



Babalola: Why FG's Reviewing Insurance Act

...Inaugurates 11-man c'ttee

From Kunle Aderinokun in Abuja, 03.11.2009

Minister of State for Finance, Mr. Remi Babalola, said yesterday that the Federal Government was reviewing the Insurance Act because the industry, which has "the biggest income earning potential" had been performing poorly.

For this reason, amongst others, Babalola said the Federal Government had constituted 11-man panel to review the Insurance Act and Regulation of 2003 as well as the National Insurance Commission (NAICOM) Act of 1997, to refocus the industry.

The 11-man committee, which he inaugurated yesterday had been given two months to submit its report. Chaired by Prof. Joe Irukwu, a foremost insurance practitioner, the committee has as members, Director of Home Finance, Federal Ministry of Finance, Mr. Lexy Omoha; Commissioner for Insurance and Chief Executive of NAICOM, Mr. Fola Daniel and the Director of Legal in the ministry, Mrs. O. Moore.

Others are Mrs. H. Lashman of the Federal Ministry of Justice, Mr. A. Adepegba of Chartered Institute of Insurance of Nigeria, Dr. Femi Oyetunji, Mr. Dotun Sulaiman, Mr. Kurfi Umaru Ibrahim, Mr. K.K. Yusuf, and the Deputy Director in Home Finance, Mr. Fatai Babalola, who will act as secretary of the Committee.

Babalola explained that the review of both the insurance and NAICOM Acts was necessary for the country to achieve optimal operation in the industry and improved regulation in line with the policy direction of the present administration.

He added that the momentum and frequency of change in sub-regional, regional and global insurance environments had also combined to challenge the dynamism of the Insurance Act of 2003 at proactively attending to evolving issues.

"The need to review these Acts is a product of a rigorous situation appraisal of the Insurance industry in Nigeria. In the financial services sector, Insurance, expectedly, has the biggest income earning potential, but the Nigerian Insurance Industry has been operating sub-optimally," he said.

"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 and intangible 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," said Babalola