



NAICOM ISSUES CIRCULAR ON THE
TIMELINE FOR COMPLIANCE WITH
PHASE 1 OF THE RECAPITALISATION
EXERCISE FOR INSURANCE AND
REINSURANCE COMPANIES



August 2020

Overview

In continuation of the recapitalisation exercise of Insurance and Reinsurance Companies in Nigeria, the National Insurance Commission ("NAICOM" or the "Commission") on 17 August 2020 issued a Circular No NAICOM/DPR/CIR/25-05/2020 (the "Circular") to convey its directive on the minimum paid up share capital policy for insurance and reinsurance companies in Nigeria and provide a timeline for compliance with Phase I of the recapitalisation, ending on 31 December 2020.

The Circular made reference to earlier circulars issued on the subject, and reiterated the means through which the minimum paid-up share capital requirement may be attained, through any or a combination of the following:

- a. Existing paid-up share capital
- b. Cash payment for new shares
- c. Retained earnings, by the capitalisation of undistributed profits
- d. Payment in kind for new shares issued (with consideration such as properties, treasury bills, shares, bonds etc.). Such payments must however be converted to cash not more than 3 (three) months to the deadline for recapitalisation
- e. Share premium.

For Private Placements, NAICOM indicated that insurance and reinsurance companies may offer more than 30% of the existing issued and fully paid shares, following clarification obtained by the Commission from the relevant regulatory agency.

NAICOM also directed that effective from the end of August 2020, Recapitalisation Progress Reports are now to be submitted monthly, and no later than 5 (five) working days after the end of each month.

A schedule of the timeline and activities for compliance with Phase 1 of the Recapitalisation Exercise (ending 31 December 2020) is set out below: A USSD session is 20 seconds;

S/N	Commencement Date	Activity	Date for Compliance/ Completion
1.	30 August 2020	Submission of monthly recapitalisation progress report	5 (five) working days after the end of each month
2.	14 September 2020	All mergers for the purpose of meeting the first phase of recapitalisation shall be irreversible,	30 November 2020

		except with the written approval of the Commission	
3.	21 September 2020	Commencement of capital verification exercise by NAICOM	29 January 2021
4.	30 November 2020	Communication of capital verification report to respective companies	29 January 2021
5.		Deadline for compliance with the first phase of the new minimum paid-up capital by all existing companies	31 December 2020
6.		Issuance of letters of compliance	26 February 2021



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