Remittance-linked insurance products: United Kingdom to Nigeria corridor

Opportunities and regulatory considerations

March 2021

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from the British people

Introduction

There is significant opportunity and need but limited offerings due to barriers

- **Opportunity:** remittance-linked insurance products have the potential to build resilience by unlocking greater formal remittance flows to SSA, as well as by increasing insurance uptake to help close the risk protection gap.
- **Need:** studies have shown that migrants (remittance senders) have a desire to purchase insurance for their loved ones back home for themselves. A study on UK digital remittance senders who send to Cameroon, Kenya, Nigeria and Uganda found 21% of respondents reported sending money back home to cover the cost of insurance premiums, and 21% would be willing to send directly to an insurance company.
- **Limited current offerings:** the concept of providing insurance coverage for migrants is not new as much as been written about the need to develop insurance products specifically targeted at migrants. A number of products, some with RSPs as distributors*, others with banks or MFIs, have been rolled out in various geographies. However, these products remain limited in scope in terms of geographical reach and only cover the risks of remittance senders.
- **Barriers:** if the business case for remittance-linked insurance products is clear to both insurers and RSPs, why are we not seeing more of these products globally – and none in SSA?

Remittance-linked insurance products remain limited globally and unexplored in SSA, due to four key barriers:

- Partnership complexity
- Regulatory uncertainty
- Regulatory grey areas
- Regulatory barriers

From our engagement with insurers and RSPs, **regulatory uncertainties and concerns** have been cited as the key barrier to unlocking remittance-linked insurance products. The focus of this deck is therefore to unpack the key regulatory considerations for the United Kingdom to Nigeria.

* RemitCare, Send Me Home, Transfer Protect, Hello Protect

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Thom et al., 2020

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Aim and purpose of this slide deck

This slide deck presents the findings of a regulatory assessment conducted to determine the regulatory viability of introducing remittance-linked insurance products in the UK to Nigeria corridor.

The other corridor assessments (South Africa (SA) to Nigeria, SA to Zimbabwe and United Kingdom to Nigeria) can be found here:

View corridor assessments

In addition to these corridor assessments, the research team drafted two notes on the potential of for-purpose remittances and remittance-linked insurance products:

Digital remittance senders in the UK: Is there a case for for-purpose remittances?

Download report in English

The potential of remittance-linked insurance products in sub-Saharan Africa

Download report in English

Download report in French

Disclaimer: The regulatory assessment conducted for purposes of this research does not constitute a formal legal opinion. Rather, the purpose of the regulatory assessment was to identify potential regulatory barriers and grey areas to implementing remittance-linked insurance products in this corridor.

Why remittance-linked insurance products?

What are remittance-linked insurance products?

Remittance-linked insurance products are insurance products facilitated by remittance service providers (RSPs).

MTO

WESTERN UNION MONEY TRANSFER

WorldRemit

Bank

UBL where you come first

HSBC

Remittance senders

Insurance sales, premium collection, claims and payouts via RSPs

Remittance receivers

E-money/MMO

monese

fire

Post Office

POST OFFICE

Distributing insurance via RSPs means the insurance is sold by the RSP to the remittance sender. The product could cover either the remittance sender or receiver and could be a voluntary or embedded product.

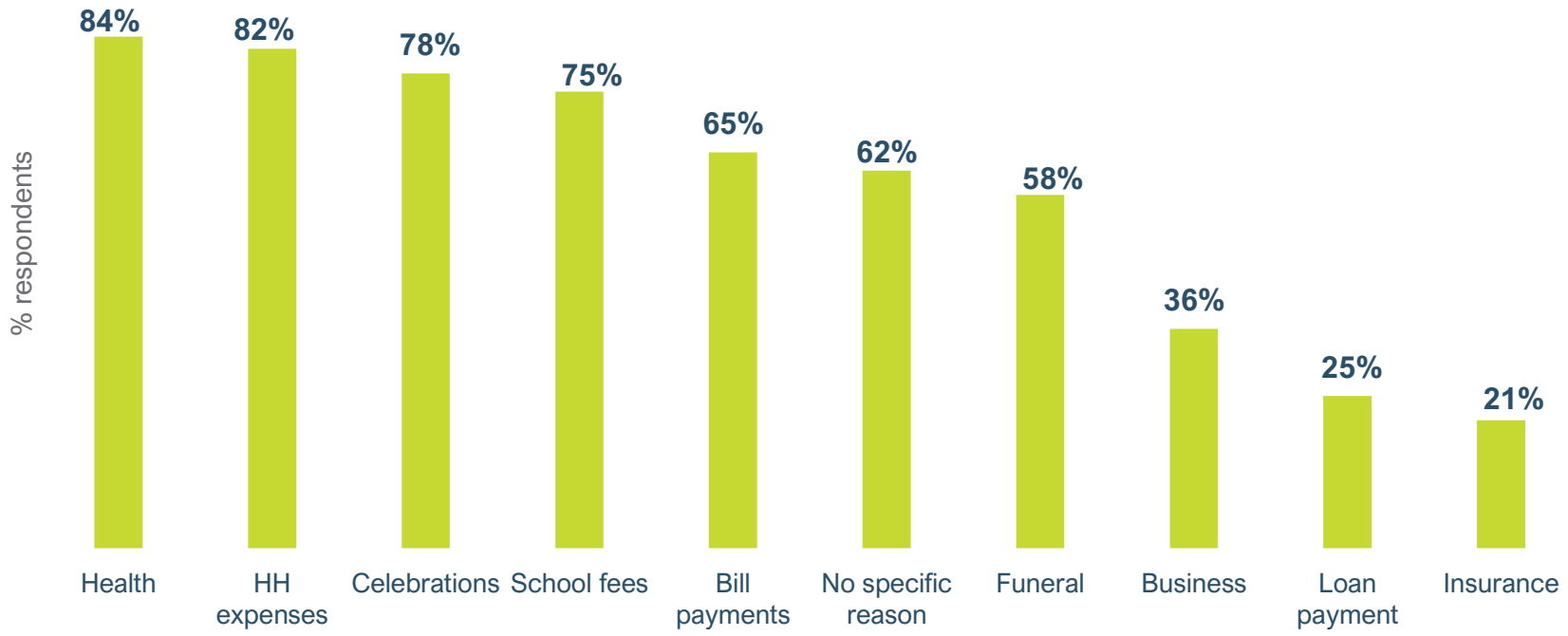
Why remittance-linked insurance products?

