

THE SENATE

FEDERAL REPUBLIC OF NIGERIA

***COMMITTEE ON BANKING, INSURANCE AND OTHER FINANCIAL
INSTITUTIONS.***

**REPORT OF THE COMMITTEE ON BANKING, INSURANCE AND OTHERS
FINANCIAL INSTITUTIONS ON THE 2016 BUDGET OF THE NATIONAL
INSURANCE COMMISSION (NAICOM)**

OCTOBER, 2016

REPORT OF THE COMMITTEE ON BANKING, INSURANCE AND OTHERS FINANCIAL INSTITUTIONS ON THE 2016 BUDGET OF THE NATIONAL INSURANCE COMMISSION (NAICOM)

1.0 INTRODUCTION:

It will be recalled that the Senate at its sitting on Thursday 21st July, 2016 considered the request of Mr. President, Commander-in-Chief of the Armed Forces of the Federation on the 2016 budget of the National Insurance Commission and referred same to the Committee on Banking, Insurance and other Financial Institutions for further legislative action.

1.0 Under Section 6 of the National Insurance Commission Act, 1997, the principal objective of the Commission is to ensure the effective administration, supervisory, regulation and control of insurance business in Nigeria for the attainment of a high ethical standard needed to position the industry as a leading market in Sub-Saharan Africa.

1.1 Section 23(1-2) and 24 of the Act require the Commission to not later than 3 months prepare and submit to its Board the Income and Expenditure budget of the Commission which will in turn be forwarded to the Minister charged with the responsibility for matters relating to insurance. However, the Fiscal Responsibility Act, 2007 requires that the budget be transmitted to the National Assembly for appropriation.

The Committee earlier met in Senate Conference Hall 022 with the House Committee on Insurance and the National Insurance Commission on Thursday 18th February, 2016 deliberated and approved the Commission's budgetary estimates.

3.0 SUMMARY OF NAICOM 2016 BUDGET

Revenue Projections:

Gross Revenue	N4,198,115,217
Less Statutory Transfers	N1,285,431,457
Net Operating Revenue	N2,912,683,761

Expenditure Estimates:

Recurrent Expenditure	N3,337,281,429
Capital Expenditure	N2,891,136,000
Staff Loans	N208,300,00
Contribution to CRF (25% of IGR)	N1,049,528,804
	<u>N7,486,246,244</u>
Net Operating Deficit	(N4,573,562,483)
Transfer from Operating Reserve	<u>N4,573,562,483</u>
	<u>0</u>

3.0 FINDINGS AND OBSERVATIONS

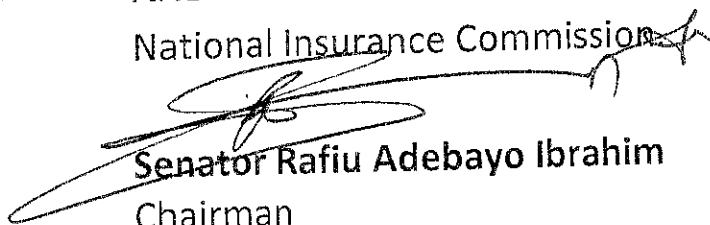
The Committee observed that the Commission's 2016 corporate budget is based on the following thrusts:

- i) Stability in government monetary policies and other macro-economic indices such as monetary policy rates, interest rate, foreign exchange rate and inflation rate.
- ii) To ensure greater collaboration and synergy with sister Financial Services Regulatory Agencies.

- iii) To increase inter-departmental synergy and collaboration to reduce revenue leakages.
- iv) To facilitate immediate implementation of revenue audit on Insurance Institutions.
- v) Continuous enforcement of the (MDRI) core objectives for increased market deepening and insurance penetration.

4.0 RECOMMENDATION:

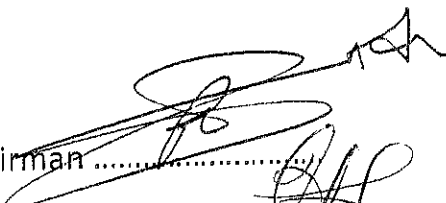
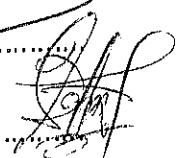
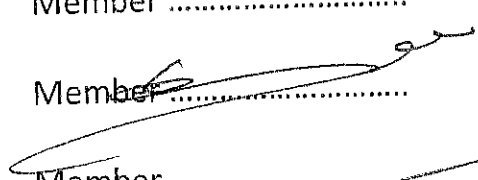
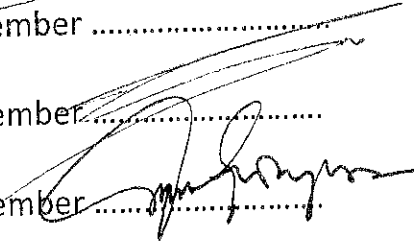
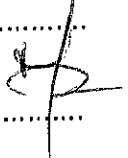
That the Senate do approve the attached Recommendation in the sum of **N7,486,246,244 (SEVEN BILLION, FOUR HUNDRED AND EIGHTY SIX MILLION, TWO HUNDRED AND FORTY SIX THOUSAND, TWO HUNDRED AND FORTY FOUR NAIRA)** only for the 2016 total Expenditure Budget of the National Insurance Commission



