

AVIATION FINANCE & LEASING

Nigeria



Aviation Finance & Leasing

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Quick reference guide enabling side-by-side comparison of local insights, including into applicable treaties, domestic legislation and restrictions on governing law; title transfer; registration of aircraft ownership and lease interests; security; enforcement; taxes and payment restrictions; insurance and reinsurance; and recent trends.

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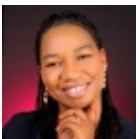


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OVERVIEW

Conventions

To which major air law treaties is your state a party?

Nigeria is a signatory to the following significant air law treaties:

- the Cape Town Convention on International Interests in Mobile Equipment and its Protocol on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment (2001);
- the Chicago Convention on International Civil Aviation (1944) and the Protocol relating to an amendment to the Chicago Convention on International Civil Aviation (article 83-bis) (1980); and
- the Geneva Convention on the International Recognition of Rights in Aircraft (1948).

These multilateral treaties remain in effect by virtue of their respective domestication into law in the newly enacted Civil Aviation Act 2022 (CAA). Nigeria has not acceded to or ratified the Rome Convention (1952).

Law stated - 14 February 2023

Domestic legislation

What is the principal domestic legislation applicable to aviation finance and leasing?

There is no specific domestic legislation applicable to aviation finance and leasing in Nigeria. The CAA, which ratifies the provisions of the Cape Town Convention (2001) and its Protocol, applies to aviation finance and leasing in Nigeria. In addition, other legislation that generally applies to financial transactions in Nigeria will apply to aviation finance and leasing transactions.

Law stated - 14 February 2023

Governing law

Are there any restrictions on choice-of-law clauses in contracts to the transfer of interests in or creation of security over aircraft? If parties are not free to specify the applicable law, is the law of the place where the aircraft is located or where it is registered the relevant applicable law?

The parties are free to choose either the laws of Nigeria or the laws of a foreign country to govern their contracts relating to the transfer of interests in, or the creation of security over, an aircraft. Nigerian courts uphold foreign governing law clauses in contracts.

Law stated - 14 February 2023

TITLE TRANSFER

Transfer of aircraft

How is title in an aircraft transferred?

Law stated - 14 February 2023

Transfer document requirements

What are the formalities for creating an enforceable transfer document for an aircraft?

A transfer document for an aircraft must be in writing, duly stamped and registered at the Nigeria Civil Aviation Authority for it to be enforceable. There is no legal requirement for notarisation and legalisation of a transfer document for an aircraft under Nigerian law.

Translation of a transfer document is necessary if it is not in English. The translated document should be certified by the Nigerian Embassy. However, where there is no Nigerian embassy in a country, a copy certified by the British Embassy, by the High Commission or by a notary public may be accepted.

Law stated - 14 February 2023

REGISTRATION OF AIRCRAFT OWNERSHIP AND LEASE INTERESTS

Aircraft registry

Identify and describe the aircraft registry.

The Civil Aviation Act 2022 provides that the Nigeria Civil Aviation Authority (NCAA) shall establish and maintain a system or register for recording the title to, or any interest in, any aircraft registered in Nigeria. Furthermore, the Nigerian Civil Aviation Regulations 2015 (NCAR) stipulate that the NCAA shall maintain an aircraft registry that shows, for each aircraft registered in Nigeria, the information recorded on the certificate of aircraft registration and any other registration. The NCAA, however, has not created any distinct aircraft registry specifically for the registration of aircraft in Nigeria. Typically, the NCAA records the registration of an aircraft or any interests in aircraft in specific and distinct files opened and maintained for owners and operators of aircraft. The owner, operator or anyone who has an interest in an aircraft may apply to register its interest at the NCAA.

Currently, there are no existing International Civil Aviation Organization article 83-bis arrangements in place between Nigeria and other jurisdictions. Previously, the NCAA and the Civil Aviation Authority of San Marino executed an article 83-bis agreement. The agreement was not made for any commercial aircraft and has ceased to be operational.

There is no specific engine register in Nigeria.

