

CLAIMS SETTLEMENT

Claims Settlement involves the settlement of claims filed by depositors and other creditors of closed banks. It also includes the payment of liquidation dividends to uninsured depositors and creditors of closed banks.

INSURED DEPOSIT PAID

Since inception, the payout option had been applied to 35 out of 49 failed banks. The option involves the winding-up of a failed bank and payment of the insured deposits up to the insurable limit to its depositors.

Depositors with uninsured funds and other general creditors of the failed bank do not receive either immediate or full reimbursement, instead they are issued Liquidator's Certificates. The certificate entitles its holder to a portion of the dividend declared by the Liquidator from the failed bank's assets.

Other claimants of the failed bank such as other creditors and even shareholders receive their portion of the dividend declared by the Liquidator from the failed bank's assets after all depositors had been fully paid.

Given that all the failed banks' licenses had been revoked before the new NDIC 2006 Act, the deposit insurance coverage level applicable to the insured depositors was ₦50,000.00 per depositor per failed bank. The applicable coverage limit had since 2006 been increased to ₦200,000.00 per depositor per insured failed institution for the universal banks while it became ₦100,000.00 per depositor per insured primary mortgage institution (PMI) or microfinance bank (MFB) in order to ensure the adequacy of the coverage levels. In that respect, as at December 31, 2010, the Corporation had paid a total of ₦7.597 billion insured deposits to insured depositors of the bank-in-liquidation.

LIQUIDATION DIVIDEND PAID

In the discharge of its statutory mandate as liquidator of failed banks, more and more uninsured depositors had been paid liquidation dividends in addition to the payment of insured depositors of the closed banks.

The sum of ₦73.58 billion was paid as liquidation dividend as at 31st December, 2012 to ₦250,209 depositors. These payments included the uninsured portion of private sector depositors of 11 of the 13 banks closed post-consolidation which was refunded to the CBN since it had earlier funded them.

The payment of liquidation dividends or excess amount to public sector depositors of the 11 banks-in-liquidation following their closure in 2006 was made from proceeds of the residual physical assets and recoveries from debtors of the closed banks. It is noteworthy that eleven (11) of the banks had declared a final dividend of 100 percent of total deposits, indicating that all their depositors would fully recover their deposits. The affected banks were:

- ABC Merchant Bank Limited (in-liquidation);
- Alpha Merchant Bank Plc (in-liquidation);
- Amicable Bank of Nigeria Limited (in-liquidation);
- ICON Limited (Merchant Bankers) (in-liquidation);
- Kapital Merchant Bank Ltd (in-liquidation);
- Nigeria Merchant Bank Ltd. (in-liquidation);
- Pan African Bank Ltd. (in-liquidation);
- Premier Commercial Bank Ltd. (in-liquidation);
- Rims Merchant Bank Ltd. (in-liquidation);
- Merchant Bank of Africa (in-liquidation); and
- Continental Merchant Bank Ltd. (in-liquidation).

Apart from the 11 failed banks that had declared 100% dividend to their depositors, many other depositors of the remaining banks in liquidation had recovered more than 90% of their trapped deposits in some of the closed banks.

PAYMENTS TO CREDITORS

In keeping with the priority of claims under the Companies and Allied Matters Act (CAMA), liquidation dividends had also been paid to some general creditors of some of the banks. As at the end of 2010, the sum of ₦1534.43 million was declared for 699 creditors of the banks-in-liquidation, out of which the NDIC had paid the sum of ₦1,122.29 million to 422 creditors who had filed their claims. The cumulative liquidation dividends declared for shareholders of 3 banks-in-liquidation as at December 31st 2012 stood at ₦1,513 million out of which ₦1,285.65 million had been paid.

CLAIM FORMS

- Insured Deposit Payment Slip
- Claim for Payment of Uninsured Deposits
- Uninsured Deposits Sworn Statement (for Individuals)
- Uninsured Deposits Sworn Statement (for Companies)
- Indemnity for Payment of Deposits