- Large number of migrants already sending remittances
- Builds resilience (e.g. increase insurance uptake)
- Ensures sustained flow of remittances
- Existing demand for these products
- Clear incentives for insurers and RSPs

There is existing demand among senders for such products

Quantitative survey results of 1,146 digital RSP senders sending from the UK to Cameroon, Kenya, Nigeria and Uganda

Reason for sending

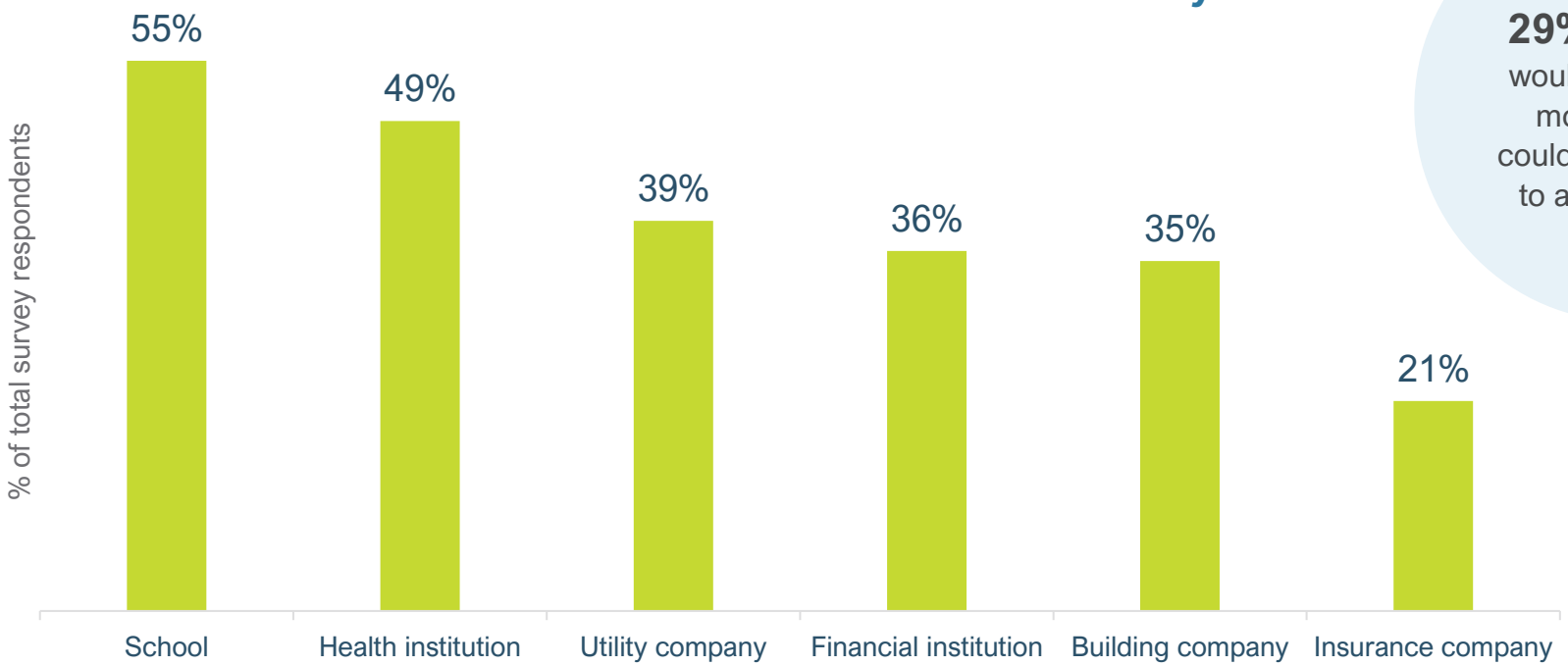


Source: Cenfri, 2020

There is existing demand among senders for such products

Quantitative survey results of 1,146 digital RSP senders sending from the UK to Cameroon, Kenya, Nigeria and Uganda

Institutions that senders would remit directly to



29% of senders would send more money if they could send directly to an institution.

