

**Nigerian Agricultural Insurance Corporation Decree**  
**No 37 of 1993**  
**Laws of the Federation of Nigeria**

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**Nigerian Agricultural Insurance Corporation Decree**  
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The Federal Military Government hereby decrees as follows:

**Part I**

**Establishment of the Nigerian Agricultural Insurance Corporation, etc.**

1. (1) There is hereby established a body to be known as the Nigerian Agricultural Insurance Corporation (in this Decree referred to as "the Corporation") which shall be a body corporate with perpetual succession and a common seal.
- (2) The Corporation may sue or be sued in its corporate name and may, for the purposes of its functions under this Decree and subject to the Land Use Act, hold, acquire and dispose of any property movable or immovable.
2. (1) There is hereby established for the Corporation a governing board to be known as the Board of Directors (in this Decree referred to as "the Board").
- (2) The Board shall consist of -
  - (a) a Chairman;
  - (b) the Managing Director of the Corporation;
  - (c) the Executive Directors of the Corporation;
  - (d) the Governor of Central Bank of Nigeria or his representative;
  - (e) the Director-General of the Federal Ministry of Agriculture or his representative;
  - (f) the Commissioner of Insurance to represent the Federal Ministry of Finance or his representative; and
  - (g) two persons who have experience in agricultural production to represent farmers.
- (3) The Chairman and other members of the Board who are not ex-officio members shall
  - (a) be appointed by the President, Commander in Chief of the Armed Forces; and
  - (b) hold office for a period of four years and be eligible for reappointment for one further period of four years.

- (4) The supplementary provisions set out in the Schedule to this Decree shall have effect with respect to the proceedings of the Board and the other matters contained therein.

## **Part II**

### **Functions and Powers**

3. Subject to the provisions of this Decree, the functions of the Corporation are -
- (a) to implement, manage and administer the Agricultural Insurance Scheme, established by section 6 of this Decree;
  - (b) to subsidize the premiums chargeable on selected crops and livestock policies from the grants obtained from the Federal and State Governments and the Federal Capital Territory, Abuja;
  - (c) to encourage institutional lenders to lend more for agricultural production having regard to the added security for their loans provided by the Corporation;
  - (d) to promote increased agricultural production generally in order to minimise or eliminate the need for adhoc assistance previously provided by Governments during agricultural disasters;
  - (e) to carry on insurance business on normal commercial basis and without subsidies on premiums as insurers of buildings, machineries, equipment and other items which form part of the total investment on farms and to reinsure this aspect of its operations through well established channels with reputable reinsurance companies;
  - (f) to operate other types of insurance business as may be permitted by the Commissioner of Insurance at competitive premiums; and
  - (g) to do anything or to enter into any transaction which in the opinion of the Board is calculated to facilitate the due performance of its functions under this Decree.

#### *Functions of the Board.*

4. The Board shall be responsible for
- (a) managing and superintending the affairs of the Corporation;
  - (b) for the overall policy and general administration and shall act in the name of the Corporation;
  - (c) providing effective liaison between the Corporation and the Federal Government;
  - (d) formulating policies and guidelines for operating the Agricultural Insurance Scheme and ensuring its implementation;
  - (e) working closely with the Management of the Corporation to ensure smooth operation of the affairs of the Corporation;
  - (f) deciding on and approving the borrowing power and credit limits of the Corporation;
  - (g) making policy decisions on the insurance operation and on the welfare of the employees of the Corporation;
  - (h) approving annual reports and statement of accounts of the Corporation;

- (i) appointing and approving fees for auditors; and
- (j) carrying out such other activities connected or incidental to the other functions of the Board.

*Powers of the Board.*

5. The Board shall have power

- (a) to acquire offices and other premises for the use of the Corporation;
- (b) to fix terms and conditions of service including remuneration of the employees of the Corporation;
- (c) establish such zonal and other offices of the Corporation as it may deem necessary for the proper performance of its functions; and
- (d) to do such other things as are necessary for the successful performance of its functions under this Decree.

