

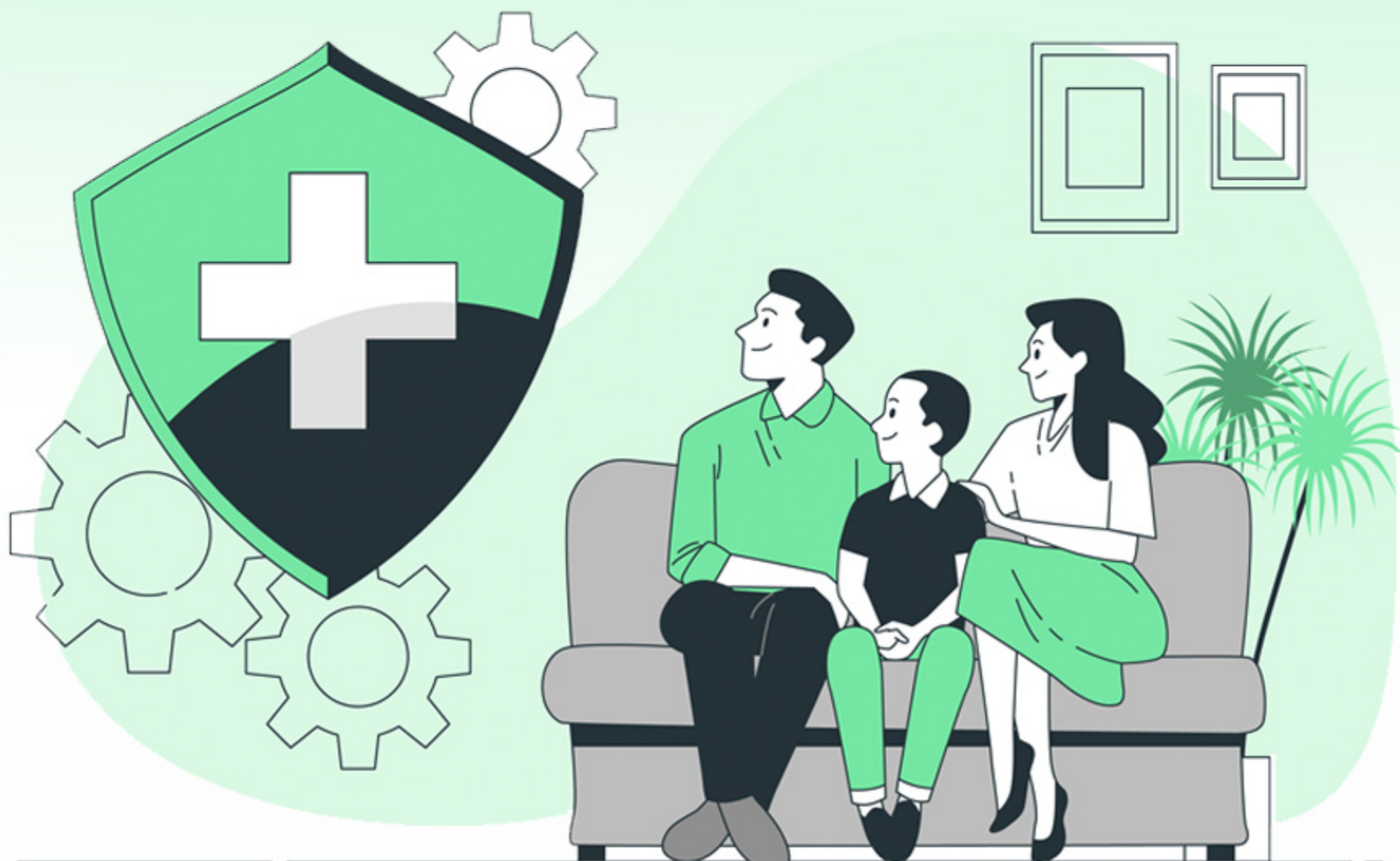


Providing Insurance on the Go: A Primer for Digital Insurance Companies in Nigeria



Introduction

As digitization transforms the business environment, the modes of offering financial services are also evolving. With the aid of technology, services such as buying and selling of insurance products can be procured online without any physical interaction. These digital insurance services include Web Aggregators which operate as online platforms that contain information on insurers and insurance products and enable potential policyholders to select an insurance product and compare prices of products offered by different insurers. In this vein, Web Aggregators act as middlemen between insurers and potential policyholders.



