



Chartered Insurance Institute of Nigeria

YEAR 2025
BUSINESS OUTLOOK

THEME:

**Budget of Restoration:
Insurance Industry Tool for
Unlocking Sustainable Growth**

YEAR 2024 BUSINESS OUTLOOK CONFERENCE

THEME:

**BUDGET OF RESTORATION:
INSURANCE INDUSTRY TOOL FOR
UNLOCKING SUSTAINABLE GROWTH**

**WEDNESDAY, FEBRUARY 18. 2024
ADMIRALTY CONFERENCE CENTER
NAVAL DOCKYARD LTD
VICTORIA ISLAND, LAGOS STATE**



BUDGET OF RESTORATION: INSURANCE INDUSTRY TOOL FOR UNLOCKING SUSTAINABLE GROWTH

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KPMG West Africa



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Education, licenses and certifications

- BSc Biology, University of Lagos, Akoka, Lagos, Nigeria
- Fellow, Institute of Chartered Accountants of Nigeria (ICAN)
- Fellow, Chartered Institute of Taxation of Nigeria (CITN)
- Advanced Management Program, Harvard Business School
- Member, Financial services industry line of business team

Akinyemi Ashade is an Audit Partner and Head of Insurance sector at KPMG West Africa. He currently heads the Africa Audit Delivery services, which is building a centralized, scalable network of regional center that is supporting Africa KPMG firms in providing consistent, quality and innovative audit services to clients.

He joined KPMG (then Arthur Andersen, Nigeria) in March 1999 and was admitted as a partner in October 2013. His affiliation with Andersen and KPMG provided him with the opportunity to gain international experience in Audit, transaction advisory and risk management services. He has served several organisations in Nigeria including a banking regulator in an advisory capacity to articulate and implement policies that have enhanced risk management and systemic health of deposit money banks in Nigeria

In October 2015, Akinyemi took a leave of absence to join the Executive Council of Lagos State Government as Honourable Commissioner for Economic Planning and Budget. He was later redeployed to Ministry of Finance, where he concurrently oversaw the Economic planning and Budget Ministry for few months. His experience includes public finance and private public partnership.

Effective January 2020, he returned to KPMG Nigeria where he currently serves various clients in Insurance, banking, Asset management and pension industry.

An Alumnus of Harvard Business School, Akinyemi is a chartered Accountant and a fellow, Institute of Chartered Accountants of Nigeria (ICAN) and Fellow, Chartered Institute of Taxation of Nigeria (CITN).



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Budget of Restoration: Insurance Industry Tool for Unlocking Sustainable Growth

Chartered Insurance Institute of Nigeria (CIIN)
2025 Business Outlook

Akinyemi Ashade

February 2025



Investing in the financial markets
has never been easier.



Outline



The Global Insurance Industry



The Nigerian Insurance Industry Today



Opportunities in the Market



Impact of the 2025 Budget on the Insurance Market



Key Areas of Growth Opportunities in 2025 Budget



Key Takeaways



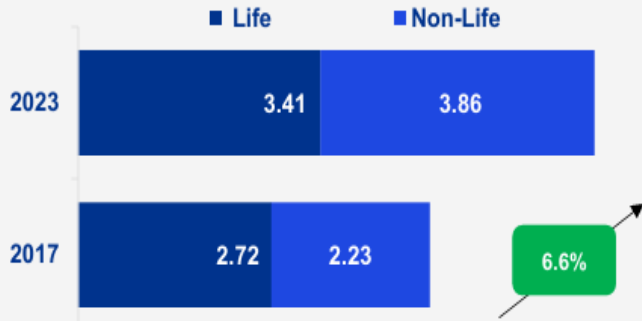


The Global Insurance Industry

The global insurance industry has experienced modest growth over the past five years, driven by heightened risk levels and exposures

Global Insurance GPI (\$'tn)

The global insurance industry grew by an estimated +7.5% in 2023, clocking the fastest growth since 2006, the year before the Global Financial Crisis



Global Insurance Future Outlook



Sources: SwissRe, FitchConnect

Israel-Hamas War

China – Taiwan Tension

US-China Trade War

Natural Catastrophes

Cyberattacks

Industrial action/protests disrupt global productivity

Technology Acceleration

Russia-Ukraine War

Climate Risk



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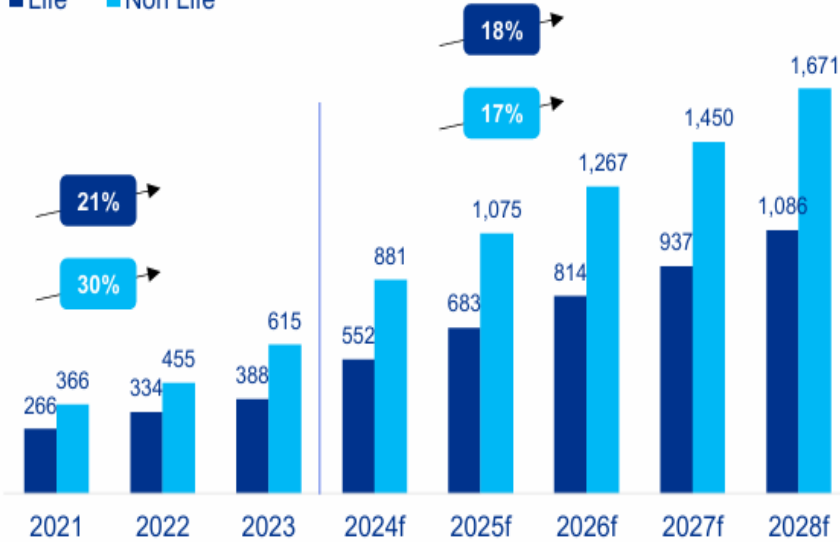


The Nigerian Insurance Industry Today

In Nigeria, the industry has consistently recorded double-digit growth amid macroeconomic headwinds

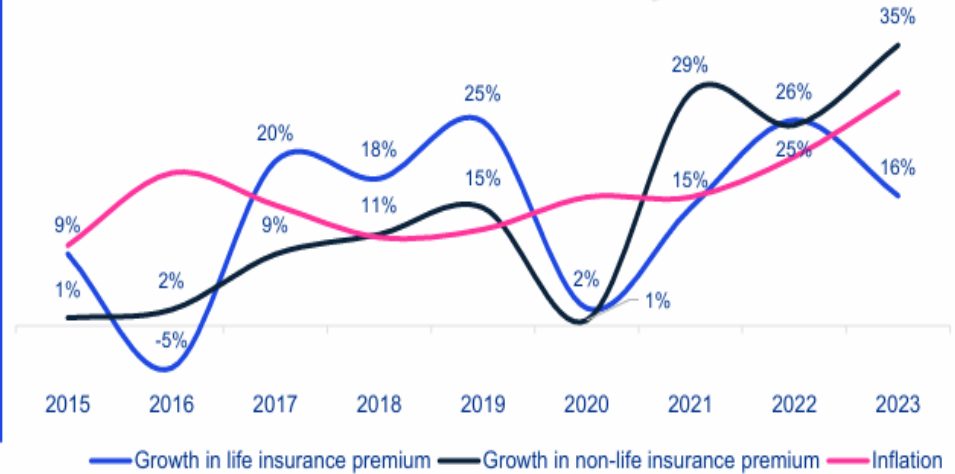
Industry Gross Premium Income (₦ Billion)

■ Life ■ Non Life



Industry GPI y-o-y Growth and Inflation (%)

Non-life GPI has grown faster than inflation in recent years, however, the Life sector has lagged inflation



- Nigeria remains one of the least insured countries in the world, with the total value of the insurance sector representing just 0.5% of nominal GDP
- Premium growth in 2024 is expected to be driven by high inflation and currency depreciation.
- Expansion of the working-age populations and increasing incomes will underpin the potential for strong growth in both insurance sectors, however, widespread poverty and challenges with insurance affordability remain significant obstacles to growth in both lines

Sources: NAICOM, FitchConnect, CBN



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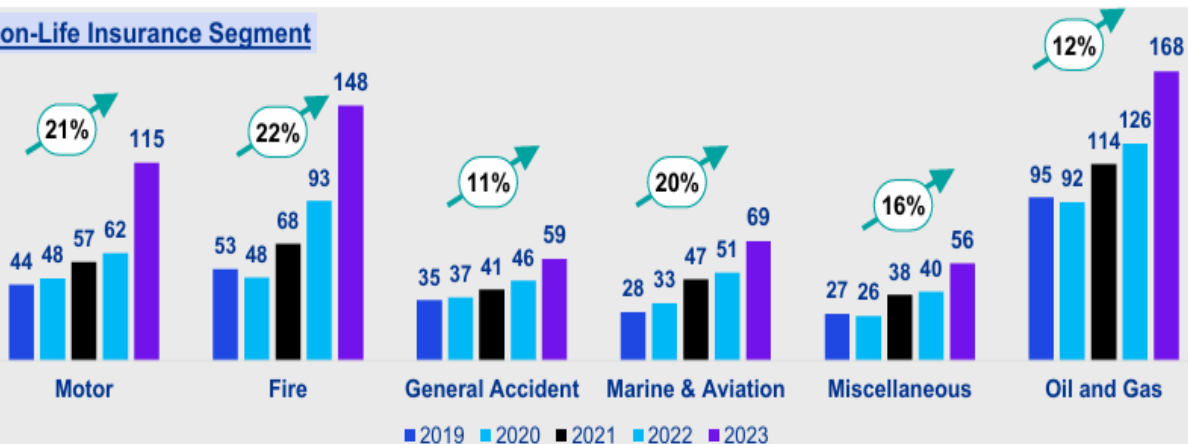




The Nigerian Insurance Industry Today

...with both the general and life business segments trending upwards

Non-Life Insurance Segment



Life Insurance Segment



Sources: NAICOM, FitchConnect



Key drivers of growth

- Improved **enforcement of regulatory measures** focused on deepening market penetration e.g., collaboration with other government agencies such as PENCOM and NPF to enforce group life and motor insurance.
- Implementation of **customer awareness initiatives** e.g., insurance awareness campaigns, etc.
- Improved **technology adoption** to enhance insurance accessibility e.g. insurance mobile app, etc.
- Growth of **insurtechs** and market expansion
- Uptake of motor and fire insurance policies** driven by implementation of regulatory measures to drive enforcement



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The Nigerian Insurance Industry Today

Despite the industry's strong performance, key challenges and structural issues persist



Demand Side

Critical issues relating to insurance customers

Distrust in Insurance Providers

Low level of confidence in insurance providers to fulfil claims obligation and provide tailored services that specifically addresses the needs of consumers

Low Consumer Awareness

A large number of consumers do not have adequate knowledge on insurance products or how to access insurance

Cultural and Religious Nuances

This has been a major factor influencing attitude towards insurance. **Cultural & religious beliefs hinder individuals from purchasing insurance policies**

Insurance Affordability

Due to rise in inflation, most consumers are cutting down on non-essential spending with insurance ranking low in their budget considerations



Supply Side

Critical issues within the business environment and industry

Macroeconomic Pressures

Heightened inflationary pressure coupled with the rise in interest rate has led to increased pay out on annuities, high cost of claims and operating expenses

Inadequate Insurance Enforcement

Low enforcement of compulsory insurance such as motor insurance group life insurance by regulatory authorities and government agencies

Operational Inefficiencies

Slow adoption of technology across processes e.g. onboarding, underwriting and claims is impacting insurer's ability to meet customer expectations

Heavy Reliance on Traditional Channels

Insurers reliance on agency-based model is impacting the switch to cost effective distribution channels such as bancassurance, digital platforms, embedded insurance, etc.

