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Law, Insurance Business and the Implications for Sustainable Development in Nigeria

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Abstract: *Insurance policy is one of the tools for economic development and invariably the realization of the goals of sustainable development. The developed countries of the world have taken full advantage of insurance business to confront the likely impediments to the goals of sustainable development. Here in Nigeria, environmental threats and other social and human problems have continued to act as barriers to economic activities. These threats and problems are not insurmountable considering the relevance of insurance in every economy as means of mitigating unforeseen adverse occurrences. The insurance system of the financial sector has failed to make any meaningful contribution to the Gross Domestic product because of some avoidable man-made constraints. The objective of this study is to tackle the challenges faced by insurance business in Nigeria with a view of making insurance business contributes its quota to the goal of sustainable development. In carrying out this study, the legal frameworks regulating the business of insurance in Nigeria, textbooks, journal articles and practical occurrences as reported by newspapers and the internet form the source of the materials. The study revealed that the contribution of Insurance business to the Gross Domestic Product is abysmally low. This is not supposed to be so in view of the available markets for insurance in Nigeria which remained unexplored. This study recommended that the stakeholders as well as the government and regulatory agencies should co-operate to dismantle the barriers that have impeded the contribution of the insurance business to the financial sector of the economy.*

Keywords: Insurance, Sustainability, Underwriters, Claims, Re-insurance etc.
Research Area: Law.
Paper Type: Research Paper

1. INTRODUCTION

Sustainable development is the hallmark of the aspiration of every sovereign nation, whether developed or developing. Sustainable development is defined as the development that meets the needs of the present generation without compromising the ability of the future generation to meet their own needs. Insurance business is basic to the realization of the goals of sustainable development. There is a nexus between economic growth and insurance, and the sector is the engine room of growth of most developed economies and pivotal to infrastructural development t, such as roads, healthcare and electricity among others [1]. Economic activities geared towards development entail certain degree of risks which can punctuate such activities permanently unless there is in existence an insurance product that covers such risks.

This paper discussed the extent at which insurance business has driven or contributed to economic growth for sustainable development. Nigeria is a developing nation with rich array of natural resources sufficient to launch Nigeria to limelight of development but painful

[1] . Omobola Tolu-Kusimo " How election , Cash crunch hurt insurance" *The Nation* . January 11, 2016 p.21

enough, the destination towards development is still far. This paper discussed the concept of development, law and practice of insurance business in Nigeria, insurable risks among others. The final part of the paper is the conclusion and the recommendation.

2. SUSTAINABLE DEVELOPMENT IN NIGERIA

Sustainability is the hallmark of development. Sustainable development is a worthwhile and indispensable economic value of every progressive society. It is a process in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are all in harmony and enhance both current and future potential to meet human needs and aspiration[2]. For the poor nations or those regarded as the least developed and the developing, the hurdle to be crossed is first to be developed before the progressive move to sustainability .One of the barriers faced by the poor nations or the least developed nations in the essential task of development is the problem of risk management. The resources for development are exposed to myriads of risks that in most cases obstruct the developmental strategies. This is the juncture where insurance policies become an antidote to the avalanche of risks resources are exposed to in the stride towards socio-economic development.

As observed by the Brundtland Commission, "development involves a progressive transformation of the economy and society. A development path that is sustainable in a physical sense could theoretically be pursued even in a rigid social and political setting. But physical sustainability cannot be secured unless development policies pay attention to such considerations as changes in access to resources and in the distribution of costs and benefits[3]. Sustainable development requires meeting the basic needs of all and extending to all the opportunity to satisfy their aspirations for a better life. At a minimum, sustainable development must not endanger the natural systems that support life on Earth: the atmosphere, the waters, the soils and the living beings[4] .

The challenge of building a greater and sustainable Nigeria requires the stakeholders – the government at all levels, the citizenry, business communities and organizations to be *ad idem* and resolute in their determination. The government plays a vital role through the provision of legal frameworks and formulation of policies within which corporate organizations and individuals have to operate in the task of bringing development. The discovery of oil and other mineral resources brought along with it risks in the process of exploration, exploitation and processing of the resources. The effect of this is enhanced income leading to overpopulation and improved life style. The rural to urban migration means invariably creating tension for the inadequate infrastructures. Poor road network has an all round effect on the income of the people who have to spend on repairs of vehicles or in cases where the vehicles are involved in accident, they are brought to square one especially where goods transported are destroyed or lost in transit. The need for shelter accounted for overcrowding and makeshift accommodation and the consequence as seen today is the frequent collapse of building and fire disaster. The risks that occur daily in the process of economic development have caused setback to individuals and organizations, apart from imposing unnecessary burden on the government who are often constrained to spend money for capital development for relief and rehabilitation purposes. This is where insurance policies become relevant. There is no doubt that the healthcare delivery system is basic and imperative to the