**Part III**  
**The Agricultural Insurance Scheme**

*Establishment of the Agricultural Insurance Scheme, etc.*

6. (1) There is hereby established a scheme to be known as the Agricultural Insurance Scheme (in this Decree referred to as the "Scheme")
- (2) The general objective of the scheme is to protect the Nigerian farmer from the effects of natural hazards by introducing measures which shall ensure an indemnity sufficient to keep the farmer in business, but specifically the objectives of the Scheme are to –
- (a) provide financial support to farmers where loss to crops or livestock arises from natural hazards;
  - (b) induce the provision of credit by financial institutions to farmers;
  - (c) promote agricultural production; and
  - (d) minimize or eliminate the need for Government to provide ad hoc assistance to farmers during agricultural disasters.

7. The Scheme shall cover

- (a) such crops, livestock and other agricultural items and enterprises, as the Corporation may, from time to time, determine;
- (b) on a commercial basis only, farm buildings, machinery and equipment which form part of the investment on the farm;

- (c) such other items as the Corporation may, from time to time, deem necessary for giving effect to the objectives of the Scheme.
- 8. (1) The risks to be covered are
  - (a) in the case of crops, damage or loss caused by
    - (i) fire, or
    - (ii) lightning, or
    - (iii) windstorm, or
    - (iv) flood, or
    - (v) drought, or
    - (vi) pests, or
    - (vii) invasion of farm by wild animal; and
  - (b) in the case of livestock, death or injury caused by
    - (i) accident, or
    - (ii) disease, or
    - (iii) fire, or
    - (iv) lightning, or
    - (v) storm, or
    - (vi) flood.
- (2) A person insured under the Scheme shall satisfy such conditions relating to good husbandry as may be laid down, from time to time, by the Corporation.
- 9. (1) The rate of insurance premium payable under the Scheme by farmers shall be such percentage of the sum assured as the Corporation may, from time to time, determine having regard to the pure risk premium, reserve premium and administrative loading.
- (2) The Corporation shall subsidise the premium payable under subsection (1) of this section at such rate not exceeding 50 per cent as it may, from time to time, determine.
- (3) This subsidy on premium referred to in subsection (2) of this section shall -
  - (a) be paid to the Corporation by the Federal Government and the respective State Governments in the proportion of 37.5 per cent and 12.5 per cent respectively; and
  - (b) for a particular year, be paid within the first quarter of the following year.
- (4) Where a State Government defaults in its payment to the Corporation, the Federal Government shall cause the amount to be deducted from funds due to the defaulting State and remitted direct to the Corporation.
- 10. Indemnity shall be based

- (a) in the case of crops, on approved input cost up to the time the loss occurred but if some crops were salvaged then, less the value of the crops actually harvested;
  - (b) in the case of livestock, on a valuation table to be prepared by the Corporation for each class of stock; and
  - (c) in the case of crops, livestock and other agricultural items specified, from time to time, by the corporation, on agreed value of the crops, livestock or item.
- 11.** A farmer shall not qualify for indemnity under this Decree unless
- (a) the insurance cover was obtained before the damage or loss occurred;
  - (b) he has a valid insurance cover at the time of damage or loss;
  - (c) he followed laid down practice for crop and livestock production;
  - (d) the cause of damage or loss was one of the risks covered by the insurance policy;
  - (e) the notification of the damage or loss was made within the stipulated time; and
  - (f) he has satisfied such other conditions as the Corporation may, from time to time, specify.
- 12.** The Corporation shall bear losses up to 200 per cent of its premium income in each class of insurance covered under section 7 of this Decree and the Federal Government shall pay for all losses above 200 per cent of the premium income.

