



**NATIONAL INSURANCE COMMISSION**

**GUIDELINES ON MINIMUM CAPITAL REQUIREMENT  
FOR INSURANCE AND REINSURANCE COMPANIES IN NIGERIA**

**AUGUST 2025**

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## 1. INTRODUCTION

1.1 In the exercise of the powers conferred on it by the Nigerian Insurance Industry Reform Act (NIIRA) 2025, the National Insurance Commission (Commission) hereby issues this Guidelines on the implementation of the Minimum Capital Requirements (MCR) for insurance and reinsurance companies in Nigeria.

1.2 This Guidelines shall be read in conjunction with the provisions of the NIIRA 2025, the NAICOM Act 1997 as well as other extant regulations issued by the Commission from time to time.

## 2. OBJECTIVES

2.1 This Guidelines aim to:

- a. Give effect to the provisions of NIIRA 2025.
- a. Provide guidance and clarity on MCR.
- b. Provide guidance on admissible and inadmissible assets and liabilities.
- c. Set the timelines for the implementation of MCR.
- d. Align capital requirements with risk exposure and best practices.
- e. Ensure seamless consolidation and transition to new capital regime.
- f. Strengthen the capacity of insurance and reinsurance companies in Nigeria.

## 3. MINIMUM CAPITAL REQUIREMENTS (MCR)

3.1 The MCR as prescribed in the NIIRA 2025 is the higher of:

<b>Class of Business</b>	<b>Minimum Capital Requirement</b>
Life Insurance	₦10 Billion or Risk-Based Capital
General Insurance	₦15 Billion or Risk-Based Capital
Reinsurance	₦35 Billion or Risk-Based Capital

3.2 A company may comply with any or combination of the following:

- a. Injection of fresh funds through private placements, rights issue, and/or offer for subscription.
- b. Acquisitions, Amalgamation and Transfers.

#### **4. THE COMPOSITION OF MCR**

4.1 For an existing company, the MCR as prescribed in Section 15(5) of the NIIRA 2025 is the excess of admissible assets over liabilities, less the amount of own shares held by the insurer.

The admissible assets shall consist of:

- a. Cash and Bank balances
- b. Tenored Deposits with Financial Institutions
- c. Government Bonds
- d. Treasury Bills
- e. Corporate Bonds (Quoted)
- f. Commercial Papers
- g. Quoted equities
- h. Loans to Policyholders
- i. Loans to Agents
- j. Reinsurance Assets
- k. Premium Receivables (certified as received by External Auditors)
- l. Investment Properties (at lower of cost or fair value and not more than 20% of MCR)
- m. Statutory Deposit

4.2 For an existing company, the following shall not form part of admissible assets under Section 15 of the NIIRA 2025:

- a. All assets not in the name of the Insurer except where there is registered irrevocable power of attorney with the original title held by the insurer.
- b. Tenored deposit and funds placed with a fund manager or institution not under SEC supervision or not insured as a Deposit Money Bank by NDIC.
- c. Tenored deposit with a related entity.
- d. Investment in another insurance company licensed by the Commission.
- e. Investments in equity or debt instruments issued by its parent company, co-subsidiaries of the parent company and any entity where the Directors and Significant Shareholders of the insurer have investment interests.
- f. Foreign investments that are not in line with the provisions of NIIRA 2025.
- g. Goodwill, intangible assets and deferred tax assets.
- h. Investment properties whose total rental income is not received by the insurer.
- i. Reinsurance recoverable on claims paid above 90 days.

- j. Right of use assets.
  - k. Loans to policyholders in excess of 90% of the surrender value.
  - l. Unsecured loans, including unsecured loans to agents.
  - m. Investment in Corporate Bond not issued through a trading facility registered by SEC and lower than investment grade by a recognized rating agency.
  - n. Investment in Commercial Papers not issued through a trading facility registered by SEC and/or CBN and lower than investment grade by a recognized rating agency.
  - o. Value of assets in excess of the value confirmed from circularization.
  - p. Assets pledged as collateral.
  - q. Derivatives.
- 4.3 For an existing company, all liabilities shall be admissible for the purpose of MCR except subordinated liabilities.
- 4.4 For an existing company, the subordinated liabilities shall include unsecured debt instruments that are repaid after settlement of all other obligations and only before the settlement of equity shareholders during liquidation.
- Subordinated liabilities shall be admissible for the purpose of MCR if:
- a. The debt is legally issued and is approved by the Commission.
  - b. The debt is issued for the purpose of compliance with the MCR.
  - c. In the case of non-convertible debt, the repayment period shall not be less than ten years.
  - d. The interest rate shall not be more than the CBN monetary policy rate.
  - e. In liquidation, all other obligations shall be settled first before the settlement of the subordinated liabilities.
- 4.5 The liabilities in respect of insurance contracts issued shall be as determined in a quarterly actuarial valuation report issued and signed by the In-house or External Actuary which shall be submitted to the Commission not later than 10 working days after the end of the quarter. For the purpose of MCR, Q1 2026 shall be the deadline.
- 4.6 For a new company, the MCR shall be as prescribed in Section 15(4) of the NIIRA 2025 and shall consist of:
- a. Cash and Bank balances
  - b. Tenored Deposits with Financial Institutions
  - c. Government Bonds
  - d. Treasury Bills