Sources: NAICOM, Industry Stakeholder Engagement Insights



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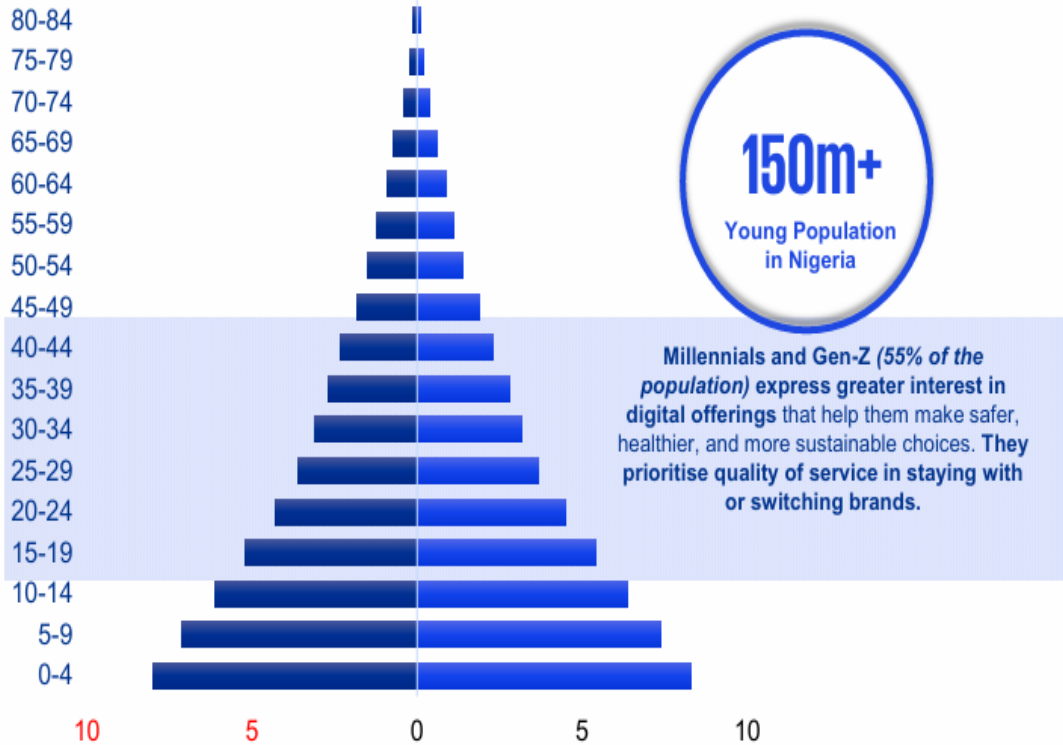


Market Opportunities

Nigeria's large and widely spread population provides an opportunity for the insurance industry

The next frontier for Nigeria's insurance industry is the largely untapped retail segment

Nigeria's Population Distribution



Today's retail customer prioritise digital, value-based and personalised offerings



Digital



Personalised



Fast



Easy to use



Multichannel



Explore & experiment



Secured



Social presence



Share opinion

Source: NBS



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Market Opportunities

Opportunities exist to expand into various sectors and reach customers through effective channel distribution models

B2B model – API driven distribution



Healthcare



Auto services



Real estate



Finance



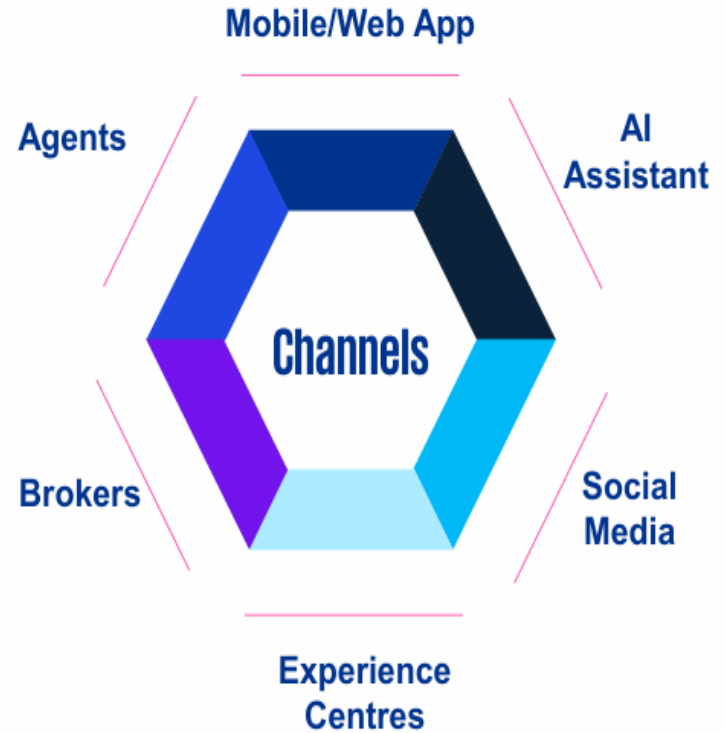
Entertainment



Other Services

Source: NBS

Channel driven distribution



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Market Opportunities

SMEs and large corporates in fast-growing sectors are potential accelerators for the insurance space

Oil, Renewables & Energy



- **Oil & Gas** - Development of local refining capabilities; Entry of Indigenous players
- **Focus on Gas/LNG** - Implementation of Gas Masterplan; National Gas Expansion Programme
- **Development plans** - Ace Gas and FLNG, Transoceanic Gas & Power's upcoming FLNG project

Trade & Manufacturing



- **Increased fertilizer production for trade** - AFDB \$75m loan agreement with Indorama
- **Production capacity** - BUA Food set to build four new wheat milling plants; Manufacturing – sector recovery
- **Connectivity** - Upcoming deep seaports; \$15bn Abidjan-Lagos Corridor highway project

Telecommunications & ICT



- **Internet Connectivity** - IHS Nigeria, deployment of over 10,000 kilometers of fiber optic cables across; Nigeria plans to build a 90,000km terrestrial fiber-optic
- **Data Hubs** – MTN Nigeria plans to build the largest data centre in west Africa in Lagos; Airtel Africa proposes a 34MW data centre in Nigeria

Financial Services



- **Financial Inclusion** - Nigeria's 95% financial inclusion target
- **Digital Infrastructures** - Nigeria plans to establish its first Artificial Intelligence Development Centre in Abuja
- **Competition** - Fintechs raising capital to scale

Infrastructure & Construction



- **Development plans** - Highway Development and Management Initiative (HDMI) – PPP programme; China's Belt and Road Initiative
- **Increased Public-private partnerships**
- **Infrastructure funds** - N750bn Infrastructure support fund; Presidential Infrastructure Development Fund

Agriculture



- Blue Ribbon **partnered** with the Israeli based, Afimilk, to **establish a dairy farm** in Abia state
- Dangote Sugar Refinery, plans to **produce 700,000 MT of refined sugar from domestically grown sugarcane** by 2029

Environmental Liability Insurance

Marine Insurance

Cyber Insurance

Cyber Insurance

P&C Insurance

Parametric Insurance

Supply chain insurance

Special Equipment Insurance

Cloud-based Insurance

Cloud and data security insurance

Special Equipment Insurance

Supply chain insurance

Specialised Insurance

Business Interruption insurance

Intellectual property insurance,

Digital insurance solutions

Specialised Insurance

Crop yield Insurance



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Source: KPMG Research

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Market Opportunities

Digital will play a key role in capturing potential opportunities and driving insurance industry transformation

Over the next decade, these emerging technologies will have an outsized impact in the industry

Invention of AI-enabled **distribution, underwriting, claims, and service delivery**, creating a “bot in the loop” model to drive speed and agility, also enhance customer experience and engagement

A new paradigm that will **transform core insurance processes with intelligent decisioning at the core of every workflow**



Artificial Intelligence

Advanced Data Analytics

Hyper Automation

Internet of Things (IoT)



An emerging wave of advanced data analytics applications, new underwriting risk models and new sources of data is sprouting in all types of product lines and business functions

Use of interconnected devices, sensors and wearables to gather real-time data, enabling proactive risk assessment, enhancing claims processing and overall operational efficiency

Source: KPMG Research



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Market Opportunities

Case study

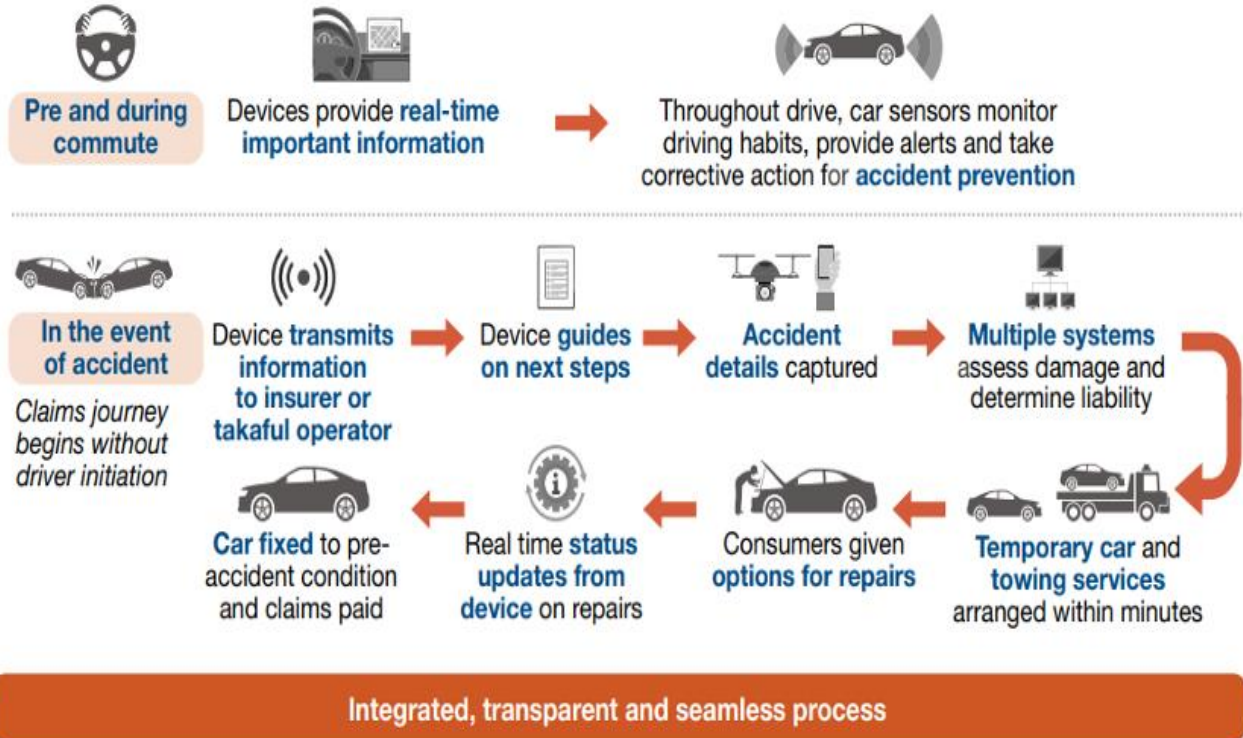


Malaysia is envisioning a hassle-free motor claims experience through digital.



Bank Negara Malaysia is focused on intensifying efforts to pave the way for insurers and takaful operators to advance digital transformation efforts that will deliver more integrated, transparent, and seamless claims processes for the motor ecosystem.

Digitalisation - A game changer for consumers' claims experience



Right combination of investments in automation, advanced analytics, IoT, open API and AI

Source: Malaysia's Financial Sector Blueprint



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Budget Overview



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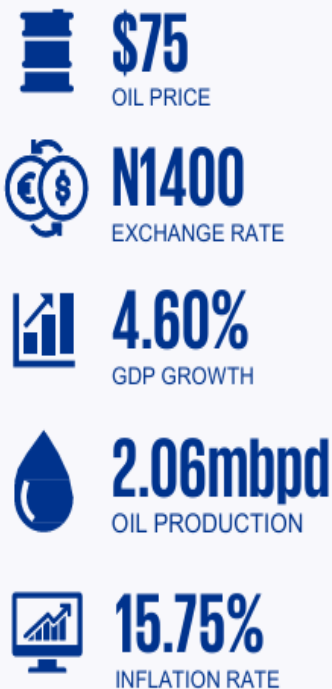




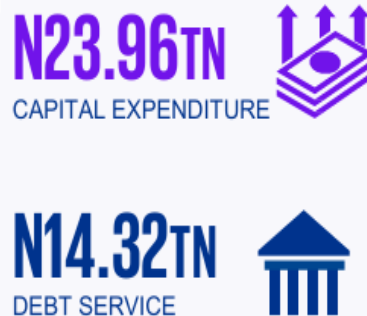
Budget Overview

The Federal Government is executing expansionary fiscal stance to drive growth...

Key Assumptions



2025 Budget At A Glance



DEFICIT FINANCING SOURCES

- Domestic and foreign borrowings
- Privatisation proceeds
- Drawdowns on existing multilateral and bilateral loans

While the expansionary 2025 budget could support further growth acceleration in the near term, the wider deficit financing and higher debt stock could have implications for external stability. Research shows that increase in public deficit spending could cause exchange rate to deteriorate, further aggravating inflationary pressures. This is apart from its tendency to crowd out domestic investment (when local domestic borrowing is deepened), constrain development spending and push the economy deeper to the brink of debt distress risks.

