

CHARTERED INSURANCE INSTITUTE OF NIGERIA

JOURNAL

ISSN 117-9031 | Vol. 17 No. 8 SEPTEMBER, 2021

INSURANCE INDUSTRY & BUSINESS SUSTAINABILITY STRATEGIES





Life is a journey, enjoy the ride...



Protect it with the most responsive AutoFlexi motor policy for as low as N15,000.00?

Talk to us today.

Features:








- 0700CallFBNGI | WhatsApp: 08125197466
- contactfbngi@fbninsurance.com
- www.fbngeneralinsurance.com



member of  **Sanlam** group

...because YOU really matter

Contact us: 0700CallFBNGI, 08000ClaimsAlert / contactfbngi@fbninsurance.com / RC 208278     

From the Desk of the President



Dear Professional Colleague,

On behalf of the Governing Council of our Great Institute, I wish to convey our best wishes to you. As you may be aware, the Institute held a successful 50th Annual General Meeting on the 15th of July 2021 and the report can be found on our website. The Council is happy and proud that we are sustaining the legacy of the Institute despite all odds and challenges. And without any shadow of doubt, the successes we have recorded in the AGM and other programs during my tenure would not have been possible without your continual support. Indeed, the institute is glad to have you as a stakeholder.

My tenure as the 50th President of our Institute commenced on Wednesday 15th July 2020. Quite frankly, presiding over the affairs of the Institute for the past twelve months has been a great task. Nonetheless, we achieved to a large extent the set objectives for this Presidency, despite the raging COVID-19 pandemic.

It would be recalled that my presidency is focused on "REINFORCING PROFESSIONALISM AND ETHICS IN THE NEW ORDER." A theme that is borne out of the need to strengthen professionalism and ethical standards in the Insurance Industry. Hence, we have joined hands with some stakeholders in the Insurance Industry to reposition our industry for success.

Our sincere desire and commitment to serve our great Institute had been the driving force that kept us going amid all odds to achieve set goals. These successes would not have been feasible without the

tremendous support and cooperation of our esteemed Council members, Elders of the Institute, Chairmen and Members of Committees of Council, National Insurance Commission, professional colleagues, invaluable Members, other bodies within the industry under the aegis of the Insurance Industry Consultative Council (IICC) and staff at the Secretariat.

The Institute's activities are being completely re-engineered through computerisation and this has improved the quality of its service offerings. The Institute is aware of the progressive evolution of the business climate and the need to adapt to growing trends to remain relevant in the scheme of things. Consequently, the Institute's activities have been re-engineered through computerisation and this has facilitated remote working while also improving the quality of its service offerings. It is imperative to disclose that the E-Library is ongoing and on the verge of completion. Similarly, the world is going digital and so is the Institute. The process of conducting the Institute's examination digitally is being painstakingly reviewed to ensure that the integrity of the examinations is not compromised whenever it commences.

Professional examination remains the pivot of all other functions of the Institute. We have maintained the sanctity of the examinations while not losing focus of the need for regular review of its machinery and curriculum. The Institute's reviewed syllabus became operational in the April 2021 examination diet with the foundation stage while the next stage (Intermediate) would be conducted in October 2021. In the same vein, it is worthy to note that the

Institute's Secondary School textbook was recently approved by Lagos State Ministry of Education as a recommended course book for Insurance in all Secondary Schools across the State. The Institute has also released the second edition of her insurance textbook for secondary school students, in a step towards our desire to continue to educate the next generation about the amazing world of Insurance.

It is our collective responsibility to reinforce the relevance of professionalism as the Institute has the statutory duty of producing skilled professionals. In this regard, the Institute through its professional examinations ensures that only sound individuals become insurance professionals. In the same vein, it has continuously been training and retraining professionals through its training subsidiary, the College of Insurance and Financial Management (CIFM). The College is constantly identifying skill gaps and designing training programmes with contents that alleviate skill deficiencies and improve manpower development in the industry.

