
Insurance Policyholders' Protection Fund:

Key obligations for insurers and reinsurers under the new NAICOM guidelines



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INTRODUCTION



In April 2026, the National Insurance Commission ("**NAICOM**") issued Guidelines for the management and administration of the Insurance Policyholders' Protection Fund ("**IPPF**" or "**Fund**") pursuant to Section 212 of the Nigerian Insurance Industry Reform Act, 2025 ("**NIIRA**"). The NIIRA established the IPPF to protect policyholders and insurance beneficiaries, and authorised NAICOM to prescribe the framework for its funding, management, and utilisation.

The Guidelines apply to all licensed insurance and reinsurance companies operating in Nigeria.

CONTRIBUTION OBLIGATIONS

The IPPF will be funded by contributions from insurers, reinsurers, and NAICOM itself.

All licensed insurers and reinsurers are required to contribute 0.25% of their respective Net Premium Income ("**NPI**"), which is calculated as gross written premium less brokerage commissions. This obligation takes effect from 31st July 2025. For the 2025 financial year, contributions are prorated over 148 days, covering the period from 31st July to 31st December 2025.

NAICOM is separately required to contribute 0.25% of the Security and Insurance Development Fund ("**SIDF**") to the IPPF. The SIDF was established under the NAICOM Act 1997, to support the development, stability, and security of the insurance sector, and is funded from 20% of NAICOM's total resources, comprising government allocations, industry levies, investment income, borrowings, fees, penalties, and other contributions. NAICOM may also provide supplementary funding to the IPPF in the form of loans, recoverable from future SIDF contributions.



ASSESSMENT AND PAYMENT PROCESS



Insurers and reinsurers must submit annual assessment returns to NAICOM by 31st March each year, based on their financial performance for the preceding year. Where an assessment is prepared on the basis of management accounts, it is treated as provisional pending confirmation against the audited financial statements. Any resulting shortfall must be settled within 10 (ten) working days of final assessment; any overpayment will be credited against future contributions.

All contributions must be remitted by 30th June each year into the bank accounts designated by NAICOM.

Insurers and reinsurers are also required to ensure that their internal compliance and reporting frameworks, including whistleblower protections, meet the requirements set out in the Guidelines. Non-compliance with any provision of the Guidelines exposes an institution to regulatory sanctions, the severity of which NAICOM will determine having regard to the seriousness of the breach, any aggravating or mitigating factors, and the need for deterrence.

MANAGEMENT OF THE FUND

The Fund will be managed by an independent fund manager appointed by NAICOM. To qualify, the fund manager must be registered with the Securities and Exchange Commission, hold a minimum paid-up capital of ₦5 billion, have at least three years audited financial statements, and maintain a fidelity bond of not less than 50% of the assets under management.

NAICOM may additionally appoint a Fund Custodian to hold the Fund's assets. Investments will be restricted to low-risk, government-backed instruments, with the investment strategy guided by the principles of capital preservation, liquidity, diversification, and prudent risk management.

The fund manager is required to submit quarterly performance reports within 15 (fifteen) days of the end of each quarter, and to file the Fund's annual audited financial statements within three months of each financial year-end.

The Guidelines also establish an Insurance Policyholders' Protection Fund Committee (the "**Committee**"), which will be responsible for the overall administration and oversight of the Fund, subject to NAICOM's supervisory authority.



DISBURSEMENT OF THE FUND

Disbursements from the IPPF are strictly limited to loans extended to distressed or insolvent insurers and reinsurers, and may only be made with NAICOM's prior approval. The terms of any such funding, including interest rates linked to the Monetary Policy Rate, will be determined by the Committee, with a maximum repayment tenure of 24 (twenty-four) months, or less if the recipient recovers from financial distress sooner.

All disbursed funds must be applied exclusively to settling outstanding claims of policyholders and beneficiaries, and must be paid out within 10 (ten) working days of receipt. The funds may not be deployed for any other purpose. Failure to comply with contribution or repayment obligations may result in regulatory sanctions up to and including cancellation of the institution's operating licence. NAICOM will maintain and may publish on its website a list of compliant and non-compliant entities.

NEXT STEPS AND KEY DEADLINES

Action	Deadline
Compute 2025 pro-rated IPPF contribution (148/365 days) based on 2024 gross written premiums less brokerage commissions	As soon as practicable
Review and update internal whistleblower policies to ensure compliance with the Guidelines	As soon as practicable
Prepare and submit IPPF Assessment Returns (Appendix E) to NAICOM	By 31st March annually
Remit contributions to NAICOM-designated bank accounts	By 30th June annually
Brief the Board and senior management on governance, funding, and reporting obligations under the Guidelines	As soon as practicable
Confirm that internal audit and actuarial processes support IPPF reporting requirements	As soon as practicable
Monitor NAICOM publications for appointment of the Fund Manager and constitution of the Committee	Ongoing

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