Law stated - 14 February 2023

Registrability of ownership of aircraft and lease interests

Can an ownership or lease interest in, or lease agreement over, aircraft be registered with the aircraft registry? Are there limitations on who can be recorded as owner? Can an ownership interest be registered with any other registry? Can owners', operators' and lessees' interests in aircraft engines be registered?

The NCAR defines an 'owner' for the purpose of aircraft registration as follows:

- a citizen of Nigeria;
- an individual citizen of another state who is lawfully admitted for permanent residence in Nigeria;
- a corporation lawfully organised and doing business under the laws of Nigeria, where the aircraft is based and primarily used in Nigeria;
- a government entity of Nigeria or political subdivision thereof;

- a foreign person who has leased the aircraft to one of the persons described in the points above, provided that the aircraft may remain on the Nigerian registry only for as long as the lease remains in effect; and
- the certificate of registration includes the names and addresses of the lessee and, if different, the operator of the aircraft.

In addition, any interest that constitutes a charge over the assets of a limited liability company must be filed at the Corporate Affairs Commission, which is the body that regulates corporate entities in Nigeria. The NCAA also registers interests in aircraft engines.

Law stated - 14 February 2023

Registration of ownership interests

Summarise the process to register an ownership interest.

- under 3,000kg: 10,000 naira;
- more than 3,000kg but not exceeding 6,000kg: 20,000 naira;
- more than 6,000kg but not exceeding 15,000kg: 30,000 naira;
- more than 15,000kg but not exceeding 50,000kg: 50,000 naira; and
- 50,000kg and above: 100,000 naira.

An additional fee of 50,000 naira is payable if an applicant requests a special registration mark that is out of sequence.

Title over aircraft assets is determined in contractual documents between the parties, and the NCAA does not provide distinct registration for engines in host aircraft.

Law stated - 14 February 2023

Title and third parties

What is the effect of registration of an ownership interest as to proof of title and third parties?

The NCAA does not register ownership interests distinct from aircraft registration. An important notice on the certificate of aircraft registration states that the certificate is issued for registration purposes only and is not a certificate of title, and that the NCAA does not determine rights of ownership between persons. It is therefore advisable to verify any aircraft registration with the NCAA through a search.

The NCAR provides that the NCAA shall not be liable for any damages, claims and actions arising from any defects in documents, records and depositions submitted to it in support of any application for registration or deregistration of an aircraft. It also stipulates that an applicant for registration or deregistration of aircraft shall indemnify the NCAA against any damages, cost liabilities arising from third-party claims and actions based on misrepresentation and defective documents submitted in support of an application for registration or deregistration. This provision presupposes that the registration of an aircraft with the NCAA is not effective against a third party who is able to show better title.

Law stated - 14 February 2023

Registration of lease interests

Summarise the process to register a lease interest.

A lease agreement for an aircraft must be in writing. The executed lease agreement is assessed, and the applicable stamp duties are paid to the Federal Inland Revenue Service (FIRS). The stamped lease agreement is subsequently submitted to the NCAA to be placed in the file opened and maintained by the NCAA for the particular operator. However, if the document is not in English, it would be necessary to translate it into English. Typically, the translated document would be certified by the Nigerian Embassy or, in the absence of the Nigerian Embassy, the British Embassy or British High Commission. There is no legal requirement for notarisation and legalisation of the document that creates the lease interest under Nigerian law.

At the NCAA, depending on the type of aircraft, the minimum charge for the registration of a lease interest under the fee arrangement is 10,000 naira, while the maximum charge is 150,000 naira.

Law stated - 14 February 2023

Certificate of registration

What is the regime for certification of registered aviation interests in your jurisdiction?

There are no certificates issued for registered aviation interests, as there is no formal registry of legal interest. However, the NCAA confirms by letter when an interest has been registered.

Law stated - 14 February 2023

Deregistration and export

Is an owner or mortgagee required to consent to any deregistration or export of the aircraft? Must the aviation authority give notice? Can the operator block any proposed deregistration or export by an owner or mortgagee?