Source: Cenfri, 2020

There is a business case for remittance-linked insurance products

Insurer incentives

- Established customer base
- Granular customer data
- Integrated payments for premium collection
- Established communications channel
- Trusted brand
- Frequent use
- Decision proximity

Remittance service provider incentives

- Diversification of revenue stream
- Increase value and frequency of remittance transactions
- Expand their consumer base
- Value proposition over competitors
- Customer loyalty

Remittance-linked insurance products

Examples of existing remittance-linked insurance products

Product	**Mukuru funeral cover** (South Africa)			
	Send me home	Send me home: Gold	Send us home: Parent	Send us home: Family
Underwriter	Guardrisk Life			
Distribution partner	Mukuru's call centre agents			
Policyholder	Main member		Main member + 4 children	Main member + 4 children + spouse
Cover type	Funeral cover plus repatriation from anywhere in Africa (with no limit)			
Premium amount (monthly)	R30	R55	R80	R120
Claim's pay out amount (excluding repatriation)	R30,000	R45,000	R55,000	R75,000
Pay out	Claims pay-outs can be made to directly beneficiaries within South Africa or in other SSA countries and occur within 48 hours.			

https://www.mukuru.com/sa/mukuru-funeral-cover/policies/

Examples of existing remittance-linked insurance products

Product	**Transfer Protect** (France)	**Hello Protect** (UAE)
Underwriter	AXA	AXA
Distribution partner	Western Union (online)	Hello Paisa
Policyholder	Remittance senders based in France	UAE based remittance senders
Cover type	Life and disability cover	Accident and disability
Premium amount (monthly)	Free	Free
Claim's pay out amount	EUR1,000	AED3,000
Pay out	Designated family member or loved one based in any corridor receiving remittances from France	Beneficiaries in the Middle East, Africa and Asia

Hello Protect; Transfer Protect

Examples of existing remittance-linked insurance products

Product	RemitCare (Ghana) Allianz PayAngel		
	RemitCare Plan(bronze)	RemitCare Plan (silver)	RemitCare Plan (silver plus)
Underwriter	Allianz		
Distribution partner	PayAngel		
Policyholder	Remittance sender		
Cover type	Life and hospitalisation		
Premium amount (monthly)	Free (send min GBP100 monthly)	Free (send min GBP250 monthly)	Free (send min GBP500 monthly)
Claim's pay out amount (life)	GHS2,000	GHS3,000	GHS4,000
Claim's pay out amount (hospitalization, daily for maximum of 7 days)	GHS30	GHS45	GHS60
Pay out	Beneficiary's named next of kin based in Ghana		

https://www.payangel.com/remitcare/

Examples of existing remittance-linked insurance products

Remittance insurance

(Rwanda)

Product	Basic cover	Double cover	Triple cover
Underwriter	Radiant		
Technical service partner	Inclusivity Solutions		
Distribution partner	MTN		
Policyholder	Remittance sender		
Cover type	Hospitalisation – in the event the sender is hospitalised for 3 or more consecutive nights		
Premium amount (monthly)	Free for customers who make at least 1 remittance transfer in a month with MTN	Free for customer who send between RWF 30,000 – 74,999 per month with MTN	Free for customers who send 75,000 or more per month with MTN
Claim's pay out amount (per night in hospital)	RWF 4,000	RWF 8,000	RWF 12,000
Pay out	Paid to sender		

Why are remittance-linked insurance products not more prevalent?

Barriers to remittance-linked insurance products

- **Partnership complexity:** offering remittance-linked insurance products requires partnership between at least two entities: insurers who will underwrite the product and RSPs who will distribute the product. In some models of remittance-linked insurance, the partners will be in different geographies, governed by different regulatory regimes, which adds further complexities to the partnership. This comes in addition to other partnership intricacies such as IT systems integration and the need to coordinate partnership strategies on aspects such as commission structures, claims verification and administration, access to data and clients, etc.

- **Regulatory uncertainty:** many insurers see the potential in partnering with RSPs to distribute insurance products but are unclear whether the regulatory architecture and frameworks in which they operate are conducive to such products. Their hesitance to incur costs to navigate the regulatory environment prevents them from partnering with RSPs to offer such products.

- **Regulatory grey areas:** remittance-linked insurance products cut across the mandates of multiple regulators and, as such, are subject to more than one set of regulatory requirements. This requires coordination among regulatory bodies and means that certain aspects of these products may fall in regulatory grey areas.

- **Regulatory barriers:** in some regulatory environments, the digital nature of remittance-linked insurance products would not be appropriately provided for in regulation and, in some instances, would be directly prohibited. Moreover, for the models that cut across multiple jurisdictions, there are key regulatory barriers in some jurisdictions to foreign entities that play a role in the insurance value chain. The existence of such regulatory barriers shapes the nature of the models. Below, we consider the regulatory considerations for each model in more detail before outlining common regulatory grey areas and barriers.

The UK to Nigeria corridor

Why is the UK to Nigeria corridor significant?

Total number of formal migrants* living in the UK in 2017

190,000

USD 4.1b

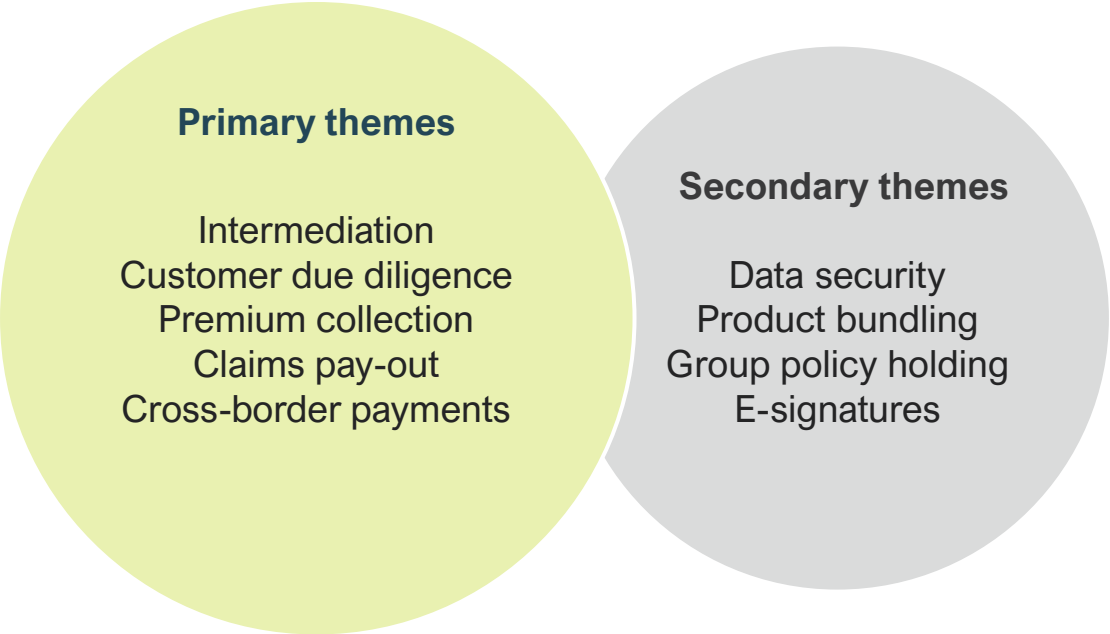
Total value of formal remittances sent from the UK to Nigeria in 2017

