ROLE OF INSURANCE COMPANIES IN NIGERIA'S ECONOMIC DEVELOPMENT

BY

MUHAMMED ADISA SHITTU
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MUHAMMED ADISA SHITTU

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DECLARATION

I hereby declare that this project is original to me and, to the best of my knowledge, no similar work has been earlier presented anywhere for the award of a degree or diploma.

All other materials external to me have been gratefully acknowledged.

M. A. SHIIU		15/11/2000
NAME OF STUDENT	**SIGNATURE**	**DATE**

The above declaration is confirmed:

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THE SUPERVISOR	**DATE**

CERTIFICATION

This project titled, "The Role of Insurance Companies in Nigeria's Economic Development" by Muhammed Adisa Shittu meets the Regulations governing the Award of the Degree of Master's of Business Administration (MBA) of Ahmadu Bello University, Zaria, and is approved for its contribution to knowledge and literary presentation.

----------------------------------	27th September, 2000
SUPERVISOR	**DATE**
----------------------------------	15th Sept 2000
Professor Usman A. Zahradeen **EXTERNAL EXAMINER**	**DATE**
----------------------------------	12/2/01
HEAD OF DEPARTMENT	**DATE**
----------------------------------	18/11/01
DEAN, POST GRADUATE SCHOOL	**DATE**

DEDICATION

THIS PROJECT IS DEDICATED TO AL-MIGHTY ALLAH WHO SPARED MY LIFE IN A GHASTLY MOTOR ACCIDENT, SO THAT I CAN COMPLETE THE PROJECT.

ACKNOWLEDGEMENT

I must give thanks to Almighty Allah for giving me the courage and zeal to pursue and conclude this programme successfully even when all hopes seemed to have been lost.

A work of this type cannot be tackled without the helping hands of others. I am very grateful to my supervisor Hajiya Larai Shaafii for her guidance and invaluable suggestions which have seen to the enviable standard of the work.

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SHITTU MUHAMMED ADISA

ABSTRACT

The subject matter of this project is quite topical, relevant and the timing is unique in the present day Nigeria. Insurance companies have a vital role to play in the transformation of Nigeria economy, so its contributions to the economic development of Nigeria are of utmost importance.

Despite the enormous contribution of this key financial sub-sector to the economic development of the country over the years and its potential for future development. It is quite discouraging to note the wide spread criticism in insurance practices has created some sort of prejudice to the subsector.

This project will look at the importance of insurance to individuals and corporate organisations. It will also discuss insurance contribution to economic development vis-a-vis Savings Mobilization, Investments Manufacturing, Agriculture and Agro-Allied Industries, real estate and Construction, General Commerce, Employment and man power development, and miscellaneous such as services, consumption, loan to staff and policy holders.

I shall then close by looking at the future prospect of the sub-sector and make necessary recommendation based on the findings that will enhance the contribution of the insurance companies to the economic development of Nigeria.

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CHAPTER I:- INTRODUCTION

1.1 Introduction:-

One of the indices for measuring the development of any economy is the size and maturity of its insurance industry. This is because the insurance companies play a very important role in the mobilization and utilization of investible resources in the economy.

It also acts as the absorber of the risk and uncertainty associated with economic activities; the absence of a market for which can greatly reduce the growth of economic activity[1]. The relevance of the insurance industry is even much more pronounced in such less developed economies as Nigeria where the financial system is not very sophisticated and where there is a lack of basic infrastructural facilities required to aid the growth of the economy.

This gives rise to the dependence of these economies on those of developed countries with attendant leakage forming negatives impact in the less developed countries balance of payment.

It is also universally agreed that no modern economy can operate efficiently without the support of an organised disciplined and viable insurance industry. This explains why government attach such great importance to the performance of insurance companies as well as the character and quality of the institution and individuals that operate the insurance enterprises. It is the reason and justification for the government interest in sponsoring, efficient, supervising, and regulatory system, as part of the Nation's Insurance mechanism.

The insurance industry contributes a lot to the stability and development of the National economy both in the context of its for many role of risk bearing and as regards to the secondary function in the Nation's financial service industry, particularly in it's roles in the mobilization of funds for investments in the National economy, a facilitator of the credit system of the credit system and as promoter of savings and saving culture [2].

Futhernore; the role of insurance companies in the economy can also be examined through the contribution of this sub-sector to various economic development undicators.

Although, we have a relatively young insurance industry operating under a weak national economy, resulting in a low level of insurance awareness, the Nigerian Insurance industry has contributed quite substantially to the development of our national economy over the years.

Taking a broad view, the purpose of Nigeria Insurance is to protect and conserve the wealth of the nation whilst at the same time assisting to generate more wealth, all with the ultimate objective of ensuring the socio-economic well being of the nation. Expressed in precise term, the insurance is concerned with generating, protecting and conserving Nigerian's wealth [3].

The insurance has contributed much to development of Nigeria economy by 1996, the total investment of Nigeria insurance in the Nigeria economy has risen to well over N22.9 billion [4]. The above figure clearly indicate the importance and relevance of insurance industry as key factor in the national economy.

1.2 Statement of the Problem:-

Insurance services have come to be recognised by both individuals and corporate bodies to be effective tools for the transfer of risks which are vital for economic development. This service enables people to carry out their economic activities unmindful of the adverse effect of this risk.

Despite this, the sub-sector is confronted with many problem such as market distortion, high rate of inflation, various government regulations, unethical practice and fraudulent tendencies from both the insuring public and the insurance practitioners. It becomes necessary to look indepth into the activities of the industry, and in the light of this, the study shall look into the relevance of the insurance business in a developing economy by examining the key economic development indicators and suggest what necessary steps the authority should initiate to adopt more relevant insurance system.

1.3 Research Objectives:-

Looking at Insurance Mechanism, it would be seen that insurance is a service rendering business. It has a social character that sets it apart from other tangible goods industries. Being mostly a contract of indemnity and more so that insurance is a commodity which people pay for in advance and whose benefit are reaped in future, sometimes in the far distant future often by some one different from the insured and who is not present to protect himself when the contract is made. This has generated most misconception and criticism among insurance public and it is the aim of this study to throw more light in the activities of the insurance companies with the view of arousing awareness of the public/policy holders.

Attempt will be made to identify those critical factors that are responsible for the relatively lack of impressive performances of the sub-sector. It will also highlight some positive aspect in the system that will be translated into opportunities which can be cashed in the industry for better and enhance performances. Lastly, the research will trace the place of insurance in the Nigeria economy so that its roles is understood in its proper perspective.

1.4 Significance of Study:-

It is to be noted that there are very few literature and academic research into insurance activities in Nigeria relating to economic development, with a few of measuring its impact on the economy.

The above situation has contributed to the low image of this sub sector despite huge investment accruing to the nation through it. The banking sub sector have not suffered much as insurance because a lot of literature and research have been carried out relating to it and economic growth of the nation. It is in the light of the above that the researcher intends to carry out this study which will make a tremendous contribution of this sub-sector to the growth and development of this nation.

1.5 Scope of Study:-

The project is centered on the role of insurance companies in the economic development of Nigeria. For proper analysis a period of 10 years will be under review i.e. 1988 – 1997. A decade is usually enough to assess the impact of a sub sector in the Economic Development of a country.

The choice of this period is to allow for comparism of various economic development indicators such as total savings, investments and total assets.

1.6 Limitations of the Study:-

It is the nature of any research effort that some inherent features of the elements that constitute subject matter of study will present some characteristic, that of necessity, impose some limitation to the conclusion of said study. This case is not different. The insurance industry is still a growing industry and so there is dearth of information directly from the companies as a result of this, one has to rely on newspaper publication, seminar papers and other insurance journals. In addition to the above, is the unco-operative attitude of some insurance practitioners relating to release of information involving the organisation.

1.7 Research Methodology:-

The research method used did not involve hypothesis testing or complex statistical performances but based on emperical studies.

Various statistics made available by Federal office of Statistics, Central Bank annual report and statement of accounts, national insurance commission, insurance year book, as well as Nigeria Insurer Association were used to assess the development. trend for the period under review. In the study, various economic indicators of the insurance companies will be identified and their values compared and analysed within the period of study. In addition, this periods coincides with various development particularly in areas of insurance legislation and re-organisation of insurance companies in the industry.

1.8 Definition of Term:-

For the purpose of clarify and to avoid possible misinterpretation, it is important to give contextual definitions or explanations of some important phrases or concepts as used in the projects.

Insurance:- This refers to modern method of sharing losses, of spreading risk lightly over a great number of people so that few unfortunate persons who sustain losses do not suffer heavy financial loss as a result of the misfortune. It is an agreement between insurer and insured whereby the insurer undertakes, in return for the payment of a premium, to pay the insured compensation or sum of money upon the happening of a specified event.

INSURED:- The policy holder, whose life or property has been insured

INSURER:- The company or the organisation that is involved in insurance business

PREMIUM:- The money paid by the insured to insurer for the insurance cover provided either monthly, quarterly or Annually.

POLICY:- A document setting out in writing the agreement between insured and insurer as to the scope of the cover granted under the contract.

INDEMNITY:- Compensating for a loss or making good a loss by placing the insured in the same financial position after the loss as he was in before.

The objective is to restore the insured to the financial position after the loss as he was before the loss occurred and no more.

SUM INSURED: The limit of liability of the insurer to the insurer to pay under a policy. The sum insured is the maximum amount that the insurer pays in the event of loss.

COVER: Protection provided by Insurance Company.

RESERVE: Funds which are set aside by an insurance company for the purpose of meeting obligations as they fall due.

CLAIM: Demand by the insured for payment under policy.

RISK MANAGEMENT - A systematic devised to minimized the adverse effects of possible financial loss by identifying potential source of loss and deciding how each risk can be treated. Insurance is one of the tools used by the risk managers in solving the risk problems.