Going forward, we are poised to do more at the Institute. This year, there would be greater efforts towards hosting insurance awareness programmes and initiatives in all parts of the country, developing

young talents in the insurance industry through the mentoring program and ensuring that the Institute delivers all programmes in line with global best practices. The Institute is also focused on reinventing itself, with the vision "To remain a world-class professional body committed to the provision of an efficient and effective manpower for the insurance industry." We will not rest until this is achieved in all ramifications.

I wish to express my profound gratitude and appreciation to you all for your wonderful support and confidence reposed in me. Thank you so much for making the past year so memorable. I look forward to accomplishing more together this year. I urge you to continue with your support of the Institute as partner in progress to the growth of the Insurance Industry.

Happy Reading

Yours in Service,

Sir Muftau Oyegunle ACII, FIIN
President/Chairman of Council
Chartered Insurance Institute of Nigeria

CHARTERED INSURANCE INSTITUTE OF NIGERIA JOURNAL

ISSN 117-9031 | Vol. 17 No. 8 September, 2021



Editor-in-Chief
Mrs. Abimbola Tiamiyu, M.A.S, M.Sc, FIIN

Editorial Board

Mr. Bode Opadokun
Chairman
Mrs. Adetutu Arusiuka
Deputy Chairman
Mrs. Funke Adenusi
Mr. Kolapo Omilani
Mr. Martins Uwulekwe
Mrs. Joyce M. Odiachi
Ms. Olubusola Makinde
Mr. Segun Bankole
Mr. Chuks Okonta
Mr. Tope Adaramola
Mr. Norbert Enuonye
Ms. Oluwaseun Adejumo
Mr. Japhet Duru
Mr. Ademola Abidogun

Contributors

Sir Muftau O. Oyegunle
Peter Offiong
Olubusola Makinde
Fiyinfoluwa Victoria Olorunmola
Paschal E Egerue
Chief Babajide Olatunde-Agbeja
Pius Azurunwa
Chukwu Oteh
Chuks Okonta & F. K. Lawal
Olusola Ladipo-Ajayi

Concept, Design & Production

BBM Adarson
Tel: +234 802 976 2850, info@bbmadarson.com

All enquiries should be directed to
CHARTERED INSURANCE INSTITUTE OF NIGERIA
27, Lagos Street, Ebute-Metta, Lagos.
Tel: +234 817 204 0914, +234 909 198 8252
E-mail: info@ciinigeria.org

DISCLAIMER

All articles in this journal reflect personal opinions and views of the writers rather than that of the Institute.

COMPULSORY EMPLOYEES GROUP LIFE INSURANCE

(Under the Pension Reform Act 2014 as amended)



A. WHERE APPLICABLE

All public and private sector organisations as specified in the Pension Reform Act 2014

B. WHAT DOES THE POLICY COVER

Compulsory

- a). Death – Compensation for the employees who stay the while in service.
- b). Disappearance – Compensation in the event of disappearance of an employee.

Optional

- c). Additional Compensation for Permanent Disability (physical through accident).
- d). Compensation for Temporary Total Disability and Medical Expenses following accident.
- e). Compensation for any self-employed person who is covered by the Wignetsu under (a & d) above.

C. HOW MUCH COMPENSATION DO I GET

1) Death Compensation

For Death – Three (3) times Total Annual Emolument (TAE)

For Disappearance – Three (3) times Total Emolument (TAE)

For Permanent Disability – Three (3) times Total Annual Emolument (TAE)

For Temporary Disability – percentage of the TAE based on the Degree of Disability.

2) Non-Fatal Employee

A substantial Capital Gain, reasonable enough, in case of death, to take care of the employees family or the employee in case of disability.

3) WHO IS COVERED

All employees of labour in the public and private sectors as specified in the Pension Reform Act 2014.

D. HOW MUCH DO I PAY AS PREMIUM

Directly contact the nearest insurance brokers or a life underwriter

E. WHO PAYS THE PREMIUM

The Premium is to be borne 100% by the Employee

F. PENALTY FOR NON-COMPLIANCE

₦250,000 fine plus fine (11) per representation of the company for every director or officer of the including body corporate.