Sources: NBS, 2025 Nigeria National Budget, Budget Office of the Federation, KPMG Analysis



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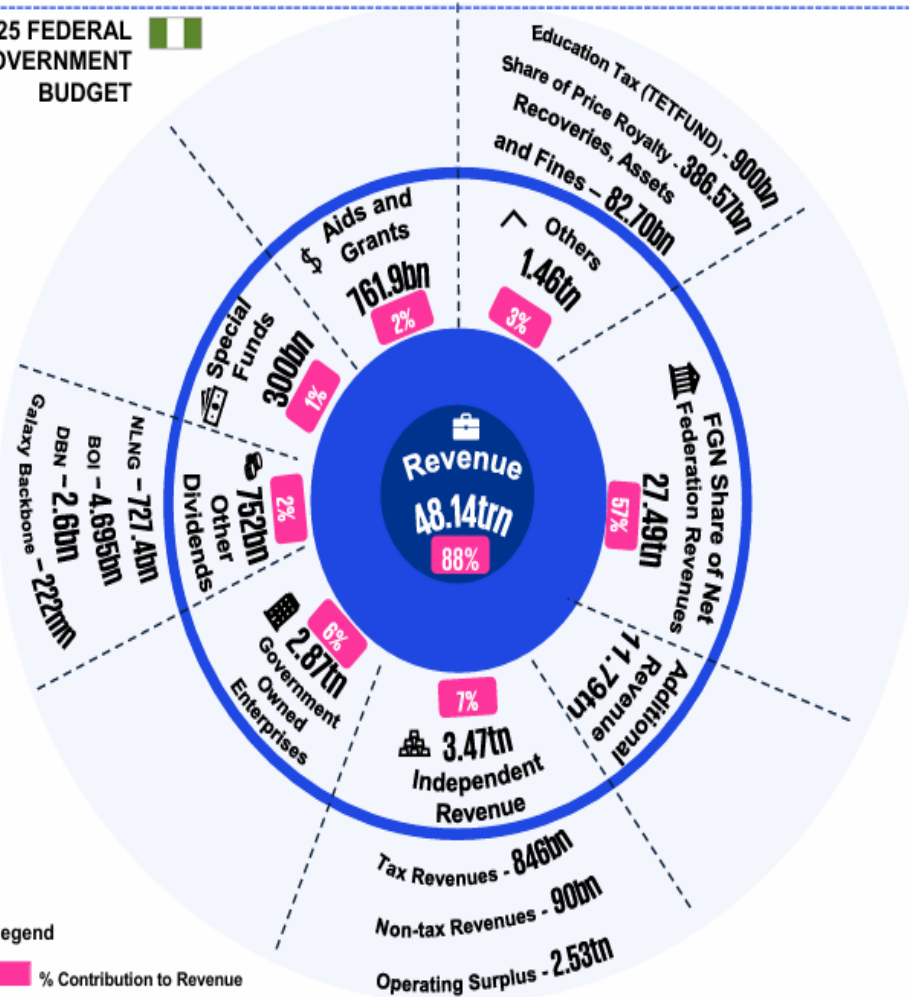




Budget Overview

...with an ambitious revenue target of ₦48.14 trillion

2025 FEDERAL GOVERNMENT BUDGET



Legend

■ % Contribution to Revenue

The Federal Inland Revenue Service (FIRS), Nigerian Customs Service (NCS), and Nigerian National Petroleum Company Limited (NNPCL) are expected to play pivotal roles in achieving the ambitious revenue target for 2025.

The NNPCL's contributions have lagged due to lower-than-expected oil production and revenue leakages, however, it is expected to gain traction as oil production continues to grow.

The FIRS generated ₦21.6 trillion, surpassing their target of ₦19.4 trillion for the 2024 fiscal year, aided by improved tax administration and enforcement. Consequently, their budget for 2025 was increased to ₦25.2 trillion.

The Nigerian Customs Service had a revenue target of ₦5 trillion for 2024 but generated ₦6.11 trillion. This performance has been due to reforms in border control and tariff collection, which led to a target of ₦12 trillion in 2025.

Sources: 2025 Nigeria National Budget, KPMG Analysis



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Budget Overview

The 2025 budget, totaling ₦55 trillion, demonstrates a decisive commitment to economic transformation



Debt Service

- Debt servicing takes the sizeable share of the budget, indicating financial burden.
- Domestic debt servicing is slightly higher due to reliance on local borrowings like Ways and Means financing.
- Strategic revenue generation can mitigate borrowing dependence, facilitating fiscal sustainability through targeted debt restructuring and advisory.



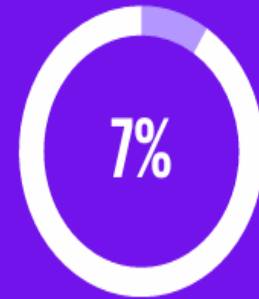
Capital Expenditure

- Significant capital allocation signals the government's intent to stimulate economic growth through infrastructure development
- Sectors like power, works, and agriculture is expected to create jobs and attract private sector investment



Recurrent Expenditure

- The high allocation underscores the high cost of governance, including wages, salaries, and operational expenses
- It reflects the need for efficiency reforms to optimise government spending and reduce wastage



Statutory Transfers

- This ensures funding for constitutionally established bodies, such as the judiciary and legislative arms, maintaining institutional functionality and governance stability amid fiscal constraints

Sources: 2025 Nigeria National Budget, KPMG Analysis



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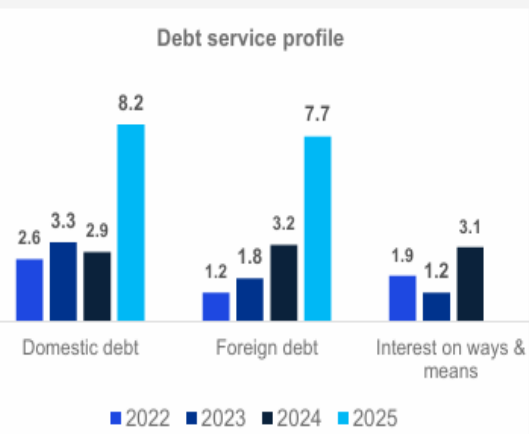
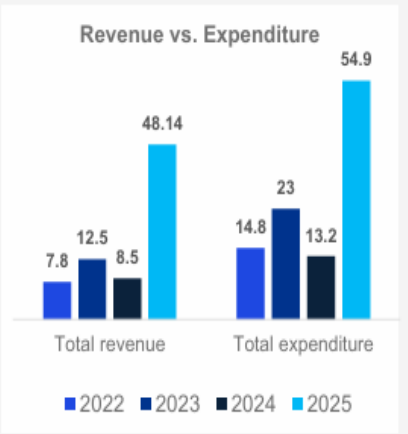
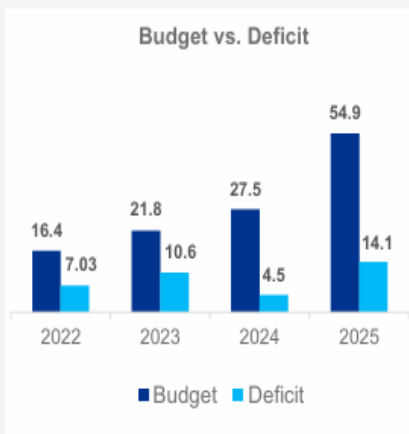




Budget Overview

The deficit level represents 1.52 percent of the projected GDP

Historical Performance, FGN Budget (₦Trillion)



Key Insights

- The approved 2025 budget is set at N54.99 Trillion, with N13.08 Trillion to finance the deficit.
- The Minister of Finance has indicated fresh external borrowing of \$2.2 billion, made up of \$1.7 billion Eurobond issue and SUKUK financing of \$500 million.
- Debt servicing is higher than non-debt recurrent expenditure suggesting limited fiscal space for social services and infrastructure development.
- The 2025-2027 MTEF commendably emphasises reduced reliance on external borrowing, with 69% of fiscal deficits to be financed domestically.
- Steady increase in budget deficits from 2022 to 2025, with a significant jump in 2025. The deficit almost doubles from 2022 to 2025, indicating a growing fiscal challenge.



Foreign Debt 8.2tr

- This includes payments for **Treasury Bills, Bonds, and Ways and Means Advances from the CBN**
- Highlights the government's **preference for local borrowing** to mitigate foreign exchange risks



Domestic Debt 7.7tr

- Reflects the **rising obligations** from **Eurobonds, bilateral and multilateral loans**, and other external borrowings
- **Depreciation of the Naira** and **increasing interest rates globally** further compound this burden



Sinking Fund 430bn

- This is part of the government's plan to **reduce refinancing risks** by **providing for debt repayment**
- Indicates **proactive management of debt obligations** (maturing promissory notes)

*Note: All figures for 2024 are H1 figures while those for 2025 are budget figures. Actual figures are used for 2022 and 2023

Source: DMO, Nigeria National Budget, KPMG Analysis



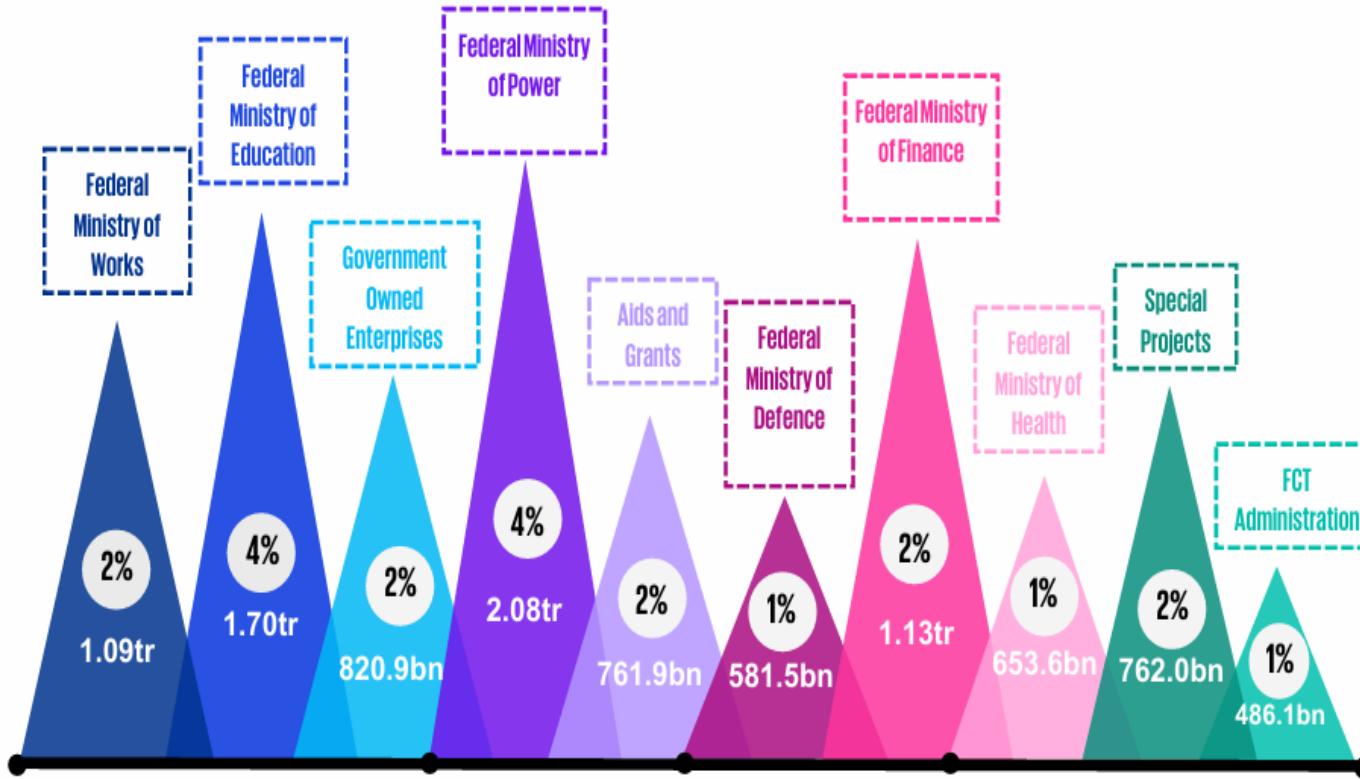
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Budget Overview

The government's strategy reveals a robust focus on infrastructure development and long-term investment in physical and social assets...



Legend

● % Contribution to Total Budget

Source: 2025 Nigeria National Budget, KPMG Analysis



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Key Insights

- Maintaining higher capital expenditure (CAPEX) than the recurrent expenditure (non-debt) is commendable, but the government must improve implementation to around 90 percent in 2025, as it has historically stayed below 70 percent.
- The allocation of 44 per cent of non-debt expenditure to capital projects signals the Federal Government's resolve to bridge Nigeria's infrastructure deficit and lay the foundation for sustained economic prosperity.
- If implemented efficiently, this investment will unlock opportunities, create jobs, and enhance the country's competitiveness on the global stage





Key areas of growth opportunities in the 2025 Budget

Are there growth opportunities in the 2025 budget?

Areas of focus	Activities	Opportunities
Infrastructure & works	<ul style="list-style-type: none"> Expansionary budget and involvement of SMEs and local vendors Carry-on effects of local vendors and SMEs involvement in execution of projects 	<ul style="list-style-type: none"> Pension Group Life Insurance Goods in transit insurance Marine insurance (for imports) Health Insurance for employees Special equipment insurance Guarantees for new projects & Renewal
Health	<ul style="list-style-type: none"> Primary Healthcare World Bank Project (Project HOPE)* 	<ul style="list-style-type: none"> Health Insurance
Regional Development Commission	<ul style="list-style-type: none"> Infrastructure & Works 	<ul style="list-style-type: none"> Pension Group Life Insurance Goods in transit insurance Marine insurance (for imports) Health Insurance for employees Special equipment insurance Guarantees for new projects & Renewal
Power	<ul style="list-style-type: none"> Power projects Grid Expansion Renewable Energy 	<ul style="list-style-type: none"> Special equipment insurance Guarantees for new projects & Renewal

*HOPE - Human Capital Opportunities for Prosperity & Equity



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Key areas of growth opportunities in the 2025 Budget

Are there growth opportunities in the 2025 budget?