*Participating Farms*

- 13.** A farmer whose crop or livestock is covered by section 7 of this Decree may take out an insurance cover under the Scheme but where the farmer is also a beneficiary of an agricultural loan or credit from the Government, a bank or other financial institution (in this Decree referred to as "lending institution") he shall take out an Insurance cover under the Scheme.

*Remittance of premiums by Lending Institutions etc.*

- 14.** (1) A lending Institution shall subject to the provisions of this Decree and other Directives that may be given by the Board deduct the Insurance premium due from the loan or credit at source and remit same to the Corporation not later than 30 days from the date of disbursement of part or the whole of the loan or credit
- (2) A lending which fails to comply with the provisions of subsection (1) of this section shall pay the premium which is due from and payable by the farmer under that subsection and the amount of the premium so unpaid shall
- (a) notwithstanding any other enactment, be a first charge on the property of the lending institution; and
  - (b) be a debt due to the Corporation and the Corporation may sue for and recover from the lending institution the amount in any court of competent jurisdiction.

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

#### **Part IV** **Staff of the Corporation**

15. (1) There shall be appointed, for the Corporation, by the President, Commander in Chief of the Armed Forces, the following officers, that is
- (a) a Managing Director, who shall be the chief executive of the Corporation and be responsible for the day to day management of the affairs of the Corporation; and
  - (b) such number of Executive Directors, not exceeding four, as he may determine who shall perform such duties as may be assigned to them, from time to time, by the Board or Managing Director.
- (2) A person appointed as the Managing Director or an Executive Director shall not, while holding that office, qualify to hold any office as a director in any bank, corporation, company or any other establishment without the approval of the Board.
- (3) The Managing Director and Executive Directors appointed pursuant to the provisions of this section shall hold office for a period of four years and shall be eligible for reappointment for a further period of four years.
- (4) Subject to subsection (3) of this section, the Managing Director and Executive Directors shall each hold office on such terms and conditions as may be specified in their letters of appointment.
16. (1) The Board shall appoint a Secretary who shall Secretary and other staff of the Corporation.
- (a) be responsible to the Managing Director;
  - (b) keep the records and conduct the correspondence of the Board; and
  - (c) perform such other duties as the Board or the Managing Director may, from time to time, determine.
- (2) The Board shall appoint such number of officers and other persons as employees of the Corporation as may appear expedient and necessary to the Board for the proper and efficient conduct of the business and functions of the
- (3) The terms and conditions of service (including remuneration, allowances and pension benefits) of the Secretary and other employees of the Corporation shall be as may be determined by the Board.
17. (1) The service of a person employed by the Corporation shall be approved service for the purposes of the Pensions Act and, accordingly, officers and other persons employed by the Corporation shall in respect of their service therein be entitled to pension, gratuities and other retirement benefits as are prescribed thereunder.
- (2) Nothing in subsection (1) of this Decree shall prevent the appointment of a person to an office on terms which preclude the grant of a pension and gratuity in respect of that office.



- (3) For the purpose of the application of the provisions of the Pensions Act, a power exercisable thereunder by a Minister or other authority of the Federal Government (not being power to make regulations under section 23 thereof) is hereby vested in and shall be exercisable by the Corporation and not by any other person or authority.

**Part V**  
**Reserve Funds**

18. (1) There is hereby established for the Corporation for payment of indemnities under the Scheme a reserve fund into which shall be paid an initial authorised capital of N200 million contributed by the following institutions in the percentage appropriate thereto -
- (a) the Federal Government, 70 per cent;
  - (b) the State Government and Federal Capital Territory, Abuja, 10 per cent;
  - (c) the Central Bank of Nigeria, 5 per cent;
  - (d) the commercial banks, 6 per cent;
  - (e) the merchant banks, 3 per cent;
  - (f) the development banks, 2 per cent;
  - (g) the insurance companies, 2 per cent;
  - (h) the oil companies, 2 per cent.
- (2) A contributor shall pay its contribution over a period of four years commencing from such year and in such manner as the Corporation, with the approval of the Minister, shall specify.
- (3) The Corporation shall have the power -
- (a) to sue in a High Court for a contribution which remains unpaid within a period of ninety days from the date it is demanded by the Corporation; and
  - (b) to charge a contributor an additional sum of N1,000 for every day in which a contribution remains unpaid after the same period.
- (4) The Corporation may invest money from the reserve fund not immediately required in Federal Government securities or in such other securities as the Board may, from time to time, determine.