Ensure Compliance To Avoid Prosecution



NATIONAL INSURANCE COMMISSION

www.naicom.gov.ng

...for a healthier Insurance Industry in Nigeria

CONTENTS ►

6	 <p>Insurance and Sustainability Strategies: Walking the Talk BY PETER OFFIONG</p>
11	 <p>A-Z of Business Sustainability in Insurance BY OLUBUSOLA MAKINDE</p>
16	 <p>INSURANCE INDUSTRY & BUSINESS SUSTAINABILITY STRATEGIES BY FIYINFOLUWA VICTORIA OLORUNMOLA</p>
20	 <p>INSURANCE AS A TOOL FOR SUSTAINABLE ECONOMIC GROWTH BY PASCHAL E EGERUE</p>
28	 <p>INSURANCE MORE VALUABLE TO THE POOR THAN THE RICH CHIEF BARAJIDE OLATUNDE-AGBEJA INTERVIEW</p>





Insurance and Sustainability Strategies: Walking the Talk

BY PETER OFFIONG



Overview

In 2015, the United Nations (UN) General Assembly adopted the Sustainable Development Goals or Global Goals (SDGs) which is a collection of 17 interlinked global goals designed to be a "blueprint to achieve a better and more sustainable future for all". The SDGs are intended to be achieved by the year 2030. The narration should read: Although, the Sustainable Development Goals (SDGs) are based on decades of work by several countries and the United Nations, sustainability as a concept was first developed in the 1980s.

The 'official' definition of sustainable development was Stated in the Brundtland Report of 1987.

Specifically, sustainable development is a way of organizing society so that it can exist in the long term. The report defined sustainable development as ***"development that meets the needs of the present without compromising the ability of future generations to meet their own needs"***

The three dimensions of sustainability developed over the years, namely: environmental, social and governance (ESG) are of significant relevance for the insurance industry. In 2009, the global insurance industry, in a concerted effort with the world's leading academics, worked on a UN-backed survey highlighting the industry's approach to sustainability and climate risks under forensic

examination. The 2009 report is titled “The Global State of Sustainable Insurance: Understanding and Integrating Environmental, Social and Governance Factors in Insurance”

The report highlighted that the global insurance industry has a fundamental role to play in a bid to speed up the global transition to a clean, green, low carbon global economy that supports sustainable development and tackles the threat of global warming. The document revealed that senior executives from the sector agreed that in order to sustain the industry’s long-term economic health, key environmental, social and governance (ESG) factors must be systematically integrated into insurance underwriting and claims practices, product development and other core areas such as investments, sales and marketing, etc.

Impact on Insurance Business

One only needs to look at the magnitude of natural disasters in the last decade to predict the likely effect of climate change in the nearest future. As we have seen with the Covid-19 pandemic, these events will impact the insurance industry in various areas such as claims, investments, underwriting appetite as

well as client’s ability to pay the premium. There is, therefore, a required sense of urgency in addressing sustainability issues and integrating the ESG framework. The insurance industry in Nigeria does not need to wait for regulations or the government to drive the necessary change. If the players in the industry miss out on the benefits of integrating ESG and being sustainable businesses, in the next decade such players will become laggards among peers.

Evidence shows that for the global insurance industry, the concept of sustainability has continued to evolve. Global insurance institutions view it not just from the perspective of how environmental, social and corporate governance (ESG) issues impact insurance and investment portfolios, but also how insurance and investment practices impact the environment and society.

Given that key issues such as climate change can affect access to affordable insurance as well as increase the magnitude of claims, it behooves insurance institutions to invest in practices, companies and technologies that will help tackle the issue. This requires partnerships and investments not just for today’s benefit but for the future. Imagine the number of claims paid for flood and





other climate-related losses as well as the savings that can be made if efforts are geared to address these issues before occurrence. The concerns for insurance institutions are beyond property losses and business interruption. There are also potential litigations that can manifest in Directors & Officers Liability as well as Professional Indemnity insurance. Agricultural Insurance, as a point of reference, will be significantly impacted by the effects of climate change and this may threaten food security.