SUBJECT MATTER OF INSURANCE: The property, things, persons or liability covered by an insurance policy.

DOCTRINE OF INSURANCE: They are insurable interest, utmost good faith contribution, subrogation and proximate cause.

- UTMOST GOOD FAITH: Refers to the duty to disclose all material facts by the parties. Facts are materials, if it would influence the judgement of a prudent insurer (under writer) in deciding whether to accept or reject the risk.

- CONTRIBUTION :- Refer to the right of an insurer who has paid under a policy of insurance to call upon other insurers equally of other liability for the same loss to contribute to the payment.
- SUBROGATION:- Refers to the right of an insurer who has paid under a policy to take over the right and privileges of the insured to recoup the loss from a negligent third party.

CATASTROPHY:- A sudden and severe calamity or disaster. An event which causes a loss

PROXIMATE CAUSE:- Refer to the direct, dominant effective and efficient cause that brought the accident.

CAPITAL ACCUMULATION:- Increasing the country stock of real capital i.e. net investment in fixed assets.

INVESTMENT:- That part of income or expenditure devoted to the production of capital goods over a given period of time. Gross investment refers to total expenditure on new capital goods while Net investment refers to additional capital goods produced in excess of those that wears out and need to be replaced.

MANPOWER:- Is the human skill both technical and managerial that are necessary for the optimum use of the resources of the country.

HUMAN CAPITAL:- Productive Investment embodied in human being. These include skills abilities, ideals, health etc that result from expenditures in Education , on the job training programmes and medical care.

ECONOMIC GROWTH:- The steady Growth process by which the productive capacity of the economy is increasing over time to bring about rising level of national income.

ECONOMIC DEVELOPMENT:- It implies a positive charge in the economic and social infrastructure of the society i.e. an improvement in technique of production, in the consumption choice open to the average citizens etc. it involves with qualitative and non-qualitative aspects. It also involves a reduction in income inequality, unemployment and poverty.

1.8 Chapter Preview:-

The projects will be based on the role of insurance in Nigeria Economic Development. The first chapter will be purely on introduction and procedure to be adopted to carry out this research work and also highlight the problems.

The second chapter will be literature review, this will concentrate on review of past researches or topics relating to insurance business and contribution to Economic Development.

The third chapter will be based on conceptual frame work i.e. doing some indepth analysis of the concepts of Economic Development and insurance, and also examining various area associated with insurance business activities.

The forth chapter will deal with data presentation and analysis, this entail indepth analysis of various economic indications data collected, study their trends and growth and also their implications to the insurance industry as a whole.

The last chapter (v) will be summary, then make necessary conclusion and recommendation based on the finding in the previous chapters.

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1. Role of Insurance in Nigeria economy NICON at 25 (25th Anniversary of NICON 1969 – 1995) Pg. 2.

2. Prof. J. O. Irukwu - Professionalising Insurance "Challenge of the New Millenium". Business Times, June, 21st, 1995.

3. Journals of Insurance Institute: The essential of Risk Management, Dec, 1995

4. Insurance Digest Vol. 8 (Pg. 4) 1997.

CHAPTER II

LITERATURE REVIEW

2.1 Introduction:-

Insurance has been given various definitions with each adopting that he considers most appropriate for the message being conveyed.

Insurance companies have been described as the business that exist in order to ensure the survival of other business. A lawyer would define insurance as a contract whereby a person called insurer or assurer agrees in consideration of money paid to him, called premium, by another person called the insured or assured, to indemnify the later against loss resulting to him on the happening of certain events[1]. The policy is the document that contained the terms of contract.

From the above, it is very clear that insurance business is simply a modern method of sharing losses, of spreading risks lightly over a great number of people so that few unfortunate persons who sustain losses do not suffer heavy financial blows as a result of their misfortune.

Modern commercial insurance is relatively new to Nigeria which undoubtedly is due to our cultural background and our extended family system which on its own provided for contribution by members of the family to the misfortunes of other family groups members.

As responsibilities increased and society became more sophisticated, so insurance as we know today began to have an increasing importance in our life. Individuals and organisations are exposed to various risk, such as fire, theft, death and injuries, infidelity and welfare of employees, loss of profit, maritime perils to mention but few, and it is this important role of providing against risks that accompany all personal, government and business activities within the economy that distinguished insurance companies from other members of financial markets namely the banks and other finance houses[2].

Inspite of social and economic value as a risk management tool and despite its key role in the national economy, it is not all risks that are insurable. Insurance companies will only insure those risks classified as insurable risk.

2.2 Insurance and Economic Development:-

In examining the role of insurance in economic development, three theoretical concepts call for attention.

Firstly, Domestic mobilization if financial resources by presenting various products, which is essential for capital formation and accelerated goal of development.

Secondly, an efficient allocation of available domestic resources vital to development process of and the economy[3].

Insurance is one of the fundamental institution that will provide the most efficient mechanism for mobilising financial resources and channel them to productive investment.

Capital as a necessary ingredient for economic growth is recognised greatly in development theory. One of the reason for lack of accelerated economic growth in a developing economy like Nigeria is due to inadequate financial resources. Insurance companies can play a greater role by mobilising available financial resources for industrial transformation and promote economic development.

Nigeria's economy is made up of many interesting sectors. They are classified into primary, secondary and tertiary sectors or public and private, the households, firms and government or the financial sector.

Transaction takes place in these sectors through the use of finance. Insurance belong to the tertiary sector because they took up risk as their major stock of trade[4].

Economic development entails a positive charge in economic and social superstructure of the society i.e. an improvement in technique of production, in the consumption choice open to the citizen etc. It also involves both quantitative and Non-quantitative aspects and also a reduction in income inequality, unemployment and poverty[5].

In addition to the above, Development entails the general upward movement of the society. Ingredient of rapid economic development include Mineral Wealth resources, capital both financial and materials, quality and quantity of human resources and the technical skill. To transform an economy, development must move from one level to another desire level.

The primary economic function of an insurance is the assumption of pure risk of many insured. The risk transfer system involves the combination of the risk of many individuals who are bounded together. It does not reduce the aggregate amount of potential loss, but it does achieve a reduction in the uncertainty and spread the burden of those whose risk are pooled. The major economic benefit accruing to the society from insurance mechanism is the reduction of uncertainty in the aggregate. The extent to which pure risks, like fire or flood is inimical to economic progress, its reduction is a valuable contribution to the well being of the society. It is on the basis of the above, that insurance contributes a lot to the growth and stability of thetiational economy in the context of its primary role of risk bearing.

Insurance generate fund which they collect by way of premium. A substantial volume of these insurance fund are invested in various sector of our national economy, such as government securities, real estate, public and private project. Furthermore, the contribution of this subsector to the economy, is its ability to channel the private savings of individual policy holder to public sector in order to finance business ventures of manufacturing in one hand and the public sector borrowing in the other .

One of the most important and principal forces in Economic development of a nation is capital formation or accumulation, the essence of the process then is the diversion of a part of society's currently available resources to the purpose of increasing the stock of capital goods so as to make possible an expansion of consumable output in future. These also include high standard of Education, health, scientific tradition and research. One of the most important condition for capital accumulation is savings i.e. the ability of the insurance companies to mobilise within the economy necessary saving inform of premium[7].

Insurance companies also contributes to the development of capital and money markets. The insurance companies constitute one of the major institutional investor in the capital market thereby providing channel for the sourcing of funds for both the public and private sector. In addition to the above, the insurance companies also play a major role in the credit system. Modern society is increasing base on credit. Few would own houses if they have to save upto full price of the house.

Similarly, a lot of private property is bought on hire purchase terms. In trade and commerce too, somebody has to grant credit and thus bear the risk of non-payment. Modern insurance have been evolve to bear the inherent in such transactions. By requiring debtors to purchase life and disability income insurance payable to the creditors, lenders need not tie up scarce capital in contigency fund which need to be kept in highly liquid, often low yielding asset.

In summary the insurance companies provide two basic services i.e protection of their client and that of accumulating savings which could be used for development purpose and their bid for protection they must to the liquid.

Insurance companies form a part of the very fabric of the economy and arë indispensable. In the modern state they are vital necessity because they are one of the most important vehicles of development and this is because of the security they give to entrepreneur, policy holder and share holder. Investors and industrialist are generally quite conscious and conservative and prudent investors would take the risks of investing substantial sums of money in any project without being certain about the security of investment, makes it possible to release funds, which he had kept in reserve for investment in the relevant project or development. The over all effect of insurers intervention in this regard is to promote the development of trade and industry which would probably not have taken place in the absence of insurance.

The insurance companies' activities promote confidence and eliminate fears. The state of being insured has consistently been described as the purchase of security and peace of mind. It cannot be seriously disputed that the purchase of adequate insurance protection promote.confidence and eliminate insecurity and fear of loss.

As indicated above, many business project would never have taken off without insurance, and international trade would have been seriously restricted but for the facilities offered by insurance.

The insurance companies provide employment opportunities for the people within the economy. The rapid development of the industry within the past years have been possible as a result of untiring efforts of the personnel in the industry[8].

The advent of an organised insurance industry and the activities of its members have greatly improved the Education of insurance consciousness among business houses and individuals. This has reduce the level of risk which generally encourages entrepreneur and therefore enhances the growth of the economy.

The subsector has been playing a very useful role in the economy, such as reduction in the outflow of resources through retention of insurance premium and re-insurance premium within the economy, with a consequent positive effect on the country balance of payment. It is also a major catalyst in the development of large industrial undertakings which are highly capital intensive.

Insurance is very active in financial intermediation process. It brings together and turn in to capital small sum of money which would otherwise have remained unused or spent. The life business is of special importance to the economy because of its role as a medium for collection of savings. Its contractual nature encourages thrift in the society. Since savings is very essential in any developing economy, the habit of savings should be encouraged. This is why government grant tax relief to policy holder on premia paid.