Areas of focus	Activities	Opportunities
Defence (Military), Police and Head of Service	<ul style="list-style-type: none"> ▪ Compulsory protection of Government employees ▪ Protection of Government Assets 	<ul style="list-style-type: none"> ▪ Group Life Insurance ▪ Asset Insurance
Bank of Agriculture	<ul style="list-style-type: none"> ▪ Recapitalization ▪ Increase in agric loans and opportunities for agric insurance 	<ul style="list-style-type: none"> ▪ Harvest Losses ▪ Flood and Natural Disaster
NELFUND	<ul style="list-style-type: none"> ▪ Grant of student loans 	<ul style="list-style-type: none"> ▪ Credit Insurance ▪ Credit Default



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Key Takeaways



01

The insurance industry outlook remains positive and is expected to record strong growth

There is need to intensify collaborative efforts to drive insurance awareness and penetration in the retail segment

02



03

Aggressively promote adoption of emerging technologies by insurance operators to drive transformation efforts

Support collaborations and initiatives to stimulate growth in the industry

04



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Chartered Insurance Institute of Nigeria

THE INSURANCE INDUSTRY'S TOOL FOR UNLOCKING SUSTAINABLE GROWTH: TAXATION PERSPECTIVE

Oyekanmi Aboyeji, FCA, FCTI
*Senior Manager
Federal Inland Revenue Service (FIRS)*





MR. OYEKANMI MOSES ABOYEJI, FCA, FCTI, CIPFA, ADTP, MTM,

Aboyeji Oyekanmi Moses is a tax professional with about two decades of experience. He holds a Bachelor's degree in Accounting and a Master's degree in Treasury Management (MTM). He also attended the Thomas Jefferson School of Law, from where he bagged an Advanced Diploma in Transfer Pricing.

Currently, Oyekanmi is a Senior Manager and Team Lead in the Transfer Pricing Audit Division of FIRS' International Tax Department in Lagos. He leads a team of transfer pricing and international tax specialists, providing coaching and mentoring on auditing taxpayers across various sectors, including Non-Oil, Oil & Gas, Manufacturing, Construction, Shipping, Banking, Telecommunication, and Midstream Industries.

He is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN), a Fellow of the Chartered Institute of Taxation of Nigeria (CITN), and a member of the Chartered Institute of Public Finance & Accountancy (CIPFA) in the United Kingdom.



The Insurance Industry's Tool for Unlocking Sustainable Growth: Taxation Perspective

By

Aboyeji, Oyekanmi FCA, FCTI, ADTP



Content



Industry Analysis



Nigeria's 2025 FGN
Budget



2025 Business in
Focus



ESG



UN ESG Principles
for Insurers



Taxation of
Insurance Business



Tax Reform Bills



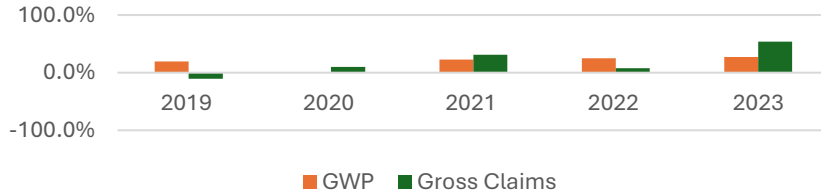
A close-up photograph of a microscope lens focusing on a DNA gel electrophoresis image. The gel shows multiple lanes of colored bands (red, blue, green, yellow) against a light background. The lens is positioned over one of the lanes, and a pen tip is visible in the foreground, pointing towards the gel. The background is dark, and there is a blue and white geometric pattern in the top left corner.

Industry Analysis

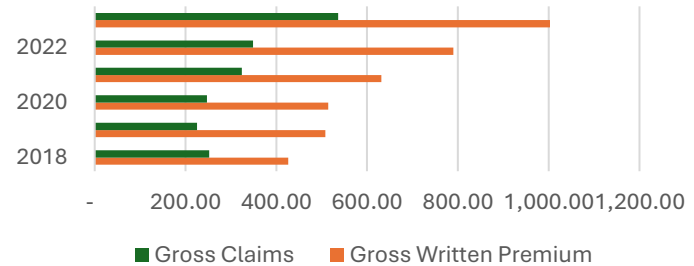


Industry Analysis

Nigeria's Insurance Industry Growth (%)

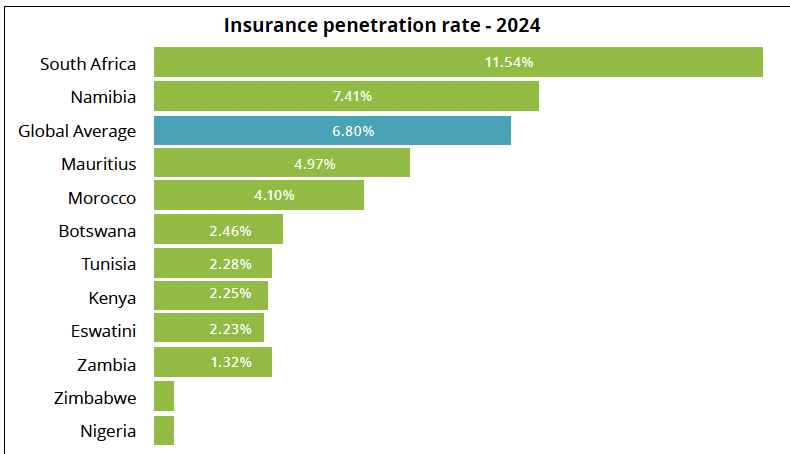


Nigeria's Insurance Industry Performance (₦Billion)



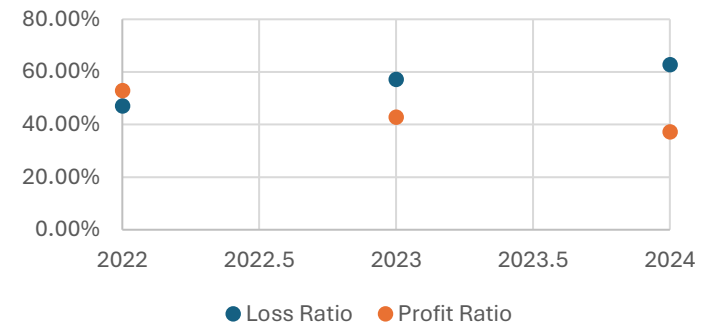
Insurance penetration

Africa has a relatively low insurance penetration rate, standing at only 1.47% in 2022, well below the global average of 5.6%¹⁰.



Source: Fitch Solutions

Loss Ratio (%)



Industry Analysis

The growth in **gross written premiums (GWPs)** in Nigeria's insurance sector in recent times is as a result of some of the following factors (amongst others):

- 1) **Regulatory Reforms:** NAICOM's stricter enforcement of compulsory insurance (e.g., motor, group life, builders' liability) and increased capitalization requirements boosted the sector's capacity to underwrite larger risks.
- 2) **Economic and Infrastructure Growth:** Rising middle-class asset ownership, large infrastructure projects like Dangote's \$ 20 billion Refinery, and public-private partnerships impacted on the increasing demand for various insurance products. (Products around employee protection, the infrastructure, and assets) - personal and corporate insurance
- 3) **Technological Advancements:** Digital platforms and Insurtech solutions, such as CompareIN and Curacel, improved access to insurance, particularly in underserved areas, while data analytics enabled tailored pricing models.
- 4) **Government Policies and Tax Incentives:** Tax-deductibility of premiums and increased government spending on insured projects stimulated premium growth.
- 5) **Post-Pandemic Recovery:** COVID-19 heightened awareness of health and life insurance, while business interruption policies gained traction due to pandemic-related disruptions.
- 6) **Foreign Investments and Consolidation:** Mergers, acquisitions, and the entry of foreign insurers enhanced underwriting capacity and introduced innovative products.
- 7) **Public Awareness Campaigns:** NAICOM's outreach efforts and partnerships with trade associations educated businesses and individuals on the benefits of insurance. (CFI's meeting with Governors' Forum, Institute of Directors, Factoring Working Group)



Industry Analysis

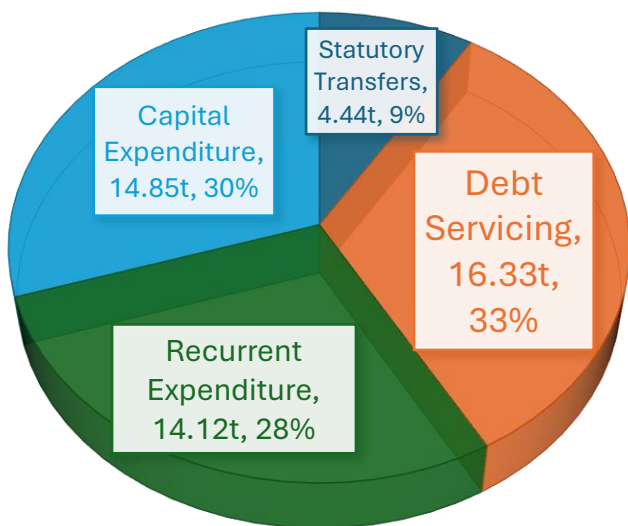
Several important factors contribute to Nigeria's low insurance penetration rate when compared to other African nations and the rest of the world:

- 1) **Low Awareness and Mistrust:** Because of underpaid claims and subpar service, ignorant of insurance
- 2) **Economic Challenges:** Many households and businesses cannot afford insurance due to high unemployment, poverty, and little disposable income.
- 3) **Weak Enforcement:** The enforcement of mandatory insurance, such as group life and auto insurance, has to be strengthened.
- 4) **Complex Products:** More products need to be developed to suit the need of the market. For instance, what products are available to address Market Fires? Such products have to be developed and widely communicated.
- 5) **Regulatory Gaps:** Recapitalization, Quarterly reports and other interventions of NAICOM is helping to address this
- 6) **Infrastructure Deficiencies:** Low financial inclusion and underdeveloped healthcare and social insurance systems hinder insurance adoption.
- 7) **Competition from Informal Systems:** Competition from Informal Systems: Religiously based choices such as Takaful insurance or informal risk-sharing schemes are frequently preferred by Nigerians. (But NAICOM is helping in this regard)
- 8) **Economic and Political Instability:** Political uncertainty and over-reliance on oil and gas limit diversification and foreign investment in the sector.