A person who registers an aircraft can deregister and export it. If a mortgage interest in an aircraft is registered with the NCAA, the NCAA is under the obligation to give notice to the mortgagee if there is an application to deregister, export or change ownership of the aircraft.

By virtue of the Cape Town Convention (2001), the NCAA must honour an irrevocable deregistration and export request authorisation (IDERA). Most parties to recent mortgage agreements executed in Nigeria will have an IDERA signed and deposited with the NCAA.

A borrower may stop a proposed deregistration or export where it can prove that there has been no default or breach of agreed contract terms.

Law stated - 14 February 2023

Powers of attorney

What are the principal characteristics of deregistration and export powers of attorney?

A deregistration power of attorney (DPOA) enables the donee to freely deregister and export the aircraft. It is normally irrevocable under Nigerian law where valuable consideration has passed, or an interest is being secured until the

exhaustion of such consideration or discharge of the security. An irrevocable DPOA is usually granted to one attorney.

An irrevocable DPOA is stamped ad valorem with the FIRS at the rate of 1.5 per cent, while a revocable DPOA is stamped at the flat rate of 500 naira. A DPOA is usually registered at the NCAA along with other documents required for the registration of a security interest in an aircraft.

Law stated - 14 February 2023

Cape Town Convention and IDERA

If the Cape Town Convention is in effect in the jurisdiction, describe any notable features of the irrevocable deregistration and export request authorisation (IDERA) process.

A DPOA or an IDERA is required to be filed with the NCAA. The former is used when the mortgagee is a Nigerian entity, while the latter is used when the mortgagee is a non-Nigerian entity. The form of IDERA is usually countersigned by the NCAA.

Law stated - 14 February 2023

SECURITY

Security document (mortgage) form and content

What is the typical form of a security document over the aircraft and what must it contain?

Typically, security is created over aircraft and engines by way of legal mortgages. These are usually documented in English, which is the language of Nigerian courts. There is no special form that such a mortgage must take, but such agreements would usually contain a granting clause that sets out the specifics of the aircraft and the security interest created over it as well as clauses relating to the registration, maintenance and operation of the aircraft, replacement of parts, substitution of engines, events of loss, insurance, defaults and remedies, terms of the mortgage, terms of release of the mortgage, filings to be completed for the perfection of the mortgage, applicable law, dispute resolution and so on.

Whether or not the secured amount or the economic terms of the transaction would be stated in the mortgage agreement or in a separate loan document is entirely up to the parties. However, upon stamping the mortgage agreement, registration with the Nigeria Civil Aviation Authority (NCAA) and filing of the same at the Corporate Affairs Commission (CAC), the secured amount is required for assessing the applicable stamp duties, registration and filing fees.

Law stated - 14 February 2023

Security documentary requirements and costs

What are the documentary formalities for creation of an enforceable security over an aircraft?
What are the documentary costs?

Law stated - 14 February 2023

Security registration requirements

Must the security document be filed with the aviation authority or any other registry as a condition to its effective creation or perfection against the debtor and third parties? Summarise the process to register a mortgagee interest.

Yes, to effectively perfect the security against the debtor and third parties, the security document must be filed with the NCAA, the CAC and the International Registry.

To register the security document at the NCAA, a cover letter requesting that the mortgage be registered as well as a copy of the deed of mortgage will be submitted to the NCAA. Thereafter, the applicable registration cost will be assessed and paid. Once the registration is complete, the NCAA will issue a letter stating that the interest has been noted in the Nigerian Civil Aircraft Register and the date on which it was entered.

At the CAC, the original stamped security document is required to be filed with a Form CAC 9 (Particulars of Charge). Once the filing fee has been assessed and paid, the CAC will issue a certificate of registration of a charge setting out the secured sum, the date of creation of the charge and the person in whose favour the charge is created.

The registration of an international interest at the International Registry is completed on the dedicated website. Prior to the registration, the mortgagor and mortgagee must be registered as transacting user entities. The International Registry website provides a step-by-step guide on how an international interest can be registered.

Law stated - 14 February 2023

Registration of security

How is registration of a security interest certified?

All the foregoing can be accessed upon completion of the registration process at each registry.