Lastly, the insurance premium in Nigeria is send to represent a marginal 0.2 percent of the Gross Domestic Product with less than 10% of the population having any form of insurance cover. Although it has been predicted that by the first decade of the new century the contribution of insurance to Nigeria economic development via gross premium income as percentage of Gross Domestic Product will be 3 percentage with over 50 percent of Nigeria population possessing one form of insurance cover or other[9].

Although the level of insurance awareness in Nigeria is still low, insurance is and has been a key factor in the Nigeria economy and will continue to be a vital tool to address the risk problem in the year ahead.

If the right policies and positive attitude are adopted, insurance should play an important role in the development and growth of our economy as it has done in the economies of most developed and developing nations of the world.

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CHAPTER III

CONCEPTUAL FRAMEWORK

3.0 Introduction:-

Today many will agree with me that we now live in a world full of risks. The human existence is surrounded by various types of risks and insecurities. Our modern living condition expose us to various types of risks. Everyday that passes each of us is in danger of sustaining a loss from fire, motor accident or any other types of accidents, diseases or even from activities of armed robbers and other criminals. Since we cannot stop these everyday risks from occurring, it is sensible that we should take what ever precaution that we can arrange in order to protect us and provide remedy in case of any loss. This simply what insurance is all about.

3.1 Brief History of Insurance in Nigeria

The practice of insurance as is presently constituted in Nigeria began in 1921 with the establishment of a branch office of Royal Exchange Assurance Company of Britain[1]. This branch was in Lagos and it enjoyed some degree of monopoly for quite some time.

In 1949, however this monopoly was eventually broken with the entry into the market of three other British owned insurance companies. These were the Norwich Union fire Insurance Society, now operating as part of Guinea Insurance Company Limited, the Tobacco Insurance Company Limited and the Legal and General Assurance Society Limited[2].

It was not until 1958 that the first indigenous company, African Insurance Company Limited was established[3]. At the time of independence in 1960, the size of the market was substantially enlarged to 25 companies out of which only four were indigenous. These were the said African Insurance Company, Nigeria General Insurance Company and Universal Insurance Company. However, by 1965, the number of insurance had risen to more than 50, with some of these founded by Nigeria[4]. Within the next years the industry witnessed a proliferation, with over 150 companies operating in the market, some of them illegally. Along the line the government sought to intervene directly in the market. It established the National Insurance Corporation of Nigeria (NICON) in 1969 and under the Indigenisation Decree of 1972, acquired controlling shares in fourteen (14) foreign owned insurance companies[5].

It also progmulated the Insurance Decree of 1976, as amended by Insurance Decree of 1991 aimed at regulating and controlling insurance operation and to check the upsurge of mushroom companies.

However, with economic boom of the late 1970's and early 1980's more insurance companies were established with the result that by the end of 1985 the number of registered companies had risen to about 180[6]. As a result of government efforts to bring sanity into the subsector due to various policies, the total number of registered insurance companies as at Dec. 31, 1997 stood at 181[7].

The government also established the Nigeria Re-Insurance Corporation of Nigeria and other five re-insurance companies with one fully owned by the government.

There are various development that led to shaping of Nigeria Insurance Industry, in order to restore confidence in the industry the following Decrees was progmulated. These are Decree 58 of 1991, Chartered Institute of Nigeria (CIIN) degree 22 of 1993 and Insurance Decree 2 and 3 of 1997.

3.2 **Concept of Insurance:-**

Insurance is another illustration of risk transfer technique and a major part of most risk management programme.

It can be defined as a business of transferring risks by mean of a contract i.e. It can be viewed as a contract between two people (the insurer and the insured).

In view of the above it is a social mechanism design to provide a cushion for individuals and organisation who have suffered some misfortunes. The basic role of insurance is to create common pool into which individual contribute premium commensurate with the degree of risk or to put it simply, the possibility of incurring a loss.

The members of the pool who are unfortunate to suffer one loss or the other are compensated with the contribution of other members of the pool. In this way the larger society is made responsible for providing compensation for the unfortunate few ones who unavoidable incur financial losses through operation of certain mishaps.

A study of insurance history reveals that[9]:-

* Insurance practice arose from the need to protect against certain perils at each stage of human development
* The practitioner and the buyers of insurance co-operated to operate the business out of a recognition of the mutual benefits the two parties derive from the practice
* The insurance public and the insurers operated with some degree of risk in the absence of statistical data on which to base premium and lack of past performances from insurers.

Anybody that is in a position to enjoy or benefit from the services provided by the insurance industry today is ipsofacto an insurance consumer. This will include individual, business organisation, charities, clubs, local authorities, public corporations and government institution. It is suffice to say that the insurance consumer today is increasingly a complex person ranging from the individual to the juristic person, whose rights, duties, liabilities has become more complicated with the advancement in technology and sophistication of modern living.

Insurance as a contractual obligation, where one party known as insurer undertakes in return for consideration known as premium, to pay compensation to other party in respect of fortuitous events insured against.

In view of the above, let us examine the basic legal principles and practice of insurance[10].

(a) Principles of Insurable Interest:- The law and practice of insurance require every person who take out an insurance policy to have an insurable interest in the item being proposed for insurance. If the proposer has no insurable interest in the subject matter proposed for insurance the contract will not be valid in the sense that it has no legal effect. It is the legal requirement of an insurable interest in all insurance contract that distinguishes such contract from gambling in the eyes of the law.

(b) Principle of utmost good faith:- As far as insurance law is concern, a contract of insurance is a contract of Utmost Good Faith. For this reason, each party to every contract of insurance i.e. the insured or the insurer is expected to observe the doctrine of Utmost Good Faith in his dealings with the other party throughout the whole period of the transaction. This principles require that each party to the contract of insurance must not only refrain from misleading the other but also disclose and not conceal any material information relating to the risk proposed for insurance. Therefore, when anyone applies for any insurance protection, he must supply the insurer with every fact that he or she knows about the risk to enable the insurer to decide whether to grant the cover or not.

(c) Principles of Proximate Cause:- The term proximate cause is simple language in the actual, real document and affective cause of loss. The Proximate Cause rule is an important feature of modern insurance law and practice, since the insurer will only pay for loss if it is clear that the proximate cause of a loss was peril. For example: if you take out a fire policy on your building against fire and an aircraft crashed on the building and destroy it or rioter attack the building and destroy it no compensation will be made by the insurer. This is because in insurance law, only a loss which has been proximately caused by an insured peril is recoverable under an insurance policy. Proximate cause of a loss does not necessarily mean the last cause but effective, dominant or real cause. If the cause of damage is real, effective and dominant, the insurer will be obliged to indemnify the insured under the policy.

(d) Principles of Indemnity:- When an insurance policy is described as a contract of indemnity, we mean that in the event of a loss arising from an insured peril, the insured shall be placed in the position he was immediately before the loss. The practice of insurance does not allow the insured to recover more than his financial loss even though in practice it is possible for an insured to recover less than full indemnity. This principles of indemnity which applies to all insurance of properties and liability insists that the policy holder must not make a profit from a fortuitous even. This principle is vigorously embraced by the insurance in Nigeria as other places of the world.

3.3 **Demand for Insurance:-**

The basic demand for insurance arises, from the satisfaction that a consumer gains from the increase in financial security achieved by transferring the risk of loss to an insurer[11]. The function of insurance has several important implication for the policy holders.

First of all, in turn for the payment of a premium, the consumer is able to transfer some (but not all) of his uncertainty to the insurer.

Secondly, the unknown cost of risk (represented by the possible losses incurred and loss of utility caused by the existence of risk) in substituted for a known cost i.e. the premium payment made at known time.

Thirdly, the policy holder is left to bear all those risk that cannot be insured plus those insurable risk that have been retained for one reason or the other.

Generally speaking, demand for insurance depend on the level of economic activities in the country. For example, the demand for marine insurance depend on the level of foreign trade.

The level of demand for fire, accident and motor insurance in influenced by the growth in rate of capital acquisition, the volume of internal commercial activities determine the level of demand for various miscellaneous insurance business and the willingness and the ability of the insured to pay premium is influenced by the level of income[12].

3.4 RISK MANAGEMENT TECHNIQUE:-

Risk management is all embracing. It has been defined as efforts taken to minimize the impact of uncertain events whose probability of occurrence is calculable[13]. Risk management as a recognised disciplined, has only been practiced for some decades. Therefore, the intention here is to provide its basic description starting with the identification, analysis and control of risks.

In order to have a proper understanding of risk management, a brief analysis of its classification would be beneficial. Risk may be classified as pure and speculative. Pure risks are more likely to cause loss with no possibility of gain to the individual or organisation exposed to it, at its best may result in no change in the situation of the individual or such organisation. This may be dealt with by insurance. Speculative risk are generally uninsurable, any occurrence may result in either loss or gain to the individual or organisation exposed to it.

Dynamic risks arise from the economic, social, environmental and poliical changes that take place in the society whilst static risks exist even in the absence of such changes. Fundamental risks affect whole of the society when they occur while particular risks affect only the individual who may exert some control over it.

The risk management process could be classified as follows:

(1) Risk Identification

(2) Risk Evaluation

(3) Risk Control

Risk Identification:-

Risk Identification is the first step in any risk management process. It involves the ability to identify the likely perils to which individual or organisation is exposed. The point needs be stressed that no single method of risk identification can reveal all the risks to which an individual or organisation is exposed and risk identification is an on-going process.

Physical examination and inspection is one of the methods of risk identification which is suitable for tangible property. This may be done by company's own surveyors, independent surveyors. One may also make use of the services of an insurance company's survey team. The survey report should contain a detail plan report, photograph and recommendation for risk improvement.

Organisation chart is another risk identification method. It is very useful in that it may reveal the nature of the organisation's activities, the interdependence and inter-relationship between various parts of the organisation, the staff and management structure, power structure and the organisation weakness which may exacerbate risk situations.

