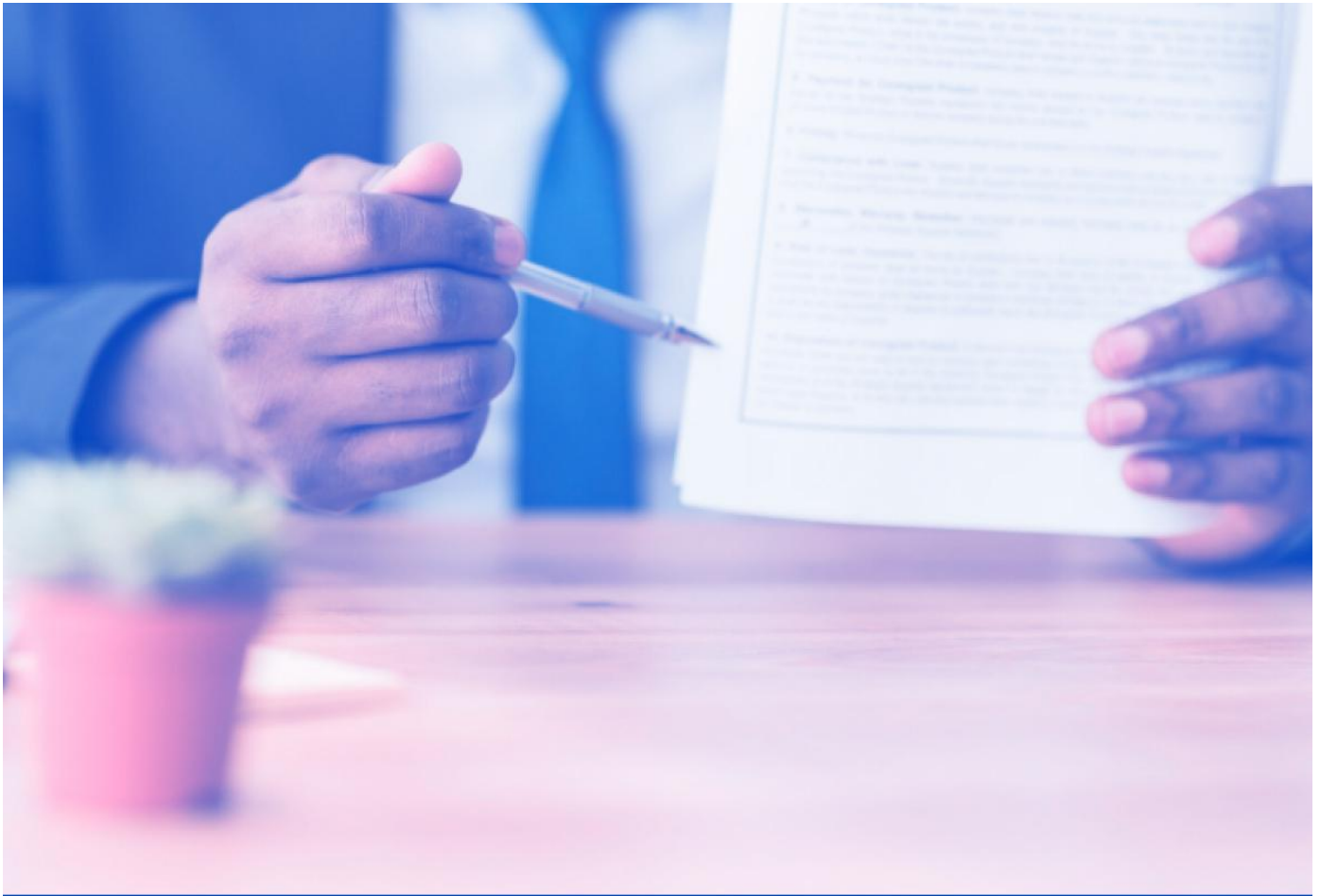
Standalone Insurtechs: 1% of gross premium income annually or ₦5 million, whichever is higher.

Partnering Insurtechs: 1% of gross commission income and remuneration fees annually or ₦500,000, whichever is higher.

Commissions paid to Insurtechs must not exceed rates permitted for insurance intermediaries under existing laws, and any additional service fees must be stated in the SLA and approved by NAICOM.

Premium payments must comply with Section 50(1) of the Insurance Act 2003 or any extant

Insurance law (“No premium, no cover”). Where a premium is paid through an Insurtech, it must be immediately credited to the insurer’s account.



Disclosures to NAICOM

Insurtechs must provide NAICOM with any requested operational information and proactively report any material changes to their operations within 5 (five) days of occurrence. Prior approval is required for changes such as principal officers, directors, company name, registered/corporate address, branch openings/closures, engagement of third-party vendors, server location changes, capital injections, mergers/acquisitions, or other material actions.

They must also periodically submit details to NAICOM, including a list of qualified personnel, property acquisitions, a schedule of services rendered, and any other information required by the Commission.

Conclusion

The Guidelines establish a clear regulatory framework for the licensing, operations, and supervision of Insurtech businesses in Nigeria. By defining operational models, prescribing minimum capital requirements, stipulating permissible activities, and setting out disclosure obligations, NAICOM seeks to promote innovation while safeguarding policyholders and ensuring market stability.