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The Bane of Selling General Insurance in Nigeria

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ABSTRACT

Background: *Insurance industry is the back bone of a country's risk management system. Yet only few people purchase genuine insurance policies in Nigeria. In Nigeria, most motorists do not purchase genuine insurance policy, thus endangering the lives of other road users. Despite frequent fire disasters in several markets in the country, small scale entrepreneurs are not aware of the importance of genuine insurance policies in Nigeria.* ***Objective:*** *the study investigates the challenges of selling genuine insurance policies in Nigeria. The study shall also design measures that can improve the sales of general insurance in Nigeria.* ***Material and methods****: this study was conducted in Nigeria. Trust theory and social system theory served as the basis of its theoretical underpinning for this study. Newspapers, journals, field observation and literature were reviewed.* ***Result:*** *delay in payment of genuine claims by insurance companies, numerous clauses on insurance policies, ridiculous cutting of rate by insurance companies, poor awareness of the importance of purchasing genuine insurance, and accessibility of insurance companies by rural dwellers are among the challenges of selling genuine insurance in Nigeria.* ***Conclusion:*** *insurance companies should employ grassroots marketing to enlighten the public on the importance of purchasing genuine insurance policies in Nigeria. Micro insurance products should be introduced, Insurance policies should be a requirement for bank transactions, enrolment of students in school and the federal government of Nigeria should enforce the purchase of genuine insurance by motorists in Nigeria.*

Key words*: Insurance, Selling, Small scale entrepreneurs, Risk, Motorists.*

INTRODUCTION

Insurance industry is the backbone of a country`s risk management system, since it ensures financial security, serves as an important component in the financial intermediation chain, and offers a ready source of long term capital for infrastructural projects (Ujunwa, 2011). Yet, insurance has remained one of the least purchased items in the Nigeria financial market and records revealed that only about 10% of Nigerian population has insurance of any sort (Ebitu, et al, 2012; Wilson, 2004). This low patronage of insurance products has become a problem not only to the insurance industry, but has also affected economic development (Ibok, 2006), and

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growth of small and medium scale industries in Nigeria.

Insurance is a major financial intermediary and a key source of long term capital which encourages growth in the capital market (Catalanetal, 2000; Impavido and Musalem, 2000). Globally, the insurance industry has witnessed a significant growth as reflected in the number of policies done each year (Beck and Webb, 2003). In Nigeria, insurance serves as a catalyst which mitigates the volume of risk associated with loans and transactions in the financial industry. This implies that, insurance is meant to indemnify a client who uses his/her property as collateral for collecting loan from a financial institution. This gives the financial institution confidence to give out loan to small scale traders. Insurance is, therefore, in tune to promote the growth of small and large scale industry as it provides stability by allowing large and small businesses to operate with minimal risk of failure.

The contribution of the insurance industry to Nigeria`s Gross Domestic Product (GDP) rose by 40% between 2010 to 2012; going up from 0.5% in 2010 to 0.7% in 2012. The number of insurance policies also grew from 0.5million in 2010 to 1.5million by 2011 (Fintell. 2016).In spite of this growth, when compared with other advanced economies in the world, there is still room for growth in the Nigerian insurance market considering Nigeria population size. According to Oshinloye et al, (2009) in Elundu, (2013), the importance of insurance in any nation`s economy cannot be undermined as no country can experience any meaningful development without the presence of formidable insurance industry. This makes Nigeria insurance industry indispensable irrespective of its quota to the Gross Domestic Product (GDP).

In the view of Ezirim and Maoghalu (2002), the insurance industry is a tool for economic growth and development. It is vital to the wellbeing of and smooth functioning of a modern economy. In addition, Oba (2003) opined that insurance is a major indices for measuring the level of development of a nation`s wealth and plays very significant roles in the mobilization of investible resources of an economy. Considering the benefit of insurance to individuals, small scale entrepreneurs, national growth and development, it is therefore pertinent to examine the causes of

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low patronage of insurance in Nigeria. This shall be discussed as the challenges of selling general insurance in Nigeria. This paper will also recommend measures for tackling the challenges of selling general insurance in Nigeria.