*formal number of migrants. Informal or temporary migrants are excluded.

Source: : World Bank Bilateral Remittance Matrix and Bilateral Migration Matrix, 2017

Regulatory themes

These themes were identified as being important to understanding the regulatory viability of implementing remittance-linked insurance.



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Regulations consulted

Sending country: UK

Authority	Regulation	Year
Prudential Regulation Authority & Financial Conduct Authority	Consumer Insurance (Disclosure and Representations) Act	2012
	Consumer Contracts (Information, Cancellation and Additional Charges) Regulations	2013
	Capital Requirements Regulations	2013
	Insurance Act	2015
	Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations	2017
	Electronic Money Regulations	2011
	Payment Services Regulations	2017
	Financial Services and Markets Act	2000
	Financial Services and Markets Act 2000 (Financial Promotion Order)	2005
	Consumer Rights Act	2015
European Union	Regulation (EU) of the European Parliament and of the council on electronic identification and trust services for electronic transactions in the internal market	2014
	The Electronic Identification and Trust Services for Electronic Transactions Regulations	2016
	Directive (EU) 2016/97 of the European Parliament and of the council on insurance distribution	2016

Regulations consulted

Receiving country: Nigeria

Authority	Regulation	Year
National Insurance Commission	Insurance Act	2003
	Market Conduct and Business Practice Guidelines for Insurance Institutions	2015
	Microinsurance Guidelines	2018
	Circular no: NAICOM/DPR/CIR/25/2019 Minimum Paid-up Share Capital Policy for Insurance and Reinsurance Companies in Nigeria	2019
Central Bank of Nigeria	Guidelines on Mobile Money Services	2015
	Guidelines on international mobile money remittance service in Nigeria	2015
	Regulatory Framework for Mobile Money services in Nigeria	2015
	Guidelines for the Licensing and regulation of Payment Services Banks	2018
	Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Regulation	2013
	Guidelines for the Regulation of Agent Banking and Agent Banking Relationships in Nigeria	2013
	Revised Guidelines on Bancassurance Referral Model	2017
National Information Technology Development Agency	Cybercrimes (Prohibition, Prevention etc.) Act	2015
National Security Advisory	Nigeria Data Protection Regulation	2019

Some important regulatory distinctions

Insurance intermediary licenses in the UK

There are different types of insurance intermediary licenses in the UK, which are important to keep in consideration as it impacts the types of activities the RSP can undertake on behalf of insurers.

Type of licenses	Permitted activities
Introducer	Can provide introductions
	Can not distribute real time financial promotions*
Ancillary insurance intermediary	Can only distribute insurance products that are complementary to a good or service
	Cannot distribute products that cover life assurance or liability risks, unless that cover complements the good or service which the intermediary provides as its principal professional activity
Insurance intermediary	Can assist in the administration and performance of a contract of insurance

* **Real time financial promotion:** a financial promotion made in the course of a personal visit, telephone conversation or other interactive dialogue.

Source: FCA Handbook, 2020

Some important regulatory distinctions in the UK

Remittance service provider licenses in the UK

There are different types of remittance service provider licenses in the UK, which are important to keep in consideration as it impacts the types of activities the RSP can undertake as it related to insurance provision.

	Payment Institution	Electronic Money Institution	Credit Institution
Permitted payment activities	Provides payment services (including money transfers)	• Provides payment services (including money transfers) • Issues electronic money	• Provides payment services (including money transfers) • Issues electronic money • Takes deposits and other repayable funds from public • Grants credits for own account
Possible insurance intermediation license	Ancillary insurance intermediary	Ancillary insurance intermediary	Insurance intermediary
Example providers	ATL Money Transfer, Oya	Azimo, WorldRemit	State Bank of India, United National Bank

Source: FCA Handbook, 2020

Models of remittance-linked insurance products

Models of remittance-linked insurance products

Four plausible models of remittance-linked insurance products were identified through the research and through engagement with RSPs and insurers:

1. Covering senders' risks
2. Covering senders' duty of support risk
3. Covering receivers' risks
4. Covering household unit risks

For more detail on all of the models, see our Note *which explores the potential of remittance-linked insurance products to improve the resilience of households in sub-Saharan Africa.*

For the purpose of this research, we focused our regulatory review on Models 1 and 3, as discussions with RSPs and insurers established that they hold the most potential and are the most appealing. **These two models are explored in more detail throughout the slide deck**.

Models of remittance-linked insurance products

Examples of Model 1 and Model 3 :

By means of example, let's say that **Kelechi, a Nigerian trader, lives in the UK and supports his elderly parents living in Nigeria…**

1 Covering senders' risks

Kelechi falls ill and cannot earn an income, but his parents depend on the remittances he sends to survive. An insurance product could pay out the required remittances for two months to enable him to continue to support his parents while he recovers.