[2] . Tade Akin Aina and Ademola T. Salau, ' Nigeria: The Challenge of Sustainable Development' in Tade Akin Aina and Ademola T.Salau (eds),*The Challenge of Sustainable Development in Nigeria (NEST,1992),2*

[3] . *Our Common Future* (UNEP) Chapter 2

[4] *Ibid* paragraph 15

achievement of sustainable development. It is only a healthy population that can contribute to the task of development. Poverty and poor health systems have become a bane in the poor nations and in Nigeria, poverty has made it difficult for people to have access to good health care delivery. This is also complicated by the fact that there are no standard health institutions that can meet the health challenges of the people. It is a common practice among the privileged and wealthy few to travel outside the country to seek medical care. The implication of this is that of capital flight. The health problems can be overcome with health insurance policy. It is obvious that Nigeria relies mainly on crude oil as the major source of its revenue while agriculture has been relegated to the background. The effect of this can be seen in the level of hunger and malnutrition. Those engaged in farming are exposed to poor weather; erosion and flooding that adversely affect their productivity. Among the disturbing shortcomings of health care services in Nigeria is the emphasis on curative, rather than preventive. Health insurance may serve as an antidote to health challenges Poverty can lead to poor health just as poor health can lead to poverty.

Nigeria has the resources, human and material to achieve sustainable development. The legal frameworks are adequate to achieve the task but enforcement and political will by the leaders to achieve the goals are lacking. Insurance business worldwide is an indispensable instrument that has been employed by developed countries to mitigate the inevitable losses associated with economic development strategies and implementation. The general apathy of the masses to insurance as a tool for development is partly due to ignorance and the integrity of the operators. The country has enough market calling for penetration by the underwriters.

3. INSURANCE BUSINESS IN NIGERIA AND THE CHALLENGES

Insurance business occupies a strategic position in the growth and development of Nigeria economy. It is the backbone of the Nigeria's risk management system. Insurance system of the financial sector ensures financial security and equally serves as an important component in the financial intermediation chain[5]. The sector is imperative in the match towards sustainable development. The sector is one of the pillars of the growth of the economy of the United States of America particularly in the area of risk management. Insurance generates financial resources for investment in bonds, treasury bills, stocks and real estate particularly through the instrumentality of life insurance[6]. In Nigeria and Africa countries generally, a lot of factors such as population growth, economic growth, conflicts and attempts at improving the quality of life put pressure on natural environmental resources. The risks resulting from these occurrences can be mitigated with adequate and appropriate insurance policies in a way that it will not obstruct the realization of the much desired sustainable development. Up till now, Nigeria from independence in 1960 is still deficient of the necessary technological base and financial requirement for monitoring and establishing early warning systems of responding and averting imminent disasters resulting from flooding, pollution, drought and desertification among other environmental problems. If the risks cannot be prevented, there should be means of providing succour to the victims without depending on palliatives from the government and charitable organizations .This is one of the areas where insurance policies become relevant as tools of achieving sustainable development. In Nigeria and Africa continent generally, the contribution of insurance industry to the Gross Domestic Product is abysmally low. The reality of the low contribution informed the call by the

[5] .Remi Babalola (2008) "Spurring Economic Growth-The Role of Insurance Industry in the Nigerian Economy" An address delivered by Hon. Remi Babalola(former minister state for finance in Nigeria) at the BGL Limited Insurance Roundtable on 3/07/08

[6] .M. Adobe, 'Why Insurance Uptake is low in Nigeria' *The Nation*(Lagos January 9,2017)22

government in Nigeria for the insurance industry to contribute positively to the Gross Domestic Product (GDP) and the creation of employment[7].The insurance sector in Nigeria is incapable of playing any significant role that can induce economic growth. For instance in 2008, a World Bank report shows that the Nigerian Insurance Industry's share of the world market was 0.01% when compared with South Africa 0.86% in 2003. In 2004, Nigeria was ranked 62 out of 88 countries in terms of premium volumes according to Swiss Re Global Insurance Report for 2004. The country recorded an insurance penetration rate of 0.4% in 2013 and the premiums per capita were only US$10.8 in 2012, making it one of the lowest in the world[8].Also in terms of global share, the Nigeria Insurance industry has only 0.02% of the total world insurance market and less than 2% of the Nigerian banking sector in 2006. The insurance industry's penetration and contribution to the nation's GDP remained at a low level that is less than 1%[9]. In 2015, a survey of Africa insurance trends shows that Nigeria has 3 million policy holders out of a population of 174 million people[10]. The inference from this report is that of low market penetration and lack of enforcement of existing legal instruments.