Senator Rafiu Adebayo Ibrahim
Chairman

**REPORT OF THE COMMITTEE ON BANKING, NSURANCE AND OTHER FINANCIAL INSTITUTIONS
ON THE 2016 BUDGET PROPOSAL OF THE NATIONAL INSURANCE COMMISSION (NAICOM)**

SIGNATURE PAGE

1. Senator Rafiu Adebayo Ibrahim	-	Chairman	
2. Senator Samuel Anyanwu	-	Vice-Chairman	
3. Senator Umaru Kurfi	-	Member	
4. Senator Dada Joseph Gbolahan	-	Member	
5. Senator Philip A. Gyunka	-	Member	
6. Senator Tijjani Yahaya Kaura	-	Member	
7. Senator Fatima Raji -Rasaki	-	Member	
8. Senator Adesoji Rilwan Akanbi	-	Member	
9. Senator Mohammed Danjuma Goje	-	Member	
10. Senator Peter Nwaobosin	-	Member	
11. Senator Abubakar Ahmadu Moallahyidi	-	Member	
12. Senator Stella A. Oduah	-	Member	
13. Senator Benjamin Uwajumogu	-	Member	
14. Senator Isaac Mohammed Alfa	-	Member	
N.P.Ikeokwu	-	Committee Clerk	

NATIONAL INSURANCE COMMISSION

YEAR 2016 CORPORATE BUDGET – OPERATING FUND

DESCRIPTION	2016 BUDGET PROPOSAL N'BILLION	COMMITTEE RECOMMENDATION N'BILLION
REVENUE		
INTERNALLY GENERATED REVENUE (IGR)		
Insurance Levy	3,427,817,217	3,427,817,217
Renewal Fees	55,750,000	55,750,000
Registration Fees	192,500,000	192,500,000
Filing Fees	6,600,000	6,600,000
Penalties	388,030,000	388,030,000
Other Income	127,418,000	127,418,000
TOTAL IGR	4,198,115,217	4,198,115,217
Less Transfer To Statutory Funds:		
EDUCATION FUND (30% of Levy)	771,258,874	771,258,874
S. I.D.F. (20% Of Levy)	514,172,583	514,172,583
NET OPERATING REVENUE	2,912,683,761	2,912,683,761
A. RECURRENT EXPENDITURE BUDGET:		
BOARD EXPENSES:		

Directors' Sitting Allowance	16,400,000	16,400,000
Directors' Local Travels	25,000,000	25,000,000
TOTAL BOARD EXPENSES	41,400,000	41,400,000
PERSONNEL COST:	1,920,333,639	1,920,333,639
Staff Welfare	200,000,000	200,000,000
Staff Gratuity	3,618,281,439	3,619,281,439
Staff Transfer Allow.	50,000,000	50,000,000
Generator Fueling	9,000,000	9,000,000
NYSC/I.T. Allowance	6,456,000	6,456,000
Other Staff Welfare Expenses	30,000,000	30,000,000
OCCUPANCY COSTS:		
Office Rent	61,100,000	61,100,000
Rates & Levies	1,002,000	1,002,000
Electricity	51,384,000	51,384,000
DSTV Subscription	3,061,800	3,061,800
TRAVELS & HOTEL		
Travel & Hotel	100,000,000	100,000,000
REPAIRS & MAINTANANCE		
Maintenance – Land & Building	5,000,000	5,000,000

Motor Vehicles & Cycles	15,000,000	15,000,000
Office Furniture & Equipment	5,000,000	5,000,000
Computer Maintenance	10,000,000	10,000,000
Office Cleaning	23,940,000	23,940,000
Generator/ Plants Maintenance	3,500,000	3,500,000
FUELING		
Fueling (Vehicles)	24,024,000	24,024,000
PRINTING & STATIONERY		
Office Stationery & Consumables	8,000,000	8,000,000
General Printing & Publications	7,000,000	7,000,000
OTHER OFFICE ITEMS		
Other Office Items	1,000,000	1,000,000
POSTAGES & TELECOM		
Postages & Courier	5,000,000	5,000,000
Office Telephone	4,200,000	4,200,000
Cellphone GSM	10,800,000	10,800,000
INTERNET ACCESS		

