

Thursday, May 18, 2023



4 Princess Folashade Ojutalayo Close, Lekki Phase 1, Lagos State.



www.strenandblan.com



+234(0) 7025580053

NATIONAL INSURANCE COMMISSION (NAICOM) ISSUES INSURANCE REGULATORY SANDBOX OPERATIONAL GUIDELINES

The National Insurance Commission (NAICOM) recently issued a circular (NAICOM/DPR/CIR/48/2023) on 28th April 2023, announcing the issuance of the 'Regulatory Sandbox Guidelines' for guidance and compliance. This new Guideline which took effect from 1st May, 2023 was issued in the exercise of the powers conferred on NAICOM under the NAICOM Act 1997 and the Insurance Act 2003. Thus, the Guidelines would be read in conjunction with the provisions of the Insurance Act as well as other Regulations, Notices and Circulars that NAICOM may issue from time to time.

According to the Head of Corporate

Communication and Market Development of the Commission, Mr. Rasaaq Salami, the issuance of this Guideline is part of the NAICOM's strategic objectives to drive innovation of products and services and



ensure that operators are professional in the conduct of their businesses in line with best practices.

A regulatory sandbox is a real-life testing environment, under the supervision of a Regulator, for innovative technologies, products or services, which might not be fully compliant with the existing legal and regulatory framework in an industry.

NAICOM having adopted a Sandbox programme aims to create a more relaxed regulatory environment for the testing of innovative products, services, business models, channels of distribution subject to regulatory discretions, and set parameters

that have the potential of improving insurance inclusiveness and service efficiency.

NAICOM has also stated that the possible areas of innovation that will be allowed into the Regulatory Sandbox are: insurance solicitation or distribution, insurance products, underwriting, policy and claims servicing and any other activity within the insurance value chain.

It is imperative to note that for an Applicant to become eligible for the Sandbox programme, they must meet set-out criteria. Some of these criteria include:

a. The Applicant must be a registered company in Nigeria

National Insurance Commission (NAICOM) Issues Insurance Regulatory Sandbox Operational Guidelines – Cont'd

with experienced management.

b. The Applicant must fall into any of the following: insurers, insurance brokers, loss adjusters and any other Applicant as NAICOM deems fit.

c. The Applicant must demonstrate that it has conducted sufficient diligence to understand the potential risks and/or legal and regulatory requirements for deploying the proposed insurance product, service or solution.

d. The Applicant is required to have a minimum professional indemnity of 500 Million Naira. This protects the Operator against claims for loss or damage made by Clients or third parties as a result of the impact of service negligence or negligent advice offered.

e. The Applicant is also required to prove that its product or service has the potential to advance inclusive insurance by improving accessibility, efficiency, security and/or quality in the provision of insurance services to consumers in Nigeria.

NAICOM has stated that financial and insurance technology companies that wish to deploy their services in the



sandbox will have to apply in partnership with or through an insurer, insurance broker, loss adjuster or any other Applicant as NAICOM deems fit.

These applications shall be accompanied by a Service Level Agreement which will be subject to NAICOM's approval.

This is not the first time that a regulatory body in Nigeria would adopt a regulatory sandbox programme in a sector and as such this Insurance regulatory Sandbox Operational Guidelines is a welcomed development in the Insurance sector.

For more information

For more information about the firm and its practice areas, please visit www.strenandblan.com.

You can also contact us via contact@strenandblan.com or call +234(0) 7025580053.