3 Covering receivers' risks

Kelechi pays the premiums of his mother's health insurance policy in Nigeria via a remittance. His mother falls ill and is admitted to hospital. Her insurance policy covers the hospitalisation costs, and she is paid out a fixed amount. From the UK, Kelechi is able to protect his mother in Nigeria from the financial risk she faces resulting from getting sick and having to be hospitalised.

1 Covering the senders' risks

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1 Covering senders' risks

This model covers remittance senders' risks in the host country.

The sender would use claims to ensure a consistent remittance to the recipient, despite personal shocks suffered, thereby safeguarding the remittance flows.

As illustrated on the next slide, all aspects of the insurance value chain occur in the host country, making this model the simplest from a partnership and regulatory point of view. This type of model could reach scale, as it can serve senders from different countries of origin.

Underwriting

An insurer in the host country would be the underwriter.

Risks covered

The product would cover senders' risks (such as health, life, funeral, disability, critical illness or asset-related risks) in the host country.

Policy holding

This could either be a group insurance product in which the RSP is the master policyholder with senders covered on the master policy, or an individual insurance product in which the sender is the policyholder.

Distribution

The RSP in the host country would serve as the distribution partner for the insurer and sell the product to its customers, remittance senders.

Premium collection

If an individual policy, the RSP would collect the premium from the sender and then transfer the funds to the insurer. If a **group policy, the RSP would transfer the premiums directly to the insurer**.

Claims pay-out

- If a group policy, the RSP would be responsible for transferring the claims payments to the sender, or potentially even directly to the receiver.
- If an individual policy, claims would be transferred directly to the sender from the insurer. The sender could choose to use the claims pay-out directly towards remittance transactions at his/her discretion.
- If the product covered the life of the sender and the sender passes away, the claim could be paid out (in either a lump sum or a number of instalments) through the RSP to the receiver in the home country as a policy beneficiary.

Source: Thom et al., 2020

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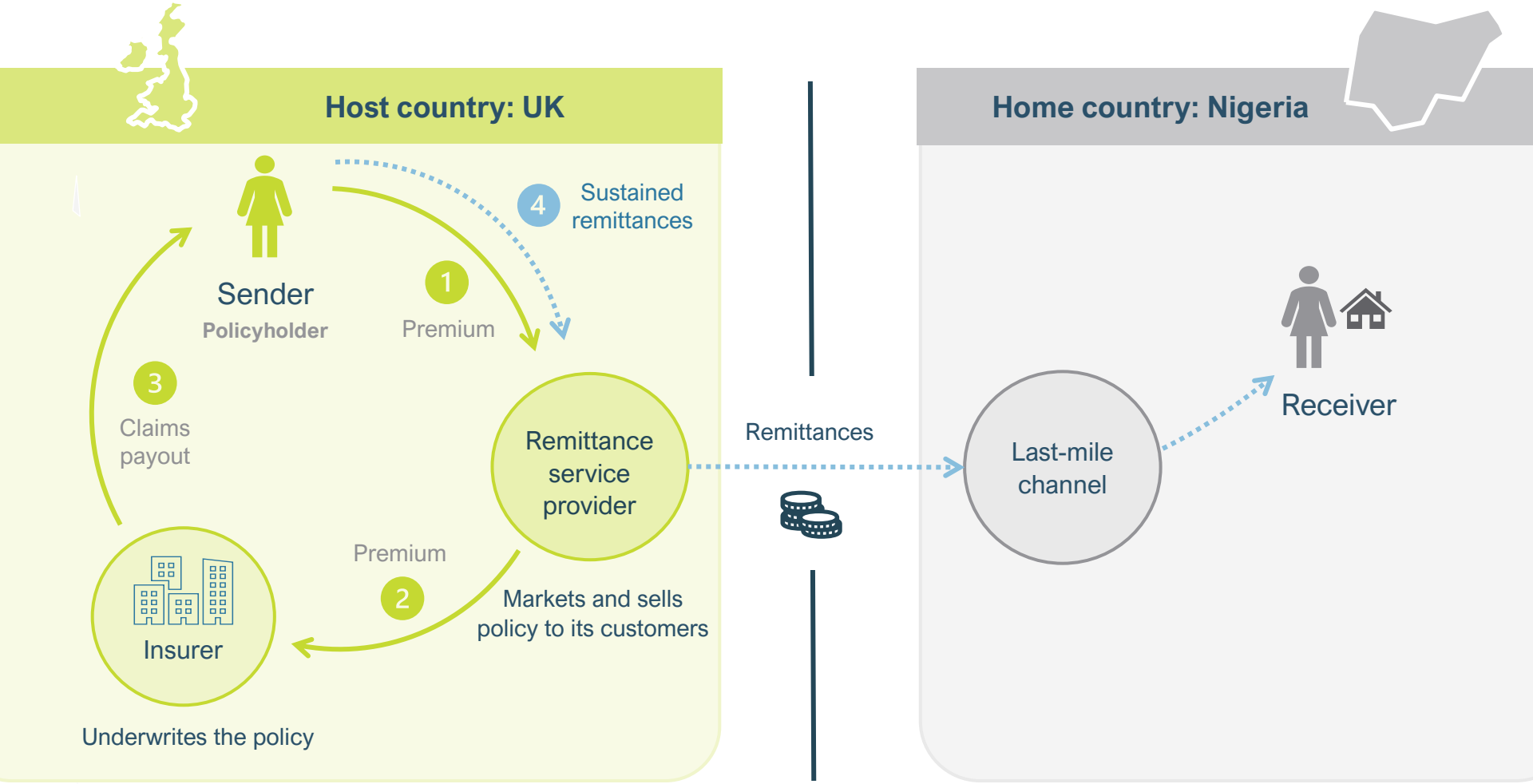
1 Covering senders' risks



