

NIGERIAN REINSURANCE CORPORATION ACT

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NIGERIAN REINSURANCE CORPORATION ACT

An Act to set up the Nigeria Reinsurance Corporation to undertake reinsurance business within and outside Nigeria and matters related thereto.

[1977 No. 49.]

[1st July, 1976]

[Commencement.]

Constitution and Functions of the Corporation, etc.

Establishment of the Nigeria Reinsurance Corporation

(1) There shall be established a corporation to be known as the Nigeria Reinsurance Corporation (in this Act referred to as "the Corporation") which shall be constituted in accordance with and shall have such powers and duties as are conferred on it by the following provisions of this Act.

(2) The Corporation shall be a body corporate with perpetual succession and a common seal.

(3) The Corporation may sue or be sued in its corporate name and may hold, acquire, and dispose of any property movable or immovable.

2. Functions of the Corporation

(1) Subject to the provisions of this Act, the Corporation shall have power, within or outside Nigeria, to carry on reinsurance of any class of insurance business, including life insurance business, and to reinsure against loss of any kind arising from any risk or contingency in respect of any matter whatsoever.

[1988 No. 52.]

(2) Without prejudice to the generality of subsection (1) of this section, the Corporation shall have power to do any of the following things, that is-

(a) to reinsure with any insurer carrying on insurance or reinsurance business, any risk undertaken by the Corporation and for that purpose to enter into reinsurance contracts; and

(b) to accept the reinsurance of any part of risks undertaken by any other person (being risks such that the Corporation has power to reinsure against) and to retrocede any part of such risk.

(3) Except as may be expressly provided for by an order made under subsection (5) of this section, the Corporation shall have power to do anything or to enter into any transaction,

which in the opinion of the Board is calculated to facilitate the due performance of the functions of the Corporation under this Act and in particular the Corporation may-

- (a) acquire any undertaking of any registered insurer or acquire, hold or have any shares or stock in, or any financial interest in any such undertaking;
- (b) acquire and invest in any other profitable business; and
- (c) assist in organising training schemes for employees of any registered insurer.

(4) Notwithstanding the provisions of this section, the African Reinsurance Corporation shall deal directly with insurance and reinsurance companies operating in Nigeria in respect of the five percent compulsory cessions emanating from Nigeria.

(5) Where the Minister is of the opinion that it is in the public interest so to do, he may, with the prior approval of the President, by order published in the Federal *Gazette*, abridge or restrict the powers of the Corporation to any extent necessary; and when so abridged or restricted, the powers of the Corporation shall be exercisable subject to and in accordance with the provisions of the order, and not otherwise.

(6) For the avoidance of doubt, it is hereby declared that the foregoing provisions of this Act relate only to the capacity of the Corporation as a statutory corporation, and nothing in the said provisions shall be construed as authorising the disregard by the Corporation of any rule of law.

3. Board of Directors

(1) There shall be a Board of Directors of the Corporation (referred to as "the Board") which shall, subject to the general direction of the Minister, be responsible for the overall policy and general management of the Corporation.

[1981 No. 11.]

(2) The Board shall comprise the following members, that is-

(a) eight persons (being persons who are not Federal or State public officers) appointed by the President one of which members shall be appointed as Chairman of the Board by the President; and

(b) the Managing Director of the Corporation.

(3) The Chairman shall hold office for three years and shall be eligible for reappointment.

(4) The Chairman may resign his appointment by a letter addressed to the Minister and the resignation shall take effect from the date on which the letter is received by the Minister.

(5) The supplementary provisions of the First Schedule to this Act shall have effect in relation to the procedure at meetings of the Board and such other matters as are specified therein.

[First Schedule.]

4. Corporation not to be exempted from taxation, etc.

(1) Subject to subsection (2) of this section, the Corporation shall be liable to taxation under any applicable law (including liability for any duty, rate, levy or other charge whatsoever, whether general or local, properly levied and payable).

(2) Nothing in this section shall be construed as imposing liability for company income tax upon the Corporation until such time as the amount in the general reserve fund of the Corporation is for the first time equal to twice the amount of the paid-up capital of the Corporation.

5. Directions by the Minister

(1) The Minister may give to the Board directions of a general or of a special nature with regard to the exercise of the functions of the Corporation; and, as the case may require, it shall be the duty of the Chairman, the Board and the Managing Director to comply with the directions unless matters of policy are in dispute.

(2) In the application of subsection (1) of this section, where the Minister intends to initiate a policy affecting the exercise of the functions of the Corporation, he shall consult with the Board and in the event of disagreement between the Minister and the Board over the implementation of that policy, the policy and any directive issued in that respect shall stand suspended, so however that if any part of the policy so in dispute is severable from any other aspects of the policy not in dispute, the policy or the directive issued shall be suspended only in respect of the part in dispute; and thereafter the policy or the part in dispute, so suspended shall, upon its being referred by the Minister to the President, be affirmed, modified, or rejected by President, and the President may give such direction thereon as he thinks fit.

