

**AN ADDRESS BY REMI BABALOLA, HONOURABLE
MINISTER OF STATE FOR FINANCE AT THE
INAUGURATION OF THE COMMITTEE ON THE
REVIEW OF THE INSURANCE ACT AND REGULATION
2003 AND THE NAICOM ACT 1997 ON MARCH 10th 2009**



I am delighted to welcome you all to this auspicious occasion of the inauguration of the *Committee on the Review of the Insurance Act and Regulations, 2003, and the NAICOM Act 1997*. The need to review these Acts is a product of a rigorous situation appraisal of the Insurance industry in Nigeria and the challenge for improved regulation in line with the policy direction of the present Administration.

2. In the financial services sector, Insurance, expectedly, has the biggest income earning potential, but the Nigerian Insurance Industry has been operating sub-optimally. Institutional and individual capacities have remained largely under-utilised while economic opportunities, crucial to national growth, became lost in the process. The Banking sector has continued to post impressive indices of successful transformation, while the Insurance sector has consistently trailed behind in its financial results with marginal, if not tangential results. This unsatisfactory trend is disturbing and unacceptable to the Federal Government. Therefore, there is an urgent need to refocus the industry, and this explains the need for this exercise

3. From the commencement of insurance business in the country in 1921, a total of thirteen (13) legislations, intended to address contemporaneous industry developments have been enacted. The Insurance Act of 2003 was enacted essentially to correct the apparent inadequacies of existing insurance laws, and, at the same time, inject a proclivity for anticipative legislation. It would appear, however, that the momentum and frequency of change in sub-regional, regional and global insurance environments have combined to challenge the dynamism of the Insurance Act of 2003 at proactively attending to evolving issues. In the above



connection, a re-examination of the focus of the Act, in line with its expected outcomes and impact, is considered highly desirable and imperative.

4. A major challenge which the insurance industry faces today in Nigeria is that of acceptability by the people. How best can we use the instrumentality of the law to encourage our people to voluntarily purchase the various insurance policies, especially Individual Life policy, at very attractive prices without any compulsion? How do we encourage insurance habits in all facets of our socio-economic activities? A clear framework is also needed to enable the large insurers become more involved in serving the low-income market; small insurers to become increasingly professional and expand; insurance brokerage to take root and good governance to create and sustain trust in the insurance business. Trust is hard to build but quite easy to lose.

5. **Committee Members**

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|-------|---------------------------------------|---|------------------|
| i) | Prof. Joe Irukwu | - | Chairman |
| ii) | Mr. Omoha, L.O. | - | Member |
| iii) | Mr. Fola Daniel | - | Member |
| iv) | Mrs. O. Moore | - | Member |
| v) | Mr. A. Adepegba | - | Member |
| vi) | Representative of Ministry of Justice | - | Member |
| vii) | Mr. Femi Oyetunji | - | Member |
| viii) | Mr. Dotun Suleiman | - | Member |
| ix) | Mr. Kurfi Uaru Ibrahim | - | Member |
| x) | Mr. K. K. Yusuf | - | Member |
| xi) | Mr. F. A. Babalola | - | Member/Secretary |

6. Ladies and Gentlemen, more specifically the Terms of Reference (TOR) of this Committee would include:

- i. Examine all extant legislations on insurance in the country, in particular, the Insurance Act and Regulation 2003 and NAICOM Act 1997, and determine the adequacy or otherwise of such legislations;



- ii. Appraise the appropriateness or otherwise of all such legislations for the efficient operation of Insurance in Nigeria;
- iii. Identify aspects of extant legislations that constrain optimal industry performance;
- iv. Identify and examine all other relevant literature/legislations that may assist in enhancing the performance of the insurance industry in Nigeria;
- v. Conduct appropriate benchmarks/paradigms as may be considered relevant for the re-engineering of the Nigeria insurance industry towards global competitiveness, and;
- vi. Proffer workable legislative options, complete with in-built mechanism for self-adjustment that would positively and progressively change the face and fortunes of insurance in Nigeria.
- vii. Make any other recommendations as may be deemed appropriate.

7. Your Committee has two (2) months within which to submit its report and the membership has been deliberately and carefully drawn to include critical stakeholders, productive partners and notable players in the Nigerian Insurance Industry; thus availing the committee a matrix of resident and core competences. You all should see your presence here not only as a recognition of your impressive competences, but as both a challenge and an opportunity to identify with and create a positive difference in this evolving national enterprise.

8. No doubt, this is an engaging assignment which would definitely challenge your initiative, intellect, drive and determination but with your various pedigrees, I have no doubt in my mind that at the end of the whole exercise, your recommendations would meet the test of promoting our global competitiveness and thus justify our choice of your membership of this very important Committee.

9. Ladies and Gentlemen, at this juncture I hereby inaugurate the Committee on the Review of the Insurance Act and Regulations, 2003, and the NAICOM Act 1997.



10. Thank you and God bless.

Remi Babalola
Honourable Minister of State for Finance