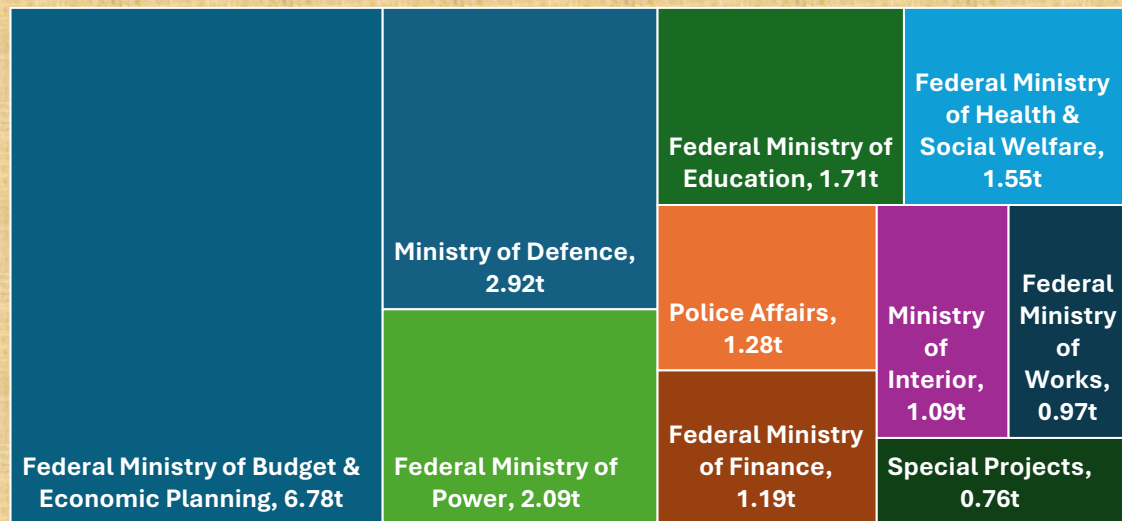


Nigeria's 2025 FGN Budget

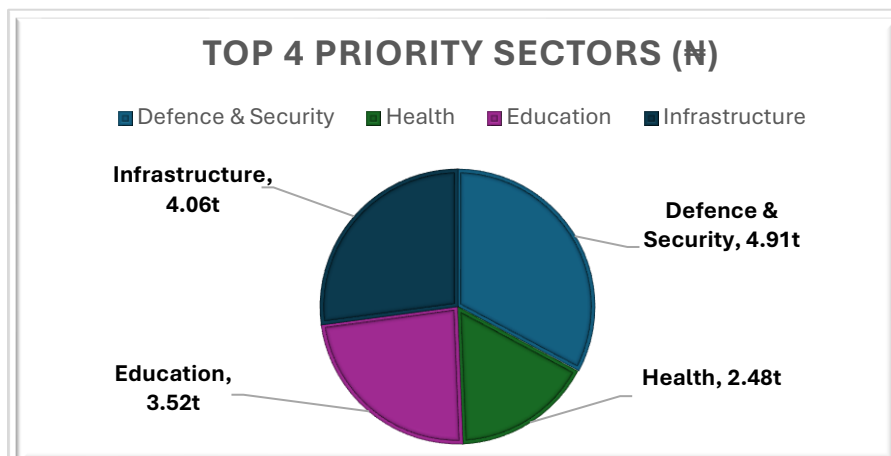
2025 EXPENDITURE BUDGET



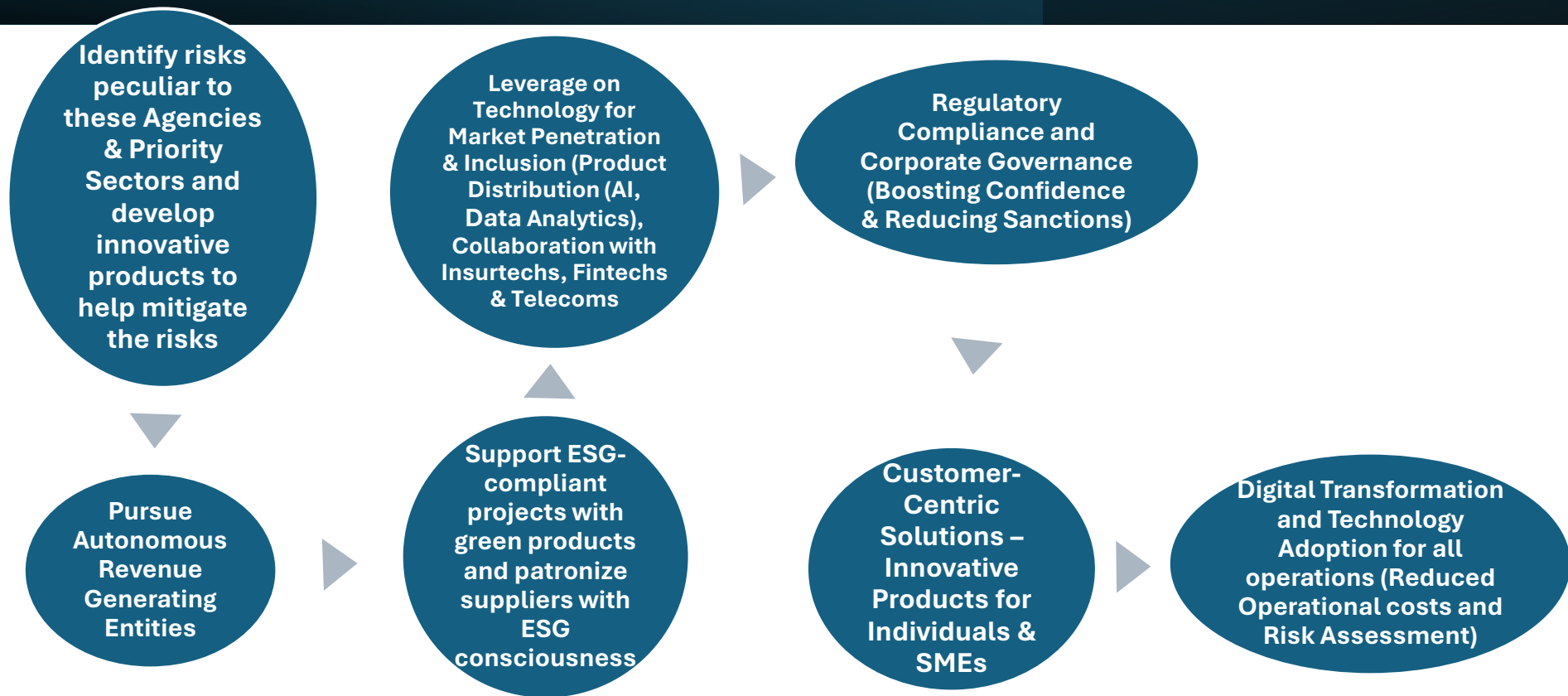
TOP 10 BENEFICIARIES BY MDAS (₦)



TOP 4 PRIORITY SECTORS (₦)



2025 Business in Focus



Sustainability - ESG



ESG

What is Sustainability?: The ability to meet present needs without compromising future generations.



The Triple Bottom Line (TBL) Framework:

Considers social, environmental, and economic impacts. Example: Focus on climate change, biodiversity, and social inclusion



Sustainable insurance: This is a strategic approach where all activities in the insurance value chain, including interactions with stakeholders, are done in a responsible and forward-looking way by identifying, assessing, managing and monitoring risks and opportunities associated with environmental, social and governance issues. Sustainable insurance aims to reduce risk, develop innovative solutions, improve business performance, and contribute to environmental, social and economic sustainability.



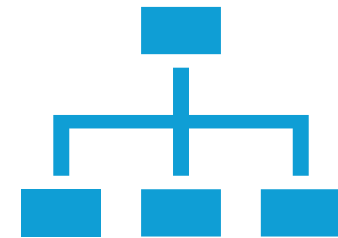
ESG Tripod



Environmental: Addresses climate change, pollution, and natural disasters. Example: Assessing climate risks in investment portfolios.



Social: Focuses on human rights, labor standards, and community development. Example: Developing microinsurance products to protect vulnerable populations.



Governance: Covers corporate governance, risk management, tax strategy and compliance. Example: emphasizing ESG reporting and compliance.



ESG Tripod



Environmental Activities: Green insurance, climate risk assessments, and sustainable investments. Example: Offering renewable energy insurance products.



Social Activities: Microinsurance, SME-focused products, and community initiatives. Example: Providing microinsurance to support low-income families.



Governance Activities: Risk management, corporate ethics, tax strategy, and transparency. Example: Ensuring transparency in ESG reporting.



ESG Tripod



Environmental Activities:

Green insurance, climate risk assessments, and sustainable investments.

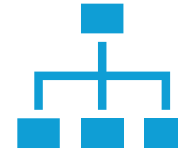
Example: Offering renewable energy insurance products.



Social Activities:

Microinsurance, SME-focused products, and community initiatives.

Example: Providing microinsurance to support low-income families.



Governance Activities:

Risk management, corporate ethics, tax strategy, and transparency.

Example: Ensuring transparency in ESG reporting.



UN Principles for Sustainable Insurance

Embed

Principle 1: Embed ESG issues in decision-making.

Collaborate

Principle 2: Collaborate with clients and partners to address ESG issues.

Develop

Principle 3: Develop sustainable insurance products.

Report on

Principle 4: Report on progress and performance.



Principle 1: Embedding ESG in Decision-Making

Company Strategy

Establish a **Board-level strategy** for identifying, assessing, managing, and monitoring ESG issues in business operations.

Engage in **dialogue with company owners** on the importance of ESG considerations in corporate strategy.

Incorporate ESG into **recruitment, training, and employee engagement programs** to build an ESG-conscious workforce.

Risk Management and Underwriting

Implement **processes** to identify, assess, and manage ESG risks in the insurance portfolio.

Ensure awareness of **potential ESG-related consequences** of company transactions.

Embed ESG considerations into **risk management, underwriting, and capital adequacy** through research, models, and analytics.

Product and Service Development

Develop **products and services** that reduce ESG risks and promote sustainable practices.

Support **financial literacy programs** focused on risk management, insurance, and ESG awareness.

Claims Management

Ensure **claims are processed quickly, fairly, and transparently**, with clear communication.

Integrate ESG principles into **repairs, replacements, and other claims-related services**.

Sales and Marketing

Educate **sales and marketing teams** on ESG-related product and service considerations.

Ensure that **product and service benefits, coverage, and costs** are clearly explained and aligned with ESG objectives.

Investment Management

Integrate ESG factors into **investment decision-making and ownership practices** (e.g., by adopting the **Principles for Responsible Investment**).



Principle 2: Collaborating on ESG Awareness and Solutions

Clients & Suppliers:

- Engage in **dialogue** on the benefits of ESG management.
- Provide **information and tools** to support ESG initiatives.
- Integrate ESG factors into **supplier selection and tender processes**.
- Encourage **transparent ESG disclosures and reporting**.

Industry Partners (insurers, Reinsurers & Intermediaries)

- Promote **adoption of ESG principles** across the insurance industry.
- Support **ESG inclusion in professional education and ethical standards**.



Principle 3: Promoting ESG Action Across Society

Governments, Regulators & Policymakers:

- Support **prudential policies, regulations, and legal frameworks** that enhance risk management and ESG innovation.
- Engage in **dialogue** to develop **integrated risk management and risk transfer solutions**.

Other Key Stakeholders:

- Work with **intergovernmental and non-governmental organizations** to provide ESG-related risk management expertise.
- Engage with **business and industry associations** to improve ESG management across different sectors.
- Collaborate with **academia and the scientific community** to advance ESG research and education in insurance.
- Partner with **media** to enhance public awareness of ESG risks and best practices.



Principle 4: Ensuring Accountability and Transparency



Assess, measure, and monitor the company's ESG progress and disclose updates **proactively and regularly**.



Participate in relevant disclosure frameworks to enhance transparency.



Engage with clients, regulators, rating agencies, and other stakeholders to promote the value of ESG disclosure and foster mutual understanding.



Taxation of Insurance Businesses

Tax Type	Due Date of Filing	Due Date of Payment	Threshold	Tax Rate
1) Companies Income Tax (CIT)	Within 6 months after fiscal year-end	On or before the filing date	Applicable to all companies; reduced rate of 20% for SMEs with turnover ≤ NGN 25M	30% of taxable profit (20% for SMEs)
2) Tertiary Education Tax (TET)	Same as CIT	Same as CIT	All companies	2.5% of assessable profit
3) Capital Gains Tax (CGT)	30th June and 31st December	Upon filing or within 30 days of disposal	Gains from chargeable asset disposal	10% of chargeable gains
4) Value Added Tax (VAT)	21st of the following month	Same as filing	Applies to insurance services	7.5% of taxable supply
5) Withholding Tax (WHT)	21st of the following month	Same as filing	Payments made to contractors and service providers	10% for companies; 5% for individuals
6) NITDA Levy	Included in CIT return	Same as CIT	Companies with turnover ≥ NGN 100M	1% of profit before tax
7) Personal Income Tax (PIT)	31st March for annual returns (PAYE: monthly)	PAYE: 10th of the following month; Annual: upon filing	All individuals (progressive threshold)	7% to 24% (progressive rates based on income)
8) Stamp Duty	No periodic filing required; duty is assessed and paid at the time of executing a dutiable instrument.	Payable upon execution of dutiable documents (or within 30 days for electronic transactions as per FIRS guidelines).	No general threshold; applicable to dutiable instruments (physical and electronic).	Fixed or Ad Valorem Rates . Also EFTL of ₦50 on electronic transactions above ₦10,000).



Taxation of Non-Life Insurance – Section 16 CITA

Reserve for Unexpired Risk on time apportionment Basis

Maintain details and schedule of policies or risks accepted in a given year and the computation of un-expired risks associated with them. Include:

- the name of the policy holder,
- type of policy,
- period covered by the policy
- amount of the premium, and
- un-expired risk.

Estimated amount of outstanding claims and outgoings

Support with a detailed schedule of specific items making up the total.

TAX COMPUTATION OF A NON-LIFE INSURANCE BUSINESS	₦	₦
TOTAL PREMIUM WRITTEN		XXXXXXXXXX
LESS: PREMIUM RETURNED (CANCELLED INSURANCE POLICIES)		(XXXX)
NET PREMIUM		XXXXXXXXXX
ADD:		
ESTIMATED INSURANCE CLAIMS FOR PREVIOUS YEAR (IF ANY)	XXXXXXX	
INVESTMENT INCOME	XXXXXXX	
FEES AND COMMISSION	XXXXXXX	
RENT RECEIVED	XXXXXXX	
OTHER INCOME	XXXXXXX	XXXXXXX
NET INCOME		XXXXXXX
LESS: NON-TAXABLE INCOME (IF ANY)		(XXXXXXXX)
NET TAXABLE INCOME		XXXXXXX
LESS:		
RE-INSURANCE PREMIUM PAID	XXXXXXX	
RESERVE FOR UNEXPIRED RISK (On time apportionment basis)	XXXXXXX	
TAX ALLOWABLE OUTGOINGS / EXPENSES	XXXXXXX	
INSURANCE CLAIMS - ACTUAL FOR THE YEAR	XXXXXXX	
- ESTIMATED FOR THE YEAR	XXXXXXX	(XXXXXXXX)
ASSESSABLE PROFIT		XXXXXXX
LESS: LOSS BROUGHT FORWARD (IF ANY)		(XXXXXXXX)
		XXXXXXX
ADD: BALANCING CHARGE		XXXXXXX
LESS: CAPITAL ALLOWANCES		(XXXXXXXX)
TOTAL PROFIT		XXXXXXX
COMPANIES INCOME TAX AT 30% OF TOTAL PROFIT (A)		XXXXXXX
MINIMUM TAX @ 0.5% OF GROSS PREMIUM (B)		XXXXXXX



Taxation of Life Insurance

- A “new subsection 16(6)” was inserted into CITA which defines “**investment income**” as “*income derived from investment of shareholders' funds*”.
- A new subsection 16(12) was also introduced into the Act which prescribes a fixed percentage of 0.5% of **gross income** as minimum tax for a life assurance business.
- Section 16(13) of CITA as amended by the Finance Act 2020 defines gross income as “total income earned by a life insurance business including all investment income (excluding franked investment income), fees, commission and income from other assets but excluding premiums received and claims by re-insurers”.
- For the purpose of the above provisions, other deductions besides frank investment income, premiums received and claims paid by re-insurers shall not be allowed as a deduction against gross income.