*General reserve fund.*

19. Without prejudice to the provisions of any enactment requiring the establishment of technical reserves by a registered insurer, the Corporation shall establish and maintain a general reserve fund out of the profits of the Corporation for meeting contingencies, depreciation of assets, for the liquidation of any debt or liability of the Corporation and for such purposes as the Board may consider necessary for the proper functioning of the Corporation under this Decree.

**Part VI**  
**Financial Provisions**

20. (1) The share capital of the Corporation shall, subject to subsection (2) of this section, be N9 million divided into 9 million shares of one naira each.
- (2) The shares shall on the commencement of this Decree be deemed to be subscribed for, issued, and called up in full; and payment in respect of the call up shall be made by the holder of the shares at such times and in such manner as the National Council of Ministers may direct.
- (3) The Minister may, from time to time, with the approval of the National Council of Ministers, increase the share capital of the Corporation; and as soon as may be after an increase, the Board may make calls for the additional shares on such terms and conditions as the Board may determine.
- (4) All the shares in the Corporation shall be taken up by the Federal Government, and shall subject to subsections (1) and (2) of this section, be paid for by that Government.
- (5) The Accountant General of the Federation shall, when authorized under this subsection by the Minister charge to and issue out of the Consolidated Revenue Fund of Federation any sum required for making payment for shares in the Corporation taken up by the Federal Government.
21. The liability of the holder of shares in the Corporation shall be limited to the amount, if any, unpaid on the shares held by the holder.
22. (1) The Corporation shall establish a fund from which shall be defrayed all expenditure incurred by the Corporation.
- (2) There shall be paid and credited into the fund
- (a) all interests received in respect of moneys invested by the Corporation;
- (b) premiums collected from policyholders;
- (c) all moneys raised for the purposes of the Corporation by way of gifts, loans, grants aid, testamentary dispositions or otherwise;
- (d) moneys borrowed from any source approved by the Board;
- (e) such other moneys as may, from time to time, accrue to the Corporation.
23. The Corporation may, from time to time, apply the proceeds of the fund established in pursuance of section 22(1) of this Decree
- (a) to the cost of administration of the Corporation;
- (b) for paying or reimbursing members of the Board or of any committee set up by the Board for expenses as may be expressly authorised by the Board;
- (c) to the payment of the salaries, fees or other remuneration, allowances, pensions and gratuities payable to the officers and other employees of the Corporation;
- (d) for the maintenance of any property vested in the Corporation;

- (e) all expenses incurred on behalf of the Corporation; and
  - (f) for and in connection with all or any of the functions of the Corporation or the Board.
24. (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 Decree 1991.
- (2) The accounts of the Corporation shall be audited by auditors appointed annually from the list and in accordance with the guidelines supplied by the Auditor-General of the Federation and the cost of the audit shall be paid from the fund of the Corporation.
- (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 observation 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.
25. The Corporation shall prepare and submit to the National Council of Ministers through the Minister, not later than 30th June in each year a report in such form as he may direct on the activities of the Corporation during the immediately preceding year, and shall include in such report a copy of the audited accounts of the Corporation for that year and the Auditor General's report thereon.