The challenges of insurance business in Nigeria are enormous in which the blames can be laid at the doorstep of the government, the insurance industry, the public and the regulators. The patronage enjoyed by underwriters in Nigeria from private individuals, corporate bodies and the government is low compared with the patronage enjoyed by the banking industry from the cross section of the populace. For instance, there are over seven million vehicles in Nigeria, less than 14% of them are insured[11]. Insurance companies do not enjoy the goodwill of the people due to lack of confidence. The ease with which premium is collected is not commensurate with the rigour faced by the insured whenever it is the turn of the insurer to settle claims. Insurance companies are reputed for mounting barriers making it difficult for the insured to be indemnified for losses suffered. The attitude of the insurers to prompt payment such as mounting brick walls and in some cases, the outright denial of liability has eroded the confidence of the potential insurance market in insurance business. Insurance policies are perceived by this habit as a legitimate fraud perpetrated with the backing of the law and the judicial process. Prompt settlement of claim is a magic wand to restore the confidence of the people if the desired growth in the industry and its corresponding contribution to sustainable development is to be achieved. The government responded to this problem of claim settlement through the Insurance Act[12] as follows:

(1) Subject to section 69 of this Act, in every case where a claim is made in writing by the insured or any other party entitled thereto under insurance policy, the insurer shall-

(a) Where he accepts liability, settle the claim not later than 90 days after the insurance of discharge voucher;

(b)where any claim remains unpaid as provided in(a) above, the insured may request the Commission to effect the payment from the statutory deposit of the insurer and the Commission shall have power to effect such payment; or

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7 . 'Federal Government owes Armed Forces Insurers 2013 Premium' *The Nation (Lagos January4,2016)23*

8 .'Nigeria's insurance sector: Growth beckons . http://www.financialnigeria.com/nigeria's-insurance-sector-growth>accessed 20 September, 2017

9 .Remi Babalola. *Op. cit*

10 .' Strategic and Emerging Trends in Insurance Markets in Nigeria, October 2015' www.pwc.com.ng/insurance> accessed 20 September, 2017

11 *.id* footnote 8

12 . Section 70 Insurance Act, 2003

(c) Where he does not accept liability, deliver a statement in writing stating the reason for disclaiming such liability to the person making the claim or his authorized representative not later than 90 days from the date on which the person delivered his claim to the insurer

The provision for claim settlement has not been fully enforced due perhaps to ignorance of the insured public; hence policy holders are compelled to seek redress for indemnity through litigation. The Act has equally provided that where judgment has been obtained against an underwriter, the underwriter must pay the amount not later than 30 days from the date of the delivery of the judgment[13].The National Council of Registered Insurance Brokers (NCRIB) in 2013 made a clarion call to the Commission to enforce prompt settlement of claim by the underwriting firms. According to the Council, *the sustenance of any insurance industry is its ability to pay claims promptly*[14]. The Council at a forum organized by WAPIC insurance group in Lagos urged the National Insurance Commission (NAICOM) to issue a directive to underwriting companies on the need to for them to be prompt in the settlement of claims to clients. Non-settlement of claims is one of the major challenges hindering the growth of insurance industry in Nigeria.

Insurance as a concept and what it stands for in the business and private life is considered a luxury not worthy of attention even among the literate public. This is so because of low penetration by the practitioners. The masses that are stakeholders in the goals of sustainable development are still ignorant about the values of insurance policies. The industry has not tapped the huge potentials offered in the country to enable it make meaningful contribution to the growth of the economy. This problem informs the introduction of the Market Development and restructuring Initiative (MDRI) by the National Insurance Commission which *inter-alia* is to deepen the penetration of the insurance market through compulsory insurance policies. The truth is that in Africa generally, the poor has no access to insurance. Little over two percent of Africa's 700 million working poor are covered by insurance, representing a vast untapped opportunity for social and economic development[15].The Industry in Nigeria compared with other developed economies has limited products to capture the interest of low and medium income earners. The dearth of professionally trained insurance expert in the industry makes it difficult for easy penetration of the market. The underwriting companies should embark on capacity building of their workforce for maximum performance, growth and penetration of the market. The human capacity gap in the sector is a threat to the future of insurance business and their potential to contribute to sustainable development in Nigeria. The survey conducted in 2010 reveals that by the year 2020, 60% of the industry workforce will be people who are 60 years and above age bracket. The operators need to recruit young and intelligent personnel as a strategy for succession plan[16]. Majority of the insurance companies attract low-skilled personnel due to inadequate remuneration package and hence inability to retain competent employees[17] while most companies that recruit graduates have no programmes for training and professional

[13] . Section 69

[14] .'NCRIB seeks prompt claims' settlement' *The Nation* (Lagos December 23, 2013)39

[15] . '2.1% of African Market is Covered by Insurance, says Report'. Micro Insurance Innovation Facility, a programme conducted by the International Labour Organisation in 2008 funded with the support of Bill and Melinda Gates Foundation. *The Nation (Lagos June 30,2010)31*

[16] .Adegboyega Adepegba.'60% of industry workforce is ageing' *The Nation (*Lagos June 30, 2010)29

[17] .http://www.insuranceblitz.com.ng/the challenge of-nigeria-insurance

development. The human capacity available in most of the regulatory institutions is less than required for effective supervisory oversight[18].