- 4.7 For the new company, the following shall not be admissible assets:
- a. Assets not in the name of the entity.
  - b. Tenored deposit and funds placed with a fund manager or institution not under SEC supervision or not insured as a Deposit Money Bank by NDIC.
  - c. Tenored deposit in a related entity.

## **5. STATUTORY DEPOSIT WITH CENTRAL BANK OF NIGERIA (CBN)**

- 5.1 An existing company shall inform the Commission of the shortfall in the statutory deposit.
- 5.2 A company shall request and obtain the approval of the Commission to effect the payment of statutory deposit with the CBN.
- 5.3 All companies shall submit proof of payment of the statutory deposit with the CBN to the Commission on or before 30<sup>th</sup> May 2026.

## **6. RISK-BASED CAPITAL (RBC)**

- 6.1 The RBC shall be determined in accordance with the regulation on RBC issued by the Commission.

## **7. RECAPITALIZATION ESCROW ACCOUNT**

- 7.1 All proceeds of capital injection shall be deposited into a recapitalization escrow account with Central Bank of Nigeria (CBN) as authorized by the Commission for that purpose.
- 7.2 An insurer shall obtain “No Objection” from the Commission prior to making deposit into the recapitalization escrow account with CBN.
- 7.3 No withdrawal from the recapitalization escrow account shall be made without the prior approval of the Commission.

## **8. PROCESSING AND RECAPITALIZATION FEES**

- 8.1 Insurance and reinsurance companies shall pay the following fees as prescribed in **Appendix 2** of this Guidelines:
- a. Processing fee for each category of insurance business,
  - b. Verification fee, and
  - c. Capital injection fee.

## **9. ACQUISITIONS, AMALGAMATION AND TRANSFERS**

- 9.1 All acquisitions, amalgamation and transfers shall have the objective of meeting the MCR.
- 9.2 An insurer shall notify and obtain a 'No Objection' from the Commission of its intention to acquire from, amalgamate with, or transfer to another insurance company.
- 9.3 The application for No Objection shall be accompanied with:
  - a. The statement of nature and objectives of the amalgamation.
  - b. Extract of Board resolution by the Board of Directors of each of the amalgamating entities approving the restructuring.
- 9.4 An insurer shall execute the acquisition, amalgamation, or transfer in line with the 'No-Objection' granted by the Commission.
- 9.5 Upon the grant of No Objection, the insurer shall open its register for inspection by members and policyholders within 5 days and remain available for inspection for a period of 14 days.
- 9.6 At the expiration of the 14 days in paragraph 9.5, the insurer shall make an application for "Approval-In-Principle" to the Commission within 14 days.
- 9.7 An application for "Approval-In-Principle" shall be accompanied with:
  - a. Confirmation of compliance with Section 107(3) of NIIRA 2025 by the entities involved.
  - b. A draft of the agreement or deed/scheme under which it is proposed to effect the restructuring.
  - c. Statement of financial position in respect of the insurance business of each the entities involved.
  - d. Auditor's report in respect of insurance business of each of the entities concerned.
  - e. Actuarial report in respect of insurance business of each of the entities concerned.
  - f. An independent actuarial report on the proposed restructuring prepared by an actuary who is not professionally connected with any of the parties concerned in the restructuring.
  - g. A comprehensive Due Diligence Report.
  - h. An executive Summary of the proposed transaction, and the terms on which such transaction has been contemplated.
  - i. A report on compliance with other applicable laws.
  - j. Any other documents / information that the Commission may deem necessary.
- 9.8 Upon the grant of the Approval-in-principle, an insurer shall incorporate status report in the Monthly Recapitalization Progress Report.
- 9.9 The parties to the restructuring shall notify the Commission of the completion of the scheme and request final approval on or before 30<sup>th</sup> May 2026.