Internet Access Charge	15,000,000	15,000,000
PUBLICITY & ADVERTISEMENT		
Publicity & Advertisement	20,000,000	20,000,000
Newspaper & Periodicals	1,500,000	1,500,000
AUDITORS' REMUNERATION		
Audit Fees	6,000,000	6,000,000
Audit Expenses	500,000	500,000
CONSULTANCY EXPENSES		
Consultancy Fees	50,000,000	50,000,000
Legal Expenses	75,000,000	75,000,000
INSURANCE		
Premises	4,000,000	4,000,000
Motor Vehicle	20,000,000	20,000,000
Group Life	30,000,000	30,000,000
Fire & special perils	5,000,000	5,000,000
Computer all risks	500,000	500,000
Burglary	500,000	500,000
STAFF TRAINING & DEVELOPMENT		

Training	150,000,000	150,000,000
Seminars & Conferences	80,000,000	80,000,000
Management Retreat /Group Workshop	80,000,000	80,000,000
Contribution To Industrial Training Fund	15,000,000	15,000,000
CLUB MEMBERSHIP & PROFESSIONAL BODIES		
Club Membership fees	5,000,000	5,000,000
Subscription (Professional Bodies)	14,000,000	14,000,000
DONATIONS		
Charitable	1,000,000	1,000,000
ENTERTAINMENT		
Entertainment Expenses	28,000,000	28,000,000
TRANSACTION CHARGES		
Charges (REMITA)	100,000,000	100,000,000
SECURITY		
Office	40,080,000	40,080,000
Overhead / Admin.Cost	1,375,547,800	1,375,547,800
TOTAL RECURRENT EXPENDITURE	3,337,281,493	3,337,281,493

B. CAPITAL EXPENDITURE BUDGET:		
Fixed Assets		
LIBRARY BOOKS/JOURNALS:		
Library books & e-library	12,000,000	12,000,000
Magazines, Journal & Publications	1,000,000	1,000,000
TOTAL	13,000,000	13,000,000
OFFICE FURNITURE & FITTINGS:		
Furnishing of North East Zone/Office & Lagos control office	8,000,000	8,000,000
Furnishing of 12 New Offices in State Capitals	24,000,000	24,000,000
TOTAL	32,000,000	32,000,000
OFFICE EQUIPMENT:		
Office Photocopying machine (Coloured)	2,100,000	2,100,000
Office Photocopying Machine (Black & White)	3,750,000	3,750,000
Refrigerators (Medium Size)	1,000,000	1,000,000
Water Dispensers	840,000	840,000
Air Conditioners (2HP)	3,125,000	3,125,000
Fire Proof Cabinets	4,750,000	4,750,000
Binding Equipment	90,000	90,000
Microwave	90,000	90,000

Plasma TV	1,000,000	1,000,000
Teleconferencing Equipments for 6 Zonal Offices	20,000,000	20,000,000
COMPUTER EQUIPMENT:		
Laptop Computers	7,500,000	7,500,000
Scanner	425,000	425,000
Paper Shredders	176,000	176,000
i-pads	750,000	750,000
Printers	800,000	800,000
Projector Fixed and Mobile	1,000,000	1,000,000
Microphones	80,000	80,000
Desk top Computers	4,320,000	4,320,000
IPABX intercom	315,000	315,000
IPABX intercom	6,125,000	6,125,000
PLANTS & MACHINERY:		
30KVA Generator	9,000,000	9,000,000
Transformer	2,500,000	2,500,000
3.5KVA	2,400,000	2,400,000
LAND & BUILDING:		
Upgrade of Head Office	545,000,000	545,000,000
Development of Lagos Office	1,600,000,000	1,600,000,000

COMPUTER SOFTWARE:		
Wide Area Network	10,000,000	10,000,000
Data Centre Virtualization	15,000,000	15,000,000
ERP Integration of other Directorates	10,000,000	10,000,000
IMS 4000	5,000,000	5,000,000
Online Off-site back up	6,000,000	6,000,000
Software/Application maintenance expenses	20,000,000	20,000,000
Cyberroam security appliances	5,000,000	5,000,000
Hosting Industry Portal	10,000,000	10,000,000
Financial Analysis/Audit Software	119,000,000	119,000,000
MOTOR VEHICLES:		
Toyota Hilux	8,000,000	8,000,000
Hyundai Genesis 3.8L AT Saloon car	10,000,000	10,000,000
Hyundai Pool Saloon cars	5,000,000	5,000,000
Saloon pool cars	5,000,000	5,000,000
TOTAL CAPITAL EXPENDITURE	2,891,136,000	2,891,136,000
C. TOTAL STAFF LOANS	208, 300, 000	208, 300, 000
Housing Loan	183,000,000	183,000,000
Vehicle Loan	25,300,000	183,000,000
D. CONTRIBUTION TO CRF (25% of IGR):	1,049,528,804	1,049,528,804

TOTAL EXPENDITURE BUDGET (A+B+C+D)	7,486,246,244	7,486,246,244
TOTAL OPERATING DEFICIT	(4,573,562,483)	(4,573,562,483)
FUNDING OF DEFICIT FROM OPERATING GENERAL RESERVE	4,573,562,483	4,573,562,483
NET OPERATING DEFICIT	0	0