Law stated - 14 February 2023

Effect of registration of a security interest

What is the effect of registration as to third parties?

Registration at the International Registry confers priority over subsequent security interests in line with the terms of the Cape Town Convention (2001). Registration with the NCAA and the CAC serves as notice to third parties that a security interest has been created over the asset. Stamping and registering the security document is the best way to establish priority under Nigerian law.

There is no priority notice system in place, but the effect of the various registrations is to put all third parties on notice as to the security interest created over the secured asset. Any subsequent charge created over the same asset would be subject, and rank second, to the interest already created and registered.

Records kept of registrations by the NCAA, the CAC and the International Registry are largely reliable in confirming the status of assets sought to be secured.

Law stated - 14 February 2023

Security structure and alteration

How is security over aircraft and leases typically structured? What are the consequences of changes to the security or its beneficiaries?

Syndicated aviation financing may utilise substantially the same structure as other types of syndicated financing. The concept of trust is recognised under Nigerian law and may be used in granting security over an aircraft by the appointment of a security trustee for the lenders in a transaction. How the trust will be managed and whether or not the security or the beneficiaries of the same can be substituted or modified is largely dependent on the terms of the facility documents. Where the facility or security documents permit substitution of lenders or the inclusion of additional lenders, the security trustee may also be empowered to hold the security on behalf of the substituted or additional lenders.

Where a security trustee is appointed in syndicated financing, the registrations in respect of the security documents may be completed in the name of the security trustee. If this is the case, there would be no requirement to make changes where there are additional lenders or lender substitutions. However, when a loan is to be transferred to a new lender, filings of the change with the relevant authorities would be required.

Law stated - 14 February 2023

Security over spare engines

What form does security over spare engines typically take and how does it operate?

Law stated - 14 February 2023

ENFORCEMENT MEASURES

Repossession following lease termination

Outline the basic repossession procedures following lease termination. How may the lessee lawfully impede the owner's rights to exercise default remedies?

Nigeria made declarations under article 54(2) of the Cape Town Convention (2001) to the effect that any remedies available to the creditor under the convention that are not expressed under the relevant provision to require application to court may be exercised without court action and without leave of court. Therefore, if the interest of the lessor in the aircraft is registered as an international interest under the Cape Town Convention (2001) and its Protocol, a court order is not required to activate the remedies stipulated in article 11 of the Convention, which allows a lessor to terminate a lease agreement and repossess the aircraft. In practice, however, there have been cases where a lessee has impeded the right of the lessor by obtaining orders of injunction to restrain the lessor from exercising self-help remedies before such remedies are activated.

If the lease is not subject to the Cape Town Convention (2001) and its Protocol, the lessee may proceed to court to have questions surrounding the lease determined by the court.

Notably, one of the grounds upon which an aircraft owned by a foreign person but leased to persons permitted to register aircraft in Nigeria can remain in the registry is if the lease remains in effect. Upon the termination of such a lease, deregistration and repossession are treated together. The lessor gives reasonable prior notice in writing of the proposed repossession to the Nigeria Civil Aviation Authority (NCAA) that the lease has been determined.

If the lease is determined by default, the NCAA requires evidence that the lessee has been given time to remedy the default but has failed to do so and that the default persists. The NCAA ensures that the incident of default is within the

terms agreed by the parties and that the lessee has indeed defaulted before it proceeds to notify the lessee and any other interest holders of the proposed deregistration and request for repossession.

Law stated - 14 February 2023

Enforcement of security

Outline the basic measures to enforce a security interest. How may the owner lawfully impede the mortgagee's right to enforce?

The aircraft can be detained by way of an ex parte application once the conditions necessary for the grant of an injunction are present (eg, that the mortgagee has a legal right to the asset; or that the mortgagor owes monies and is unable to pay, and the security for the monies is the aircraft asset that, if not detained, may be made unavailable by the mortgagee).