6. Extended application of Insurance Act

(1) The Insurance Act shall apply to the Corporation to the same extent as it applies to insurers under that Act; and accordingly, and in so far as the provisions of the Insurance Act are not inconsistent with those of this Act, the Corporation shall, where applicable, comply with the requirements of that Act as if the Corporation were an insurer registered pursuant to that Act and the Insurance Act shall in relation to the Corporation have effect and be construed accordingly.

[Cap. 117.]

(2) The provisions of subsection (1) of this section shall apply *mutatis mutandis*, to the National Insurance Corporation of Nigeria, established pursuant to the National Insurance Corporation of Nigeria Act.

[Cap. N54.]

[Repealed by the Insurance Act, 2003.]

7.Recovery of unpaid premiums from registered insurer

(1) Without prejudice to the provisions of subsection (2) of section 7 of this Act, where any registered insurer contravenes or fails to comply with any requirement of that section and thereby evades or fails to pay any amount of premium which is due from and

payable by it under subsection (1) of section 7 of this Act, the amount of the premium so unpaid shall-

(a) notwithstanding any other enactment be a first charge on the property of the registered insurer; and

(b) be a debt due to the Corporation and the Corporation may sue for and recover that amount in any court of competent jurisdiction from the registered insurer.

(2) In any action brought under subsection (1) of this section, the production by the Corporation of a certificate signed by the Director of Insurance setting out the name of the defendant and the amount of premium due shall be sufficient evidence of the amount so due and sufficient authority for the court to give judgment for the said amount.

9. Duty of registered insurer to furnish information

It shall be the duty of every registered insurer to produce to any person authorised by the Managing Director of the Corporation, upon the production by that person of a duly authenticated document showing his authority, such books of accounts, records, documents and to supply copies and extracts from such books, records, documents and to furnish such other information as may reasonably be required for the purposes of sections 7 and 8 or any other provisions of this Act.

General Financial Provisions

10. Share capital of the Corporation, etc.

(1) The authorised capital of the Corporation shall be ten million naira divided into 10,000 shares of N1,000 each, out of which there shall be issued such proportion as may be resolved by the Board and approved by the Minister and all the issued share capital shall be subscribed by and paid up at par by the Federal Government upon the establishment of the Corporation.

(2) Any further portion of the authorised capital of the Corporation may be called up and the Board may, with the approval of the Minister, from time to time resolve and the Federal Government shall subscribe and pay up the amount so called up.

(3) The Minister may, from time to time, with the approval of the President, increase the share capital of the Corporation, by order published in the Federal *Gazette* and, as soon as may be after any such increase, the Board may make calls for the additional shares on such terms and conditions as the Board may determine.

11. General reserve fund

The Corporation shall establish a general reserve fund to which shall be allocated from the net profits of the Corporation at the end of each financial year of the Corporation-

(a) fifty percent of the net profits of the Corporation for the year, when at the end of the year the fund is less than the authorised capital of the Corporation; and

(b) twenty-five percent of the net profits of the Corporation for the year, when the

fund is equal to or exceeds the authorised capital of the Corporation.

(2) After any allocation has been made in terms of subsection (1) of this section, the balance of the net profits shall be paid to the Federal Government.

12. Liability of shareholder limited

The liability of any holder of shares in the Corporation shall be limited to the amount, if any, unpaid on the shares held by the holder.

Managing Director, Secretary, etc.

13. Managing Director of the Corporation

(1) There shall be an employee of the Corporation, who shall be-

- (a) called the Managing Director and the Chief Executive of the Corporation; and
- (b) responsible for the day to day management of the affairs of the Corporation.

(2) The Managing Director shall be appointed by the President on the recommendation of the Minister.

(3) Any person appointed as the Managing Director shall not, while he is the holder of that office, be the holder of the office of a director in any bank, corporation, company or any other concern except with the approval of the Minister.

14. Secretary to the Corporation

(1) There shall be appointed by the Corporation, a secretary to the Corporation, who shall not be a member of the Board.

(2) The secretary shall be responsible to the Chairman and the Managing Director and be under their direction and control.

(3) The secretary shall keep the records and conduct the correspondence of the Corporation and perform such other duties as the chairman or Managing Director may, from time to time, direct and, without prejudice to the generality of the foregoing, the secretary shall be responsible for the following matters, that is-

- (a) making arrangements for meetings of the Board;
- (b) preparing the agenda and the minutes of such meetings;
- (c) conveying decisions of the Board to members of the Board; and
- (d) arranging for payments of fees and allowances and all other matters affecting members of the Board.

15. Retirement benefit fund for the employees of the Corporation

(1) The Board shall make rules for the establishment and maintenance of a fund, to be known as the Nigeria Reinsurance Corporation Pension and Welfare Fund, for providing pensions to employees of the Corporation, and in the case of injuries to such employees

or of their death while engaged on the Corporation's business, for providing benefits to them or their dependants.

(2) Provision shall be made by the rules for the payment of contributions to the said fund by the Corporation or the employees of the Corporation or by both, as the Minister may direct or require.

(3) Rules made for the purposes of this section shall not have effect until approved by the Minister.