Social and governance dimensions of sustainability are much clearer and if an insurance institution has any doubt about the nexus between these dimensions and their business, they only need to recall the events of #EndSars in 2020. As these issues remain unmitigated. The attendant impacts on insurance companies will significantly increase, either in their assets of liabilities, inclusive of claims and other related obligations.

Understanding these issues and making a formal commitment to change is vital. As of 7th July 2021, only two insurance institutions in Nigeria (Continental Re and Custodian & Allied) are signatories to the UNEP (United Nations Environment Programme) Finance Initiative Principles For Sustainable Insurance (PSI). It is imperative for more insurance companies to show commitment to this initiative and drive the sustainable insurance agenda.

Strategic Priorities for the Insurance Industry and its Partners

In 2018, a research conducted by a team of scholars from the London School of Economics and Political Science, some strategic questions were raised as they have the capability of shaping the next phase of the sustainable insurance journey. Those questions are worth revisiting here especially in the light of current-day realities:

1. **Closing the protection and resilience gap:** In many parts of the country, access to insurance is not available, or the existing products are not meeting the needs of those most vulnerable to current and future risks. How can the industry build trust, capacity and long-term solutions where no markets currently exist or where rising risks threaten access to insurance? In today's Nigeria, access to insurance and viable products is a major issue. How do we create products that will actually meet the needs of the population and not just imitations from other climes?

Building back better: After climate shocks, Why are all insurance-related repairs not executed with a low-carbon and climate-resilient future in mind? Why do we think that these changes belong in the distant future? Has the Covid-19 pandemic taught us anything?

Investing in sustainable assets: How can the industry address the disconnect between the risk expertise in Underwriting and asset investment decisions? In other words, why are insurers still funding projects that they would not insure, either on health, social or environmental grounds? How can insurers play a market-shaping role in terms of driving demand for green and sustainable assets?

2. **Make resilience an Investible proposition:** Why are we not able to attach monetary returns to investments in resilience? There is a growing interest in generating returns from investments in resilience and climate adaptation but a good formula is still missing. How can we incentivize these behaviours on the part of clients?
3. **Engaging with clients and customers through better risk signalling:** How can insurers set out requirements for their clients to demonstrate sustainable behaviour? Insurers can fill a void in terms of engaging with companies and governments at their respective operational jurisdictions, can this help to encourage the prioritisation of climate change and other sustainability concerns in planning and policymaking? How can insurers use risk signalling to inform other sectors and governments about the urgency of changing to more sustainable practices and policies?

These questions like many other issues are neither new nor do they have simple answers. It is therefore imperative for industry players, regulator and policymakers to respond and ensure we play our respective roles as society's risk manager and agent of change.

Conclusion

By its very make-up, the insurance industry draws on the experience and research of many fields (statistics, engineering, medicine, accounting, etc.) in formulating frameworks of key principles and an approach to their implementation. The industry has the potential to define how businesses should respond to sustainability issues through enterprise risk management. This also comes with an opportunity to grow in terms of contributions to the Country's GDP.

It is however essential that the industry embraces the Environmental, Social and Governance (ESG) principles and sustainable insurance as part of their strategic and operating plans. Becoming a signatory to Principles For Sustainable Insurance (PSI) is a very crucial step in a bid to address key ESG issues in risk management, underwriting and claims management, product development, sales and marketing as well as investments. This will galvanize all the broad industry expertise and innovation potential into the implementation process. For example, losses from floods and other climate-related incidents can be mitigated by a combination of building code changes, underwriting criteria, policy terms and pricing. These tools can increase resistance to and avoidance of natural disaster losses. It is easier for government to move and provide the enabling environment when the industry has already taken the lead. Public/private initiatives can tap into industry knowledge and innovative solutions to increase risk awareness and promote loss avoidance. Through this means, the industry will be at the fore of sustainable risk prevention as it relates to the ESG practices.