If the security interest is created under the Cape Town Convention (2001) and its Protocol, the procedure to be adopted in the event of an insolvency of the debtor is as set out in Alternative A of article XI to the Protocol. This is in line with the declaration made by Nigeria pursuant to article XXX (3) of the Protocol. As required, the waiting period within which the debtor is expected to give possession of the aircraft object to the creditor upon the occurrence of the insolvency-related event is 30 calendar days.

For agreements made outside the Cape Town Convention (2001), the holder of a fixed charge over an asset takes precedence in insolvency proceedings over other creditors of the debtor.

Again, in practice, it is possible (contrary to the terms of the contract) for a chargor to impede the right of the chargee by obtaining orders of injunction to restrain the chargee from exercising the self-help remedies before such remedies are activated.

Law stated - 14 February 2023

Priority liens and rights

Which liens and rights will have priority over aircraft ownership or an aircraft security interest? If an aircraft can be taken, seized or detained, is any form of compensation available to an owner or mortgagee?

It is usual to find terms relating to state confiscation or requisition in mortgage agreements executed in Nigeria. The Nigerian Constitution provides that no movable property shall be compulsorily acquired by the government except in the manner and for purposes provided by a law that, among other things, provides for the prompt payment of compensation and gives any person claiming such compensation a right of access to a court of law or tribunal for the determination of his or her interest and the amount of compensation to a court of law or tribunal.

Section 44 of the Nigerian Constitution is, however, without prejudice to any general law relating to, among other things, the imposition or enforcement of any tax, rate or duty. For instance, the Federal Inland Revenue Service (FIRS) is empowered to sell distrained goods or chattels to satisfy a taxpayer's assessed tax obligation if the taxpayer fails to pay the assessed tax and any cost or charges incidental to the distraint. By this provision, the FIRS can validly distraint and sell an aircraft or any of its parts or equipment to satisfy the tax obligation of the owner of the aircraft or equipment.

Law stated - 14 February 2023

Enforcement of foreign judgments and arbitral awards

How are judgments of foreign courts enforced? Is your jurisdiction party to the 1958 New York Convention?

Foreign judgments are enforced in Nigeria in accordance with the provisions of the Foreign Judgments (Reciprocal Enforcement) Act, Chapter F35, Laws of the Federation of Nigeria 2004 (the 2004 Act) and the Reciprocal Enforcement of Judgments Act 1922, Chapter 175, Laws of the Federation and Lagos 1958 (the 1958 Act).

Section 3 under Part 1 of the 2004 Act (which contains provisions for the registration of foreign judgments) provides that, where the Minister of Justice is satisfied that (in the event of the benefits conferred by Part 1 of the 2004 Act being extended to judgments given in the superior courts of any foreign country, substantial reciprocity of treatment will be assured with regard to the enforcement in that foreign country of judgments made by a superior court in Nigeria), the Minister may, by order, direct the extension of Part 1 to that foreign country. No such order has been made by the Minister of Justice to date. Section 10(a) of the 2004 Act allows the enforcement of foreign judgments of countries to which Part 1 of the 2004 Act has not been extended, provided that such applications for enforcement are made within 12 months of the foreign judgment or within such other time as the court may permit. The term 'judgment' under the 2004 Act includes an arbitral award. Foreign arbitration awards are thus enforced in the same manner as foreign judgments under the 2004 Act.

Certain foreign judgments may also be enforced under the 1958 Act. This Act deals with the registration and enforcement of judgments obtained in Nigeria, the United Kingdom, and other parts of the dominion and territories of the reigning monarch of the United Kingdom. The 1958 Act was not repealed by the 2004 Act as was decided by the Nigerian Supreme Court in the case of *Witts & Busch Ltd v Dale Power Systems plc*.

In addition to the above statutory provisions, Nigeria is also a party to the New York Convention (1958) and arbitration awards are enforced in accordance with this Convention.

Law stated - 14 February 2023

TAXES AND PAYMENT RESTRICTIONS

Taxes

What taxes may apply to aviation-related lease payments, loan repayments and transfers of aircraft? How may tax liability be lawfully minimised?