In the age of technology, business enterprise will thrive with the use of appropriate technology. The insurance sector needs to emulate the banking sector that has taken advantage of technology to maximize its performance in Nigeria. The use of technology will eliminate fraudulent practices in the industry. The insurance industry looses close to Sixty billion Naira annually to certificates issued by syndicates[19].

The underwriters are limited in their activities because of poor capital structure. The recapitalization of the insurance industry which started in September, 2005 and ended in February 2007, a period of eighteen months was to enable the insurance operators reposition themselves for effective contribution to the economic development of the country. At the end of the recapitalization process, only 49 companies met the benchmark out of 103 existing underwriters. As at 2003, the minimum authorised share capital for insurance companies in Nigeria was 150 million Naira for life insurance; 200 million Naira for general insurance; 350 million Naira for composite insurance and 350 million Naira for reinsurance business. The policy requires the companies to jerk up their capital base- Life insurance to 2 billion Naira; general insurance business to 3 billion Naira and Re-insurance business to 10 billion Naira.

Weak capital structure is a big barrier that has inhibited or limited the coverage of the underwriting companies in Nigeria. The Federal Government of Nigeria enacted the Nigerian Oil and Gas Industry Content Development Act in 2010 with a view of enhancing the participation of Nigerian companies in the oil and gas sector. The relevance of the Act to insurance business can be seen in the provision:

All operators, project promoters, alliance partners and Nigerian indigenous companies engaged in any form of business, operations or contract in the Nigerian oil and gas industry shall insure all insurable risks related to its oil and gas business, operations or contracts with an insurance company, through an insurance broker registered in Nigeria under the provisions of the Insurance Act as amended[20].

The Act provides further that:

No insurance risk in the Nigerian oil and gas industry shall be placed offshore without the written approval of the National Insurance Commission which shall ensure that Nigerian local capacity has been fully exhausted[21].

The Act is intended to deepen the participation of the insurance industry in Nigeria in the activities of the oil and gas sector of the economy. However, the risks available for coverage by the underwriters demand that the underwriters have strong financial base. The National Insurance Commission in a bid to assist local operators to become more active in the oil sector issued guidelines which provide that- *No person or organization shall transact an insurance or reinsurance business with a foreign insurer or reinsurer in respect of any life, asset, interest or other properties in Nigeria classified as domestic insurance, unless with a company registered under the Insurance Act.*

The Commission directed equally that no risk in the Nigerian oil and gas industry would be placed overseas without the written approval of the commission, which shall ensure

[18] ..'NIA recommends path to insurance growth in W/Africa' *Vanguard News*(Lagos May8,2017). http://www.vanguardngr.com/2017/nia-recommends-path-to-insurance growth accessed 20 September

[19] .'Electronic certificate coming' *The Nation (Lagos* January 19,2011)37

[20] . Section 49(1) of the Act

[21] .Section 50 of the Act

that the Nigerian local capacity is fully exhausted and that all registered insurers in the country are eligible to participate in any oil and gas insurance business subject to stipulated limitation.

The pertinent issue is the preparedness of the insurance industry to grasp the opportunities provided by the regulations. The National Insurance Commission took further administrative step by highlighting its regulatory priorities for the year 2017. The Commission wanted the chief executives of insurance companies to pay special attention to some issues requiring regulation in the year 2017 which include Capital verification, Checks in Management Expenses; Compliance on Statutory Return; Risks Based Supervision (RBS); Corporate Governance; Competence of Directors; Senior Management and persons in control functions; Market Development; Information Technology and Service Delivered by the Commission. The Capital Verification may lead to further recapitalization that would be structured through the implementation of Risk-Based Supervision (RBS) framework. The framework would categorize underwriting firms into tiers of risk businesses to underwrite. According to the Commission, the new RBS supervision template implies that insurance companies will no longer operate a uniform capital base, but their capital would be determined by the risk they undertake. There is also the caveat that companies that fail to shore up their capital appropriately may lose their operating licenses[22] .