TAX COMPUTATION OF A LIFE INSURANCE BUSINESS		₦	₦
INVESTMENT INCOME			XXXXXXXXXX
ADD:			
FEES AND COMMISSION INCOME		XXXXXXX	
DIVIDEND DISTRIBUTION OF ACTUARIAL OR OTHER REVALUATION		XXXXXXX	
OTHER INCOME		XXXXXXX	XXXXXXX
GROSS INCOME			XXXXXXX
LESS:			
GENERAL RESERVE FUND:		XXXXXXX	
SPECIAL RESERVE FUND (Savings for Statutory Minimum Paid-up Capital) - THE HIGHER OF:		-	
1% OF GROSS PREMIUM	XXXXX	-	
10% OF TOTAL PROFIT	XXXXX	XXXXXXX	
TAX ALLOWABLE NORMAL BUSINESS OUTGOINGS		XXXXXXX	(XXXXXXXX)
ASSESSABLE PROFIT			XXXXXXX
ADD: BALANCING CHARGE			XXXXXXX
LESS: CAPITAL ALLOWANCES			(XXXXXXXX)
TOTAL PROFIT			XXXXXXX
COMPANIES INCOME TAX AT 30% OF TOTAL PROFIT (A)			XXXXXXX
MINIMUM TAX @ 0.5% OF GROSS INCOME (B)			XXXXXXX



Taxation of Reinsurance

A reinsurance company shall be allowed to deduct the following from its gross profit, to be credited to a general reserve fund-

- a) an amount not more than 50% of the gross profits of the reinsurer for the year, where the general reserve fund is less than the statutory minimum paid-up capital; or*
- b) an amount not more than 25% of the gross profits of the reinsurer for the year, where the fund is equal to, or exceeds the statutory minimum paid-up capital.*





Other relevant provisions of CITA

1) S.13 (2) – Taxation of Non-Resident Companies

- Taxation of Foreign Insurers with Fixed Base in Nigeria
- Significant Economic Presence for Insurtechs or other Foreign Insurers selling coverage digitally to Nigeria

2) S.24(a) – Interest Deductibility Rule –

- Not exceeding 30% of EBITDA.
- Unrelieved element to be carried forward for the next 5 years, after which it lapses.
- Not applicable to insurance companies with foreign parent but only applicable to Nigeria Insurance parent with foreign subsidiary where the Nigeria parent is the borrower.



Other relevant provisions of CITA

Funds and Books of account of each business class must be kept separately

Annual Returns must be separate for each class of insurance business

Tax Assessments for each class of insurance are issued separately

Where there are more than one type of insurance in the same class of insurance, they form one business

Losses on one class of insurance can not be offset against another type

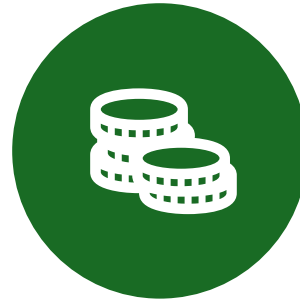
Losses are carried forward indefinitely.



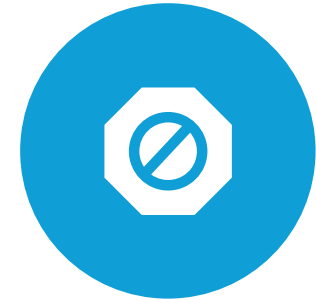
Other relevant provisions of CITA



**INCOME TAX (TRANSFER
PRICING) REGULATIONS
2018**



**INCOME TAX (COUNTRY-
BY-COUNTRY)
REGULATIONS 2018**



**SANCTIONS FOR NON-
COMPLIANCE**

Value Added Tax

Category	Note
1) Commissions paid to brokers, reinsurers, underwriters, and insurance agents by an insurer	A core part of insurance operations. Insurers routinely pay commissions to brokers, reinsurers, and agents.
2) Commission on asset trading	Applicable if the insurer is involved in asset trading as part of its investment portfolio.
3) Legal and other fees chargeable on lease arrangements	Insurers may incur such fees when leasing properties or other assets used in their operations.
4) Fees charged for advisory services (e.g., mergers and acquisitions, financial strategy counseling, etc.)	Insurers may engage advisors for mergers, acquisitions, or other strategic decisions.
5) Fees chargeable on public/private issues	If the insurer raises funds through public/private issues, such fees may apply.
6) Fees earned on fund management	Insurers often manage investment funds, and fees earned on fund management are part of their income.
7) Fees charged on electronic banking, POS, and ATM charges	Insurers providing online payment options for premiums may incur or charge fees related to electronic transactions.
8) Fees charged on electronic bill payments	Insurance companies that enable electronic premium payments may earn or incur such fees.
9) Mobile money transactions and other similar transactions	Insurers offering mobile payment options for premium collection may earn or incur fees from mobile money platforms.



KNOW THE NEW WITHHOLDING TAX RATE EFFECTIVE JANUARY 1, 2025.

Transactions	Corporate Recipients		Non-Corporate Recipients		Remarks
	Resident	Non-Resident	Resident	Non-Resident	
Dividend, Interest	10%	10%	10%	10%	Rates as specified in the law
Royalty	10%	10%	5%	5%	Rates as specified in the law
Rent, Hire or Lease	10%	10%	10%	10%	Rates as specified in the law
Commission, consultancy, technical, management and professional fees	5%	10%	5%	10%	Higher rate for non-residents to serve as final tax
Supply of goods or materials other than by the manufacturer or producer	2%	N/A	2%	N/A	Simplified description and reduced rate to address low margin
Co-location and telecommunication tower service	2%	5%	2%	5%	Lower rate to reflect low industry margin
Supply or rendering of services other than those specifically listed in this schedule	2%	5%	2%	5%	Simplified description and reduced rate
Construction of road, bridges, building and power plants	2%	5%	2%	5%	Further rate reduction to reflect lower margin
Any other form of construction and related activities	5%	10%	5%	10%	Amount due from non-resident is final
Brokerage fee	5%	10%	5%	10%	Subject to Paragraph 10(1)(l)
Directors' fee	N/A	N/A	15%	20%	Rates reflect marginal PIT rate for directors
Compensation for loss of employment	N/A	N/A	10%	10%	Section 36 of the CGT Act
Entertainers and sport persons	N/A	15%	N/A	15%	Applies on amounts earned in Nigeria
Winning from lottery, gaming, reality shows, etc.	N/A	N/A	5%	15%	With effect from 1 January 2025

Source: Deduction of Tax at Source (Withholding) Regulations, 2024



Amendments by the New Tax Reform Bills

Promulgation of 4 new Tax Bills, namely:

1. Nigeria Tax Act

This Consolidates all taxing provisions of the existing tax laws

2. Nigeria Tax Administration Bill, 2024

- Bill to provide for the assessment, collection, and account for taxes due to the Federation, FG & LG; prescribe the Powers and Functions of Tax Authorities, and For Related Matters.
- Nigeria Revenue Service (Establishment) Bill
- Bill to Establish the Joint Revenue Board, the Tax Appeal Tribunal and the Office of the Tax Ombud, for the harmonisation, coordination and settlement of disputes arising from Revenue Administration in Nigeria and For Related Matters.



Amendments by the New Tax Reform Bills

1) S.17 of the Nigeria Tax Bill – Taxation of Non-Resident Insurer

- ❖ Payment made to an NRC Insurer by a person resident in Nigeria or a Nigerian PE of a non-resident person, in respect of insurance premiums or risks insured from the territory of Nigeria, will create a taxable presence for such insurer in Nigeria.
- ❖ An NRC insurer is taxable in Nigeria where the Insurer has a permanent establishment or significant economic presence in Nigeria to the extent that the profit is attributable to the permanent establishment or significant economic presence;
- ❖ An NRC insurer is taxable in Nigeria where payment is made by a person resident in Nigeria or a PE of another non-resident person in Nigeria, in respect of services furnished from outside of Nigeria to a resident of Nigeria or a Nigerian PE of a non-resident person.

2) S.56 & 57 of the Nigeria Tax Bill – New CIT Rate

a) small company, at zero percent; and

b) any other company, at the rate of-

- ❖ 27.5% in 2025 year of assessment, and
- ❖ 25% from 2026 year of assessment.

- Effective Minimum Tax of 15% for a company that is a constituent entity of an MNE group; and any other company with an aggregate turnover of N20,000,000,000.00 and above in the relevant YOA.

3) S.59 of the NTB – Single 4% Development Levy

DEVELOPMENT LEVY		(a) Tertiary Education Trust Fund-	(b) Student Education Loan Fund-	(c) National Information Technology Development Fund-	(d) National Agency for Science and Engineering Infrastructure-
(a) for 2025 and 2026 YOA, 4%;	Allocated as follows:	(i) 50% in 2025 and 2026 YOA	(i) 25% in 2025 and 2026 YOA,	(i) 20% in 2025 and 2026 YOA, and	(i) 5% in 2025 and 2026 YOA, and
(b) for 2027, 2028 and 2029 YOA, 3%; and		(ii) 66.7% in 2027, 2028 and 2029 YOA,	(ii) 33.3% in 2027, 2028 and 2029 YOA	(ii) 0% in 2027 and thereafter;	(ii) 0% in 2027 YOA and thereafter.
(c) 2030 YOA and thereafter, 2% which shall be solely for the Student Education Loan Fund.		(iii) 0% in 2030 YOA and thereafter;	(iii) 100% in 2030 YOA and thereafter;		
Not applicable to assessable profits computed for the purposes of hydrocarbon tax.	Sunset / Termination	Tertiary Education Trust Fund after 2029 YOA.	Only DL @ 2% from 2030 YOA	2026 YOA	2026 YOA



Amendments by the New Tax Reform Bills

4) S.9 of NTB - Substitution of Dividend for Total Profit

Where there are no total profits or total profits are less than the amount of dividend that was declared except:

- The dividend was declared out of the retained earnings of a company
- The dividends declared out of profits or gains that are exempt from income tax by this Act;
- The dividend is franked investment income as provided in this Act; or
- The distributions made by a real estate investment company to its shareholders from rental income and dividend income received on behalf of those shareholders

5) S.49 of the Nigeria Tax Bill – Insurance of Capital Redemption now Chargeable Gain

- ❖ The rights of the insured under an insurance effected in the course of a capital redemption business (where cash is paid by the insurer to the insured at a future date) or industrial assurance business shall constitute an asset which may yield a chargeable gain upon disposal.
- ❖ Also disposal exist where any sum is received under a policy of insurance and the risk of any kind of injury or damage, or the loss or depreciation of assets.



Amendments by the New Tax Reform Bills

4) Deployment of Electronic Fiscal System (EFS)

For recording and reporting taxable supplies. (The Service shall specify the fiscalization system to be adopted and a transition arrangement for its implementation)

5) Information to be delivered by Bankers, Insurance, Stock Brokers & Other FIs

Quarterly Returns of :

- Name and Address of New Customers
- Cumulative Monthly Transactions of N25M - Individuals
- Cumulative Monthly Transactions of N100M - Body Corporate
- Any other returns as may be prescribed from time to time, including foreign addresses (by must be signed by the CEO of the Tax Authority)

6) Disclosure of Tax Planning

To be disclosed by Taxpayers in a manner and timing to be prescribed by the Service. Penalties shall apply.

7) Accreditation of Consultants

Tax Representatives - Now to be accredited by the Service. Criteria to be Specified by the Service.

8) Tax Incentive Returns —

Companies - To be submitted alongside Income Tax Return. **Individuals** - Within 60 days from the due date of filing Annual Tax Returns.



Amendments by the New Tax Reform Bills

9) S.30 of the Nigeria Tax Bill – Eligible Deduction from Personal Income Tax Computation

- ❖ Employee contributions under the National Health Insurance Scheme
- ❖ Annual annuity or premium paid by the employee/individual in respect of insurance on his life or the life of his spouse, or contract for a deferred annuity on his own life or the life of his spouse, and
- ❖ Rent relief of N200,000 or 20% of annual rent paid, whichever is lower, provided that the individual accurately declares the actual amount of rent paid and other relevant information as may be prescribed by the relevant tax authority.
- ❖ Presumptive taxation where the income of an individual can't be determined. Guidelines to be issued by the MOF.