In Nigeria, insurance can be divided into 2 major categories. The life insurance in Nigeria has several schemes. The life insurance is designed to compensate the family of the insured on occasion of death before the expiration of the life insurance policy. But if the policy expires while the insured is still alive, the insured will be given his/her contribution after the insurance company has collected their premium. In Nigeria, there are various life insurance schemes or products which could be obtained by private individuals and corporate organizations. The monthly or quarterly cash saving plan is the most popular and accepted life insurance policy in Nigeria. It is designed in a way that the insured makes a monthly or quarterly cash contribution to the insurance company through it agent(s) with the aim of collecting the contribution after a specified period of time (minimum of 1year). The monthly or quarterly cash contribution life insurance policy/scheme is most often obtained by individuals. If the insured dies while the policy is on-going, the contribution will be given to the beneficiary. But when the beneficiary is less than 18year old, the insurance company will have to wait until he/she gets to 18years.

While corporate organizations often obtain key-man life insurance policy for their executive and management staff. Group life insurance policy is also obtained by corporate organization for their general workers especially those at technical positions. With the group life insurance policy, the medical bill of the insured is paid by the insurance company in time of accident, however when a worker dies while on duty or on the course of performing his/her duty, the insurance company pays a compensation to the company where the individual has worked. The company in turn remit such compensation to the family of the diseased depending on the company`s policy of operation.

The second category of insurance in Nigeria is the general insurance. The general insurance is all non-life insurance policies. The general insurance unlike the life insurance is meant to indemnify the client in

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time of loss. While the life insurance is meant to compensate the family of the insured if the insured dies while the life insurance policy of the insured is still active, the general insurance is meant to indemnify the client in time of accident. Most time, it has been observed that general insurance is meant to better the lot of the insured/client. For example, in time of fire disaster of an old building with a genuine fire insurance cover, the insurance company will pay for loss based on the estimate of repair which will have been collated from current prevailing market prices. In such case, modern equipment would be used for construction of such building as against the outdated equipment that was used by the insured for construction of the insured building. By such act, the insurance company has not only paid the required claim, but also improved the condition of the insured.

Another example is the case of vehicle accident. If the vehicle has genuine insurance policy, the client would be indemnify based on the current prevailing market prices of the vehicle parts. The parts that would be purchased at this point are new parts and not outdated ones that were on the vehicle before such loss occurred. Some insured whose vehicle does not have certain accessories often include those accessories when filing claim. When insurance company pays such claim, then insurance can be said to have improved the condition of the insured vehicle. The general insurance includes the following; vehicle insurance, fire and special peril insurance, marine insurance, burglary insurance, householder insurance, public liability insurance, plant all risk and machinery breakdown insurance, cash in transit insurance, goods in transit insurance, bond insurance, group personal accident insurance, teen personal accident insurance, and others.

The high number of business closure due to fire disaster and frequent car accident is a signal that basic infrastructure to mitigate peril and to indemnify individuals after loss of goods, cash, vehicles or other type of accident is grossly inadequate. Researchers more recently have begun to look at how to improve insurance patronage in Nigeria (Atubi, 2016; Ebitu et al, 2012; Ibok, 2006). It is against this background that the following research questions were addressed by this study. What are the

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challenges of selling general insurance in Nigeria? What are the necessary measures for curbing the low patronage of general insurance in Nigeria? Thus, this study seeks to (1) examine the challenges of selling general insurance, and (2) propose solutions for tackling the low patronage of general insurance in Nigeria.

HISTORY OF INSURANCE IN NIGERIA

The history of Insurance in Nigeria could be approached from three phrases; before the coming of European traders, the early presence of European traders, and after Nigeria independence in 1960. Before the coming of European traders into Nigeria territory, there were some forms of traditional, social and mutual insurance scheme in Nigeria. This entails collectively supporting a victim of an accident to bring him/her back to the state he/she was before an accident. If an individual has an accident, the extended family, friends, clan and community members were sorely responsible for assisting the person back to his former state (Obasi, 2010). This form of traditional social insurance also involves cash donation, organized collective labour of assisting one another especially for those that suffer accident (Usman, 2009).