Assumed pathway

Model 1 can also be structured so that claim payouts happen directly to the receiver

1 Covering senders' risks

Key regulatory takeaways and considerations – UK to Nigeria

Insurer

- Insurers can partner with RSPs holding either Payment Institution, Electronic Money Institution or Credit Institution licenses as they are **permitted to act as insurance intermediaries** (with FCA authorisation).
- Insurers should note the different insurance intermediary licenses and be aware that an **introducer license may not be sufficient to distribute insurance**.
- If wanting to partner with an RSP holding an ancillary insurance intermediary license, a **life insurance product should be a possible** offering given the cover complements the good or service which the RSP provides as its principal professional activity.
- The UK follows a **risk-based approach to CDD**, which means that insurers will need to coordinate with the RSP around customer onboarding requirements and verification processes given that the necessary requirements will depend on the value of remittances sent (EUR €1,000) and the class of insurance (life insurance). If the value of remittances sent falls within this threshold (i.e., does not exceed this threshold) and the insurance product is a non-life product then CDD measures are not required.
- There are restrictions applicable to the bundling of insurance products. **Paid-for products must be opt-in** but freemium products may be structured either as opt-in or opt-out.

Remittance service provider

- RSPs must **obtain FCA approval** to act as insurance intermediaries and will likely be required to obtain an ancillary or insurance intermediary licenses (depending on what type of RSP license they hold [Payment, Electronic Money or Credit Institution license]).
- RSPs can serve as **group policy holders.**
- **As an ancillary or insurance intermediary, an RSP can collect premiums and pay claims** on behalf of a UK insurer to the UK individual.
- It is **uncertain whether RSPs can pay cross-border claims**, i.e., to receivers in Nigeria. The UK regulation is silent on this and as such this grey area, providers should test this with the FCA.

Intermediation

Key question: Can a UK RSP market or sell insurance products that are underwritten by a UK insurer?

Take-away	Yes. RSPs (with Payment or E-Money Institution licenses) are permitted to intermediate insurance products in the UK as long as they have authorisation from the FCA to act as ancillary insurance intermediaries. On the other hand, RSPs with Credit Institution licenses are permitted to intermediate insurance products as long as they have authorisation from the FCA to act as insurance intermediaries.
Regulation	FCA Handbook
Key insight	RSPs can act as ancillary and insurance intermediaries (depending on their license) but require FCA authorisation.

Premium collection

Key question: Can a UK RSP collect insurance premiums on behalf of a UK insurer?

Take-away

Yes, an RSP can collect insurance premiums but it requires authorisation by the FCA to be either an ancillary or insurance intermediary (depending on its RSP license).

Regulation

Insurance Distribution Directive

Financial Services and Markets Act, 2000

Key insight

If licensed as an ancillary or insurance intermediary, an RSP is permitted to collect insurance premiums on behalf of insurer in the UK.

Customer due diligence (CDD)

Key question: If a UK RSP sells insurance products in the UK, will they need to collect or verify additional Customer Due Diligence (CDD)?

Take-away

The UK follows a tiered approach to CDD, so whether additional CDD information needs to be collected depends on two things: (1) what type of product is being sold, life vs. non-life and (2) what CDD information on the sender has already been collected and verified. If the RSP is selling a life insurance policy, then they would be required to collect and verify additional CDD information above and beyond what the RSP is likely to already collect. However, if the sender has remitted an amount which exceeds a certain threshold (for e-money, it is EUR €1,000), then the RSP would have already been required to collect and verify additional information on the sender.

Regulation

AML regulations, 2017

Key insight

Additional CDD information may need to be collected and verified, but it depends on what type of insurance policy is being sold (life vs. non-life) and whether or not the RSP already has collected and verified certain information on the sender (e.g. the policyholder).

Claims

Key question: Can RSPs pay claims to individuals in the UK?

Key question: Can claims be paid to a beneficiary in a foreign country?

Take-away	Yes. As long as the RSP is licensed as an ancillary or insurance intermediary, it may as part of its insurance distribution activities, pay claims to individuals in the UK.	It is uncertain whether ancillary or insurance intermediaries are permitted to pay cross-border claims as UK regulation does not specifically address this.
Regulation	Insurance Distribution Directive	N/A
Key insight	RSPs, licensed as ancillary or insurance intermediaries, can pay out claims to customers in the UK on behalf of an insurer. However, it is uncertain whether RSPs can pay cross-border claims, i.e., to receivers in Nigeria.	

Group policy holding

Key question: Can UK RSPs be a group policy holder?

Take-away

Yes, RSPs can serve as group policy holders in the UK.

Regulation

FCA Handbook

Key insight

RSPs can be group policy holders.

Electronic signatures

Key question: Are electronic signatures permitted by regulation?

Take-away

The use of electronic signatures is permitted by regulation in the UK.

Regulation

eIDAS Regulation (Regulation (EU) N°910/2014)

Key insight

E-signatures are permitted in the UK and can be used to conclude the sale of an insurance contract.

Bundling

Key question: Can insurance products be bundled/embedded with other financial services?

Take-away

Yes, insurance products can be bundled with other financial services but there is a ban on opt-out selling of bundled products. So, if the bundled product is a freemium or loyalty product then it can be structured as either opt-in or opt-out but if the product is being paid for by the consumer, then it must be structured as opt-in.

Regulation

Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013

Key insight

The bundling of insurance and remittance products is permitted but paid-for products must be structured as opt-in.