## Part VII Miscellaneous

26. (1) Notwithstanding anything in any other enactment, no suit against the Corporation, the Managing Director, Executive Director or any officer or other employees of the Corporation for any act done -
- (a) in pursuance or execution or intended execution of this Decree or any other enactment or law, or of any public duties or authority; or
  - (b) in respect of any alleged neglect or default in the execution of such enactment or law, duties or authority, shall lie or be instituted in any court unless it is commenced within twelve months next after the act, neglect or default complained of or, in the case of continuance of damage or injury, within twelve months next after the ceasing thereof.
- (2) No suit shall be commenced against the Corporation before the expiration of a period of one month after written notice of intention to commence the suit shall have been served on the Corporation by the intending plaintiff or his agent.
- (3) A notice of intention to commence a suit shall clearly and explicitly state the cause of action, the particulars of the claim, the name and place of abode of the intending plaintiff and the relief which he claims.
27. The notice referred to in section 26(2) of this Decree and any summons, notice or other document required or authorised to be served on the Corporation under the provisions of this Decree or any other enactment or law may be served by -

- (a) delivering it to the Chairman or the Managing Director of the Corporation; or
  - (b) by sending it by registered post addressed to the Managing Director at the principal office of the Corporation.
- 28.** In an action or a suit against the Corporation, no execution or attachment or process in the nature thereof shall be issued against the Corporation, but a sum of money which may by the judgment of the Court be awarded against the Corporation shall, subject to a direction given by the Court where notice of appeal has been given by the Corporation in respect of the judgment, be paid by the Corporation from the general reserve fund of the Corporation.
- 29.** The Managing Director and every Executive Director, agent, auditor, secretary and other officer or employee for time being of the Corporation shall be indemnified out of the assets of the Corporation against a liability incurred by him in defending any proceeding, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted, if the proceeding is brought against him in his capacity as Managing Director, Executive Director, agent, auditor, secretary or other officer or employee of the Corporation.
- 30.** (1) Subject to subsection (2) of the 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 property levied and payable.
- (2) Nothing in this section shall be construed as imposing liabilities 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.
- 31.** The Insurance Decree 1991 shall apply to the Corporation in its commercial insurance business to the same extent as it applies to insurers under that Decree and accordingly, and in so far as the provisions of the Insurance Decree 1991 are not inconsistent with those of this Decree, the Corporation shall, where applicable, comply with the requirements of that Decree as if the Corporation were an insurer registered pursuant to that Decree, and that Decree shall in relation to the Corporation have effect and be construed accordingly.
- 32.** The Corporation shall not be placed in liquidation except pursuant to the provisions of an enactment in that behalf and then in such manner as the enactment may specify.

Notwithstanding the provisions of the Companies And Allied Matters Decree No.1 1990 the Nigerian Agricultural Insurance Company Limited in this Decree referred to as "the Company") is hereby dissolved and, accordingly, its Board of Directors is also consequentially dissolved.

- (2) As from the commencement of this Decree
- (a) every person employed by the Company other than under a contract, shall be transferred to and be deemed to be employed by the Corporation.
  - (b) any item insured by the Company shall be deemed to be insured under the corresponding provision for this Decree;
  - (c) all assets, funds, resources and other movable and immovable property vested in the Company shall, by virtue of this Decree and without further assurance, be vested in the Corporation;
  - (d) the rights, interests, obligations and liabilities of the Company existing immediately before the commencement of this Decree under any contract or instrument or at law or in equity shall, by virtue of this Decree and without further assurance, be assigned to and vested in the Corporation;