Peter Offiong MSc, FIIN, ACIB, ACA

Current Vice Chairman, CIIN ORC and he works with SCIB Nigeria & Company Limited

Reference

1. **Isabelle Santenac** (2020) How the insurance industry can boldly shape a more sustainable future. https://www.ey.com/en_gl/innovation-in-insurance/how-the-insurance-industry-can-boldly-shape-a-more-sustainable-future
2. **Juliane Welz** (2020) The role of insurance in sustainable economic and social development. <https://www.pwc.ch/en/insights/fs/the-role-of-insurance-in-sustainable-economic-and-social-development.html>
3. **Swenja Surminski, Nick Robins, William Irwin** (2018) Where next for sustainable insurance? Five priorities for the next decade. <https://www.lse.ac.uk/granthaminstitute/news/where-next-for-sustainable-insurance-five-priorities-for-the-next-decade/>
4. **UNEP FI** (2021) <https://www.unepfi.org/psi/signatory-companies/>

A-Z of Business Sustainability in Insurance

BY OLUBUSOLA MAKINDE



INTRODUCTION

The Insurance Industry has the responsibility of providing quality and reliable services and products to clients and potential customers. This responsibility includes working with our clients and business partners to understand and manage risks that are material to the insurance business.

Here are various guides to achieving business sustainability in Insurance which have been eked out as the (A-Z) of business sustainability.

Adequate Reinsurance simply means further protection of an already insured risk by the Insurance Company to cushion the effect of cash outflow in the event of catastrophic losses. The insurance Company is shielded by reinsuring risks to aid sustainability of its operations.

Breaking new grounds in addition to existing clients enables an increase in Client base which will lead to the growth of the business. Business portfolio expansion will help to retain the existence and profitability of the Company and insurance sector at large.

Customer Focus is key to ensuring business survival. It is important to find out what exactly the client needs and offer services that will best suit those needs. Claims should be settled promptly after all due diligence has been done. The customer is the reason we are in business and this ultimately leads to business growth.

Digitization is changing the role of insurance from pure risk protection towards predicting and preventing risks. The risks being covered by insurers, the underwriting procedures, policy distribution and claims management are also changing. In an increasingly digitized world, some risks will become less frequent, while others like cyber risks will gain importance and some others may cease to exist. Digitization plays a pivotal role in business sustainability.

Embracing Corporate Social Responsibility (CSR) is a way to ensure the continuity of any business. CSR is the commitment of companies to provide resources and support activities focused on providing solutions to identified needs. This is a very good strategy that should be imbibed as a strong Value-adding parameter for business sustainability.

Flexibility in our operations as insurers will improve the quality of our service delivery. A dynamic approach to managing our business enables changes which eventually translates to growth and sustainability.

Globalization is the process by which businesses or organisations develop international influence or start operating on an international scale. Underdevelopment persists in Nigeria due to weak Institutions and bad governance unable to accommodate the process of globalization.

Hard work is a condition precedent to succeeding and thriving in business. Diligence and efficiency work hand in hand to ensure that business is sustained appropriately.

Innovation must be consistently carried out from customer feedback as products and services should be tailored to meet their needs. This is very necessary for sustainability of the insurance business.

Joining forces with financial market leaders by way of collaborations such as Bancassurance will play a vital role in sustainability of business. These partnerships open ideas for income generation and business portfolio expansion which translates to a mutually beneficial profitability.

Keeping and adhering to guidelines from the regulatory body will help the business guard against negligence that can destroy the business. The regulatory body is there to guide the business ethics and conduct of insurers. Failure to comply with the

set guidelines is a major threat to business survival and sustainability.

Litigation and the law are fundamental facets of sustained business innovation yet it is complex. Businesses that want to create sustainability need legal advice to guide all their processes.

Modernization of services in Insurance through legacy systems will give the speed, agility, simplicity, attractiveness, cost reduction and operational effectiveness that are needed for business sustainability.

Niche marketing is a valuable method that insurance companies and intermediaries rely on to grow and sustain the insurance business. It aids concentration on a target market that has great potential for gross growth in premium income generation.