The Web Aggregator business was previously unregulated, and it opened a leeway for unscrupulous and fraudulent middlemen to defraud policyholders by refusing or neglecting to remit the premium paid by these policyholders. In a bid to curtail the risks posed by these dishonest middlemen and regulate the activities of Insurance Web-Aggregators, the National Insurance Commission (**NAICOM**) published the Insurance Web Aggregators Operational Guideline (the "**Guideline**").

The Guideline provides the requirements for digital insurance companies and digital insurance brokers to obtain an Insurance Web-Aggregator license and the dos and don'ts of Insurance Web-Aggregators.



Regulatory Requirements for Digital Insurance Companies

The Guideline requires registered insurance companies and insurance brokers that intend to carry on digital insurance business to obtain a grant of “no objection” from NAICOM.¹ The required documents for the grant of “no objection” include a Service Level Agreement (SLA) between the insurer and the Insurance Web-Aggregator the insurer intends to partner with; a board resolution in support of the partnership; an appointment letter issued by the insurer to the Insurance Web-Aggregator; and a copy of risk management framework of the Insurance Web-Aggregator’s operations.

Requirements for Registration of Insurance Web Aggregator

The minimum requirements for the grant of an Insurance Web-Aggregator license are;

- i. The Applicant must be registered with the Corporate Affairs Commission (CAC).
- ii. The Memorandum of Association of the Company shall have the business of Web Aggregation as its main objective.
- iii. The Applicant is not engaged in any other business other than the main objects of the Memorandum of Association.
- iv. The Applicant shall have a minimum share capital of N5,000,000 (Five Million) registered with CAC.

¹ Section 4.2 Insurance Web Aggregators Operational Guidelines

- v. The Applicant shall employ/designate a Principal Officer to manage the Company on full time.
- vi. The Principal Officer shall possess a minimum qualification and must have a relevant University first degree qualification or its equivalent and IT-related qualification and/or relevant training experience.
- vii. The Principal Officer must satisfy the conditions of fit and proper person criteria set out by NAICOM.
- viii. The Applicant must have the necessary infrastructure, such as an adequate and conducive office, adequate customer base, and necessary IT equipment to effectively discharge its duties.²

The application process is divided into three stages and the applicant must pass through the three stages before the grant of an Insurance Web-Aggregator license.³

² Section 4.2 Insurance Web Aggregators Operational Guidelines

³ Section 4.3 Insurance Web Aggregators Operational Guidelines



Regulatory Compliance for Insurance Web-Aggregators

The Guideline sets a code of standards for Insurance Web-Aggregators, some of these standards are highlighted below:

- i. **Indemnity Insurance:** Insurance Web-Aggregators are required to have indemnity cover of not less than N20,000,000 (Twenty Million Naira).⁴
- ii. **Code of Conduct for Insurance Web-Aggregators:** The Guideline set out the code of conduct for Insurance Web-Aggregators - treat clients fairly, deal with a client with utmost good faith, act with care and diligence, treat client's information as confidential, etc.
- iii. **Information Sharing:** An Insurance Web-Aggregator shall display on its webpage that the information of clients could be shared with insurers.⁵
- iv. **Restricted contents:** An Insurance Web-Aggregator is required to display authentic and up-to-date information from insurers on its platform. An Insurance Web-Aggregator shall not display ratings, rankings, comments, or bias statements on its platform.⁶

⁴ Section 7.1 Insurance Web Aggregators Operational Guidelines

⁵ Section 7.3.2 Insurance Web Aggregators Operational Guidelines

⁶ Section 7.3.2 Insurance Web Aggregators Operational Guidelines

- v. **Advertisement:** An Insurance Web-Aggregator is not allowed to display any advertising either pertaining to any product or service including insurance products or service, other financial products or services/or any other product on its platform.
- vi. **Multiple Website:** An Insurance Web-Aggregator shall not operate multiple websites or tie up with other websites for lead generation.



Conclusion

In conclusion, Insurance Web-Aggregators have revolutionized the way individuals and businesses approach insurance shopping by offering a centralized platform for comparing policies from various insurers. These one-stop-shop platforms have simplified the process, saved time, and facilitated informed decisions by policyholders. The convenience of accessing multiple options, coupled with the transparency in policy details and pricing, enhances consumer confidence and encourages healthy competition among insurers. As a result, insurance Web Aggregators play a pivotal role in shaping a more accessible, user-friendly, and competitive landscape within the insurance industry.