The second phase of the origin of insurance in Nigeria could be traced to the coming of European traders into Nigeria. The increase in population, migration, trade expansion, and banking encouraged the exportation of cash crops to European countries. In order to protect the commodities/ goods of the European traders, there was need for foreign insurance companies to handle some of the risks in Nigeria which was associated with trade (Adeyemi, 2005; Uche and Chikeleze, 2001). Insurance agency licenses were later granted to trading companies in Nigeria by foreign insurance companies. Such licenses made it possible for trading companies in Nigeria to issue insurance cover and process claim. The Royal Exchange Assurance Agency was the first insurance agency in Nigeria that came into existence in 1918. Other agencies that later came into existence includes Patterson Zochonis (PZ) Liverpool, London and Global, BEWAS`s Legal and General assurance, Law Union and Rock (Jegede, 2005). Transportation of cash crops from Nigeria to Europe was the major risk at

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that time, thus marine insurance was necessary.

The third phase of the history of insurance in Nigeria was after Nigeria independence in 1960. After independence in 1960, there were only four (4) indigenous insurance companies and twenty one (21) foreign insurance companies in Nigeria. The Obadan commission was set up in 1961 to review the reasons for existence of only few indigenous insurance companies in Nigeria. The outcome led to the establishment of Insurance Company Act of 1961. By 1976, there were a little above 65% indigenous insurance companies in Nigeria. The Obande.J.C commission of 1961 also led to the establishment of department of Insurance in the Ministry of Trade, which was later transferred to the Ministry of Finance. The Nigerian Insurance decree 1976 was enacted to regulate insurance activities in the country during the military era. Currently, the National Insurance Commission (NAICOM) is responsible for regulating the insurance companies in Nigeria. They are responsible for making policies guiding the operation of insurance in the country. They also fine or penalize companies that do not oblige to the rules and regulation of insurance operation in Nigeria.

The Nigerian insurance industry became the most capitalized in Africa for underwriting business after it recapitalization in year 2007. In year 2005, the Federal Government had introduced the compulsory recapitalization for the sector, ordering the firms to raise their capital base by November 2007 if they must remain in business. Life, non-life, and composite firms were asked to shore up their capital from the initial capital base #150million, #200million, and #350million to #2billion, #3billion, and #5billion, respectively. Four reinsurance firms were asked to recapitalize from #350million to #10billion. The regulation sought to enhance their capacity to undertake bigger risks as well as engender more confidence in the eyes of the insuring public. Many firms embraced the merger and acquisition options, while others turn to the stock market to raise the required capital. After the exercise, 7 firms were liquidated out of the 104 insurance companies, leaving 49 insurance firms and 2 reinsurance companies. Some years after, some of the composite underwriting firms split their operations into life and non-life, which

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brought the current number of insurance firms in Nigeria to 58. Out of the current 58 insurance companies in Nigeria, there are 15 life insurance companies, 29 non-life insurance companies, 12 composite companies, and 2 re-insurance companies. There are currently 577 insurance brokers in Nigeria, 54 loss adjusters, 1900 registered insurance agents and numerous non-registered insurance agents in Nigeria.

STATEMENT OF THE PROBLEM

Many motorists in Nigeria carry fake insurance certificate simply to present it to Federal Road Safety Corps in pretense of complying with the rules of insurance Act in Nigeria. More than 12 million motorists carry fake insurance papers in Nigeria (The Punch Newspaper, February 8, 2016. Pg 33). It is estimated that between 16 million to 17 million vehicles are on Nigerian roads. Out of this number, only about 4.3 million vehicles had at one point done genuine insurance certificate. Vehicles with genuine insurance certificates are automatically registered on the Nigerian Insurance Industry Data base. Some of the motorist who had done genuine insurance at one point in time had expired and probably had not renewed their vehicle insurance (The Punch Newspaper, February 8, 2016). This implies that motorists are endangering the lives of other road users by driving vehicles on Nigerian roads without appropriate genuine insurance certificates.