Governance in Nigeria and economic policies are equally variables that determine the contribution of the insurance industry to the Gross Domestic Product (GDP). The various segments of the economy of a nation are like a seamless web and whatever happens to one invariably impacts the others. There is a connection between economic growth and insurance. Insurance business will only thrive when the economy of a country is booming and not when the country is undergoing a recession. Nigeria is dependent heavily on income from crude oil. The fall in the price of crude oil in Nigeria translates to low income for the government. The truth is that from 2013, the fall in the price of oil and the reduction in the income from oil in Nigeria adversely affected capital and recurrent expenditure of the governments in all the tiers. Capital projects were put on hold while governments continue to owe workers arrears of salaries and in some cases, salaries of workers were reduced. The exchange rate of the Nigerian currency, the Naira to the United States dollar and British Pound Sterling affected foreign trade. Insurance business will thrive where there is increase in the volumes of international trade. The recession has adversely affected the growth of estate business. The failure to pay the remunerations of employees promptly means a decrease in property development. Insurance policies for buildings and life assurance are in this period considered more as a luxury. The economic downturn affected the patronage of insurance business by the government. The level of premium payable to the underwriting companies has reduced as policy holders including government are in tight financial strait.

There is a good prospect for insurance business in Nigeria in view of the market potentials and the unreached populace. There is a need for a synergy among the operators while the regulatory body must take the bull by the horn in order to ensure good insurance practices that will endear insurance policies to the average masses.

4. LAW AND INSURABLE RISKS IN NIGERIA INSURANCE INDUSTRY

[22] . 'Panic grips insurers over NAICOM capital verification' *The Nation* (Lagos March 13, 2017)

The Insurance Act 2003, Laws of the Federation of Nigeria is the primary Statute that provides the framework for insurance business in Nigeria. The Act repealed the Insurance Act of 1997.By the provision of this Act, Insurance business in Nigeria is classified into two namely[23]:

(a) Life Insurance business; and
(b) General Insurance business

Life insurance business is further classified into three categories namely[24]:

(a) Individual life insurance business;
(b) Group life insurance and pension business; and
(c) Health insurance business

The general insurance is further classified also into eight categories namely[25]:

(a) Fire insurance business;
(b) General accident insurance business;
(c) Motor vehicle insurance business
(d) Marine and aviation insurance business;
(e) Oil and gas insurance business;
(f) Engineering insurance business;
(g) Bonds, credit guarantee and suretyship insurance business ; and
(h) Miscellaneous insurance business.

The classification of insurance business under the Act is a pointer to the type of risks for which underwriters may provide cover; however, the miscellaneous insurance business is an authority that enables an underwriter to develop new products which is not specifically covered by the Act. The Act sheds more light on the scope of miscellaneous business by providing that:

An insurer may be authorized to transact any new category of miscellaneous insurance business if he shows evidence of adequate reinsurance arrangement in respect of that category of insurance business and requisite capital where necessary and other conditions as may be required from time to time[26].

4.1.Life Insurance Business

There are two types of policies under the individual life assurance. The whole life policy in which the assurer undertakes to pay a sum assured whenever the person whose life is insured dies. Premium is payable throughout the life of the assured and the sum becomes payable only on the death of the assured to the assured estate or his assignee or nominees[27]. The endowment policy runs only for a limited period or a fixed term. The assured contract provides that the assurer will pay the sum assured when the life assured reaches certain age or at death[28]. Apart from the provision for the estate of the assured after death, life assurance is a scheme to systematically save and build wealth for the future. It is a long term saving tool that can help the assured meet financial needs after retirement or even fulfill a future goal. It also makes possible the actualization of plans at certain stages of life.

[23] .Section 2(1)
[24] .Section 2(2)
[25] .Section 2(3)
[26] .Section 2(5)
[27] .W.A.Adebayo, *Fundamentals of Law of Insurance in Nigeria (*Petoa Educational Publications 2010)46
[28] . *ibid* p.47

The implication of individual life policy for sustainable development is that a policy holder has a social security for himself and estate and by so doing the policy holder and dependent relatives will not be a burden to the state. The policy holder can equally through his savings contribute to the economic development of the nation through small or medium scale investment. The group life insurance and pension business are policies designed for employees both in the public and private sector of the economy. The pension policy is to enable workers and retirees have peace and comfort during and after service. Group life insurance is a type of policy in which a single contract covers an entire group of people. Typically the policy holder is an employer or an entity such as a labour organization, and the policy covers the employees or members of the group[29]. As the policy owner, the employer or other entity keeps the actual insurance policy known as the master contract. All the people covered are issued a certificate of insurance but this is not the policy. As with other type of life insurance, group life insurance allows the holder to choose his own beneficiary. Term insurance is the most common form of group life insurance. Group term life insurance is typically provided in the form of yearly renewable term insurance. It remains in force throughout the duration of the employment or until the specific term of coverage ends. The holder has the option of converting the group coverage to an individual policy. In Nigeria, the major holder of group life policy is the Federal Government, oil companies, airlines and professional associations etc. The economic situation in the country has affected the premium derivable from the group life policy just like other classes of life policies. In 2013, the Federal Government of Nigeria owed underwriters over Ten billion Naira on account of premium payable for policy cover for members of the armed forces[30]. The contributory pension scheme for employees in Nigeria is to ensure that every person who worked in either the public service of the federation, federal capital territory or private sectors receives his retirement benefits as and when due. Also, the scheme is to assist improvident individuals by ensuring that they save in order to cater for their livelihood during old age.

