



International Institute of Loss Adjusters Inc.

Report to the President of International Institute of Loss Adjusters

First let me apologise for my inability to attend this year's Convention/AGM. It was due to circumstances beyond my control. While I wish you fruitful deliberations, I shall endeavor to attend that of next year by God's grace.

I regret I am not able to report insurance activities in other parts of Africa but that of Nigeria due to paucity of data within the region. My emphasis is on Nigeria which I am conversant with.

The Nigerian insurance industry was negatively affected by the economic crash in the financial sector. Many of the Companies who were heavily invested in the stock market had returns in this area wiped off. The National Insurance Commission which is the regulating body in charge of insurance in Nigeria also wielded the big stick and insisted on the solvency margins prescribed by law to be followed to the letter. In the circumstances, many of the insurance companies posted negative results. The forthcoming National elections has further brought about a lull in the economy.

It was not all gloom however. Many insurance companies are now concentrating on their areas of core competence with a view to generating underwriting profits which hitherto had been neglected. The import of this is that there are more pre-and post-loss surveys being carried out. Many losses especially in the areas of fraud, armed robbery attacks and fire have led to a hardening of rates by underwriters. Of course more losses meant more claims to be adjusted. (The largest singular fire loss which occurred in 2008 was settled for approx. \$53million.)

The Climate change had also impacted negatively on the insurance industry as we experienced more flood claims and recently there was volcanic eruption in the middle belt region of the country.

The Federal Government has made the insurance of building to be compulsory and the Insurance Commission is working towards the enforcement of the law and it is expected that this would bring about an increase in the level of insurance. Of course it is expected that there would be a corresponding increase in the number of insurance claims

The Federal Government has advised that there would be oil bids early next year and we expect that the level of activities in this area will also increase for insurers and Adjusters. The Commission is also coming up with guidelines for the Oil and Gas Insurance business in the country. Some of the proposed guidelines include the need for all insurances relating to such businesses, whether moveable or otherwise, or any insurable interest or liability to be placed with insurance companies registered Nigeria.

All operators, promoters, etc. are expected to insure with insurance companies in the country and such companies i.e. insurance companies, with approval from the National Insurance Commission, may reinsure the excess overseas where the Nigerian insurance industry lacks the capacity to retain the risk.

The penalties for breaches are spelt out. This also applies to Loss Adjusting firms as Nigerian registered loss adjusters are also encouraged. Foreign Loss Adjusters are permitted to attend to claims in Nigeria **only** by approval of NAICOM and provided such foreign firms work in partnership with companies based in the country.

The import of this is that there are opportunities for collaboration between the foreign adjusters and Adjusters based in the country. The opportunities are there for those who may be interested.

Regards

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