In Nigeria, a large number of motorists are not convinced that insurance companies will pay claim when accident occurs. Thus, instead of purchasing genuine insurance certificates that would provide insurance cover and compensation for road users in time of road accident, large number of motorists buy cheap and fake insurance certificate from fraudsters and agents in licensing offices across the country (Punch Newspaper, February 8, 2016).The patronage of fraudsters to purchase fake insurance certificate is a signal that the Nigerian insurance sector is grossly untapped. Nigeria insurance sector has also not appealed to the informal sector, which constituted over 80 percent of the population (Nigerian Guardian, January 25, 2016).

Nigeria road is responsible for the injuries and death of several road users in the country with about 33.7 percent per 100,000 population affected every year (sun newspaper, June 10, 2014). The number of vehicles on Nigeria roads is increasing on a

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daily basis without adequate safety mechanism in place to control the growing number of road traffic crashes and injuries (Atubi, 2015). Among the countries under World Health Organization in Africa, more than one in four traffic accident deaths in Africa occur in Nigeria. Road accident is the 3rd leading cause of death in Nigeria (Sun Newspaper, June 10, 2014). The number of road accident in African countries is about 30 to 50 times greater than those in the countries of Western Europe (Atubi, 2015).

The frequent fire outbreak in Nigeria is a serious challenge not only to small, medium and large scale business enterprises but also to the general public in Nigeria. The report of fire disaster at market places, residential houses and religious centre in Nigeria is a common occurrence. According to the World Life Expectancy report, Nigeria currently ranks number one globally for deaths by fire (WHO, 2014). In 2015, Lagos State recorded 1,898 fire incidences in which 80 people died (Business Day, December 30, 2015). The Lagos State Fire Service recorded an incredible 64 emergency responses to fire incidence in just one i.e. on January 1, 2016 (Punch Newspaper, January 8, 2016). The fire disaster in Nigeria markets is alarming as fire has destroyed goods worth billions of cash at markets in Lagos State, Kaduna, Ibadan, Sapele, Benin, Kano, Sokoto, Minna, Yola, Nsarawa, Onitsha, and Ado-Ekiti state (The Punch Newspaper, February 22, 2016).

Churches are not left out as Christ Embassy`s headquarters in Oregun, Ikeja-Lagos state was gutted by fire in January 2016. Majority of the buildings that were burnt by fire disaster in Nigeria do not have genuine insurance policy. Considering the harsh economic reality in Nigeria due to the fall in global oil prices and the persistent inflation in the country cum high rate of poverty, it is obvious that those who do not have genuine insurance cover but whose property were burnt by fire disaster may face more severe poverty. It is therefore pathetic that most small scale business owners fail to take adequate measure to cushion the effect of unforeseen occurrence such as fire disaster.

The few Nigerians who has genuine insurance policy may not report and file for claim when disaster occurs probably because they do not know the process of filing for claims. Risk decision is best taken

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when one has a clear understanding of the cost benefit implication. It is against this background that this study attempt to provide answers to the following research questions: (1) what are the challenges of selling general insurance in Nigeria. (2) What factors can improve patronage of general insurance in Nigeria? It is important to note that this study shall focus on general insurance which includes vehicle insurance, fire and special peril insurance, marine insurance, burglary insurance, householder insurance, public liability insurance, plant all risk and machinery breakdown insurance, cash in transit, bond, goods in transit, group personal accident etc.

OBJECTIVES FOR THE STUDY

This study attempts to achieve two objectives, to;

1. Examine the challenges of selling general insurance in Nigeria.
2. Propose strategies for tackling low patronage of general insurance in Nigeria.