Optimization of all resources which include assets, capital, and talents/human will help in bringing out the best possible achievements and results. This ultimately leads to business sustainability.

Professionalism is an essential ingredient to retain any business. Insurance requires a lot of integrity, competence, product knowledge, good character, empathy, diligence, forthrightness and excellent service delivery to sustain patronage. It is the professional approach to service delivery that earns the respect that brings about sustained patronage.

Quoting at the inception of an insurance contract will go a long way to sustain business. There are lots of under-quoting practices being done in the insurance industry, which brings about unhealthy rivalry in a bid to get businesses at all costs. At the point of claim settlement, the unprofessionalism behind inadequate underwriting, pricing and quoting comes to the fore. It is important to quote right from the outset once a contract is in force.

Risk Management is a process that is implemented by the board of Directors, Management and other personnel within the business. This includes risk avoidance, risk reduction, risk acceptance, risk transfer and risk sharing. The various adequate and appropriate risk management strategies are business sustainability tools.

Service delivery is an integral tool for business sustainability. Services should be delivered in an effective, predictable, reliable and customer-friendly manner. A satisfied customer will help to champion business continuity.

Technology allows for active risk management and the core competence of insurance is ready for a big leap due to all sorts of new technologies such as machine learning and data. Innovation and new technologies have the potential of affecting the franchise value of insurance companies with accompanying competition.

Understanding market needs is the path to efficient service delivery. By so doing services and products are tailored appropriately, fostering the sustainability of business. Attention should be paid to understanding the needs of the market.

Virtual insurance tools help to redefine the insurance industry by providing high quality, cost effective customer service and back office administration to the independent agency. This also aids the provision of efficient customer service to the customers.

Winding up is required if a company is unable to pay its claims and becomes insolvent. This is a crucial decision often taken by the regulatory body together with the Management of the Organization. Mergers and acquisitions are birthed through the winding up process to ensure the existence of a healthy and viable Organization.

X-raying for fictitious claims will go a long way to save a Company from huge and unprecedented claim settlement which could affect the existence and business sustainability of the Company. Diligent investigations regarding underwriting terms to identifying proximate causes of claims must be carried out. This will ensure genuine claims are promptly settled.

Yields on investments should be optimized and channeled to ensure provision is made for reserves to sustain business.

Zoom application is the new normal. Virtual meetings can be held irrespective of the location globally. This is the new normal and it's a replacement for physical meetings. Virtual Meetings and engagements offer an avenue to save resources. It has also become a means of achieving efficiency and business sustainability. This virtual tool has saved a lot of resources and capital and has become a huge ingredient for efficiency and business sustainability in Insurance.

Olubusola Makinde

MD/CEO, Feyikems Consults Company Limited

BSc Insurance, MSc Management, FIIN

Sourced References

Agarwal, A., Gupta, A., Kumar, A. and Tamilselvam, S. G. (2019). Learning risk culture of banks using news analytics. *European Journal of Operational Research*, 277, 770–783.

Chavez-Demoulin, V., Embrechts, P. and Hofert, M. (2016). An extreme value approach for modeling operational risk losses depending on covariates. *Journal of Risk & Insurance*, 83(3), 735–776.

De Jongh, D., De Jongh, R. and VanVuuren, G. (2013). A review of operational risk in banks and its role in the financial crisis. *South African Journal of Economic and Management Sciences*, 16(4), 364–382.

Makinde Olubusola O., CIIN Journal, Volume 15 No 1, April 2015 edition. A-Z of thriving in the Insurance Market, Insurance as a tool for sustainable growth.

Makinde Olubusola O., Vanguard Newspaper pages 22 & 27, March 31, 2016. Risk Management tips for SMEs

Makinde Olubusola O., Vanguard newspaper pages 22 and 23, April 7, 2016. Business Insurance as a tool for SME survival.

Makinde Olubusola O., CIIN Journal Vol 16 No 3, December 2017 edition, Page 49, Market Penetration : which way forward. Boosting Insurance penetration through creation of distribution channels.