Accounts, returns and information

16. Accounts and audit

(1) The Corporation shall keep proper accounts and proper records in relation thereto and shall, in respect of each financial year, prepare a balance sheet, a profit and loss account, revenue accounts and other statements and abstracts, in accordance with the requirements of the Insurance Act.

[Cap. 117.]

(2) The accounts of the Corporation shall be audited by auditors in Nigeria appointed annually from the list of auditors and in accordance with the guidelines supplied by the Auditor-General for the Federation.

(3) The auditors shall, on completion of the audits of the accounts of the Corporation for each financial year, prepare and submit to the Board the following two reports, that is-

(a) a general report setting out the observations and recommendations of the auditors on the financial affairs of the Corporation for that year and on any other important matters which the auditors may consider necessary to bring to the knowledge of the general public; and

(b) a detailed report containing the observations and recommendations of the auditors on all aspects of the operations of the Corporation for that year.

Miscellaneous and supplementary

17. False information

If any person in giving information for the purposes of this Act or any regulation thereunder, makes any statement which he knows to be false in any material particular or recklessly makes any statement which is false in a material particular, he shall be guilty of an offence and liable on conviction to imprisonment for a term of twelve months or to a fine of ₦500 or to both such imprisonment and fine.

18. Winding up the Corporation

The Corporation shall not be wound up except by or under the authority of an enactment.

19. Regulations

Without prejudice to any other power of the Minister under this Act to make regulations for any special purposes, regulations may be made by the Minister generally for the purposes of this Act.

20. Interpretation

In this Act, unless the context otherwise requires-

"Board" has the meaning assigned to it in section 3 of this Act;

"chairman" means the chairman of the Board;

"Corporation" means the Nigeria Reinsurance Corporation, established under section 1 of this Act;

"Director of Insurance" means the Director appointed pursuant to the Insurance Act;

"Managing Director" means the Managing Director of the Corporation appointed pursuant to section 13 of this Act;

"Minister" means the Minister charged with responsibility for insurance;

"policy" in relation to insurance, includes every writing whereby any contract of insurance is made or agreed to be made;

"registered insurer" means, without prejudice to section 6 of this Act, any person (other than the Corporation) registered as an insurer under the Insurance Act.

[Cap. 117.]

21. Short title

This Act may be cited as the Nigeria Reinsurance Corporation Act.

SCHEDULES

FIRST SCHEDULE

[Section 3 (5).]

Supplementary provisions with respect to procedure at meetings,

etc., of the Board

1. Subject to this Act and section 27 of the Interpretation Act (which provides for decisions of a statutory body to be taken by a majority of its members and for the person presiding, to have a second or casting vote), the Board may make standing orders regulating the proceedings of the Board or any committee thereof, in particular, as respects-

[Cap. 123.]

(a) the holding of meetings;

(b) notices to be given of such meetings and proceedings thereat;

(c) the keeping of minutes and the custody, production and inspection of such minutes; and

(d) the opening, keeping, closing and auditing of accounts.

2. Every meeting of the Board shall be presided over by the chairman or, if the chairman is unable to attend any particular meeting, by another member appointed by the members present at the meeting to act as chairman for that particular meeting.

3. The quorum for meetings of the Board shall be six and the quorum for meetings of any committee of the Board shall be determined by the Board.

4. Where standing orders made under paragraph 1 of this Schedule, provide for the Board to co-opt persons who are not members of the Board, such person may advise the Board on any matter referred to them by the Board, but shall not be entitled to vote at a meeting of the Board.

5. The affixing of the seal of the Corporation shall be authenticated by the signatures of the chairman and another member of the Board authorised either generally or specifically by the Board to act for the purpose, and of the Managing Director or some other employee of the Corporation, authorised either generally or specifically to act for the purpose.

6. Any document purporting to be a document executed under the seal of the Corporation authenticated as provided for in paragraph 5 of this Schedule shall be received in evidence and shall, unless the contrary is proved, be presumed to be executed.

7. Any contract or instrument which if made or executed by any person not being a body corporate, would not be required to be under seal, may be made or executed on behalf of the Corporation by any person generally or specially authorised to act for the purpose by the Corporation.

8. Any member of the Board who has a personal interest in any contract or arrangement entered into or proposed to be considered by the Board, shall forthwith disclose his interest to the Board and shall not vote on any question relating to the contract or arrangement.

9. The validity of any proceedings of the Board shall not be affected-

(a) by any vacancy in the membership of the Board; or

(b) by any defect in the appointment of a member of the Board; or

(c) by reason that a person not entitled to do so took part in the proceedings of the Board.

*Provisions relating to compulsory reinsurance with the Corporation
by registered insurers*

1. The liability of the Corporation shall commence simultaneously with that of the registered insurer.
2. All loss settlements properly made by the registered insurer shall be binding on the Corporation.
3. The registered insurer shall furnish the Corporation on such forms and at such times as the Board may specify particulars of the cessions to be made and shall advise the Corporation of any material alteration affecting such cessions.
4. Accounts shall be rendered by the registered insurer to the Corporation at times to be pre-scribed by the Board and shall also contain matters likewise to be so prescribed.

SUBSIDIARY LEGISLATION

No Subsidiary Legislation