SIGNIFICANCE OF THE STUDY

This study is significant in order to mitigate the frequent loss of money and life due to road accident on Nigeria roads. The frequent loss of property due to fire outbreak and motor accident is a challenge in Nigeria. This study is of utmost relevance to the current understanding of the dynamic nature of insurance and it significant impact to economic growth and development in Nigeria. It is sacrosanct for Nigerians to be aware that genuine insurance cover can improve the saving rate in Nigeria through indemnity of loss. Understand the role and functions of insurance companies and the process for filling genuine claim should also be known. Insurance companies indemnify individuals and companies who suffer loss in order to stabilize their financial position by transferring their risk to the insurance companies. Insurance also help to sustain demand and supply of goods which in turn encourages production and employment of large number of people.

Insurance companies employ people for the operation of it daily activities. This in turn helps to reduce the number of unemployment in the country. Insurance companies also help sustain production by

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indemnify clients who experience loss during the course of performing their job. For example, insurance company indemnify client who experience fire disaster by paying their claim which is used to reconstruct or rebuild the burnt structure. This is good for continuity of productive activities and sustenance of economic activities.

Small scale enterprises play a crucial role in development and have propelled industrial development in many countries. Insurance industry provides saving and back up to small scale industry in time of accident. This in turn helps to improve economic development in a country. Thus, insurance is a major tool to savings, economic growth and development in any country.

THEORETICAL BACKGROUND AND LITERATURE REVIEW

This research is anchored on trust theory and social system theory. Trust is characterized by the following aspects: one party (trustor) is willing to rely on the actions of another party (trustee); the situation is directed to the future. In addition, the trustor abandons control over the actions performed by the trustee. As a consequence, the trustor is uncertain about the outcome of the other`s actions; they can only develop and evaluate expectations. The uncertainty involves the risk of failure or harm to the trustor if the trustee will not behave as desired.

Trust theory is used among several discipline including sociology, psychology, computing etc. in sociology, trust theory was first applied in 1950's. Trust can be attributed to relationships between people. It can be demonstrated that humans have a natural disposition to trust and to judge trustworthiness. Trust between organizations and clients arise from the belief that trust enhances business performances. Trust is also attributable to relationships within and between social groups (history, families, friends, communities, organizations, companies, nations etc.). It is a popular approach to frame the dynamics of inter-group and intra group interactions in terms of trust (Hardin, 2002).

Fukuyama (1995) associates national industrial competitiveness to trust as a societal level cultural norm and a social capital. To sociologist, trust can be viewed from individual and societal perspectives. Trust is the expectation that the trust or has towards the trustee that the trustee will

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fulfill such expectation on future date. To sociologist, trust is measured by the degree of belief in honesty and fairness to another party. Cook et al, (2007), presents one sociological perspective on relational trust focusing on trust at the interpersonal level and arguing that it is much more difficult to trust organization and large scale institutions such as government given the knowledge that would be required to trust and entity of this size. The tenet of the trust theory is that the trustor must have confidence on the honesty of the trustee before committing his/her belonging to the trustee.

Many Nigerians do not have trust in Nigeria insurance industry. They do not believe in the honesty of Nigerian insurance companies. One of the major complaints among Nigerians is that insurance company gladly collects premium at the inception of cover but when it comes to payment of claim, they most often introduce many clauses in order to avoid payment of genuine claim. Such complaints over the years have made it difficult for many Nigerians to trust Nigerian insurance companies. In Nigeria, the awareness level of insurance is very low. This is because a large proportion of Nigerians see insurance as intangible which does not add any value to their lives. Some Nigerians do not believe that they would even have claim during the period of cover, thus they find it challenging to purchase insurance policies.

Akpan (2005) and Ibok (2006) argued that the poor insurance patronage in Nigeria is due to delay in payment of genuine claim. They also state that the low patronage of insurance in Nigeria is also due to lack of awareness of the importance of insurance. However, Ebitu, Ibok, and Mbum (2012) assert that the low patronage of insurance in Nigeria is due to lack of proper education and fraudulent activities by those selling insurance in Nigeria. Based on the tenet of the trust theory, Nigerian do not purchase genuine insurance because of lack of confidence towards insurance industry. Many motorists in Nigeria will rather purchase cheap and fake insurance certificate because they do not believe that they can get claim if accident occurs.