Questionnaire and Check list are also useful. Questionnaire elicit relevant data thus enabling us to assess potential risks to which the organisation is exposed. Check list may be used as an "aide memoire" where each peril or hazard is considered in the relationship to the organisation. A FLOW CHART may be defined as a systematic presentation of the flow material through a company's organisation. Another system of risk identification is safety audit.

This has been defined as a critical examination of an industrial operation in its entirety, to identify potentials, hazards and levels of risk.

Risk Evaluation:-

Risk evaluation is very vital in any risk management process because before any sensible risk handling decision can be taken, some estimate is needed of their likely impact on the organisation.

Among the various methods of risk evaluation is statistics. Statistics is very useful tool in the risk management process and it involves the collection, organisation, presentation, analysis and interpretation of data. Probability theory which is a branch of statistics is universally acceptable as a method of predicting potential risks and events.

In probability theory, no event can have a probability of less than 0 not more than 1. With regards to risks, probability theory may be applied to the frequency and severity of events. Risk managers are now able to calculate with relative ease the frequency and severity of events and make future projections.

Risk Control:-

Having identified and evaluated the risk, the next step in the risk process is risk control. There are many methods of controlling risk namely:-

(a) Risk Avoidance

Among risk managers, this is generally considered as the most drastic method of dealing with risks. This is because it involves abandoning the activity with the consequential effect of losing the benefit that may be derived from such activity.

(b) Risk Reduction:-

This is the most common method of risk control. It has the aim of achieving a reduction in either the probability of a loss producing event occurring or in the size of the ensuring losses. It may be carried out on tangible property by the installation of physical controls such as sprinkler system, fire alarms, and burglar alarms. Management, accounting and administrative controls can also be effected

(b) Risk Transfer:-

Risk transfer can take two forms, that is the transfer of the activity that creates the risk from one organisations to another. An example is the transfer from one organisation to another of the legal liabilities of a contract. Risk transfer can also take the form of transferring the financial losses that may arise from the occurrence of a risk. An example is the transfer from one organisation to another of the legal liabilities of a contract. Risk transfer can also take the form of transferring the losses that may arise from the occurrence of a risk. An example of this is Insurance. Insurance provide a means for handling risks with low probability of transferring a large loss which an organisation cannot afford to retain itself.

It should, however be noted that as highly valuable as insurance is, not all risk are insurable and insurance does not provide a perfect compensation for all losses.

In conclusion, it can be seen that risk management is so important to the survival of an organisation that it can be said that none can survive without it. Risk identification, risk evaluation and control should be given adequate attention from planning stage up to maturity.

3.5 THE NATURE AND STRUCTURE OF INSURANCE MARKET:-

The market is open, competitive, free and reasonably fair. The intervention of the government has been more or less directed at ensuring that insurance business are conducted in accordance with sound insurance principle, the companies are managed by competent and qualified personnel and that insurance companies are run fairly and efficiently.

At the Apex of the structure of Nigeria Insurance is a controlling authority, the Insurance department of the Federal Ministry of Finance which just metamorphosed into National Insurance Supervisory Board now changed to National Insurance Commission of Nigeria[14]. The body is to ensure compliance with relevant legislation and regulation concerned with the business of insurance in the country.

Then there are insurance and Re-insurance companies. Relevant published statistical information both within and outside the country suggest that the Nigeria Insurance Market occupies the leading position in the African Insurance Market when measured in terms of either market capitalisation, numerical strength and gross premium income[15].

There are 180 registered Insurance Companies with an estimated Gross premium income of about N20.8 billion in 1996[16]. There are five re-insurance companies in the market namely; Nigeria Re-Insurance Corporation, African Re-Insurance Corporation, Continental Re-Insurance Corporation, Universal Re-Insurance Company and Globe Re-Insurance Company.

There are also intermediaries. These are made up of agents and brokers. There are full time agents who are remunerated either by way of salary or commission or in some case a combination of both and part time agent who are remunerated by way of commission only. It should be noted that an agent of a law is a person who has been employed to perform and act on behalf of his principals within specific guidelines. The broker on the other hand is an independent operator not in anyone's direct employment. He merely sets himself the task of being parties to an insurance transaction together. When this is done, the broker's responsibilities comes to an end. The broker is usually professionally qualified and remunerated by commission.

Following this, is the insurance consumer, this can be individual, business organisation, charities, clubs and similar organisations, public and local authorities, public corporations and government institutions.

3.6 INSURANCE REGULATION AND LEGISLATION:

The first government intervention by means of law was the insurance companies Act of 1961[17] which sought to establish and organise insurance industry. The act created the office of Registrar of Insurance to supervise insurance practice. Other provision of the act included minimum capital requirement and other condition for registration, monitoring and control of insurance operation generally.

Insurance (miscellaneous provision) Act of 1964 and Insurance decree of 1968 soon followed that of 1961 since it proved inadequate[18].

Despite all these, the activities of insurance companies still call for better regulation and more effective machinery for enforcing the law. In 1965, the government sought the assistance of United Nation's Insurance expect with a view of getting them to sanitize the insurance environment. One of the result of this effort was the enactment of Decree 22 of 1969 which established the National Insurance Corporation of Nigeria (NICON) with a mandate to insure government assets in addition to assisting in the organisation, control and development of insurance practice in Nigeria[19].

Government's direct interest in insurance was subsequently extended to private sector under the Nigeria Enterprises Promotion Decree of 1972 and 1977, the government compulsorily acquired participatory share in all foreign own insurance companies then operating in Nigeria.

Then there was the very popular Insurance Decree of 1976. This decree not only abrogated previous Acts on insurance supervision, it also formed the basis for effective licensing, control and supervision of insurance companies. The decree also provided for the licensing and control of general operations of insurance Brokers, Agents and other Intermediaries[20].

However, one of the most significant aspects of the decree related to the provision regarding the compulsory insurance of marine imports and also control over investment of insurance fund. The decree also covered capitalisation requirement of companies, appointment of key personnel and re-insurance arrangements , amongst others[21].

In the 1980's, the regulations and legislatures took reformative tones. The insurance (special provision) Decree 40 of 1988, progmulated as a result of the review of the laws of the Federation in 1988, sought to modify and redefine the principle of utmost good faith and non-disclosure of material facts. It also modified the application of warranties and condition, insurance interest and assignment on life policies. Furthermore, it touched on third party rights against insurers.

In 1989, the insurance special fund under the control and supervision of the Federal Ministry of Finance and Economic Development for the purpose of strengthening insurance supervision in Nigeria and for such other insurance development purposes[23].

The promulgation of insurance Decree No 58 of 1991, which made radical provisions as to the increase in the paid capital share of insurance companies, the business of loss adjusting and the establishment of a security fund for the benefit of insured persons when insolvent insurers fail to fulfil their obligation under the decree[24].

Finally, the new insurance Decree No 2 of January, 1997 provided for further increase in the paid up capital for insurance companies operating in Nigeria and for the categories insurance business so as to bring sanity into the sector[25].

3.7 INSURANCE ASSOCIATION OF NIGERIA:

Insurance Association in Nigeria are structured along the lines of that of British. This is because early practitioners, who were British, naturally formed insurance association similar to those that existed in their home countries. The association are as follows:

(a) INSURANCE INSTITUTE OF NIGERIA (I.I.N)[26]

This professional body, the insurance institute of Nigeria (I.I.N) was formed in 1959 and was spearheaded by the officials of Royal Exchange, Guinea Insurance and New Africa Insurance Limited. The main objective of the body is to promote insurance education, and maintaining professional ethics and standard. There is a governing body which operates through committees on education, activities, examinations and membership. Since 1972, the institute has continuously conducted yearly educational seminar and conference for members and general public. It now conduct its professional examination with the assistance of Chartered Insurance Institute, London.

(b) NIGERIAN INSURER ASSOCIATION (NIA)[27]

This is the body for the registered Insurance Companies. It was established in 1971. Its main objective is to protect, promote and advance the common interest of insurance underwriters.

The association is run through a Governing council made of elected chief executives of members companies and operates through a number of technical committees.

The offices are accident offices committee, accounting technical committee, fire offices committee, legal committee life offices and marine office committee.

(c) THE NIGERIAN CORPORATION OF INSURANCE BROKER[28]

Brokers are professional intermediaries between the insuring public and the insurance companies. The body was founded in 1962 to establish and maintain a central organisation for insurance brokers, and generally to do such things as from time to time may be considered calculated to elevate their status, safeguard and advance their interest, procure their general efficiency and proper professional conduct with a view to ensuring for the community the existence of a class of insurance brokers who can be relied upon as being trustworthy and duly qualified to perform their duties responsibly.

(d) THE NIGERIAN INSURANCE LAW ASSOCIATION[29]

This is an association of Lawyers that are professional insurance practitioner. The primary objectives of the body is to provide the understanding of insurance laws of Nigeria and other countries by writing, publishing and discussing papers dealing with insurance law problems.

(e) FACULTY OF RISK MANAGEMENT[30]

It was founded in 1988 as a national body devoted to risk management consciousness and thereby loss prevention and the preservation of assets. The body exists not only to create an atmosphere of awareness of the presence of risk and the need for its effective management but to create a forum that will have a representative role in making government, the general public and other bodies aware of particular risk management issues that it considers vital at any other point in time.

There are other small association, the most notable being the Nigeria Institute of Actuaries and Institute loss adjusters.

3.8 TYPES OF INSURANCE COVER IN THE NIGERIAN INSURANCE MARKET

Classification as to the types of insurance cover available in an insurance market has never been a clear cut issues. The same can be said of Nigeria market. Some classifications are based on the subject matter of insurance i.e. property, liabilities, persons, rights, interest or contingencies. Others, however tended to look on the subject from the angle of compensating the insured in the event of a loss[11].