Generally, income earned by non-resident aviation companies from air transport is taxed under a special tax regime subject to a minimum of 2 per cent of the full sum received in respect of the carriage of persons and goods loaded in Nigeria. However, non-core air transportation activities including aviation-related lease payments, loan repayments and transfers of aircraft are taxed as usual business profits under the general tax rules. The tax treatment of leases depends on the nature of the lease. While the principal Act is silent on the tax implications of wet and dry leases, the Federal Inland Revenue Service through its explanatory circulars on aviation leases under tax treaties, advises that profits accruing from wet leases will be taxed as air transportation profits while profits from dry leases will be taxed as business profits. Importantly, taxable persons in countries with whom Nigeria has a double tax arrangement (DTA) will be taxed based on the provisions of the DTA. Lease payments and interest on loan repayments are subject to withholding taxes at the rate of 10 per cent. For non-resident companies, the taxes withheld are treated as their final tax. Foreign loans with a repayment period of two years and above may enjoy tax exemptions on the interest payments depending on the moratorium. The maximum tax exemption allowed is currently 70 per cent.

Capital gains taxes on the transfer of aircrafts used in international traffic in circumstances constituting a disposal

arise where the owner of the aircraft or the person entitled in an interest or right over such aircraft is resident in Nigeria. In the case of commercial aircrafts, VAT will not arise.

Notably, countries that have a DTA with Nigeria are taxed based on the provisions of such treaties, resulting in a minimised rate of taxation.

Law stated - 14 February 2023

Exchange control

Are there any restrictions on international payments and exchange controls in effect in your jurisdiction?

Nigerian laws permit the repatriation of proceeds of valid transactions and other international payments in any convertible currency, provided that the necessary documentation is duly completed and provided to an authorised dealer. Authorised dealers are banks licensed by the Central Bank of Nigeria to operate in the foreign exchange market. The documentation required will depend on the type of payment or remittance (aircraft lease payments, maintenance fees, spare parts costs, insurance premiums, etc). The authorised dealer will process the payment or remittance and make the appropriate notification or returns to the Central Bank of Nigeria.

Law stated - 14 February 2023

Default interest

Are there any limitations on the amount of default interest that can be charged on lease or loan payments?

No. This is a matter of contract between the parties. Default interest should, however, be reasonable as Nigerian courts generally do not enforce clauses that appear to be punitive.

Law stated - 14 February 2023

Customs, import and export

Are there any costs to bring the aircraft into the jurisdiction or take it out of the jurisdiction? Does the liability attach to the owner or mortgagee?

Yes. Customs duties are imposed on the importer. However, airline operators registered in Nigeria that provide commercial air transport services are entitled to duty-free importation of their aircraft, engines, spare parts and components, whether purchased or leased. Furthermore, commercial aircrafts, commercial aircraft engines and commercial aircraft spare parts are exempt from value added tax.

Law stated - 14 February 2023

INSURANCE AND REINSURANCE

Captive insurance

Summarise any captive insurance regime in your jurisdiction as applicable to aviation.

Section 72(1) of the Insurance Act 2003, which is applicable to the aviation industry, prohibits the insurance or

reinsurance of a risk of a property in a Nigerian business except with a Nigerian insurance or reinsurance company. This provision is interpreted and enforced by the Nigerian Insurance Commission to bar the insurance or reinsurance of aircraft or aircraft equipment with a foreign company. The Insurance Act 2003 does not provide a percentage of the risk that is required to be mandatorily insured or reinsured in Nigeria.

There are, however, situations where the National Insurance Commission (NAICOM) may permit, in writing, a risk to be insured or reinsured with a foreign insurer or reinsurer upon an application of a person seeking to maintain foreign insurance or reinsurance. Such a person must satisfy NAICOM that, by reason of the exceptional nature of risk in or emanating from Nigeria or such exceptional circumstances, the risk cannot be placed with an insurer or reinsurer in Nigeria.

The Insurance Act 2003 does not restrict the insurance or reinsurance of risk in Nigeria to any particular insurance or reinsurance company, or group of insurance companies. A person is therefore at liberty to spread the risk among different insurance or reinsurance companies. In practice, a percentage of aviation risk is retained in the Nigerian market and is spread among insurance companies. The bulk of the risk is reinsured with foreign reinsurance companies.