The social system theory by Talcott Parson (1970) explains how the society is interdependent on each other in order to be successful. Parson (1970) used the theory to explain that society is like human being. Humans are made up of different parts but

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for the whole body to be active and sound, the various parts need to be healthy and functional for a collective whole. The social systems are used to identify relationships that connect people and organizations, which ultimately contribute to a larger institution. Talcott parson used the AGIL (Adaptation, Goal attainment, Integration, and Latency) paradigm to identify the four basic conditions that societies needed in order to survive.

The tenet of the social system is that the society is made up of several institutions. These institutions cannot operate alone. The social system represents the integral part of the action system and in this was only a subsystem within the greater whole of system. The society depends on each of this system for effective functioning of the collective whole. Thus, the absence of each of the subsystem may affect the whole system. This implies, that, each of the subsystems depend of other subsystem to make a collective whole.

Nigeria as a country has various institutions and framework that combine to make it stable. The economic institution is one of the subsystems that make up Nigeria. The economic subsystem is further broken down to several other subsystems. For an effective economic development, various institutions that make up the economic institution must be functioning efficiently and effectively. The insurance industry is one of the major institutions that are needed for effective economic growth and development in Nigeria. The level of insurance patronage is still low in Nigerian states. Though, with the increasing consciousness and awareness of insurance in Nigeria, the claim volume has continued to increase from #70.71 billion claims paid in 2011 to #72.209billion claims paid in 2012 and #89.945billion claims paid in 2013, and between #90 to #100 billion claims paid in 2014 (The Guardian, January 25, 2016).However, when considering over 8million population in Nigeria (Population Reference Bureau, 2015) and the number that needs insurance in Nigeria, it can be concluded that the awareness level and of the relevance of genuine insurance is still low and enforcement is still a challenge.

Urbanization is an important factor for the development and sales of insurance (Kalra, Fan,and Sinha, 2013). The study of Hwang and Gao (2003) further analyzed the impact of urbanization on insurance. They

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found a positive correlation through saving from retirement of the urban population. This situation is also found in Nigeria where all insurance companies are located in urban localities. There is no location of insurance companies at the rural environment in Nigeria and this is a challenge to the purchase of genuine insurance cover for rural dwellers. Most rural dwellers have to travel to urban environment in order to purchase insurance policies. In addition, most motorists at the rural environment get discouraged and may decide not to care about genuine insurance due to the distance from rural to urban centers where genuine insurance cover can be purchased. These motorists would thus be endangering the lives of other road users in Nigeria. The situation is not restricted to a particular state in the country.

The general education level of Nigerian population is most likely to influence the patronage and consumption of insurance in Nigeria. Curak, Dzaja, and Pepur (2013) suggested that education increases risk aversion and encourages people to demand for insurance. In Nigeria, insurance policies are too complex and this serves as a challenge for insurance consumers since they are not able to comprehend the clauses on the insurance policies (Ebitu, Ibok, and Mbum, 2012). Non educated small scale traders in Nigeria may not understand the content in insurance policies, thus comprehending the insurance policies which they need may be challenging to them. They have to depend on a 3rd party to comprehend the need and type of insurance cover which they will need for their business organization. Treerattanapun (2011) had earlier asserts that education increases the awareness of risk and threat to financial stability, thus facilitating the understanding of insurance benefits. This implies that the more education is acquired, the more the likely awareness of risk in the environment. This in turn may encourage purchase of genuine insurance in Nigeria.

THE CHALLENGES OF SELLING GENERAL INSURANCE IN NIGERIA

1. The failure of government to enforce the provision of Insurance Act as it relates to compulsory insurances has contributed to the non-achievement of goals of increasing insurance penetration in Nigeria. Section 68 of the Nigeria Insurance Act, 2003 states, "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 insured with an insurer registered under this Act". It is unfortunate that this Insurance Act is not totally adhered to by most Nigeria road users. Only few organizations and individuals adhere to this Act and the failure of the government to enforce the law is in itself a disaster to the efficient sales of general insurance in Nigeria.

