



NATIONAL INSURANCE COMMISSION

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CIRCULAR NO: NAICOM/DPR/CIR/25 - 01/2019

Date: July 23, 2019

TO: ALL INSURANCE AND REINSURANCE COMPANIES

**RE: MINIMUM PAID UP SHARE CAPITAL POLICY FOR
INSURANCE AND REINSURANCE COMPANIES IN NIGERIA**

In furtherance to our Circular referenced NAICOM/DPR/CIR/25/2019 dated May 20, 2019 on the above subject, the following shall apply with respect to existing Companies.

1.0 Share Capital

1.1 The minimum paid up share capital shall be through any or a combination of the following:

- a) Existing paid up share capital;
- b) Cash payment for new shares issued;
- c) Retained Earnings – Capitalization of undistributed profits;
- d) Payment in kind (other than by way of cash) for new shares issued such as properties, T-Bills, shares, Bonds which must be converted to cash not later than three (3) months to the deadline for recapitalization; and
- e) Share premium.

1.2 Item a(i-v) above can be achieved through Merger and Acquisition.

2.0 Escrow Account with CBN

Cash payment for new shares issued shall be deposited in an escrow account with the CBN. Deposited funds shall be released not later than 30 days after the confirmation and issuance of a new license.

3.0 Shareholders' Fund

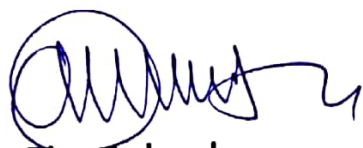
The Shareholders' fund as at the last date of recapitalization for existing Insurance/Reinsurance Companies shall not be less than the required Minimum Paid-up Share Capital.

4.0 Statutory Deposit

Payment of Statutory Deposit shall be in accordance with the Insurance Act 2003 and shall be made not later than 30days to the deadline for the recapitalization.

5.0 Mergers & Acquisitions

All mergers & acquisitions shall be concluded not later than 60days to the deadline for the recapitalization.



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Director, Policy & Regulation Directorate
National Insurance Commission



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CIRCULAR NO: NAICOM/DPR/CIR/25 - 02/2019

Date: July 23, 2019

TO: ALL INSURANCE AND REINSURANCE COMPANIES

**RE: MINIMUM PAID UP SHARE CAPITAL POLICY FOR
INSURANCE AND REINSURANCE COMPANIES IN NIGERIA**

This Circular is in furtherance to our Circular referenced NAICOM/DPR/CIR/25/2019 dated May 20, 2019 on the above subject.

1.0 Submission of Recapitalization Plan

1.1 Insurers and Reinsurers shall submit their recapitalization plan to the Commission on or before 20th August, 2019. The plan should include among others:

- a) Capital status of the Company based on the above referenced Circular as at the last Audited Financial Statements
- b) Board Resolution on how to comply with the Directives.
- c) Detailed Action Plan on how the funds for the recapitalization are to be sourced with timelines and deliverables.
- d) Companies intending to seek funds from the Capital Markets are required to submit their plan of action on a file-and-use basis.
- e) Companies that intend to merge or acquire another should submit their proposal after which they must comply with Sections 30 and 31 of the Insurance Act 2003.

- 1.2 The Commission shall review and provide responses on the submitted Recapitalization Plans on or before 17th September 2019. The review may require meeting with the Board and Management of each of the Insurance Company on its recapitalization plan.
- 1.3 The Commission is engaging with other regulatory bodies for possible palliatives in addition to those being considered by the Commission.



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