Health insurance is designed to ensure that every Nigeria has access to good health care services. The underwriting companies that offer this policy operate through Health Maintenance Organisations registered under the National Health Insurance Scheme. Health Maintenance Organisations are limited liability companies which may be formed by private or public establishment or individuals for the purpose of participating in the health insurance scheme regulated by the Act[31]. The objective of the Act *inter-alia* is to ensure access to good health care services for every family in Nigeria. By the scheme, employers with minimum of ten employees may together with every person in his employment pay contribution under the scheme at such rates and in such terms as may be determined from time to time. The Act enjoins employers and employees to be registered under the scheme. An employer under the scheme shall register itself and its employees under the scheme and pay into the account of a designated health maintenance organization its contribution in respect of its employees at such time and in such manner as may be specified from time to time in the guideline issued by the Council. A person not liable to pay contribution under the Act may apply to be registered as a voluntary contributor under the scheme and be entitled to health services.

[29] .https://us.axa.co accessed 20 September,2017
[30] .*The Nation January 4, 2016. Op.cit*
[31] . National Health Insurance Scheme Act Cap N42 Laws of the Federation of Nigeria, 2004.

The goals of sustainable development are only achievable by a healthy workforce in a society. The average life expectancy in Nigeria is 54.07 years[32].The ten top causes of death in Nigeria [33] are:

(a) Malaria -20%
(b) Lower respiratory infections -19%
(c) HIV- 9%
(d) Diarrhea diseases-5%
(e) Road injuries-5%
(f) Protein-energy malnutrition- 4%
(g) Cancer -3%
(h) Meningitis -3%
(i) Stroke -3%
(j) Tuberculosis -2%

These and other causes of death have continued to be a problem because of poverty and lack of prompt and adequate medical care. Health insurance policy remains a panacea to the menace posed by these causes to the health of the people. Poor health situations make the goal of sustainable development a herculean task and unattainable for the developing nations like Nigeria.

4.2.General Insurance Business

Fire disaster, over the years have accounted for monumental losses to individuals, government and organizations in Nigeria. Fire accident occurs annually and frequently in markets, government offices, farmlands and forests, oil and gas establishments, residential houses and business/companies' premises. The fire disasters ravaging markets in the country have continued to affect the Gross Domestic Product (GDP) negatively[34].In 2016 alone , major fire disasters occurred in markets across the country , some of which are Abubakar Rimi market in Kano; Kebbi central market in Kebbi state; Kara market in Sokoto, Sokoto state. In 2013, several shops at the mile 1 market in Port-Harcourt stuffed with food, clothing and other valuable items for Christmas were razed in a wildfire[35]. In 2014, over seventy people were displaced as fire razed three buildings at Ijesha area of Lagos, Lagos State[36]. In 2014 also, fire disaster in Bode Saadu in Moro Local Government area of Kwara State caused the death of fourteen people while several houses and properties worth millions of Naira were destroyed[37]. In 2017, fire destroyed Nnewi market in Anambra State with property worth over One hundred million Naira destroyed[38]. Government offices and property of private individuals are equally not spared. Ogun state government secretariat, Abeokuta; Independent National Electoral Commission office in Abuja; National Television Authority station in Abakaliki, Ebonyi state; the palace of Alafin of Oyo in Oyo state and the palace of Oba of Lagos etc., have experienced fire disaster in the recent past[39]. The losses from these fire disasters can be indemnified with fire policy cover. The victims of the fire disasters are in

[32] .https://www.vanguardngr,com>news accessed 7th September,2017.
[33] . https://www.cdc.gov>nigeria)why
[34] . 'Fire incidents Ravaging Markets Affecting GDP-Saraki' https://www.informationng.com/tag/fire-disaster accessed 15th September,2017
[35] .www.informationng.com/tag/fire-disaster accessed 15th September, 2017
[36] *.ibid*
[37] *.ibid.* 'Gbemisola Saraki Donates N1m to victims of Kwara inferno'
[38] . https://www.thisdaylive.com/index.php/2017 accessed 20th September, 2017
[39] https://nigerianpilot.com/danger-incessant-fire-disaster

most cases rendered jobless and homeless and can therefore not contribute to economic development and the overall goals of sustainability.