Nigerian Insurance legislation over the years tend to classify insurance cover into two broad categories[12], Life and Non-life Covers. This classification has been instructed by the fact that while Non-life covers are mostly yearly renewable contract, Life covers are mostly taken for a duration of time.

Also, at the end of the one year period of contract of Non-life cover, nothing is forthcoming from the insurer if the event insured against has not happened, whereas a token of financial involvement of the insured in life cover is paid back most times when the event insured against has not happened. This categorisation appears most apt and it would be our guide in analysing the insurance covers available in the Nigerian Insurance Market.

(a) LIFE COVERS:-

Life covers are conveniently called "Assurance". There is no special reason for this coinage only that it has evolved over the years. The contract is contingents upon the duration of human life.

There are principally three forms of life assurances viz:

(1) Term Assurance

(2) Whole life Assurance

(3) Endowment

In terms of assurance, the insurance company pays the beneficiaries, assignees or estates of an assured life in the event of death occurring within a specified period of time[13]. This is in consideration of the due premium having been paid to the insurance company. If at the end of the designated period of time the life assured has not die, the insurance company considered the premium as having been earned and the life assured got nothing. However, he has had an assurance cover for which the premium paid for. This premium may be payable annually or just a single payment.

Whole Life Assurance contract provided a payment to the beneficiaries assignees or estates of an assured life event of death whenever it happen[34]. There is no time frame attached to when the benefit could be paid. However, premium would be payable for a specific period of time or till the death of the life assure. Just like the term assurance, there is no way the life assured will benefit directly from the proceeds of the policy.

An Endowment Assurance is some what different from any of the two mentioned above in that it has some elements of savings and life assured would actually be the one to benefit from the proceeds of the policy. The contract provides that the life assured will received a payment if he survives a specific terms only[35], where death occurs before the aspiration of terms, nothing is paid to anybody.

It is the combination of these Assurance that give the wide range of life assurance covers in the Nigeria market, nay any market today. For example, the typical mortgage protection could be a form of term assurance i..e decreasing term assurance element coupled with an aspect of endowment assurance. In the case of a decreasing term assurance, it is assumed that the life assured makes periodic repayment of principal and interest on the loan while the decreasing term assurance covers the outstanding amount in the event of death[36].

Alternatively, the basis of mortgage protection policy could be a combination of a decreasing term assurance and an increasing endowment[37].

(b) NON-LIFE COVERS: This consists of all other insurance covers apart from life covers. In this category, there are further sub-divisions the most common being to isolate motor insurance and consider the rest as accident policies. Other companies have special risk departments that issues marine, oil and aviation policies then motor department and accident department that issue motor and other policies respectively. There are many insurance covers under this category, the most common of which are indicated below:

(a) Fire and Allied Perils Insurance

(b) Consequential Loss Insurance

(c) Buglary Insurance

(d) All risk Insurance

(e) Personal Accident Insurance

(f) Workmen's Compensation

(g) Fidelity Guarantee Cover

(h) Goods in Transit Insurance

(i) Cash in Transit Insurance

(j) Motor Insurance

(k) Public Liability

(l) Marine Insurance

(m) Aviation Insurance

FIRE AND ALLIED PERILS INSURANCE GRANTS:

This cover in respect of loss occasioned by or happening through the perils of fire, lighting, explosion, flood, riot and strike, storm, tempest, malicious damage, tornado, earthquake, impact bursting and overflow of the water tanks, pipes and apparatus[38]. Subject to the adequacy of the sum insured and the premium having been paid, the insured would be compensated for any loss sustained as a result of the occurrence of the perils listed above.

A consequential loss policy is a complement of a fire cover. While the fire policy covers material damage, a consequential loss policy takes care of the attendant financial consequences that would rest thereafter[39]. It covers loss of gross profits measured as a percentage of reduction in turnover during the period the fire incident interrupted production and additional cost of working incurred in minimizing the reduction in turn-over. The cover also extends such things like wages, salaries, auditor fee and other standing charges that continue to accrue despite the interruption of business. It should be noted however that liability in respect of a consequential damage cover has admitted liability.

BUGLARY INSDURANCE COVER; Loss or damage resulting from theft or attempt threat. However[43], this must be accompanied by a forcible and violent entry into or exit from the premises where the subject matter of insurance is situated. Covers are granted to both business premises and private dwellings

ALL-RISK INSURANCE: This refer to a class of insurance that seek to provide a wide range of cover against a wide range of perils. The name "All risks" could be a misnomer as there are exception to the policies[40]. Examples of covers under this class include contractor all-risks cover and Engineering Policies.

PERSONAL ACCIDENT INSURANCE: This provides cover for death or bodily injury as may be occasioned by accident as defined in the schedule of the policy[41]. Also, it pays for the medical expenses of insured where hospitalisation is as a result of an accident.

WORKMEN COMPENSATION SCHEME: These are some cover in the market which are product of government's legislation. The workmen compensation scheme was brought about by Decree No 17 of 1987[42]. It provides compensation for injury or death to a workman whilst executing or performing his assigned duties. Medical expenses for treatment received is also recoverable under the policy.

FIDELITY GUARANTEE COVER: Is also available in the market[43]. It covers the infidelity of employees or those in position of trust.

Commercial Enterprises have found Goods in Transit Covers most useful. It is available in the Nigeria market. The policy covers goods in transit from one destination to another against loss of damage by fire, accident or theft. The cover granted is normally restricted. It is a form of an all-risk cover.

Another All risk cover is the Cash-In-Transit Insurance. It covers cash, stamps, money order etc. while the transit to and fro specific premises or in locked safes in designated premises.

Motor Vehicle Insurance is one of most popular in Nigeria Insurance Market. There are comprehensive and third party covers. Comprehensive insurance provided compensation against loss or damage to the insured motor vehicle resulting from accidental collision, over turning, fire or theft. Legal liabilities to third parties for death or bodily injury in the event of an accident, including damages to their property are also covered. Reasonable medical expenses incurred for injury sustained by both insured driver and any third party are also recoverable. The third party insurance covers only third parties liability.

There is also a less popular form of cover, Public Liability Insurance[34]. It covers legal liability to members of the public for bodily injury and damage to property whilst in the premises of the insured.

Manufacturers also take some forms of public liability insurance especially to cover their products.

It is to be noted that the list is most exhaustive as insurance products are usually designed to suit particular circumstances and clients as the needs arise. It is a dynamic issues.

3.9 INSURANCE AS A SERVICE:-

There are certain characteristics which identify a service. It would be most helpful to highlight them and place them vis-à-vis the nature of insurance so that insurance is understood to be a service

(A) **Intangibility:-**

One cannot touch, taste, smell or take apart to examine the working of a service. A Lawyer's services cannot be evaluated in this way; nor can a hotel club, consultant or a barber. The opinion or attitudes of others can of course be obtained but the "trial" element is lacking. Even when free or low price trials are offered e.g. by car hire firms, the trial will not be exactly the same as the actual offering, for example, the car may be different or the staff may change. Services have no lasting material being as thy are used up immediately and may leave only memories.

Although insurance is one of those services that can last for a long period of time, this does not confer materiality as the fundamental point has not really changed i.e. apart from the benefits resulting from a claim, there is no permanence in the sense of goods and articles. Moreover, in some senses the need for insurance is satisfied the moment it is purchased.

(B) **Inseparability:-**

Production of service and consumption occur at the same time. This concept is particularly important in the realm of personal services. It limits the scope to which dealers, distributors or agents can be effectively used.

Considerable emphasis is placed on the skill and attitude of those involved in selling, the person who provide a service whose personal characteristics are on display, form an important part of consumer perception.

Given the elements of faith that must go into insurance contract, the disposition of the people involved plays a vital role. This is a especially exemplified by the Principle of utmost good faith, one of the cardinal principles of insurance. The insurer relies on the proposer to reveal all materials particulars which are known to the proposer only, that will help in the underwriting of the risk proposed for insurance. On the other hand, the insurance as represented by its personnel is expected to make available to the proposer, the specimen policy so that he knows what he is getting into. In all these, people are involved and their disposition in the negotiation will have a bearing on the way matters are concluded.

(C) **Perishableness:-**

Services cannot be stocked or held over; hotel rooms left vacant one night do not add to the following night's capacity. There cannot be a production run and services cannot be stored against future demand.

This applies almost totally to insurance, not only to the initial sale but also to the subsequent elements of the relationship.

What can be stored like prepared letter for the time of maturity of life assurance for example, is not significant. What is significant is that the services insurance cannot be store.

(D) **Heterogeneity:-**

Services are usually designed around the specific requirements of individual customers. For examples, an insurance company will quote for each person a policy based on their specific industry, groups, prospects, even location, albeit using a fixed formula. The customer is involved not just in some indirect way such as through research or even by choice, but directly since he participates in and helps make the final activity. The foregoing would mean that services are a series of one off production runs. It is difficult to achieve standardisation or to exercise the same control over production as could be done with a product. Example through quality control.

FOOTNOTES ON CHAPTER III

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CHAPTER IV

DATA PRESENTATION AND ANALYSIS

4.0 Introduction:-

To enhance economic growth which is a necessary condition for economic development, insurance companies can play significant role in bringing about this situation. As a subsector in the financial sector of the economy, engages in the mobilization of resources and channel these resources mobilized so as to achieve the objectives of economic development. The insurance companies are either involved directly or indirectly through their activities in various sector of the economy. This chapter will be devoted to the indepth analyses of various economic development indicators associated with the insurance industry and their implications to the over all development of the nation.

4.1 CONTRIBUTION TO GROSS PREMIUM INCOME (SAVINGS MOBILISATION)

The activities of the companies particularly in the life and non-life insurance businesses have encouraged the mobilization of savings which otherwise may not have been channeled to any productive use, such mobilized savings contribute an important source of long term investible funds in the economy. The Nigeria Insurance Companies has grown over the years to become, second to banking, an important vehicle for the mobilization and use of funds[1] e.g. Over N23 billion was mobilized as Gross premium income in 1997.

