



FEMI JOHNSON & COMPANY LIMITED

Incorporated Insurance Brokers Rc7415



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Staff : 200
Branches : Lagos, Kano, Kaduna, Port Harcourt, Abuja, Benin
Chief Executive
Officer : Mr. C. O. Fatanmi

Femi Johnson & Co. is the largest wholly Nigerian owned insurance intermediary and is one of the leading brokers in the country.

The company was formed in 1970 and is a member of the Nigerian Corporation of Insurance Brokers. From its Head Office in Ibadan and Branches across the country, Femi Johnson handles all classes of insurance and has specialist divisions dedicated to Corporate Clients and Personal Lines Underwriting and Claims, Life & Pensions, Marine and Aviation.

The company offers a fully comprehensive insurance broking service with a reputation for unrivalled efficiency, promptness and expertise.



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Country Overview – Controls

The prime legislation on Insurance is the Insurance Act 2003.

An independent body known as the National Insurance Commission oversees insurance matters. The Chief Executive is the Commissioner of Insurance.

The Nigeria Reinsurance Corporation is now privately owned, having been taken over by employees in a Management Buy-Out

- ❏ National Insurance Corporation of Nigeria is still 100% Federal Government owned.
- ❏ Industry bodies: Nigerian Insurers Association, Nigerian Corporation of Insurance Brokers, Institute of Loss Adjusters of Nigeria, Professional Reinsurers Association of Nigeria and the Chartered Insurance Institute of Nigeria.
- ❏ Membership of the Chartered Insurance Institute of Nigeria is mandatory for all practitioners i.e Underwriters, Brokers and Loss Adjusters.
- ❏ The Paid-Up share capital for Insurance and Reinsurance companies have been increased to minimum levels of
 - = Life Insurance Business : ₦150,000,000
 - = General Insurance : ₦200,000,000
 - = Composite Insurance Business: ₦350,000,000
 - = Reinsurance Business : ₦350,000,000
- ❏ Open market except for Motor, Workmen's Compensation and Fire Tariffs.



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☞ The Government, by means of Decree No. 1 of 1997, has repealed the Insurance Special Supervision Fund. The Fund, which is under the control of the Federal Ministry of finance and Economic Development, was established for the purpose of strengthening the supervision of the insurance industry.

The Fund is now governed by the provisions of Section 63 of the new National Insurance Commission Decree No. 1 of 1997. The fund is still jointly subscribed to by the operators in the insurance industry at the rate of 1% of gross earnings and subvention by the Federal Government.

Country Overview - Compulsory Insurances

- ☞ **Health Insurance:** An employer with a minimum of 10 employees must register itself and the employees under the Health Insurance Scheme (Health Insurance Scheme Decree, 1999)
- ☞ **Motor Insurance:** Third Party bodily injury unlimited in amount and minimum ₦1,000,000 for property damage is required (Insurance Act, 2003)
- ☞ **Worker's Compensation** for Death or Injury to any employee arising out of and in the course of employment (Workmen's Compensation Decree, 1987)
- ☞ **Marine Insurance:** Goods imported into Nigeria must be insured with a locally registered company (Insurance Act, 2003)



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- ❏ **Professional Indemnity:** Insurance Brokers must have a Professional Indemnity cover for a minimum of ₦10 million or 50% of its annual brokerage income, whichever is greater.

- ❏ **Contractors/Erection All Risks:** Construction Risks including Third Party Liability cover where the owner is responsible for the insurance in terms of the construction/erection contract (Insurance Act, 2003)

- ❏ **Group Life Assurance:** All employees must be insured for a minimum of three times their annual total emolument (Pension Reform Act, 2004)

- ❏ **Public Liability Insurance:** Owners/Occupiers of all Public buildings (i.e. any building to which members of the public have access) must have liability cover.

- ❏ **Insurance of Public Buildings:** Owners/Occupiers of all Public buildings must have cover against the hazards of Collapse, Fire, Earthquake, Storm and Flood (Insurance Act, 2003)

Country Overview - Industry Reforms

- ❏ Significant increase in level of capitalisation is anticipated.

This will result in a significant amount of mergers, acquisitions and re-alignments in the market.



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Country Overview – Applicable Legislation

1. **Insurance Act 2003**
2. Pensions Reform Act, 2004
3. Health Insurance Scheme Decree, 1999
4. National Insurance Commission Decree, 1997
5. Banks and Other Financial Institutions Decree, 1991
6. Companies and Allied Matters Decree, 1990
7. The Factories Decree 1987
8. The Workmen's Compensation Decree 1987
9. Nigeria Reinsurance Corporation Decree, 1977

Country Overview - Reinsurance

⚡ The 20% compulsory cession of all policies to Nigerian Reinsurance Corp. has been cancelled.