Law stated - 14 February 2023

Cut-through clauses

Are cut-through clauses under the insurance and reinsurance documentation legally effective?

There is no prohibition of cut-through clauses under the Insurance Act 2003 and, in the absence of such prohibition, cut-through clauses are legally effective in Nigeria.

Law stated - 14 February 2023

Reinsurance

Are assignments of reinsurance (by domestic or captive insurers) legally effective? Are assignments of reinsurance typically provided on aviation leasing and finance transactions?

Yes. An assignment by an insurer or reinsurer subject to the terms of the contract would be legally effective.

Law stated - 14 February 2023

Liability

Can an owner, lessor or financier be liable for the operation of the aircraft or the activities of the operator?

The owner, lessor or financier of an aircraft is, in the eye of the law, a distinct legal entity from the operator of the aircraft. Unless there is an agency relationship, the former is not liable for the activities of the latter. There is no provision of the law that imposes such liability.

Law stated - 14 February 2023

Strict liability

Does the jurisdiction adopt a regime of strict liability for owners, lessors, financiers or others with no operational interest in the aircraft?

There is no provision for strict liability for owners, lessors or financiers with no operational interests under the Civil Aviation Act 2022 or the extant regulations.

Law stated - 14 February 2023

Third-party liability insurance

Are there minimum requirements for the amount of third-party liability cover that must be in place?

The minimum amounts of third-party insurance cover to be maintained by aviation service providers are specified in the Nigerian Civil Aviation Regulations 2015 (NCAR). The minimum amount of third-party cover required to be maintained by aviation service providers, as provided under Part 18 of the NCAR, depends on the maximum take-off weight (MTOW) of a fixed-wing aircraft or a rotary wings aircraft. The maximum third-party liability limit for a fixed-winged aircraft, dependent on MTOW, is US\$350 million, while that of a rotary wings aircraft is US\$150 million.

Law stated - 14 February 2023

UPDATE AND TRENDS

Key developments of the past year

What were the key cases, decisions, judgments and policy and legislative developments of the past year?

A new Civil Aviation Act (CAA) was passed into law in October 2022. The CAA 2022 makes the Nigeria Civil Aviation Authority the body solely responsible for the regulation of civil aviation in Nigeria. It is envisaged that the new Act will create a robust regulatory framework to facilitate the growth of the aviation sector in Nigeria.

The Federal Government of Nigeria (FGN) is seeking to commence commercial air transport with a national carrier, Nigeria Air. On 23 September 2022, the Nigerian Minister of Aviation announced that the federal government had selected Ethiopian Airlines (ET) Consortium as the preferred bidder for Nigeria Air following a public-private partnership bid process undertaken with the guidance of the Infrastructure Concession Regulatory Commission. It is expected that ET Consortium will hold 49 per cent, Nigerian investors will hold 46 per cent and the FGN will retain 5 per cent. Nigeria Air is yet to commence operations.

Law stated - 14 February 2023

Jurisdictions

	Austria	Benn-Ibler Rechtsanwälte GmbH
	Belgium	Kennedys Law LLP
	Brazil	Basch & Rameh Advogados Associados
	British Virgin Islands	Conyers
	Canada	YYZlaw
	Egypt	Shahid Law Firm
	Germany	Freshfields Bruckhaus Deringer
	India	Sarin & Co
	Indonesia	Nurjadin Sumono Mulyadi & Partners
	Israel	Gottlieb, Gera & Co
	Italy	Pierallini Studio Legale
	Japan	Nishimura & Asahi
	Latvia	SUCCESS410.COM Specialized Advisory Services
	Lithuania	Šulija Partners (Lithuania)
	Malta	Dingli & Dingli Law Firm
	Netherlands	Stek
	Nigeria	Streamsowers & Köhn
	Spain	Augusta Abogados
	Sweden	Vinge
	Switzerland	Meyer Legal
	United Arab Emirates	HFW
	United Kingdom - England & Wales	Clyde & Co LLP
	USA	Milbank LLP