

**KEYNOTE ADDRESS BY THE HONOURABLE MINISTER OF
STATE FOR FINANCE, REMI BABALOLA AT THE
PRESENTATION OF THE REPORT OF THE TECHNICAL
COMMITTEE ON THE VERIFICATION OF 71 RE-CERTIFIED
INSURANCE COMPANIES AND RE-POSITIONING OF THE
NATIONAL INSURANCE COMMISSION (NAICOM)**

**POSITIONING THE INSURANCE SECTOR FOR A BRIGHTER
FUTURE – FSS 2020**

PROTOCOL

Today is a very defining moment for us because the entire industry has been waiting for this report. It is this report that will form the basis of what happens next as we reposition the Insurance Sector in line with the developments in the Financial Systems Strategy -FSS 2020.

2. As mentioned when I visited the Commissioner for Insurance, Financial Services Sector is not made up of banking sector alone; we have Banking, Capital Markets, Insurance and Pension sub-sectors. All these 4 pillars have to be strengthened for us to have a stable and vibrant house. As at today, the Insurance sub-sector appears to be the weakest link amongst the 4 pillars.

3. I am especially pleased, delighted and excited that this report has finally come out and we are not going to leave any stone unturned. We will make sure we act on it decisively and swiftly. I thank all the stakeholders that have contributed one way or the other in ensuring that we get to where we are today. Assuming the recapitalisation of Insurance & Reinsurance companies which was announced on the 5th September 2005 went according to plan, we would not have been here today. It is very obvious to onlookers and observers that things went wrong and that is why the whole idea of the Presidential Technical Review Committee on Insurance came up.

4. Insurance companies that have raised funds have been wondering why their funds are still held in escrow accounts. It is better for us to do the right thing by following due process, strict diligence and at the end of it all, we have an insurance sector that can be comparable to whatever we have all over the world.

5. The challenges that we still have in the sub-sector amongst others include:

- a. Very poor image and low awareness,
- b. Low end supervision and weak regulation,
- c. Stale and poor financial reporting in the sub-sector, and

- d. People, management, remuneration, structures, systems and technology that are below expectations

To revamp and overcome the challenges of this sub-sector as mentioned above, we need to take a bold step in ensuring that all Insurance companies have the following features:

- a. Strong management and good corporate governance
- b. Strong financial condition and claims payment ability
- c. Robust capital base for capacity and solvency
- d. Strong investment management
- e. Technology enablement
- f. Good underwriting skills
- g. Competent and well motivated workforce; and
- h. Adequate reinsurance arrangements

6. The kind of support that we need from all stakeholders including our gentlemen of the press is to actually intimate all other stakeholders to appreciate what we are doing from this end. The Technical Review Panel has submitted its report now and it is imperative for us to delve deep into this report and come out very quickly with the list of companies that have been recertified. The earlier approval given was provisional and this should be well understood. Now, what we are going to do is to state which companies are fit and proper to operate in this sub-sector. The rule of law is what will form the tenet of whatever we are doing. Integrity, Accountability and Transparency will be the hallmark. At the end of the day, we are going to have an Insurance sector that will actually have its own share in the FSS2020.

7. On behalf of the Federal Government of Nigeria, I say a special thank you to the Chairman of the Technical Committee and to members of the Panel. We really appreciate the diligence and the depth, the technical competence that you have brought to bear in executing this job. We will not disappoint you. We need to assure people that we will take decisive steps on the report and also, most importantly release the funds that have been escrowed.

8. Another important aspect is the National Insurance Commission itself. We have said that we have serious issues with the Insurance sub-sector, but an important one is to upscale the supervision of this sector. Once the Commissioner is supported and strengthened and is able to actually take all the operators along the part of reform, in the next 2 years, we are going to have a very robust sub-sector on our hands. We will make sure that we upscale the game for the regulator. We are going to compare the regulators to whatever we can get in any other part of the world and benchmark the

regulators to what we have in other pillars of the financial services, be it CBN, PENCOM, SEC.

9. Our respect for due process and rule of law is sacrosanct, but be that as it may, we will not waver in our focus and we will not allow any distraction in the process of reforms. In the next few months, we will make sure that we uplift this sub-sector to the desired level. That is the benefit we can give back to the Technical Committee members and all the other people that have contributed and we will act decisively on the report.

We thank you and appreciate your time and commitment.

REMI BABALOLA
Honourable Minister of State for Finance