General accident is another insurable risk under the general accident insurance business with grave implication for sustainable development. Accidents such as collapse of building, flood, fire, gunshot, and automobile and factory operations are common and they occur regularly in Nigeria. General accident insurance provides commercial, personal property, and casualty insurance products and services to individual and commercial customers. The risks are clogs that have impaired the goals of sustainable development especially where there is no insurance policy to cover them. The incidents of building collapse in Nigeria has become part of the reality in the urban cities like Lagos, Abuja, Port-Harcourt etc and in each occasion, it has always resulted in the loss of lives and destruction of properties. The law requires public buildings and buildings of more than two floors to be covered with insurance policy [40] but the provision is not strictly enforced. In 2014, a part of a multiple storey building inside the compound of the Synagogue Church of All Nations (SCOAN) collapsed leaving a total of eighty (80) worshippers dead immediately while more than one hundred and thirty one(131) were critically injured[41].In 2016 at Uyo, Akwa Ibom state, the building of the Reigners Bible Church collapsed leaving twenty seven(27) people dead instantly and another thirty seven(37) people critically injured[42].On 25th July, 2017 a four storey building collapsed in Lagos and caused the death of many people[43]. Flooding is another risk under general accident insurance. Flood disaster affects buildings, movable properties and farmlands apart from causing the death of people. Flooding is a barrier to agricultural productivity in Nigeria leading to increase in prices of food items. Flooding also leads to the removal of topsoil and thereby reducing the fertility of the soil. The year 2017 appears to be a year of flooding worldwide as can be seen in the United States, India, Myanmar, Nigeria etc. In 2017, Markurdi, the capital of Benue State in Nigeria witnessed an unprecedented flood disaster which displaced no fewer than fifteen thousand (15,000) people from over 2,000 houses submerged. The flood swept away hundreds of millions of naira worth of valuable properties .Insurance policy exists to mitigate the losses and to indemnify the victims of the disasters but virtually none of the victims has insurance policy against this unforeseen risks.

Motor vehicle insurance provides cover for risks associated with the use of vehicles on the road. The Act provides that *no person shall use or cause or permit any other person to use a motor vehicle on a road unless a liability which he may thereby incur in respect of damage to the property of third parties is issued with an insurer registered under the Act*[44]. Accidents from motor vehicles in Nigeria have incapacitated or decimated the category of people that can contribute to the economic development of the nation. Apart from diseases and violent conflicts, accidents arising from the use of motor vehicles are another cause of untimely death in Nigeria. Insurance policy exists to indemnify the victims or their beneficiaries and in such situation, they will not be incapacitated in contributing to economic development.

Marine and aviation insurance business exist to provide cover for risks associated with importation and exportation of goods by sea and air transportation. Entrepreneurs require machinery and spare parts from foreign countries while at the same time finished or semi-

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40 . Section 65 Insurance Act, 2004

41 . Synagogue Church , others should insure buildings, says NAICOM' *The Nation(*Lagos September24,2014)27

42 .www.premiumtimesng.com> top-news .Accessed 21st September, 2017.

43 .https://www.vanguardngr.com/2017/07/lagos-building -collapse

44 .Section 68 Insurance Act, 2004

finished goods and farm produce need to be sold to buyers in other countries. Importers and exporters may suffer loss arising from accident during the voyage, theft, damage and seizure of vessels and cargoes by pirates in the course of transportation. Losses in marine and aviation transportation usually involve huge amount of money which may paralyse the operation of the entrepreneurs and thereby impede their contribution to economic development where there is no indemnity.

Oil and gas industry is *primus inter pares* among the sectors in their contribution to the Gross Domestic Product and the revenue of the nation. The exploration, exploitation, production and transportation of oil products in Nigeria entail some risks. The insurance industry's gross premium for 2016 from the oil and gas sector of the economy remained as low as #380 billion while the contribution to the Nigeria's Gross Domestic Product (GDP) stood at 0.03% against $1 trillion target and 3% percent contribution to the GDP set by NAICOM in 2012[45] .The presence of Nigerian underwriters in the activities of the oil and gas sector is low considering the fact that economic growth is supported by oil and gas exploration, political stability and a regulatory system that makes it attractive for businesses. The premium accruable from the sector can be invested in other businesses that can generate employment for Nigerians. The Federal Government of Nigeria enacted the Nigerian Oil and Gas Industry Content Development Act, 2010 to deepen the penetration of local operators including the underwriters in the activities of the oil and gas sector. The Act mandated insurance companies to participate in seventy (70%) percent of the local energy business arising from the sector before the risks can be transferred internationally. The effective performance of the local underwriters depends on their capital base. The NAICOM embarked on a capital verification of insurance companies in 2017 which is to strengthen the capital base of the insurance companies to be able to participate fully in some lucrative areas. This exercise would compel the companies to recapitalize. The recapitalization would be structured through the implementation of the "Risk –Based Supervision" (RBS) framework that will categorise the underwriting firms into tiers of risk businesses to underwrite[46]. By the framework, the capital base of underwriting firms will depend on the value or specific area of risks they carry as a business and this will be different from what is obtainable now where all the companies have the same statutory capital either as general or life insurance business.