2. Poor awareness of the relevance of genuine insurance is still low in Nigeria. For example, there is hardly any location for purchase of genuine insurance cover at rural environment in Nigeria. Thus, most road users and small scale entrepreneurs would have to depend on certificates which they can obtain from dubious agents. Due to distance of genuine insurance offices where genuine insurance cover can be obtained, many motorists ignorantly took fake insurance certificates from unregistered companies in Nigeria. The practice is so pervasive that it has become difficult to convince road users that the insurance certificate with them is fake and not genuine. Most time it is difficult to distinguish between genuine insurance certificate and fake insurance certificates in Nigeria as most of the fake insurance certificates are designed to look like genuine insurance certificate. The difference could only be identified through the insurance policy number. The insurance policy number on fake insurance certificate will not be located on the National Insurance Industry Database's (NIID) website. While the insured details will be located immediately a policy or insurance certificate is purchased on the Nigeria Insurance Industry Desk (NIID). The poor or lack of awareness of the populace on how to confirm genuine insurance in Nigeria is a challenge to the sales of the product in Nigeria.
3. Most Nigerians do not believe in Insurance. This is because the negative marketability of insurance products has become a problem not only to the insurance industry but also affect economic development in Nigeria (Ibok, 2006). Poverty is a major reason why Nigerians do not believe in Insurance. Since insurance is an intangible product, Nigerians do not see it as a necessity. They prefer to do without it.
4. Delay in settlement of genuine claim is another problem associated with selling general insurance in Nigeria. Only few companies can pay claim in just five

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working days. Payment of genuine insurance claim takes months and this makes it unbearable to the insured that depend on the facility insured for daily income. For example, a motorist who uses his vehicle for commercial purpose. He depends on the vehicle for daily income. The motorist would hope that if the vehicle has an accident, it will be indemnified in the shortest time possible, so that he can continue his daily activities. However, delay in settlement of his claim can unsettle him for months and years. This would dampen his belief in the insurance industry in Nigeria.

5. In Nigeria, there are too many insurance intermediaries. Aside from the 58 insurance companies in Nigeria, there are 577 registered insurance brokers in Nigeria, 1900 registered insurance agent in Nigeria, 54 registered loss adjusters in Nigeria and numerous unregistered insurance agents and brokers in Nigeria. Some insurance brokers delays payment of premium to insurance companies, while some insurance brokers do not remit insurance premium to insurance brokers with the belief that the insured would not experience any claim during the 1year period his policy will run. Some brokers even believed that the insured would not file for claim when they experience any accident, so they may not remit the insured premium to the insurance companies. So at the point of claim, insurance companies will not pay for claim they had not receive the premium. This in turn may result to distrust between the insured, the broker and the insurance company.
6. Numerous illegal commission and rebate between and among insurance players. The National Insurance Commission has band the collection of Over Riding Cost and Public Relation (PR). However due to severe competition in the industry, insurance brokers still collect ORC and PR. Insurance companies that do not pay ORC and PR to insurance brokers and agent, may not get insurance transactions from them and this is a serious challenge to the industry survival and development.
7. Insurance companies are said to be risk takers, however insurance companies technically avoid huge risk that is prone to claim. They may turn down insurance transaction by increasing the rate for transactions; so that the client would be discourage to make payment due to high premium. Insurance companies can also reach their limit or volume of a particle risk which they want to receive. This in turn may

make them increase the rate for the transaction in order to discourage customer from doing that particular transactions.