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Covering senders' risks with an underwriter in the UK

Key regulatory grey areas and barriers for Model 1

Theme	Barrier/grey area	Regulation	Implication
Cross-border claims payment	It is uncertain whether RSPs licensed as ancillary or insurance intermediaries are permitted to pay cross-border claims. The UK regulation is silent on this.	N/A	This is important in the instance that the claims payout (for life or other type of policy) is sent directly to the beneficiary in the receiving country, and will require providers to test this with the FCA.

3

Covering the receivers' risks

3 Covering the receivers' risks

This model covers remittance receivers' risks, such as health, life, business or asset-related risks. The receiver would be the policyholder. The sender would pay the premiums on behalf of the receiver, and the RSP would help to facilitate premium payments.

This model could be extended to cover the recipients' loss of income in the event that the sender dies and is no longer able to send remittances. As illustrated by the next slide, aspects of distribution and premium payment would occur in the host country, whereas all other aspects of the insurance value chain would occur in the home country.

Underwriting

An insurer in the home country would be the underwriter.

Risks covered

Risks of the remittance receiver (such as health, life, business or asset-related risks) would be covered. It is possible for the remittance sender's life and/or repatriation costs to be covered as well.

Policy holding

This would be an individual insurance product in which the receiver is the policyholder. If a life policy that covers the sender, the sender or the receiver could be the policyholder.

Distribution

The insurer and its distribution partners in the home country could sell the policy to receivers. The RSP in the host country could also market the policy to its customers, the remittance senders. However, as the receiver is the policyholder, paperwork would need to be submitted by the receiver and the policy taken up in the home country.

Premium collection

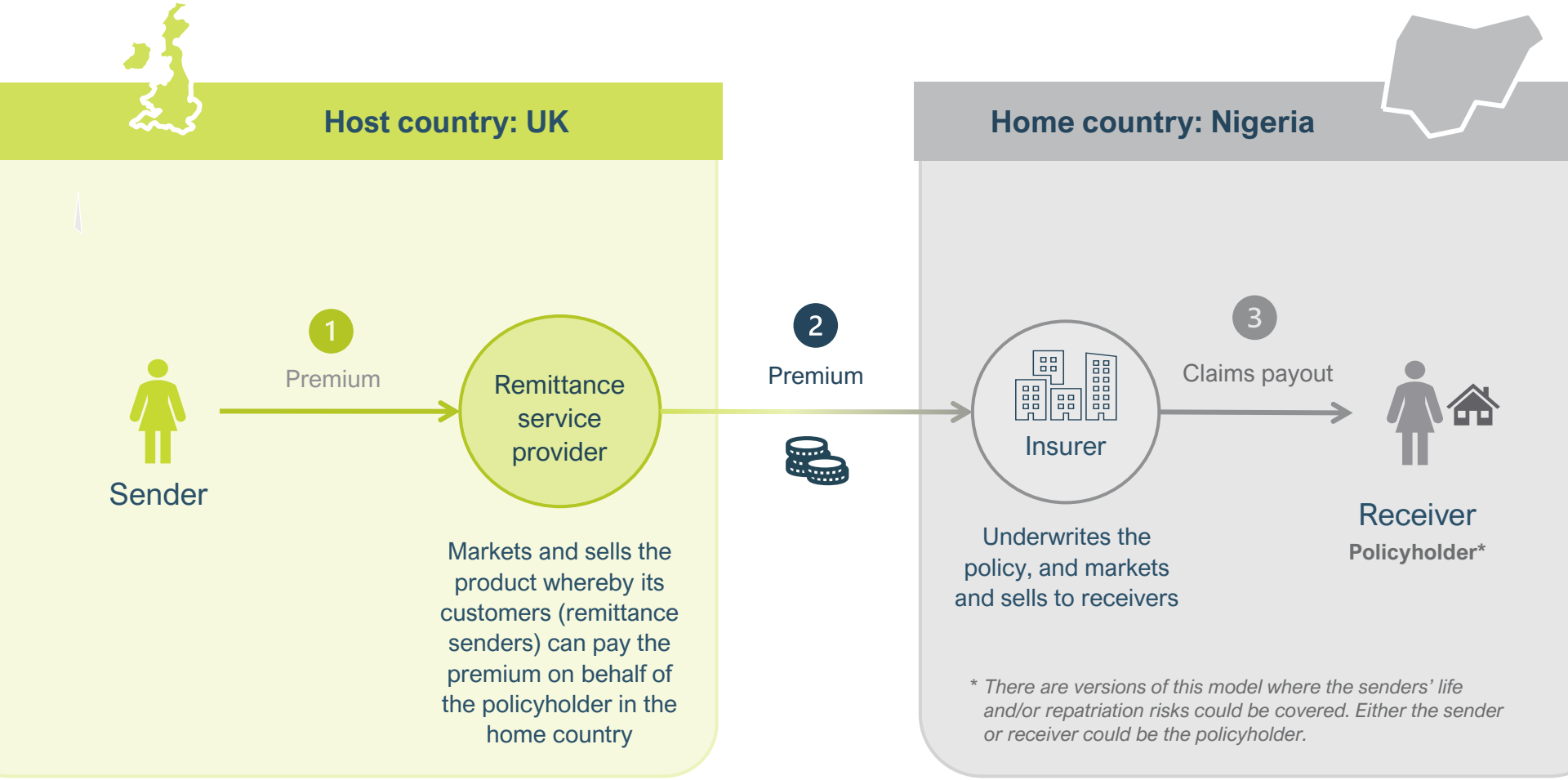
The sender would be responsible for making premium payments on behalf of the receiver, and the RSP in the host country would facilitate the premium payments to the insurer in the home country.

Claims pay-out

Claims pay-outs would be directly transferred from the insurer in the home country to the policyholder, the receiver.