The Gross Premium Income (GPI) is made up of premiums from direct insurance activities in the country. It is the amount paid to the insurance companies by policy holder either monthly, quarterly or yearly in exchange for security.

The issue of premium as the main source of income for insurance companies is so important that insurance decree of 1991 which repeal 1976 Insurance decree. The new decree stipulated that hence forth that insurance contract shall be based "No premium, No Cover". The decree specifically stipulated that the receipt of an insurance premium shall be condition precedent to a valid contract of insurance and shall be no cover in respect of insurance risk, unless the premium is paid in advance[2].

Table I, shows the Gross Premium income of the insurance companies in Nigeria from 1988 to 1997. Over N82 billion was realised as gross premium income within the period. It could be observed that between 1988 and 1992, the growth of income of Insurance companies over this period have been relatively slow. This can be attributed to various factor, chief amongst which was the deregulation of the interest rate which raise the cost of capital and create adverse investment climate. The need for insurance was consequently reduced, particularly fire and general accident business, marine and Aviation better than other classes particularly in the past five years due to increase importation of consumer goods as well as expansion in aviation industry. The depressed state of the economy adversely affected the growth of business life.

From 1993 up to 1997, the increase was significant from over N6 billion Naira in 1993 to over N23 billion in 1997. Between 1995 and 1997, the Gross premium increases by 130%. The implication of the growth, is that it will enhance the ability of insurance companies to have enough resources to meet their policy holder claims and also have enough resources to be invested into the economy.

The total Net premium income over this period under review amounted to over N26 billion (Table II). The net investment is increasing steadily with over N1.3 billion in 1989 to N10.8 billion in 1997. Between 19996 and 1997, the net premium grew by 37.3% with motor business contributing 31% and 38% respectively. Following this is the life business contributing as much as 24% and 21% respectively. This has a positive effect on the economy, as this will contribute more to the economy inform of capital accumulation.

Carefully studying (Table III) which is Gross claim on insurance companies. This is a measure of the extent to which they have met their customers claims on various classes of business. It also shows the extent to which they have been able to indemnify their insured.

The total gross claim for the periods under review was over N13.04 billion. The total claim for 1997 was N14,563,651 billion, showing an increase of over 37.3% above 1996. The highest claim during the period under review was recorded in 1997 under motor amounted to N1,439,248 billion and this accounted for 43% of the claim for that particular year. This was followed by Marine and Aviation which accounted for 34% or N1,134,374 billion. It is to be

NET PREMIUM INCOME (1988 – 1997)

'N'000

CLASS OF BUSINESS	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	TOTAL
FIRE	N/A	268,800	294,470	320,970	34,980	42,167	40,697	711,301	1,436,401	1,125,825	4,275,612
MOTOR	N/A	284,430	401,930	566,720	79,380	90,331	165,541	238,268	2,454,734	4,071,557	8,352,889
GENERAL ACCIDENT	N/A	266,000	548,290	457,620	50,340	76,320	60,310	84,344	985,171	1,380,409	3,908,804
MARINE & AVIATION	N/A	299,970	367,420	448,250	54,240	79,890	37,692	87,026	741,993	971,048	3,087,529
LIFE	N/A	237,140	312,530	331,280	34,780	30,160	55,077	103,853	1,925,714	2,323,909	5,354,443
OTHER	N/A						60,047	32,529	329,226	937,338	1,359,140
TOTAL	-	1,356,340	1,924,640	2,124,840	253,720	318,868	419,364	1,257,321	7,873,239	10,810,086	26,338,418

SOURCE: NIGERIA INSURANCE YEAR BOOK, 1988 – 1997

TABLE II

GROSS CLAIM ON INSURANCE COMPANIES BY CLASS OF BUSINESS

1988 - 1997

'N'000

CLASS OF BUSINESS	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	TOTAL
FIRE	54,621	42,660	40,730	54,620	75,650	92,290	136,840	142,770	567,819	698,347	1,906,347
MOTOR	124,550	104,500	114,220	124,550	158,500	211,170	523,730	598,970	1,327,156	1,439,248	4,726,594
GENERAL ACCIDENT	93,375	58,190	92,030	93,370	138,400	158,050	269,710	271,430	722,415	1,134,374	3,031,344
MARINE & AVIATION	53,052	26,730	19,170	53,050	50,240	48,020	199,780	220,170	381,880	599,941	1,652,033
LIFE	53,277	57,400	53,490	53,280	63,450	62,650	40,130	55,890	207,880	517,958	1,165,405
OTHERS	-	-	-	-	-	-		300,160	86,513	173,783	560,456
	378,875	289,480	319,640	378,870	486,240	572,180	1,170,190	1,589,390	3,293,663	4,563,651	13,042,179

SOURCE: NIGERIA INSURANCE YEAR BOOK (1988 – '97)

TABLE III

noted that the gross claim have been on the increase. The implication is that, it will further contribute to the development of the economy. Since those who suffer any loss have been brought to their former position

4.2 **CONTRIBUTION TO INVESTMENT:-**

Invest form the most important contribution of insurance companies to the economy. The insurance companies constitute one of the major institutional investors in Nigeria Capital Market thereby providing à channel for the sourcing of fund for both the public and private sector of the economy[3].

The investment that insurance companies may venture into are regulated by section 21 of the insurance Decree 58 of 1991[4].

It provides inter-alia

Subject to the other provisions of this section, the assets of an insurer shall not be invested in property and securities except:

(a) Securities specified under Trust Investment Act

(b) Shares in other securities of a society registered under a law relating to Co-operative societies

(c) Loans to building society approved by the ministers

(d) Loans on real property, machinery and plant in Nigeria

(e) Loans on life policies within their surrender values

(f) Cash deposits in or bill exchange accepted by licensed banks and

(g) Such investments as may be prescribed.

The prime objective of investment of insurance companies fund is to achieve the best interest of the policy holders. It is to be noted that investment policies pursue by the insurance companies have a considerable influence in the capital market and the Nigeria economy.

Generally, the objective is to have fund available to meet the liabilities of the policy holders when they accrue. In more specific terms, this objective usually takes the form of the firm of wanting to maximise the expected rate of returns on interest with incurring not too great a decree of risk in the process[5]. The investment of insurance companies include federal government securities, state government securities, securities and semi-stock bonds and stock, bill of exchange, cash deposits etc.

The aggregate investments of insurance companies (Table IV) in the period under consideration amounted to over N52.6 billion. The investment in bonds and stocks came first with over N12.9 billion and investment in real estate came second with total N10.9 billion. It will be observed that the volume of investment grew from N3,217,674,000 billion in 1988 to N10,770,920 billion in 1996 showing an increase of 102.3%. In 1997, there was fall of over N2.4 billion as compared to 1996. This was due to low level of federal government securities, which together with some form of investment, were disposed with no corresponding addition during the period. The overall investment of the insurance companies gives the companies strong asset base.

AGGREGATE INVESTMENT BY INSURANCE COMPANIES

1988 - 1997

'N'000m

CLASS OF BUSINESS	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	TOTAL
FEDERAL GOVT. SERCURITIES	389,129	1,677,676	1,748,315	1,814,400	299,800	510,300	439,840	703,120	896,470	801,770	9,280,820
STATE GOVT. SECURITIES	50,529	55,448	36,092	23,400	6,400	90,200	20,490	60,080	69,530	65,549	477,718
SECURITIES & SEMI STOCK BODIES	1,033,804	143,227	130,856	144,000	204,500	123,600	99,010	323,130	326,530	330,997	2,909,654
OTHER BONDS & STOCKS	435,349	391,308	425,668	468,200	925,800	1,262,100	750,390	2,616,080	2,988,900	2,646,070	12,909,865
REAL ESTATE	317,210	565,671	349,637	384,100	329,400	554,300	418,530	2,358,070	3,065,450	2,589,360	10,931,728
MORTGAGE LOAN ON REAL ESTATE	69,583	70,527	63,963	70,400	101,100	100,400	219,930	158,810	1,645,080	168,547	2,668,340
LOAN TO											

POLICY HOLDER	77,259	52,456	83,022	91,000	54,400	99,700	69,680	235,320	303,390	305,214	1,371,441
OTHER LOANS	121,866	75,172	47,534	52,300	602,300	803,100	385,270	334,430	300,920	309,870	3,032,762
CASH ON DEPOSITS	653,883	448,632	487,334	536,100	475,000	514,900	560,980	1,309,450	387,490	397,130	5,770,899
BILL OF EXCHANGE	69,062	43,763	196,900	216,500	144,400	9,700	51190	663,070	737,160	730,860	2,822,605
TOTAL	3,217,674	3,523,880	3,569,321	3,800,400	3,143,100	4,068,300	3,015,310	8,761,560	10,770,920	8,345,467	52,175,832

SOURCE: NIGERIA INSURANCE YEAR BOOK (1988 – '97)

TABLE IV

4.3 CONTRIBUTION TO MANUFACTURING:-

The insurance companies has not only help in the industrial expansion of Nigeria but contributed to the building of factories in different part of the country thus helping in creating employment indirectly and increasing the productivity in the country. A careful study of Table v shows that the loan and advances to the manufacturing sector increase from N4.1 million in 1988 to about N60.0 million in 1997. The total aggregate loan and advance to this sector amounted to over N159.1 million during the period under consideration.

Although the emphacy of most insurance companies are not focus in this area but have contributed in a little to the industrialisation process of the nation.

4.4 CONTRIBUTION TO AGRICULTURE AND AGRO ALLIED INDUSTRY:-

Agriculture being the back bone of the economy is a priority sector and therefore some percentage of their loan and advances must go to this sector. Although Agriculture is a high risk area which most insurance companies would like to avoid but because of the importance of this sector, the federal government set up Nigeria Agricultural Insurance Company to complement the efforts of other insurance companies. Most of the Agricultural activities involves are crop production, mechanised farming, poultry and livestock. The total loan and advances granted this sector at the period under consideration amounted to N408.8 million.

