NATIONAL INSURANCE COMMISSION

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Our Ref: NIC/076/A/01 (DC) **Date:** 31st March, 2015

To: All Chief Executive Officers/Managing Directors of
Insurance, Reinsurance and Broking Companies

Dear Sir/Madam,

PENALTIES FOR NON-COMPLIANCE WITH NIC DIRECTIVES

Further to the National Insurance Commission's directive on No Premium No Cover policy and the subsequent penalty for non-compliance with premium payments, the following penalties will apply for the various breaches.

1. **Remittance of Premiums to Co-Insurers**

   A lead insurer who fails to pay the co-insurers premiums received on their behalf within 7 days of receiving such premiums will be liable to a penalty of 10 times the amount of premium not remitted to the co-insurer(s).

2. **Notification of Co-Insurers**

   A lead insurer who fails to notify all the co-insurers within 24 hours after receiving the insurance premium shall be liable to a penalty of 1,000 penalty units in each case of failure to notify.

3. **Remittance of Reinsurance Premiums**

   Any insurer, who fails to remit reinsurance premiums on local facultative contracts within 48 hours after receiving the premium from the insured after the approved cheque clearing days by the Bank of Ghana, shall be liable to a penalty of 5 times the reinsurance premiums involved.

4. **Payment of Commissions to Brokers**

   Any insurer who fails to pay commissions to brokers after receiving the premiums from the insured within 7 days shall be liable to a penalty of 5 times the amount of commissions involved.

5. **Delayed Payment of Claims**

Any insurer who, after receiving all documents requested, fails to pay any admissible claim within the stipulated period of 4 weeks per the Claims Management Guidelines shall be liable to a penalty of 50% of the claim amount involved payable to the Commission.

The insurer shall also be liable to pay an interest at a rate equivalent to the 91-day Treasury bill on the amount involved and made payable to the claimant.

6. **Notification of Repudiation of Claim**

Any insurer who fails to notify the insured within the stipulated period of 12 days after receipt of all relevant documents to the determination of liability , shall be liable for an administrative penalty of Three Thousand Ghana Cedis (¢3,000.00) for failure to notify the claimant.

All insurers should ensure that all outstanding claims, commissions and reinsurance premiums are settled on or before April 30, 2015. These penalties shall come into effect from May 1, 2015.

Please be guided accordingly.

Thank you.

Simon Nerro K. Davor
Deputy Commissioner of Insurance
For: Commissioner of Insurance

Cc: 1. The President, GIA

2. The Chief Executive Officer, GIA

3. The President, GIBA