10) S.30 & 4th Schedule – PIT Rate

- First N800,000 at 0%;
- Next N2,200,000 at 15%;
- Next N9,000,000 at 18%;
- Next N13,000,000 at 21%;
- Next N25,000,000 at 23%; and
- Above N50,000,000 at 25%.

11) Value Added Tax (VAT)

YOA	VAT Rate	Distribution			Principle for SG
		FG	SG	LG	
2025	10%	10%	55%	35%	60% on Derivation
2026 - 2029	12.50%				
2030 onwards	15%				



Thank you!





Thank
you



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Chartered Insurance Institute of Nigeria

EMPOWERING VIABLE ORGANISATION THROUGH DATA-DRIVEN DECISION MAKING: THE ROLE OF FINANCIAL TECHNOLOGY AND INNOVATION

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Function and specialisation

— Senior Manager, Tech Platforms, KPMG in Africa

Education:

- PGD Information Systems
- B.Sc. Computer Engineering
- Certified Scrum Master (CSM)
- Certified Information Systems Auditor (CISA)

Background

Charles is a Senior Manager in the Tech Platforms unit of KPMG Africa with over twelve (12) years of professional experience. Charles has extensive experience in product design, digital strategy, user experience design, enterprise/ solution architecture, agile delivery and management of the implementation of enterprise and digital solutions. Charles has consulted for a variety of organisations with footprints across Europe, the Middle East and sub-Saharan Africa, whose domains span Financial Services, FMCG, Transportation, and Government.

Charles has contributed to several thought leadership material on innovation and digital transformation. He is an advocate for a human-centred approach to problem solving.

Professional and industry experience

Charles's recent experience includes.

- **Product Architect for a ground-up core banking build for a top-tier commercial bank:** Charles was the product architect for a bespoke, multi-tenant, cloud-native core banking platform. Charles has led the ground-up design of the product, which includes interactive prototypes, detailed user stories and solution architecture based on the microservice architectural paradigm. Charles also defined the quality assurance and continuous integration/ continuous deployment strategy of the program and leads the execution of this strategy to ensure quality output delivered in an automated and reliable manner
- **Product Architect for the design of a financial distribution platform** for one of the biggest financial services group in West Africa: Charles was the engagement manager and visioning lead for the design of a digital product suite for a financial services distribution company. Charles led the specification, design and prototyping of products spanning direct-to-consumer apps as well as agent PoS solutions in line with the 'digital-first' theme of the organization's business model. Charles was also responsible for defining an enterprise architecture that provided a blueprint for the company's technology investments
- **Lead for the design, blueprint and build of a 'Quote-to-Delivery' platform** for one of the largest freight forwarders in Europe and Southeast Asia: Charles was one of the UX leads on the design and build of the 'Quote-to-Delivery' platform. Charles was responsible for functional specifications for the shipper matching engine that automatically matched shippers to requests based on variables like the location of the shipper, budget and shipment size/ dimensions. Charles also led several user validation sessions to verify product fit.
- **Product Architect and Program Manager for the development of a bespoke Internet Banking platform** for a foremost Merchant Bank: Charles was the Project Manager for the development of a bespoke Internet Banking platform catering to the needs of both Retail and Corporate customers of a Merchant Bank. Charles was responsible for supervising the delivery of the project across the phases of the Software Delivery Lifecycle. He led the process of detailed requirements gathering, analysis and modelling as well as the functional and technical design of the platform. Charles was also responsible for ensuring the quality of the build by coordinating the test effort across functional, visual (i.e. UI/UX), integration and performance areas.





Data-driven decision making

THE ROLE OF FINANCIAL TECHNOLOGY & INNOVATION

CHARLES ILO

February 2025



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- 02** The Role of Financial Technology & Innovation
- 03** Strategies to Harness the Fintech Advantage



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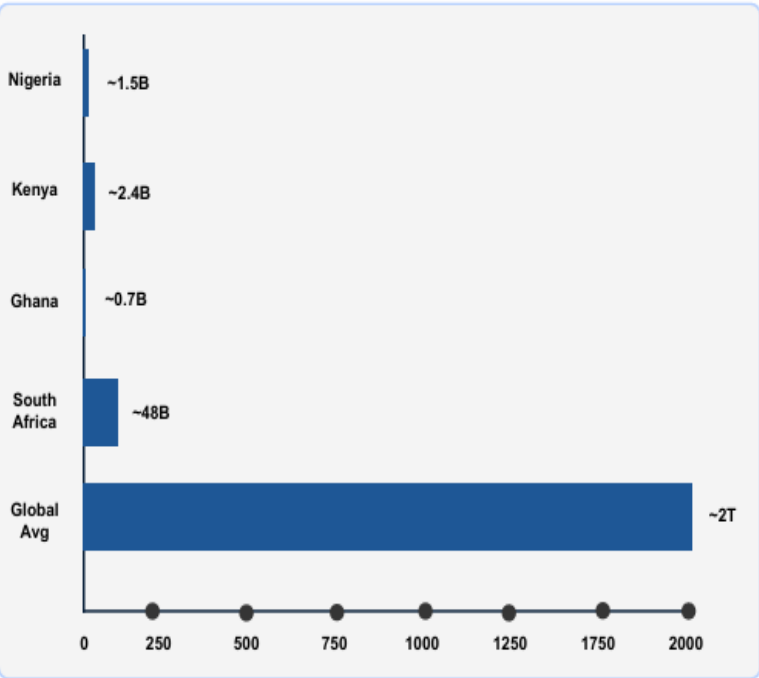
01 State of Play – Insurance in Nigeria



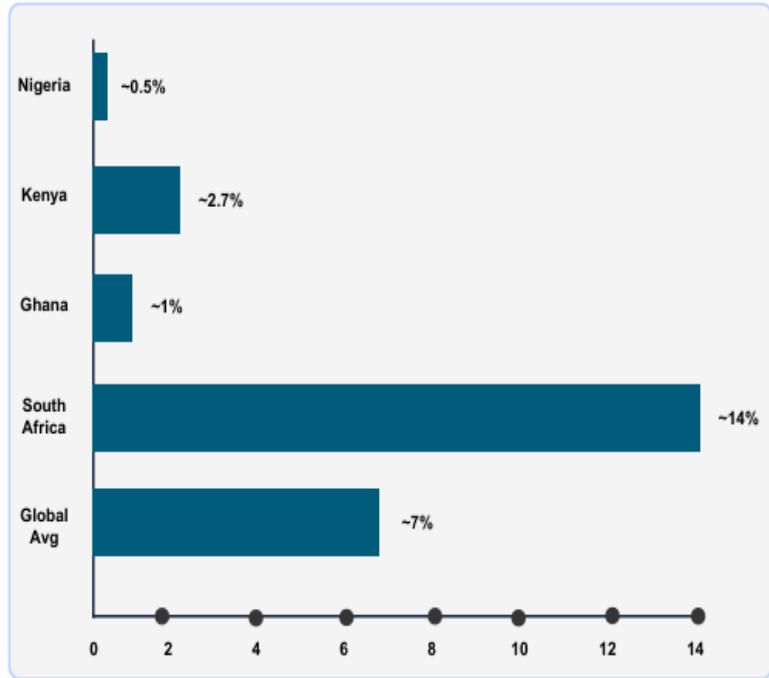
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Nigeria's insurance sector presents a unique combination of challenges & opportunities



Gross Premium Written (USD Billions)



Insurance Penetration (% of GDP)

Sources

- OECD Insurance Database
- Nigerian Insurance Digest 2022
- Swiss Re Sigma Reports, 2021/2022
- Africa Insurance Barometer 2022
- Association of Kenya Insurers
- Ghana Insurers Association
- Allianz Global Insurance Report 2022
- Statista

Notes

- Nigeria lags behind regional peers like Kenya & Ghana
- While Nigeria's GPW is projected to grow at 10% CAGR, there's still **significant untapped potential**, considering that **per capita spending** is ~\$9 compared to Kenya (~\$45) and SA (~USD1000)



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This market view highlights challenges that can become growth opportunities leveraging the right play

01

Low awareness & Trust

- Many Nigerians remain skeptical, viewing insurance as an unnecessary expense or doubting promptness of claim payments

02

Income constraints & Affordability

- Large Informal sector reduce disposable income for insurance products

03

Limited Distribution Channels

- Relatively heavy reliance on brokers and agents

04

Weak Data Infrastructure

- Lack of reliable data for underwriting, pricing and fraud detection

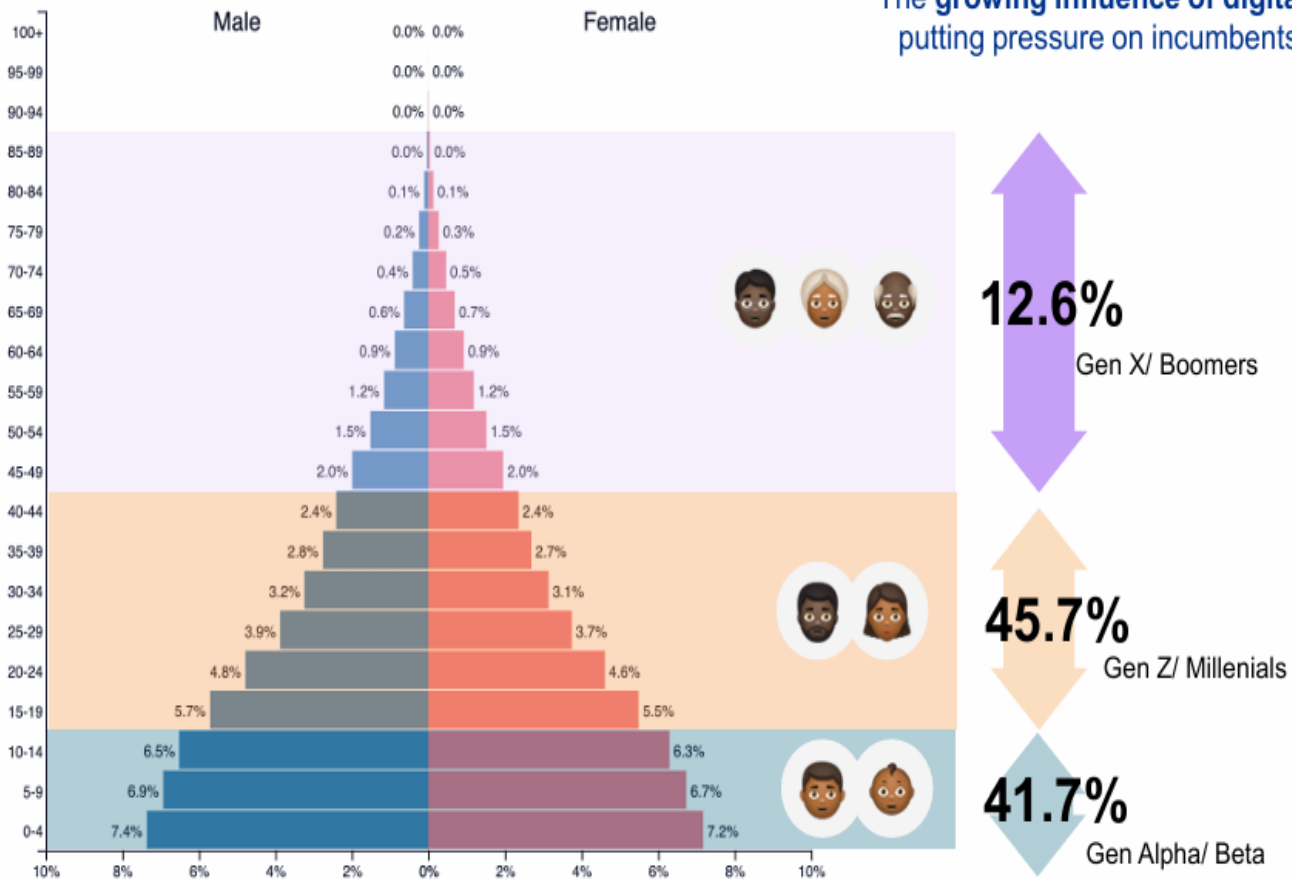


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...and the relatively young population buttresses the importance of digitizing the insurance value chain

The growing influence of digital natives within the consumer pool is putting pressure on incumbents to evolve their service delivery model



Ease
Simplicity | Intuitiveness | Efficiency

Instancy
Speed | Responsiveness | Realtime

Reliability
Functional | Available | Trustworthy

Digital natives service expectations

Source: Population Pyramid

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01 The Role of Financial Technology & Innovation