The loan and advances to this sector have been on the increase from N5.2 million in 1988 to N60.2 million in 1995 and N75.4 million in 1997. The impact of this in the area of food production and making Nigeria to be self sufficient in food production will contribute greatly to the economy.

4.5 CONTRIBUTION TO BUILDING CONSTRUCTION:-

The insurance companies has made substantial contribution to the development of residential building by direct involvement or indirectly by granting loans and advances to build or purchase building. This has no doubt contributed to increase stock of houses available to Nigeria which is an important economic indicator.

The National Housing Fund Decree No 3 of 1992, section 5, subsection 2 of the decree, all registered local insurer are required to invest 20% of their Non-life or general business fund and 40% of their fund in real property development and are require to channel 50% of such housing fund to Federal Mortgage Bank of Nigeria[6].

The cumulative loan and advances (Table v) granted to the sector at the period under review amounted to over N931.7 million. The loan to this sector reached the highest peak in 1996, where N137.6 million was granted for this purpose.

4.6 CONTRIBUTION TO GENERAL COMMERCE:-

Prior to independent the commercial sector was dominated by branches of big foreign organisation such as U. A. C., Leventis, Lebanese commercial trading activities. With the progmulation of Nigeria Enterprising Promotion Decree of

1972 and amended by Nigeria Enterprises Promotion Decree of 1977. The main objective of this decree is to give Nigerians opportunities to be involved in commercial activities in the country, so that the economic height of the country is not left in the hands of foreigners.

In order to achieve this objective, the financial sector of the country came to the rescue of Nigerians operating in this sector.

The Nigeria Insurance Companies as a subsector in the financial sector have been involved in providing funds for Nigerian operating in this sector.

Perusing table v carefully, the insurance sector provided a total of N36 1.9 million as loan and advances to this sector during the period under consideration. The loan and advances has been growing steadily from a meagre of N5.5 million in 1988 to N50.9 million in 1996 and N80.3 million in 1997. The impact of this in the development of the economy can be enormous.

4.7 CONTRIBUTION TO EMPLOYMENT AND MAN POWER DEVELOPMENT:-

The insurance companies have over the year created employment opportunities to thousands of Nigeria. The rapid development and growth of Nigeria Industry within this period, would not have been possible without the untiring efforts of the personnel in the industry[7]. With the increase in the number of insurance companies more employment opportunities are created.

With the statistics shown below, it could be observed that the insurance in Nigeria have been creating employment opportunities thereby helping to reduce unemployment. By end of 1997, the Nigeria Insurance Companies employed over 20,000 Nigerians in this subsector of the economy.

YRS	NO OF EMPLOYEE
1997	20,140
1996	18,150
1995	17,250
1994	14,520
1993	13,848
1992	12,240
1991	11,869
1990	10,330
1989	14,302
1988	12,950

Source: Nigeria Insurance Year Book (1988 – 1997)

One of the problem plaguing the Nigeria Insurance Companies has been the dearth of qualified personnel, this situation will soon be over since the Chartered Insurance Institute of Nigeria (CIIN) has taken over the conduct of professional examination. In addition to this, the institute also conduct seminars, conference to which insurance and non-insurance people are invited.

In addition to the above, the Chartered Insurance Institute of Nigeria (CIIN) also organises day release course where aspiring examination candidates are prepared for professional examination. It is gratifying to note that some universities and polytechnics offer degree and Diploma courses in insurance.

Another centre for insurance training is the West African Insurance Institute established in Monrovia – Liberia by five English speaking ECOWAS countries (Nigeria, Ghana, Sierra-Leone, Liberia and Gambia) for training of junior and intermediate manpower. Since the establishment in 1979, many Nigerians have benefited from insurance and management courses organised by them. The Nigeria Insurance Association of Nigeria is planning to establish an insurance college in Nigeria so as to quicken the manpower development for the industry.

Lastly, the individual companies established Training Centres to train their personnel and agents in the skill of insurance business.

4.8 MISCELLANEOUS CONTRIBUTION:-

Other contribution here include services, consumption loans for both policy holder and staff. This is meant to meet unforeseen exigencies and pressing needs of their staffs and their customers. From about N61.9 million in 1988, the facility have increased to N250.8 million in 1997 indicating a total of N1,475,100,000 million under the period of review.

From the analysis above, it is very clear that the insurance subsector within the decade under discussion has shown tremendous positive impact on various Maro-economics variables identified with the industry. Their activities have contributed positively to the economic development process of the nation.

DISTRIBUTION OF INSURANCE COMPANIES LOANS & ADVANCES

(1988 – 1997)

'N'000

CLASS OF BUSINESS	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	TOTAL
AGRIC & AGRIC ALLIED INDUSTRY	5.2	10.2	24.4	31.4	40	45.1	51.6	60.2	65.3	75.4	408.8
BUILDING CONSTRUCTION	96.3	53.2	35.5	37.3	128.5	105.2	96.2	116.2	137.6	125.7	931.7
MANUFACTURING	4.1	4.5	6.8	7.6	7.9	9.6	16.7	16.9	25.0	60.0	159.1
GENERAL COMMERCE	5.5	13.5	22.2	31.6	34.4	35.4	40.2	45.9	52.9	80.3	361.9
SERVICES CONSUMPTION LOANS FOR POLICY HOLDERS AND STAFF	61.9	110.6	127.9	136.9	141.0	150.4	160.4	165.0	170.2	250.8	1475.1
	173	191	216.5	244.8	351.8	345.7	365.1	404.2	451.0	592.2	3336.6

SOURCE: CBN ANNUAL REPORT & STATEMENT OF ACCOUNTS (1988 – '97)

TABLE V

FOOTNOTES ON CHAPTER IV

1. Prof J. O. Irukwu — The Challenge of the New Millennium, Pg. 30. Nigeria Tribune, 5th Dec, 1999.

2. Insurance Decree 58 of 1991

3. Tunji Oluyemi — Altering the focus of Insurance business, Pg. 5 Business Times, Dec, 20, 1993

4. Insurance Decree 58 of 1991

5. Tunji Ogunkanmi (1991) — Responsiveness of Public to Insurance, Pg. 22, Bus. Times Publishers Jan. 20, 1992

6. National Housing Fund Decree No 3 of 1992 (Nigeria Insurance year book Pg. 40 1993)

7. Nigeria Insurance Yr. Book — A decade of growth and Development of Insurance Business in Nigeria; 1988 pgs. 161 - 173

CHAPTER V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 SUMMARY:-

The project try to analyze the roles of insurance in the Economic Development of Nigeria. Attempts have been made to highlight some of the contributions of the industry to the Economic Development of the country.

Generally, the first chapter dwelled on the statement of the problems research objectives, the importance of the study, the scope and the limitation of the study. The research methodology revealed that the project work relied mostly on secondary data and method of analysis of data were based on comparison of growth trend within the industry and the overall performances of the company to the economy. Definitions were provided for operational terms.

In chapter two, the relevant literatures were reviewed bothering on insurance and economic development of the country.

Chapter three was based on conceptual frame work in which concept of insurance, demand for insurance, risk management technique, nature and structure of Nigeria insurance, insurance regulations and legislation, types of insurance cover and insurance as a service were fully discussed.

Lastly, chapter four highlighted the performances of the insurance companies to the economic development of Nigeria. The social and economic value of insurance and contribution of some economic development indicators. These indicators include Gross Premium Income (Saving Mobilization), Investment, Manufacturing, Agriculture and Agro-Allied Industry, Real estate and Construction and Employment and Manpower development.

5.2 CONCLUSIONS:-

It has been revealed in this study that the insurance companies has played and will continue to play a crucial role in the Economic Development of Nigeria. The companies will contribute even more positively as degree of insurance awareness in the country improves.

At present, the industry is full largely misunderstood and there is still a measure of hostility towards insurance practitioners but unfortunately, the industry as a body is doing very little to alter this poor image.

The main area which has been a source of legal conflict between the insurers and insurance consumer is the problem of understanding insurance documents, insurance companies have always play safe making policies in legal terms which most consumers find it difficult to understand. The reason is that the meaning of these legal phases have often been tested in court and so little ambiguity exist. It is the responsibility of the insurers to produce a policy which is simple enough for the consumer to comprehend so that he may be in position to judge whether it meet his requirement and also be in a better position to comply with the terms and condition contain therein.

On the issue of non-payment of insurance premium as at the time when due, the insurance decree 58 of 1991, section 37 of this law stipulates that for an insurance cover to be valid, premium must be paid by the insured and received in advance by the insurer. If this is not the case, the contract is null and void.

Perhaps the industry's greatest point of strength is the size. The short comings not withstanding, the increase in the number of insurance companies within the last fifteen years has enlarged the capacity of the market considerably. The increase in the size of the market should however be fully exploited.

The insurance companies would have to think of new products that would not only enhance its image but expand its scope in a country where insurance is seen as a legalised means of robbing people of their hard earned money. There is hope that all these will change with better education of the average Nigerian on the value of insurance to the individual and the nation.

It is necessary to conclude that the insurance industry being a service rendering business and because of peculiar nature of the services, the need for a better public image cannot be over-emphasized.

Times are changing and competition is increasing widening the scope of activities of professional bodies, such that one beginning to see some overlap. The line between insurance activities and what other financial sectors such as bank renders is fast disappearing, and if the industry hope to remain relevant and independent, as well as main stream component of the financial sector, it must aim to be truly professional.

Professionalism can only be promoted as long as the general public perceives its role and activities as indispensable. Every efforts should therefore be made to create the right impression, build the right image, portray insurance as a profession vital to the development of other industries and one which strives on confidence and integrity.