9.10 An application for “Final Approval” shall be accompanied with:

- a. Evidence of payment of recapitalization fee(s) as prescribed in this Guidelines.
- b. Memorandum and Article of Association of the emerging entity.
- c. Certificate of incorporation of the emerging entity.
- d. Deposited affidavit of the scheme, agreement or deed under which the restructuring has been effected.
- e. Deposited affidavit of Shareholders Resolutions from each of the merging entities approving the restructuring.
- f. List of principal shareholders (i.e. shareholding of 5% and above) of the emerging entity, showing their business and residential addresses.
- g. List of Directors, designation, curriculum vitae, interests they represent in the emerging entity and Personal History Form.
- h. List of proposed Executive Officers and Senior management officials, including designations and curriculum vitae for each person.
- i. Proposed organizational structure showing functional units, reporting lines and grades of emerging entity.
- j. Detailed Business plan for the emerging entity for the next five (5) years, including the emerging entity’s business development strategy and future goals.
- k. Details of other regulatory approvals in respect of the proposed restructuring:
  - i. Applications submitted to the other regulators in respect of the proposed scheme as and when they are filed with other regulators
  - ii. Approvals granted by the other regulators in this regard
- l. Such other documents which the Commission may require from time to time till the grant of final approval to the scheme.

## **10. RECAPITALIZATION OF EXISTING COMPOSITE INSURANCE BUSINESS**

10.1 Without prejudice to the provisions of Section 6(4) of the NIIRA 2025, a composite insurer shall comply with the MCR for each of the categories of insurance business.

10.2 A composite insurer shall comply with the separate reporting requirements for each of the categories of insurance business including the submission of separate recapitalization plans.

### **10.3 Portfolio Transfer and Run-Off Plan**

10.3.1 Where a composite insurer chooses to operate only one category of insurance business, it shall notify the Commission within five (5) days of passing of its Board Resolution, subject to the recapitalization compliance timeline indicated in this Guidelines.

- 10.3.2 Where a composite insurer chooses to operate wholly as a Non-Life Company, it shall submit to the Commission:
- a. Request for 'no-objection' for the portfolio transfer not later than 30th September 2025.
  - b. Provide details of the portfolio(s) to be transferred.
  - c. Provide details of the assets backing the portfolio(s) to be transferred.
  - d. Provide identity of the insurer(s) accepting the portfolio(s) transfer.
- 10.3.3 The composite insurer in 10.3.1 above shall cease to underwrite new business under the life portfolio(s) from the date of grant of 'No Objection', and no policy under its non-life portfolio shall be endorsed, amended, renewed or have expiry date extended during the run-off period.
- 10.3.4 Pursuant to 10.3.1, transfer of the existing life portfolio(s) shall be concluded not later than six months from the grant of the 'no objection'.
- 10.3.5 Where a composite insurer chooses to operate wholly as a Life Company, it shall cease to underwrite new non-life insurance business from the date of notifying the Commission and shall only continue to meet obligations on its existing Non-Life portfolio until all liabilities are extinguished.
- 10.3.6 In all cases of portfolio transfer and run-off, a composite insurer shall at all times, maintain a recapitalization plan as may be approved by the Commission which shall include a description of its approach to capital management. The run-off period shall be the expiry date of existing policies.
- 10.3.7 The performance of the run-off portfolio shall be incorporated in the recapitalization progress reports to be filed with the Commission.

## **11. TEMPLATE FOR COMPUTATION OF MCR**

- 11.1 An insurance company shall determine its MCR status as at 2024 Audited Financial Statements and 2<sup>nd</sup> Quarter Returns as at 30<sup>th</sup> June 2025 using the attached Template for the computation of the MCR in **Appendix 1**.
- 11.2 An insurance company shall include its self-computation of MCR as at 2024 Audited Financial Statements and 2<sup>nd</sup> Quarter Returns ending 30<sup>th</sup> June 2025 in its Recapitalization Plan to be submitted to the Commission.
- 11.3 At the end of each month, an insurance company shall recompute the MCR status to determine the progress of its Recapitalization Plan which is to be submitted to the Commission.

## **12. SUBMISSION OF RECAPITALIZATION PLAN**

- 12.1 Insurers and Reinsurers shall submit their recapitalization plan and relevant information to the Commission on or before 30th September 2025. The plan shall include among others:
- a. Board Resolution on how to comply with the relevant provisions of this Guidelines and extant insurance laws.
  - b. Capital status of the Company as at 2024 Audited Financial Statements and 2<sup>nd</sup> Quarter Returns as at 30<sup>th</sup> June 2025, based on the requirements of this Guidelines.
  - c. Detailed Action Plan on the amount(s) and source(s) of capital injection(s) 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 shall submit their proposal after which they must comply with the relevant provisions of this Guidelines and extant insurance laws.
  - f. Portfolio Transfer and Run-Off Plan where a composite company that chose to discontinue a particular category of insurance business.