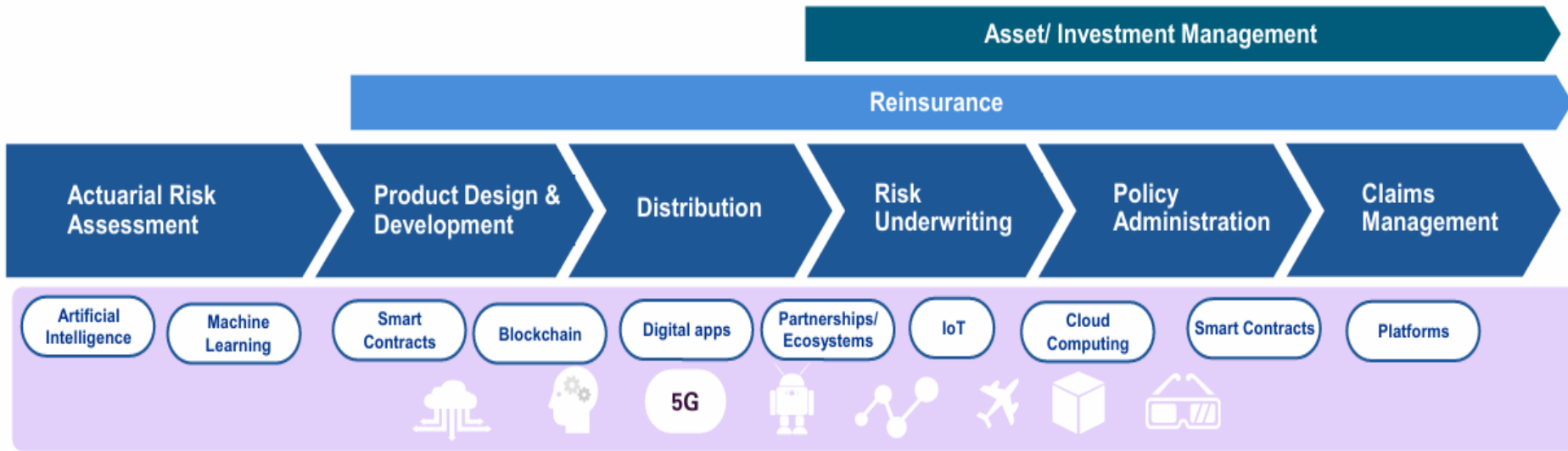
Traditional Insurance is beset with many challenges that hamper effective service delivery



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Harnessing digital technology and data can catalyse value realization for players



- o Analysis of historical claims data, demographic information, and external factors
- o Natural Language Processing and Deep learning can extract data from unstructured documents such as medical reports, inspection reports, claim forms etc
- o Effectively identify risk patterns and predict future claims probability
- o Programmable Insurance products that can automatically respond to predefined conditions
- o Innovative products such as parametric insurance products, microinsurance products
- o Lower barrier to reach digital natives
- o Harnessing the reach of internet penetration and proliferation of smart phones
- o Partnerships with lifestyle players exponentially increases reach
- o Predictive analysis combine multiple data source to generate accurate risk scores
- o IoT and connected devices enhance risk assessment by providing real-time data on risk factors such as driving behaviour, health metrics, equipment conditions etc
- o Smart contracts automatically execute policy terms based on predefined conditions
- o Core Insurance platforms provide end-to-end policy management capabilities

Harnessing digital technology and data – Ping An Insurance Case Study

PingAn has demonstrated significant success in transforming manual processes through its flagship 'Digital Ping An' initiative

\$169.1bn

Revenue
(2023)

232mn+

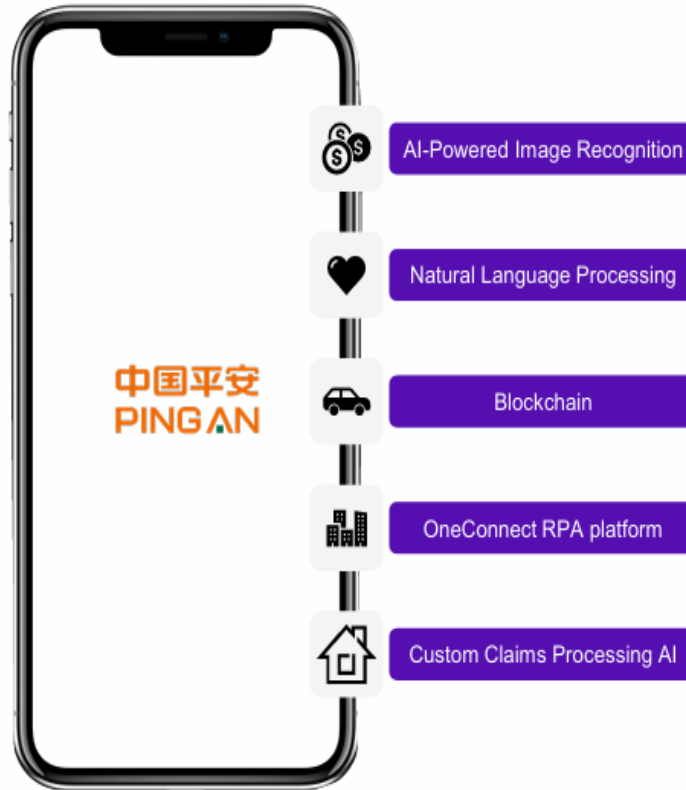
Retail Customers
(2023)

\$1.6tn

Total Assets
(2023)

51,533

Technology patent
applications
(2023)



Key Achievements

Reduced Processing times



- Processing times reduced from 5-7 days to under 24 hours for standard claims
- 95% of motor claims now processed without human intervention

Improved Customer Experience



- Customer experience increased significantly (~42%) after digital transformation
- 95% of queries handled by AI
- Mobile app usage increased by 250%

Cost Savings



- Annual cost savings of ~\$1.2 billion dollars through automation

Employee Productivity



- 85% reduction in manual data entry unlocking capacity for employees to drive more strategic objectives



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Harnessing digital technology and data – AXA XL Case Study

AXA XL's data integration initiative 'One AXA' demonstrated the power of unified data systems. The company consolidated 23 separate systems into a single cloud-based platform

\$105.5bn

Revenue
(2023)

95mn+

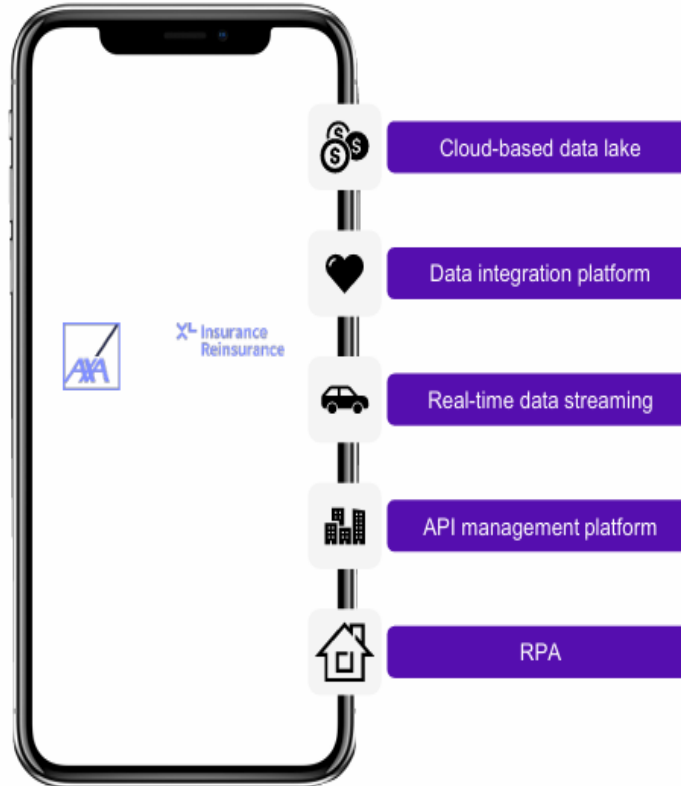
Customers
(2023)

\$1.02tn

Total Assets
(2023)

Leader

Commercial P&C
Insurance



Key Achievements

Systems consolidation



- Consolidated 23 disparate systems
- Customer data retrieval time reduced from hours to seconds

Improved personalisation



- Data analytics became more effective improving cross-selling success by 156%

Reduced Processing Times



- 70% reduction in manual underwriting tasks
- Processing time reduced by 60%

Customer experience



- Client satisfaction improved by 45%
- Self-service adoption increased by 200%
- Digital engagement increased by 180%



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03 Strategies to harness the fintech advantage



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Digital Leaders have clarity on...

Where

to play

Unfulfilled Needs + Scale Potential

&

How

to win

The Connected Enterprise

Strategy

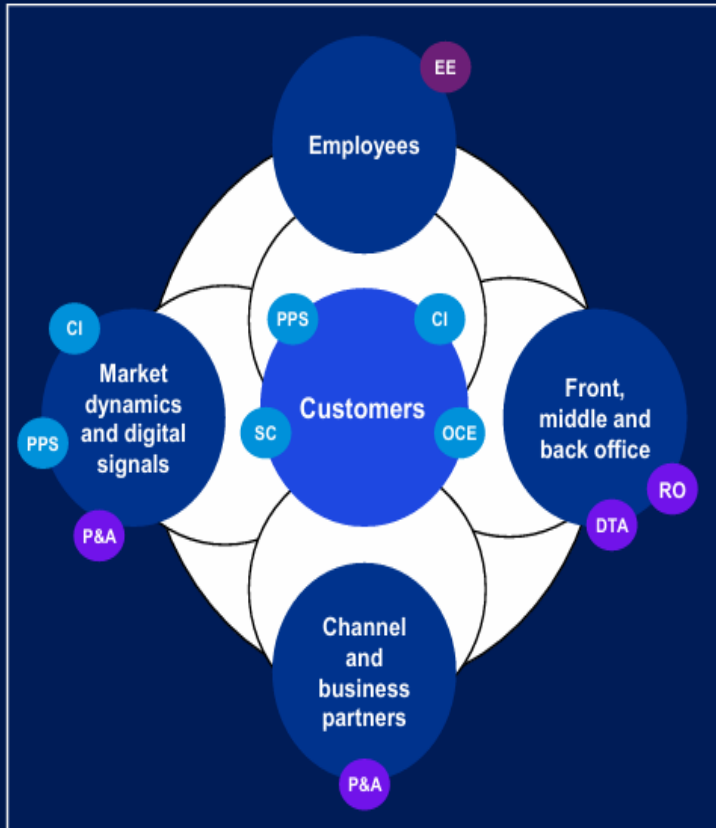
+

Execution

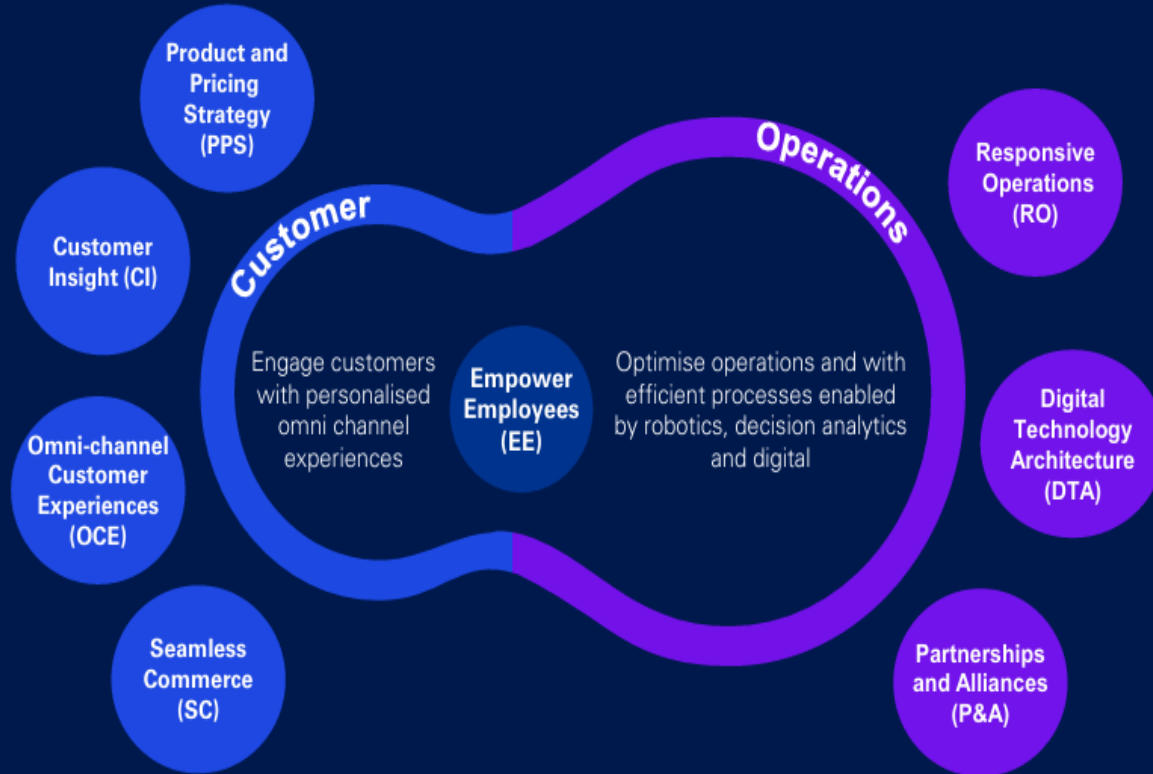


How to Win: Profitable growth comes from successfully connecting the enterprise end to end, winners will develop a business approach which is supported by a connected operating model "The Connected Enterprise"

5 connectors



8 capabilities



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