Source: Thom et al., 2020

3 Covering the receivers' risks



* *There are versions of this model where the senders' life and/or repatriation risks could be covered. Either the sender or receiver could be the policyholder.*

Covering receivers' risks

Key regulatory takeaways and considerations – UK to Nigeria

Insurer

- The UK follows a **risk-based approach to CDD** so it would be advisable for the UK RSP partner to engage with the Nigerian insurer around documentation needed as part of customer onboarding and verification process as per the requirements in Nigeria.

Remittance service provider

- It is a regulatory grey area as to whether the FCA or NAICOM would need to provide any **special approval or additional authorisation** for a UK-based RSP (licensed as an ancillary or insurance intermediary) to market and sell an insurance product to remittance senders in the UK that is underwritten in Nigeria.
- Regulation in the UK **does not address** whether RSPs are able to make cross border (person-to-business) payments of insurance premiums. RSPs should **engage the FCA** to determine whether they would be able to **collect premiums from customers** in the UK and **make payments to insurers** in Nigeria.

Intermediation

Key question: Can an RSP licensed in the UK market or sell insurance products that are underwritten by a Nigerian insurer?

	UK	Nigeria
Take-away	In the UK, regulation does not address this explicitly. However, regulation with regards to ancillary insurance distribution does not specify a restriction to local products.	Regulation does not distinguish between local and foreign intermediaries. RSPs are required to register as insurance brokers or microinsurance intermediaries with NAICOM. It therefore remains unclear whether a foreign entity can serve as an intermediary for insurance products that are underwritten by a Nigerian insurer and cover Nigerian risks.
Regulation	IDD (ancillary insurance intermediary and insurance distribution)	Section 36, Insurance Act, 2003
Key insight	Neither the UK nor Nigerian regulations address foreign intermediation explicitly. It is thus vital for providers to engage regulators in both countries to clarify.	

Premium collection

Key question: Can a UK RSP collect insurance premiums on behalf of a Nigerian insurer?

	UK	Nigeria
Take-away	In the UK, regulation does not address premium collection on a foreign insurance policy by local insurance intermediaries.	This is not addressed in Nigerian regulation.
Regulation	N/A	N/A
Key insight	It is uncertain whether either UK or Nigerian regulation would permit a UK RSP to collect insurance premiums on behalf of a Nigerian insurer given that regulation does not address this explicitly. It is therefore a grey area that should be tested with both the FCA and NAICOM by providers wishing to do this.	

Customer due diligence (CDD)

Key question: Will an RSP licensed in the UK need to collect additional CDD information on the insurance policyholder (e.g. the Nigerian remittance receiver)?

	UK	Nigeria
Take-away	The UK follows a risk-based approach (RBA). As such, UK RSPs that do not already collect the necessary information on the remittance receiver will need to collect additional information.	Nigeria follows a RBA, so it will be important for the RSP and insurer to align their CDD requirements.
Regulation	AML regulations, 2017	Sections 13, 45, 79, 129 AML and CFT in banks and other financial institutions in Nigeria Regulations, 2013
Key insight	No foreseen regulatory issues, but operationally the partners will have to coordinate around what documents will be required and align their processes depending on their risk appetite. It is likely that the RSP partner does not already collect the necessary information on the remittance receiver, so it is likely additional data collection is required.	

Electronic signatures

Key question: Are electronic signatures permitted by regulation?

	UK	Nigeria
Take-away	Yes, the use of electronic signatures is permitted in the UK.	Yes, electronic signatures are permitted for contracting.
Regulation	eIDAS Regulation (Regulation (EU) N°910/2014)	Section 17, Cybercrimes (Prohibition, Prevention etc.) Act, 2015
Key insight	E-signatures are permitted in both the UK and Nigeria, and may be used to conclude the sale of an insurance contract.	

Covering receiver risks with an underwriter in Nigeria

Key regulatory grey areas and barriers for Model 3

Theme	Barrier/grey area	Regulation	Implication
Marketing and selling across borders	It is unclear whether the FCA or NAICOM would need to provide any special approval or additional authorisation for a UK-based RSP (licensed as an ancillary insurance intermediary) to market and sell an insurance product to remittance senders in the UK that is underwritten in Nigeria.	Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (UK) Sections 34 and 36, Insurance Act 2003 (Nigeria)	This is a key grey area which requires providers to engage with both the FCA and NAICOM.
Cross-border premium collection	It is unclear whether RSPs can collect premiums from remittance senders and transfer them across borders to an insurer (e.g. Person-to-Business payment (P2B)) as this is not explicitly address in regulation.	N/A	Providers need to engage the FCA whether RSPs can do P2B transfers as this would enable them to collect premiums from senders in the UK and send it to insurers in Nigeria.

Thank you

Contact us if you have further questions on this topic or if you are interested in launching remittance-linked insurance products.

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About Cenfri
Cenfri is a global think-tank and non-profit enterprise that bridges the gap between insights and impact in the financial sector. Cenfri's people are driven by a vision of a world where all people live their financial lives optimally to enhance welfare and grow the economy. Its core focus is on generating insights that can inform policymakers, market players and donors who seek to unlock development outcomes through inclusive financial services and the financial sector more broadly.

About FSD Africa
FSD Africa is a non-profit company that aims to increase prosperity, create jobs and reduce poverty by bringing about a transformation in financial markets in sub-Saharan Africa (SSA) and in the economies they serve. It provides know-how and capital to champions of change whose ideas, influence and actions will make finance more useful to African businesses and households. It is funded by the UK aid from the UK Government. FSD Africa also provides technical and operational support to a family of 10 financial market development agencies or "FSDs" across SSA called the FSD Network.

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