

The National Insurance Commission issues Guidelines for Insurtech Operators in Nigeria

OALP Technology, Innovation and Fintech Practice Newsletter

INTRODUCTION

On 30 July 2025, the National Insurance Commission (NAICOM) issued new guidelines for Insurtech operators in Nigeria (the **Guidelines**), which became effective on 1 August 2025. The Guidelines introduce a structured regulatory framework for the operation of Insurtech solutions in Nigeria and apply to standalone Insurtech entities as well as licensed insurers partnering with Insurtech providers.¹

The issuance of the Guidelines marks a significant milestone in Nigeria's insurance sector as the Guidelines aim to facilitate innovation and development of the Insurtech sector by establishing operating standards, while protecting customers from risk. Additionally, it seeks to provide a clear framework for eligible Insurtech operators to transition into standalone insurtech companies. Notably, NAICOM has mandated that no Insurtech business may be conducted without obtaining prior registration or authorisation and has granted existing operators a 30-day window from the effective date to regularise their operations².

In this newsletter, we outline the key regulatory requirements, permissible activities, scope of insurtech operations, and compliance obligations as provided in the Guidelines.

DEFINITION OF INSURTECH AND SCOPE OF ACTIVITIES UNDER THE GUIDELINES

The Guidelines define "Insurtech" as a combination of the words 'insurance' and 'technology.' It refers to institutions that

use technological innovations to offer insurance services more effectively and efficiently.³

Insurtechs are categorised into two:

- a Standalone Insurtechs:** These are entities that operate independently, offering insurance products directly to customers. They are permitted to transact the categories of insurance specified in their license, excluding oil and gas insurance, marine and aviation insurance, retire life annuity insurance and insurance of government assets and liabilities for Ministries, Departments and Agencies.⁴
- b Partnering Insurtechs:** A partnering Insurtech, on the other hand, collaborates with insurance institutions to improve or complement existing operations. Its permissible services include: (x)marketing and distribution of insurance products and services; (y)customer services; (z)policy administration; (xx)product management; (yy)claims management; (zz)insurance business aggregation; (xxx)crop cutting, data collection and yield calculation; and (yyy)such other services stipulated by NAICOM from time to time.⁵

Due to the collaborative nature of partnering Insurtechs, partnering arrangements must be formalised through a Service Level Agreement (SLA) or partnership agreement between the Insurtech operator and the partnering insurance company. The SLA must clearly define the scope of services, operational roles, technical responsibilities, and governance arrangements, in accordance with NAICOM's requirements.

1. National Insurance Commission, 'Guidelines for Insurtech Operators' (1 August 2025)

2. Paragraph 19.0 of the Guidelines

3. Paragraph 2.0 of the Guidelines

4. Paragraph 2.0; 4.2 of the Guidelines

5. Paragraph 2.0; 4.1 of the Guidelines

PROHIBITED ACTIVITIES⁶

The Guidelines prohibit both categories of Insurtechs from conducting the following activities:

- a. unlicensed insurance operations;
- b. ineligible insurance businesses;
- c. unapproved products and pricing models;
- d. complete reliance on artificial systems to decline claims without human intervention;
- e. misleading marketing and sales practices;
- f. acceptance of premiums or settlement of claims in cryptocurrency without prior approval of NAICOM;
- g. data privacy violations;
- h. manipulative interface design that misleads users into purchasing or renewing of insurance policy;
- i. cross-border digital sales without prior approval;
- j. physical marketing of insurance products; and
- k. statutory and regulatory prohibitions.



CAPITAL REQUIREMENT⁷

For standalone Insurtech, the NAICOM prescribes a minimum capital requirement as follows:

- 01 NGN 1,500,000,000 (One Billion Five Hundred Million Naira only) per category of general or non-life insurance business or risk-based capital as determined by NAICOM from time to time,
- 02 NGN 1,000,000,000 (One Billion Naira only) per category of life insurance business or risk-based capital as determined by NAICOM from time to time, or
- 03 such other amount as may be prescribed by NAICOM from time to time.

In respect of a partnering Insurtech, a partnering Insurtech is mandated to meet:

(x) a minimum capital requirement of NGN 10,000,000 (Ten Million Naira only) as of its licence application date and must maintain the same throughout the licence period;

(y) it is also the expectation that the partnering Insurtech maintains a professional indemnity cover of not less than NGN 100,000,000 (One Hundred Million Naira only) or as may be prescribed by NAICOM from time to time.

(ISS) LEVY⁸

In addition to the capital requirement, Insurtechs are mandated to pay ISS levies as follows:

- a. A standalone Insurtech shall pay a minimum of 1% of its gross premium annually or NGN5,000,000 (five million Naira only), whichever is higher;
- b. A partnering Insurtech shall pay 1% of its gross commission annually or NGN500,000 (five hundred thousand Naira only), whichever is higher.

REGISTRATION REQUIREMENTS/GENERAL REQUIREMENT.

Regarding registration with NAICOM, the registration process for Insurtech operators in Nigeria is structured in three main stages⁹:

- a **Application Stage:** At this stage, an applicant submits a formal request to NAICOM for an Insurtech licence, along with all required supporting documents.
- b **Verification Stage:** The applicant must demonstrate readiness to operate by providing evidence of core operational infrastructure, management structure, place(s) of business, operational websites or platforms, and a description of business processes.
- c **Licensing Stage:** Upon successful verification, NAICOM issues the Insurtech licence which is valid for a period of four years, following payment of the applicable licensing fee.