Engineering insurance is a generic term embracing a special range of insurance products that provide specified cover for various types of machinery and plant commonly used in factories and private or business premises. The possibility of break-down of such plant and machinery often resulting in large repair bills as well as potential liability for injuries to persons or damage to property[47]. The products include contractors/all risk insurance; erection all risk insurance; machinery break-down insurance; plant all risk insurance. It covers also the employees who are daily exposed to one form of hazards or the other. The Contractor's All Risk policy covers contract work. It also indemnifies the insured against all sums they are liable to pay for damages in respect of death or bodily injury, illness or diseases.

Bonds, credit guarantee and suretyship insurance is a very specialized class of insurance business. This is usually referred to as guarantee rather than the conventional insurance policy. Bond is a form of guarantee given by one party called the surety(insurer) that he should be held liable by another party called employer/creditor principal as the case may be in the event of yet another party's (called contractor/borrower) failure to fulfill or abide by

[45] .https://www.thisdaylive.com>2017/08/30
[46] .'Panic grips insurers over NAICO capital verification' *The Nation (Lagos March13,2017)33*
[47] . https://lagos.all.biz/engineering-insurance

the terms and conditions of the said contract or agreement[48].The underwriter guarantees scheduled payments of interests and principal on a bond or other security in the event of a payment default by the issuer of the bond or security. As compensation for its insurance, the underwriter is paid a premium (as a lump sum or installments) by the issuer or owner of the security to be insured. This policy of insurance facilitates the execution of capital projects and the award of contract by tender. The policy can also be used to protect an employer from a fraudulent employee and in such a situation it is called fidelity guarantee insurance. Fraudulent practices and corruption are monsters that have impeded socio-economic development in Nigeria The country looses every year substantial percentage of the capital vote in the annual budget to corruption and fraudulent activities. Contracts are inflated, abandoned or implemented in a shoddy manner. The risks arising from fraudulent and corrupt practices can be shifted to the insurer where this policy is in existence in the award of contracts and execution of capital projects.

Re-insurance business is indispensable in the march towards sustainable development. It is required by the Act that before a company is allowed to operate as an insurer in Nigeria, such a company must furnish proof of the arrangements relating to reinsurance treaties in respect of the class of insurance business to be transacted and this must be adequate and valid. The Nigerian Reinsurance Corporation is the body officially responsible for the conduct of reinsurance business in Nigeria. Every insurer is to insure with the corporation an amount equal to twenty percent of the sum insured in the policy. Reinsurance exists for the protection of the primary insurer in such a way that the primary insurer is not paralysed by the reason of the payment of claims in indemnity .It exists as a shock absorber for the wheel of the national economy so that the effect of large amount of indemnity does not destabilize the sector.

5. CONCLUSION

Insurance business is indispensable in economic and sustainable development. The ability of the developed economies to overcome every form of risk or to rise after every downfall is made possible by the appreciation of the role of insurance in economic development and this is the difference between developed and the least developed economies. One incident of loss can ground or halt the wheel of economic progress of an individual or a nation. Insurance exists as a buffer to give an entrepreneur or a private individual a soft landing in the advent of a loss. Insurance business, therefore, occupies a strategic position in the march towards sustainable development. This study revealed that despite the available market opportunities available in Nigeria for insurance to thrive, the sector unlike the banking system has not been able to make significant and worthwhile contribution to the Gross Domestic Product of the country. The problems are basically the integrity issue of the operators and the regulatory bodies. The operators need to win the confidence of the people who perceive them as fraudulent entity. There are sufficient legal provisions to aid effective penetration and performance of the companies. Insurance is not a luxury but a necessity for its benefit. It is suggested that the government should compel the enforcement of the categories of insurance policies made compulsory. The underwriting firms should address integrity issues that make the average masses avoid insurance policies like leprosy. Education of the masses is necessary to change the orientation of those who consider insurance as a luxury. It may not be too much to make the possession of insurance cover a condition for enjoying certain facilities. For instance bankers should demand for evidence of insurance policy before granting credit facilities to customers. Every organization should provide insurance cover for

[48] .https://anchorinsurance.com/web/services/bonds-suretyship. Accessed 21st September, 2017

its members while like evidence of tax payment, aspirants to elective office should be required to furnish evidence of life/ health insurance cover.

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