- (e) any contract or instrument as is mentioned in paragraph (d) of this subsection, shall be of the same force and effect against or in favour of the Corporation, and shall be enforceable as fully and effectively as if, instead of the Company, the said Corporation had been named therein or had been a party thereto.
- (2) A proceeding or cause of action pending or existing or which could have been taken by or against the Company, immediately before the commencement of this Decree in respect of any right, interest, obligation or liability of the Company, may be continued, enforced or taken by or against the Corporation as if the Corporation and not the Company had been a party thereto.
34. The Corporation may, with the approval of the Minister, make regulations and rules as are necessary to give full effect to the provisions of this Decree and shall in particular make regulations for prescribing -
- (a) the unit of insurance applicable to the Scheme;
- (b) the procedure for collecting the premiums payable under the Scheme;
- (c) procedure for loss assessment and settlement;
- (d) the manner and condition subject to which the Corporation may enter into insurance and reinsurance contracts;
- (e) the premiums and commission rates and terms and conditions to be offered by the Corporation in connection with its commercial insurance or reinsurance business.
35. In this Decree, unless the context otherwise requires -
- "Corporation" means the Nigerian Agricultural Insurance Corporation established by section 1 of this Decree;
- "Chairman" means the Chairman of the Board;
- "lending institution" means an organisation giving credit for agricultural production and includes a bank and nonbank financing agency;
- "insured" means the individuals or corporate bodies whether self financed or the beneficiaries of institutional agricultural credit granted insurance cover by the Corporation;
- "Managing Director" means the Managing Director of the Corporation appointed pursuant to section 4 of this Decree;
- "Minister" means the Minister or Secretary charged with responsibility for matters relating to agriculture;
- "National Council of Ministers" includes the Transitional Council;
- "reserved fund" means the reserve fund established by section 18 of this Decree;
- "Secretary" means the Secretary of the Board

**Schedule**  
Section 2(4)

1. Subject to this Decree and section 27 of the Interpretation Act, the Board may make standing orders regulating the proceedings of the Board or any of its committees.
2. The Board shall meet at least four times in a year and at such other times as the Chairman may, from time to time determine but if the Chairman is required so to do by notice given to him by not less than six other members,  
  
he shall summon a meeting of the Board to be held within fourteen days from the date on which the notice is given.
3. Every meeting of the Board shall be presided over by the Chairman and if the Chairman is unable to attend any particular meeting, a member may be appointed by the members present to act as Chairman for that particular meeting.
4. The quorum at a meeting of the Board shall consist of six members.
5. 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 persons 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 or count towards a quorum.
6. Subject to its standing orders, the Board may appoint such number of standing and ad hoc committees as it thinks fit to consider and report on any matter with which the Board is concerned.
7. Every committee appointed under paragraph 6 of this Schedule shall be presided over by a member of the Board and shall be made up of such number of persons, not necessarily members of the Board, as the Board may determine in each case.
8. The quorum of any committee set up by the Board shall be as may be determined by the Board.
9. Where standing orders made pursuant to paragraph 1 of this Schedule provide for a committee of the Board to consist of or to co-opt persons who are not members of the Board, the committee may advise the Board on any matter referred to it by the Board.
10. A decision of a committee shall be of no effect until it is confirmed by the Board.
11. The fixing of the seal of the Corporation shall be authenticated by the signature of the Chairman and of any other person authorised in that behalf by the Board.
12. 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 the Managing Director or any person generally or specially authorised to act for that purpose by the Board.
13. Any document purporting to be a contract, instrument or other document duly signed or sealed on behalf of Corporation shall be received in evidence and shall, unless the contrary is proved, be presumed to have been so signed and sealed.
14. The validity of any proceedings of the Board shall not be adversely affected by any vacancy in the membership of the Board; or any defect in the appointment of a member of the Board; or reason that a person not entitled to do so took part in the proceedings of the Board.
15. Members of the Board other than ex-officio members shall be paid out of money at the disposal of the Corporation such fees and allowances in accordance with scales approved, from time to time, by the Minister.
16. Any member of the Board and any committee thereof who has a personal interest in any contract or arrangement entered into or proposed to be considered by the Board or the committee shall forthwith

disclose his interest to the Board or committee and shall not vote on any question relating to the contract or arrangement.

Made at Abuja this 1<sup>st</sup> day of June 1993.

**General I. B. Babangida**  
President, Commander-in-Chief of the Armed Forces  
Federal Republic of Nigeria

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