GENERAL COMPLIANCE OBLIGATIONS

To safeguard the integrity of Insurtech operations, especially given the extensive use of digital platforms, the Guidelines impose several general compliance obligations, including:

- Compliance with all applicable Nigerian data protection and privacy laws and the Cybercrimes (Prohibition, Prevention, etc.) Act. ¹⁰

6. Paragraph 12.0 of the Guidelines
 7. Paragraph 14.1 of the Guidelines
 8. Paragraph 14.2 of the Guidelines

9. Paragraph 7.0 of the Guidelines.
 10. Paragraph 9.1 of the Guidelines.



- Refrain from accepting any payment from an insurance institution other than the remuneration specified in the Guidelines (where applicable)¹¹
- Develop and implement a robust technology and cybersecurity policy, in line with NAICOM’s Technology Guidelines.¹²
- Maintenance of secure and functional websites, digital platforms, and other customer-facing interfaces.¹³
- Implementation of effective Know Your Customer (KYC) and customer due diligence procedures during the onboarding and registration processes.¹⁴
- Obtaining prior approval from NAICOM for all insurance products and digital tools intended for deployment.¹⁵
- Display the Insurtech licence and details of its validity on its website and other electronic platforms used by the insurtech.¹⁶ amongst others.¹⁷

COMPLAINT REDRESS MECHANISM

The Guidelines require both Insurtechs and insurance institutions to establish robust complaint redress mechanisms. These mechanisms must be capable of receiving, tracking, and resolving customer complaints in a manner that is fair, independent, and timely. Specifically, the Guidelines mandate that all customer complaints must be resolved within two (2) weeks of receipt of any complaint.¹⁸

REPORTING OBLIGATIONS

Similar to regulatory expectations across other sectors, Insurtech operators are subject to strict reporting and disclosure requirements under the Guidelines. These obligations are designed to ensure transparency, accountability, and ongoing regulatory oversight. The key reporting obligations include the following:

Annual Financial Reporting: _____

Insurtechs are required to submit annual reports for each accounting year—defined as the period from 1 January to 31 December. These reports must be prepared in compliance with the International Financial Reporting Standards (IFRS).¹⁹

Data and Record Retention: _____

All electronic records and documents must be securely maintained for a period of no less than ten (10) years from the end of the year to which they relate.²⁰

Disclosure of Partnerships and Service Level Agreements (SLAs): _____

Insurtechs must submit executed SLAs or partnership agreements to NAICOM prior to execution.

Notification of Changes to Agreements: _____





Any proposed amendments or changes to existing partnerships or SLAs must be reported to NAICOM in advance, before such changes take effect.²¹

Disclosure of Managerial Changes: _____

NAICOM must be notified within five (5) days of any material changes to the management structure or operational leadership of the insurtech.²²

Prior Approval for Material Corporate Changes:

Insurtechs are required to obtain prior approval from NAICOM before implementing any of the following changes²³:

-  Change of directors or principal officers
-  Changes to the address of the registered or corporate office
-  Capital injection or restructuring
-  Mergers, acquisitions, or any other transaction materially affecting the insurtech’s operations

11. Paragraph 13.1 xiii of the Guidelines
 12. Paragraph 9.1.2 of the Guidelines.
 13. Paragraph 9.1.3 of the Guidelines.
 14. Paragraph 9.1.4 of the Guidelines.
 15. Paragraph 13.2 of the Guidelines.
 16. Paragraph 13.1(i) of the Guidelines.
 17. The Guidelines provide a long list of general obligations and regulatory obligations required of an Insurtech in carrying out its activities alone and by

partnering with an insurance institution, however for the purpose of this newsletter, few are listed above.
 18. Paragraph 16.2 of the Guidelines.
 19. Paragraph 17.1 of the Guidelines.
 20. Paragraph 17.2 (ii) of the Guidelines.
 21. Paragraph 17.2 (v) of the Guidelines.
 22. Paragraph 17.3 (ii) of the Guidelines.
 23. Paragraph 17.3 of the Guidelines.

SANCTIONS

An Insurtech operating without a valid license or an insurance company partnering with an Insurtech without NAICOM's approval shall be liable to criminal proceedings and to pay such fine as levied by NAICOM²⁴.

CONCLUSION AND NEXT STEPS

The issuance of the Insurtech Guidelines by NAICOM marks a pivotal moment in the digital transformation of Nigeria's insurance industry. By providing a framework for innovation, regulation, and collaboration, NAICOM has signalled its commitment to fostering a modern, inclusive, and technology-driven insurance ecosystem.

All prospective and existing Insurtech operators, as well as traditional insurance institutions seeking to partner with technology providers, must ensure compliance with the provisions of the Guidelines within the compliance window. This includes aligning internal processes, securing the necessary approvals, and reviewing existing partnership arrangements to meet the new regulatory standards.

Stakeholders are encouraged to engage proactively with NAICOM, seek clarifications where necessary, and adopt best practices in digital insurance delivery to strengthen consumer trust, market efficiency, and regulatory compliance.

With these Guidelines now in force, the pathway is clear for a more dynamic, accessible, and tech-enabled insurance industry in Nigeria.

24. Paragraph 18.2 of the Guidelines

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