Makinde Olubusola O. CIIN Journal Vol. 17 No 3, July 2018 edition, Page 23 10 key facts of digitization in the Insurance Industry

Makinde Olubusola O. CIIN Journal, Vol 17, No 4, 2019 60th Anniversary edition, Breaking the glass ceiling in Insurance Service Quality

Makinde Olubusola O. PILA News , A newsletter of the Professional Insurance Ladies Association, Vol 17, First Edition 2019, Strategies for optimizing results in Insurance.

Makinde Olubusola O. CIIN Journal, Vol, 17, No 5, page 26, January 2020, Data Analytics, The game changer. Groundbreaking attributes of data analytics.

Okeke, M. N., Aganoke C. U. and Onuorah, A. N (2018). Operational risk management and organizational performance of banks in Edo State. *International Journal of Academic Research Economics and Management Sciences*, 7(4), 103-120.

Pakhchanyan, S. (2016). Operational risk management in financial institutions: A literature review. *International Journal of Financial Studies*, 4(4), 20.

Rajendran, M. (2012). Operational risks involved in banking industries. *Amity Global Business Review*, 7(1), 50–57.

Santos, H. C., Kratz, M. and Munoz, F. M. (2012). Modelling macroeconomic effects and expert judgments in operational risk: A Bayesian approach. *The Journal of Operational Risk*, 7(4), 30–38.



CIFM Diploma in Insurance is for insurance and non-insurance graduates desirous of a career in the insurance industry. It is specifically geared towards assisting student attain professional qualification in insurance within a short time.

What benefits does the Diploma offer?

- * Career opportunities in the insurance industry globally
- * Exemptions from ten (10) out to seventeen (17) qualifying examinations as Associate of the Chartered Insurance Institute of Nigeria (CIIN)
- * Ability to qualify as an Associate of the CIIN within a year of graduating from the college
- * Automatic internship in a reputable insurance company immediately after the Diploma
- * Use of the Diploma for further studies in Insurance and Risk Management

Duration: 9 Months of 2 Semesters of coursework with Final Project.

Entry Requirements: Degree or HND in any field; OND may also apply.

Eligibility: Nigerians and Non-Nigerians from within or outside the insurance industry.

SCHEDULE OF FEES:		
S/N	ITEM	FEE
1.	Application Form	N 25,000
2.	Tuition	N750,000
	TOTAL	N775,000

KM 40, Lagos Ibadan Express Way, Oloke Torotoro By Asese Village, Ogun State.

☎ 07065554554, 08091244397, 08139115771 | @cifmng
 📧 training@cifmng.com | rector@cifmng.com | 🌐 www.cifmng.com



BY FIYINFOLUWA VICTORIA OLORUNMOLA

What about Insurance and Business Sustainability Strategies?

The year 2020 was definitely a record-breaking year for a lot of reasons; one of which was the novel coronavirus that affected the world economy, leading to an economic recession. Climate Change is another issue impacting economies globally. In recent years, it has led to several disastrous events in some countries such as India, Brazil, Australia, USA etc. The damages have led to huge financial impact on the Insurance Industry across the globe. However, the frequency and severity of natural catastrophes are increasing steadily as all stakeholders are becoming more aware of the sustainability and nurturing environmental consciousness.

It is important to highlight some of the challenges

facing sustainability. These issues have been clearly identified and much more beyond climatic changes and its impacts. These issues include Healthcare, Emerging Man-made Risks (EMR) and changing business environment. The following provides more insights into the highlighted issues:

- Climatic change has become the most potent environmental risk facing society, raising major concerns about the increasing frequency and severity of natural disasters, scarcity of natural resources, and an increase in micro pollutants (including plastics).

The increasing healthcare costs have become a major concern globally. Amidst the unpleasant experiences and uncertainties induced by recent global health crisis, there were major drivers which contributed to the risk trends. E.g.

increasing resistance to antibiotics, new viral threats, and escalating lifestyle-related issues, etc.