⚡ Reinsurers must establish a general reserve fund as follows:-

- Not less than 50% if the Reinsurer's gross profit where the fund is less than the authorised capital of the Reinsurer.

- Not less than 25% of the Reinsurer's gross profit where the fund is equal to or more than the authorised capital of the Reinsurer.



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Country Overview – Non Admitted Policies (Non Registered Markets)

- ❏ Non-admitted is generally forbidden. Permission must be obtained from the Commissioner of Insurance.

 - ❏ The Insurance Act 2003 stipulates that no domestic insurance or reinsurance may be placed with Insurers/Reinsurers not registered in Nigeria in respect of any life, asset, interest or other properties in Nigeria. Domestic Insurance/Reinsurance includes:-
 - Fire
 - Motor
 - Liability
 - Life
 - Accident
 - Such other Insurance as the Commissioner of Insurance may from time to time prescribe.

 - ❏ Approval for exemption to use non registered markets may be obtained by reason of the exceptional nature of the risk or lack of capacity of the local industry or other exceptional circumstances.
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Employee Benefits

Many private Accident, Health, Life and Pensions plans are offered to augment the very limited Government Social Security programs. Government is however striving to improve the quality of Social Security programmes available.

Employee Benefits - Workers Compensation/Employers Liability

- ☒ Coverage is compulsory
- ☒ Extra benefits included, such as Medical Expenses incurred locally and occupational disease.
- ☒ Travel to/from work is included if employer provides transportation.
- ☒ Overseas Medical Expenses coverable, at an additional expense.
- ☒ Requirement that Federal/State Chief Medical Officer must give approval before employee is flown abroad for treatment has been cancelled.
- ☒ Coverage is now available on a 24 hour basis.
- ☒ Common Law actions against employers are permitted.

Employee Benefits - Group Life/Pensions

- ☒ Coverage is compulsory
- ☒ Employers shall maintain a Life Insurance Policy for all employees for a minimum of three times the employees Annual Total Emoluments.
- ☒ Every employee shall maintain a Retirement Savings Account in his name with a Pensions Fund Administrator of his choice.
- ☒ The maximum contribution rate is 15%. 7.5% - Employer, 7.5% - Employee



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- ❏ Employees cannot withdraw from the Retirement Savings Account before age 50 unless on grounds of mental/physical incapacity, Permanent Disability or mind and body or retirement.
 - ❏ In the case of death, the Life Assurance proceeds shall be paid into his Retirement Savings Account.
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Employee Benefits – Health Insurance Scheme

- ❏ Coverage is compulsory. An employer with a minimum of 10 employees must register itself and its employees under the Health Insurance Scheme.
 - ❏ There is no clear implementation date, although the enabling law was signed in 1999, there has been several postponements since then. Government is however intent on commencing the scheme in 2005.
 - ❏ The employers' contribution will be a rate to be determined by the governing council. The employee's contribution will be a negotiated rate to be deducted from his wages.
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Liability - General Liability

- ❏ Coverage is now compulsory for Public Buildings i.e. any Building to which the Public has access
- ❏ No Tariff applies to Public Liability Risks



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- ❏ Standard Form Covers all insured's operations except liability from, Products sold or supplied, Fire and Explosion incidents, Food and Drink poisoning, Work done away from Insured's premises, Overseas visits. However, these exposures can be added as coverage extensions or separate policies.
- ❏ Territorial Scope restricted to "anywhere in Nigeria"
- ❏ "Occurrence" is trigger.

Liability - Directors and Officers Liability

- ❏ Under the "Companies and Allied Matters Decree" of 1990, Directors are defined as persons duly appointed by the Company to direct and manage the business of the company.
- ❏ The Companies and Allied Matters Decree provides for Criminal and Civil Liabilities under which the Directors of a Company could be personally liable apart from the liability of the Company itself.
- ❏ Acts outside the scope of the Articles and Memorandum of Association of a Company may not be insured against nor can the Company indemnify its Directors and other officers against such acts since such acts would be ultra vires against the Company.
- ❏ As for Civil Liabilities of Directors, Secretary and other officers of the Company, it may be possible to have them covered by Insurance Policies, provided there is provision for such coverage in the Company's Memorandum and Articles of Association.
- ❏ This insurance is generally not purchased.