## **13. RECAPITALIZATION PROGRESS REPORTS**

- 13.1 The submission of Recapitalization Progress Report shall be on monthly basis and not later than five (5) working days after the end of each month.
- 13.2 The progress report shall among others, include the MCR status of the Company computed in line with the Template for MCR, achieved milestones and efforts made to meet the recapitalization plan.
- 13.3 Where a company has met the required MCR, it shall continue to submit the recomputed MCR status at the end of each month until the issuance of licence, or such other time as the Commission may determine.

## **14. CAPITAL VERIFICATION**

- 14.1 Capital verification shall be carried out on insurance and reinsurance companies that have notified the Commission of compliance with the MCR. The notification shall be accompanied with relevant supporting documents.
- 14.2 An insurer/reinsurer shall provide all relevant documents evidencing existence, value, title, and ownership of assets that form part of the admissible assets for the purpose of MCR.
- 14.3 An insurer/reinsurer shall provide an actuarial report by its External Actuary on the valuation of its insurance policy liabilities and funds to meet other obligations as at the end of the quarter.

## 15. FACILITATION

- 15.1 As part of the measures to ease the recapitalization, insurers shall utilize the Help Desk set up by the Commission to fast-track processing of applications.
- 15.2 The Commission will liaise with relevant regulatory agencies to solicit possible incentives, concessions, palliatives, waivers, etc. to insurance companies for the purpose of recapitalization.

## 16. RECAPITALIZATION COMPLIANCE TIMELINE

Activity	Deadline
Submission of recapitalization plan	30th September 2025
Monthly progress reports	5 working days after month-end
Capital verification exercise	Capital verification exercises shall commence from 1st November 2025 upon notification of compliance with MCR and shall be concluded not later than 30th June 2026.
Compliance with directives of the Commission arising from capital verification exercise.	All directives arising from capital verification exercise shall be complied with not later than 30th June 2026.
Submission of evidence of payment of Statutory Deposit to CBN	On or before 30 <sup>th</sup> May 2026
Final compliance deadline	12 months from the effective date of NIIRA 2025 (i.e. 30 <sup>th</sup> July 2026).

**17. ENQUIRIES:**

All correspondence should be sent to [recapitalisation@naicom.gov.ng](mailto:recapitalisation@naicom.gov.ng)

**18. EFFECTIVE DATE:**

This Guidelines comes to effect from August 2026, and all insurers and reinsurers in Nigeria shall ensure strict compliance.

**Appendix 1 – Template for Computation of MCR**

Description of Line Items	Carrying Amount	Inadmissible	Admissible
	₦000	₦000	₦000
<b><u>Assets:</u></b>			
1. Cash and Bank balances			
2. Tenored Deposit with Financial Institutions			
3. Government Bonds			
4. Treasury Bills			
5. Corporate Bonds (Quoted)			
7. Commercial Papers			
8. Quoted equities			
11. Loans to Policyholders			
12. Loans to Agents			
13. Reinsurance Contract Assets			
14. Premium Receivables (certified as received by External Auditors)			
15. Investment Properties (at lower of cost or fair value and not more than 20% of MCR)			
16. Statutory Deposit			

17. Others (list the categories)			
<b>Total Assets (a)</b>			

Description of Line Items	Carrying Amount	Inadmissible	Admissible
	₦000	₦000	₦000
<b><u>Liabilities:</u></b>			
1. Insurance contract liabilities			
2. Reinsurance contract liabilities			
3. Investment contract liabilities			
4. Other technical liabilities			
5. Trade payables			
6. Borrowings			
7. Lease liabilities			
8. Provisions, Other payables and accruals			
9. Fixed income liabilities			
10. Current income tax payable			
11. Deferred tax liabilities			
12. Others (list the categories)			
<b>Total Liabilities (b)</b>			
<b>Minimum Capital Requirement (MCR) = (a) – (b)</b> <b>i.e. Admissible Assets less Admissible Liabilities</b>			

## Appendix 2 – Processing and Recapitalization Fees

Description of fees	Life	Non-Life	Reinsurance
Processing fee	₦10 million	₦15 million	₦35 million
Verification fee	₦55 million	₦55 million	₦55 million
Capital injection fee (where applicable)	1% of the capital injection	1% of the capital injection	1% of the capital injection