8. Another challenge of selling general insurance in Nigeria is delay in remitting commission to insurance agents and staff. Retail insurance staff has been design to collect commission which serves as their salary. However, they experience delay in receiving their commission which can serve as a discouragement to retail insurance marketers in Nigeria. Religion is also a challenge of selling insurance as some religious group belief in the supernatural as their insurer. In doing so, they exposed themselves to risk.
9. Ridiculous rate cutting due to unhealthy competition among and between insurance brokers, insurance companies, and it agents. In a quest to get insurance transaction, insurance companies would reduce it rate and increase the excess clause on the insurance policy. They reduce the rate to convince the client that insurance is not expensive, and they then increase the excess clause on the policy. Excess clause is the owner's liability and responsibility for care of the property insured. When claim is been processed, the insurance company deduct excess before making the net payment to the client. Since most client do not read their insurance policy as inception of the transaction, they become angry when insurance companies deduct excess. This often leads to complain and distrust from the insured to the insurance companies.
10. Non-disclosure of fact by the customer and the insurance companies at the inception of business. The insurance companies are meant to carry the risk of the insured. However, there is limitation to claim payment of a particular loss. This may not be revealed to the insured at the inception of insurance transaction which may lead to distrust and argument in time of claim payment. The insured too may not disclose all the necessarily detail of the subject of insurance at the inception of the policy in order to reduce the premium. This may also be a challenge if loss occurs.

STRATEGIES FOR IMPROVING SALES OF GENERAL INSURANCE IN NIGERIA

1. Provision of unique micro insurance services. Micro insurance services would help reduce the number people who shy away from genuine insurance cover. The micro insurance scheme is design to protect low income earners. With the frequent fire

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outbreak in Nigeria, insurance companies should make their micro insurance policies flexible in order to accommodate small scale traders in lock up shops on the street and at the local market places.

2. Intensive capacity building and greater expertise in micro insurance. People have to be trained on the importance of obtaining genuine insurance policies in Nigeria. This would help alleviate poverty and improve the economic welfare of Nigerians.
3. There is need for insurance companies to develop of people friendly products. Most Nigerians has the perception that it cost a lot to have genuine insurance cover. Insurance companies need to employ an aggressive approach to selling their products. They can do this through advertisement on the social and print media. However, this can only be achieved when insurance companies develop people friendly products that appeals to all categories of people irrespective of the socioeconomic cum cultural characteristics.
4. Innovative distributive system. The insurance companies and its sales representative should design a unique method of selling it product considering the peculiarity of Nigeria market. There is need for insurance marketers to employ house to house selling of insurance product. Many Nigerian are familiar with annuity and vehicle insurance. But annuity and vehicle insurance are just about 1% of the available insurance products in Nigeria. Since Nigerian insurance sector has not appealed to the informal sector, which constituted over 80 percent of the population (Nigerian Guardian, January 25, 2016). There is need to restructure the distributive system of selling insurance in the country. In view of the above, this researcher is advocating to house to house marketing and attention should be focus on small scale retail traders. The Insurance firm has to pay more attention to the informal sector in the society.
5. The Federal Government of Nigeria should make the ownership of genuine insurance certificate as a prerequisite for opening of bank account, payment of school fees and construction of building in Nigeria. This will persuade Nigerians to purchase genuine insurance policies.
6. Insurance companies need to rebrand their marketing strategies and be more proactive and sincere to the insured at the inception of the insurance transaction. This would help bread confidence between both parties.
7. One of the best ways to sell insurance in Nigeria is through seeking for referrals from

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people. Those who had done genuine insurance can give referrals to others who truly need insurance. Another way to sell insurance is through the financial institutions and corporate organizations. This is because financial institutions would need insurance cover when giving out loan to their clients.

CONCLUSION

Amidst the frequent fire disaster and vehicle crashes in the country, Nigerians need to be educated on the importance of genuine insurance cover. This can be done through aggressive door to door marketing by insurance marketers, the use of social media, bill board, and referrals. The regulatory agency of insurance in Nigeria has to partner with the federal government of Nigeria to make insurance compulsory to all Nigerians. Genuine insurance should be made as one of the compulsory documents needed for every bank transaction, enrolment of students in all level of education and motorist should be educated on how to confirm the authenticity of their vehicle insurance through the National Insurance Industry Desk (NIID) website.

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