5.3 **RECOMMENDATIONS:-**

In view of the fact that the performance of the insurance companies depend to a great extent on the socio-economic and political environment in which it operates. The insurance industry of a nation, is to great extent a reflection of the level of the nation's economy and general state of the environment.

Although the Nigeria insurance companies has played and will continue to play a useful role in the country's economic development, there is no doubt that the full potentials of insurance as a factor in the social and economic development of a nation has not yet been achieved in Nigeria.

In view of the above, for our insurance companies, to be strong, efficient and highly discipline, the following suggestions are recommended.

(a) There should be improvement in the publicity given to insurance activities and educate the general public about their right and obligations under the various insurance contract. This is to enhance the image of the country.

Government policies and programmes should geared towards promotion of insurance awareness by making mandatory certain classes of insurance in the public interest. Employer's liability to their employees for death and injuries at work, fire insurance for all installations and building such as offices, factories should be compulsorily insured. This would double the advantage of promoting insurance awareness and the accumulation of funds for investment in the national economy.

(b) Poverty have be identified as one of the factor responsible for the low level of insurance patronage in the country, laying that most people who are striving to make ends meet are not likely to consider insurance as priority. Government policy should be geared towards increasing the income level of the individuals. If the people are earning enough they will be encouraged to embrace insurance.

(c) The government should relax supervising role in the area of insurance fund (Decree 58 of 1991). The insurance should be given autonomy in the area of investment. For the insurance companies to increase their level of profit and performances, they should be given freedom to invest in high profit ventures rather than being being compelled to invest a specific government securities that provide low returns.

(d) Insurance companies should be encouraged to spread their activities to the rural areas of the country, so as to create employment in the hinterland. The sub-sector should extend its loan and advances to the small and medium scale industries.

(e) The insurance companies should make a deliberate effort to increase their underwriting capacities with the objective of providing greater security for nation's assets. Government should also take up insurance for its various properties.

(f) *Efforts on the part of insurance companies to simplify wordings,* and design policies to fit the requirement of individual insurers.

(g) There should be no room in the industry for person with dubious character without solid and sound insurance background or unqualified person who have no understanding of the technical and historical basis of insurance concept who are in business just for the commission and the money they make away without giving back any services to the industry and to the society.

(h) In view of the above, the insurance market needs a new breeds of insurance practitioners who in addition of being professional must be good business men and women. The new insurance practitioner must have greater appreciation of risk management. This will entail, the re-education of the old hands and introduction of an improved educational system for the new ones. Harmonization of the course curricula of institutions of higher learning offering insurance studies in Nigeria.

(I) The current capital requirement for the establishment of insurance companies inhibit insurance business in Nigeria. Insurance require heavy capitalisation because of high risks that is entail in their business. Although Insurance Decree No. 2 sub section 10 of 1997 have taken care of this but this require constant review according to the dictates of the economy.

(j) The insurance companies should engaged in efforts aimed at designing new Products, creating new distribution channel, designing added incentives, expanding into new markets. The essential point is that he should be actively responding to the needs of those who provide him a living.

(k) The insurance industry must become one of the catalyst for the quick realisation of government objective of encouraging agriculture as the alternative sources for providing a meaningful agricultural insurance scheme.

(l) A viable and responsive insurance industry should be involve in all government efforts to curb inflationary trend and also exchange improvement in autonomous market so as to shore up productive capacity in the real sector of the economy.

Lastly, the National Insurance Commission of Nigeria which is the supervising body of insurance business in Nigeria must be effective in their operations. It is also important to note that the best security money can buy is insurance, therefore the public should invest as much as possible to purchase security for their lives and properties by taking insurance policy.

What has been discussed so far, leaves one in no doubt as the role of insurance companies ought to be in Nigeria economic development. The industry should strive more than ever to generate protection and conserve wealth of the nation. The industry should be more dynamic and more responsive to the needs of the nation.

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LIST OF INSURANCE COMPANIES AS AT APRIL 31, 1994

1. ACEN Insurance company Limited
2. ACIL International Insurance Company Limited
3. Admiral Insurance Company Limited
4. African Alliance Insurance Company Limited
5. African Development Insurance Company Limited
6. African Insurance Company Limited
7. African Ivory Insurance Company Limited
8. African Prudential Insurance Company Limited
9. African Safety Insurance Company Limited
10. African Trust Assurance Company Limited
11. Alpha Insurance Company Limited
12. American International Insurance Company PLC
13. Amicable Assurance PLC
14. Anchor Insurance Company Limited
15. Armour Insurance Company Limited
16. Asset & Liability Insurance Company Limited
17. Atlantic Insurance Company Limited
18. Bendel Insurance Company Limited
19. Blue Star Insurance company Limited
20. British-american Insurance Company Limited
21. Brooks Assurance Company Limited
22. Central Insurance company Limited
23. City Union Insurance Company Limited
24. Confidence Insurance Company Limited
25. Cornerstone Insurance Company Limited
26. Corporate Alliance Company Limited
27. Credit Bonds Insurance Company Limited
28. Crusader Insurance Company Limited
29. Destiny Insurance Company Limited
30. Equitable Life & Merchantile Assurance Co. Ltd. (ELMAC)
31. Equity Indemnity Insurance Company Limited
32. Equity Merchant & general Assurance Company Limited
33. Executive Insurance Company Limited
34. Express Insurance Company Limited
35. Finance Assurance Corporation of West Africa
36. Financial Assurance Company Limited
37. First Continental Insurance Company Limited
38. Fire Equity & General Insurance Company Limited
39. First Nigeria Insurance Company Limited

40.	Fortress Insurance Company Limited	80.
41.	Foundation Insurance Company Limited	81.
42.	Future Insurance Company Limited	82.
43.	Gateway Insurance Company Limited	83.
44.	Golden Insurance Company Limited	84.
45.	Goldlink Insurance Company Limited	85.
46.	Grand Union Assurance	86.
47.	Great Nigeria Insurance Company Limited	87.
48.	Great Providence Assurance Company Limited	88.
49.	Green Land Insurance Company Limited	89.
50.	guinea Insurance Company Limited	90.
51.	Hallmark Assurance Company Limited	91.
52.	Heritage Assurance Company Limited	92.
53.	Industrial & General Insurance Company Limited	93.
54.	*Intercontinental & General Insurance Company Limited*	94.
55.	International Insurance Group Company Limited	95.
56.	International Standards Insurers Ltd	96.
57.	Investment & Allied Ass. Co. Ltd (formerly Milverton Ins. Co. Ltd).	97.
58.	Jubilee Insurance Company Limited	98.
59.	Kapital Insurance Company Limited	99.
60.	King David Insurance Limited	100.
61.	Lake Insurance Company Limited	101.
62.	Lamda Insurance Company Limited	102.
63.	LASACO Assurance Company PLC	103.
64.	Law Union & Rock Insurance Company Limited	104.
65.	Leadway Assurance Company Limited	105.
66.	*Lexington International Company Limited*	106.
67.	Liberty Assurance Company Limited	107
68.	Linkage Insurance Company Limited	108
69.	Lister Insurance Company Limited	109
70.	Lombard Insurance Company Limited	110
71.	Manilla Insurance Company Limited	111
72.	Mark-Lin Insurance Company Limited	112
73.	Mark-Lin Insurance Company Limited	113
74.	Mercury Assurance Company Limited	114
75.	Metropolitan General Assurance Company Limited	115
76.	Metropolitan Trust Assurance Company Limited	116
77.	NICON Insurance (PLC)	117
78.	N.E.M. Insurance PLC	118
79.	New Era Insurance Company Limited	119

80. New Line Insurance Company Limited
81. Nigeria Agricultural Insurance Company Limited
82. Nigeria Alliance Assurance Company Limited
83. Nigeria Exchange Insurance Company Limited
84. Nigeria-French Insurance Company Limited
85. Nigerian Reliance Insurance Company Limited
86. Nigeria Victory Assurance Company Limited
87. Noble Assurance Company Limited
88. Oasis Insurance Company Limited
89. Olympia Insurance Company Limited
90. Pacific Insurance Company Limited
91. Palm-Beach Insurance Company Limited
92. Perpetual Assurance Company Limited
93. Philantrophy Insurance Company Limited
94. Phoenix of Nigeria Assuranc· Company Limited
95. Picadilly Insurance Company
96. Presidential Insurance Company Limited
97. Prestige Assurance Company Limited
98. Prime Insurance Company Limited
99. Profound Assurance Company Limited
100. Progressive insurance Company Limited
101. Prudential Union Assurance Company Limited
102. Refuge Insurance Company Limited
103. Regency Insurance Company Limited
104. Recue Insurance Company Limited
105. Rivbank Insurance Company Limited
106. Royal Exchange Assurance Plc
107. Safeway Insurance Company Limited
108. Security Assurance Company Limited
109. Sentinel Assurance Company Limited
110. Shelter Insurance Company Limited
111. Solid Insurance Company Limited
112. Skyway Insurance Company Limited
113. Stallion Assurance Company Limited
114. Summit Insurance Company Limited
115. Sun Insurance Company Limited
116. Tabs Assurance Company Limited
117. The Lion of Africa Insurance Company Limited
118. The Niger Insurance Company Limited
119. The Nigerian General Insurance Company Limited

120. The United Nigeria Insurance Company PLC
121. The Universal Insurance Company Limited
122. Total Insurance Company Limited
123. Towergate Insurance Company Limited
124. Trans-Nigeria Assurance Company Limited
125. Triumph Assurance Company Limited
126. Unitrust Insurance Company Limited
127. Unity Life & Fire Insurance Company Limited
128. Valid Life & Fire Insurance Company Limited
129. Veritas Insurance Company Limited
130. Vigilant Insurance Company Limited
131. West African Provincial Insurance Company Limited
132. World Wide Insurance Company Limited
134. African Reinsurance Corporation
135. Continental Reinsurance Corporation PLC
136. Globe Reinsurance Company Limited
137. Universe Reinsurance Company Limited