



NATIONAL INSURANCE COMMISSION

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CIRCULAR

REF: NAICOM/I&R/CIR/69/2025
DATE: 19th August 2025
TO: All Licensed Takaful Operators and Insurance Companies
SUBJECT: **Prohibition of Coinsurance Arrangements Between Takaful Companies and Conventional Insurance Companies**

- 1.0** Sequel to a review of current market practices and in alignment with the principles underpinning Takaful operations, there is the need to establish clear regulatory boundaries between Takaful and conventional insurance businesses.
- 2.0** This decision is driven by the imperative to uphold the integrity of Takaful as a Shari'ah-compliant financial model, ensure financial soundness within the sector, and mitigate potential systemic risks that may arise from operational entanglements with conventional insurers. Most importantly, the Commission must halt practices that could erode public confidence and cause reputational harm to Takaful operators in Nigeria.
- 3.0** Consequently, and in furtherance of the statutory mandate of the Commission under Section 6 of the NAICOM Act 1997, NIIRA 2025 and other extant laws, as well as the principles governing Takaful and conventional insurance operations, the Commission hereby directs that the following policy shall apply:
 - i. A Takaful Operator shall not engage in any coinsurance arrangement that is based on conventional insurance principles with a conventional insurer. Similarly, a conventional insurer shall not participate in any coinsurance arrangement that is based on Takaful principles with a Takaful Operator.
 - ii. This prohibition, which comes into effect from 1st of January 2026, is intended to preserve the integrity of each model's underlying principles and ensure compliance with respective regulatory and ethical standards.
 - iii. For the avoidance of doubt, this directive does not extend to Retakaful arrangements with conventional reinsurance companies, which may continue pending the development of adequate Retakaful capacity in the Nigerian insurance market.
- 4.0** Please, ensure full compliance with this directive.

Kollere U. Ahmad
Assistant Director (Financial Inclusion)
For: Commissioner for Insurance