- The Emerging Man-made Risks (EMR) are attributable to risks embedded in the advancement of new technologies, such as artificial intelligence, nanotechnology, genetically-modified organisms, self-regulating mechanisms (robots), nuclear materials, persistent organic pollutants and electromagnetic fields such as mobile communication equipment, transmitter and booster stations and power lines. These technologies have not only exposed humans to risks related to data security, but is also altering the very nature of risk itself.

Changing business environment is considered to be direct response to the evolving social and demographic trends as well as the financial, regulatory, and monetary policy risks. Others are geopolitical risks and increasing protectionism, among others. These have continued to impact the industry, posing threats to sustainability of business operations. The emergence of tech-based firms and new business models also creates risks that can't be overlooked.

Thus, it is glaring that the Insurance Industry bears the financial burden of climate change-induced natural disasters on a more significant level compared to other financial services sectors.

According to Nigerian Insurers Association (NIA), in 2020, the Nigerian Insurance Industry paid over

₦4bn in Claims, arising from the damages propelled by the #EndSarsProtest. Thus, indicating how vulnerable the sector is to these emerging sustainability risks. However, the Insurance sector is in the best position to change the narrative and embed sustainability criteria in goods and services. In fact, the insurance industry can play a monumental and multifaceted role in accelerating the shift towards more sustainable economies and communities considering that insurers not only act as protection providers, but also risk managers and investors.

To realize their sustainability ambitions, insurers must focus on Business Sustainability Models such as: strategy, engagement, business models, risk management, green IT & operations, and data. According to Capgemini Invent, there are six (6) strategic fields of play the Insurance Industry should explore to achieve sustainability:

1. The designs of new products and services that will support innovation around sustainable insurance solutions for the emerging market, incorporate affordability and rebuild customer experience.
2. Strategy, Innovation and Transformation Roadmap which will help to define the purpose of the insurers, establish good organization and appropriate governance, identify ecosystems and partnerships, and leverage new technologies to create new distribution models through digitalization and/or partnerships.
3. Adoption of Responsible Operations & Processes, to implement and drive energy-efficient business practices in a bid to decrease





the carbon footprint of the Insurance operations, incorporate ESG factors in the selection of asset managers, develop and maintain an appropriate approach to disclosure around climate related financial risks. Such disclosure should allow for interaction with existing risk categories and for the newly introduced, distinct elements of financial risk from climate change. Set up a sustainable real estate strategy, and partner with like-minded vendors who meet ESG criteria.

4. Green IT Practices such as defining a vision and objectives for the IT department, diagnosing

infrastructure, applications and equipment, project mode, etc.; building an action plan, taking into consideration ESG factors when commencing new projects. Finally, adapt the Business Continuity Plan to include emerging risks.

5. Stakeholder Engagement & Customer Experiences which can be achieved by engaging customers towards a social economy, rethinking the brand experience, identifying and managing the impacts on the businesses, engaging employees, agents, brokers, customers (from awareness to training to best practices),

managing the relationship of external stakeholders (regulators, investors, NGOs, etc.) to support the transformation and visibility in the ecosystem, and closing the protection gap for more customers.

6. **Data & Measurement:** It is important to define the necessary indicators (reporting, management, risk monitoring, etc.) and identify the necessary markers (value chain analysis), build the data collection process & set up data governance, formalize the ability to cope with potential future outcomes in risk frameworks and include climate change consideration in emerging risk assessment, Implement advanced analytics to improve risk selection and pricing. Augment climate change models with big data information, implement stress tests to determine capital and liquidity implications and anticipate future losses.

It is worthy of note that some Insurtech startups have begun taking up these initiatives and can be seen in their different approaches to marketing sustainable insurance to customers. An example is the SOSO Care Health Insurtech startup which

allows customers pay premiums either in cash or by delivering recyclable waste (bottles, glass bags and plastic bags) to Soso Care's agents every month. The recyclable wastes are then sold to recycling companies as raw materials with the proceeds converted to premiums.

Overall, an insurance industry committed to building business sustainability models can help realize more stable, thriving insurance markets – and make truly meaningful contributions to global sustainable development.

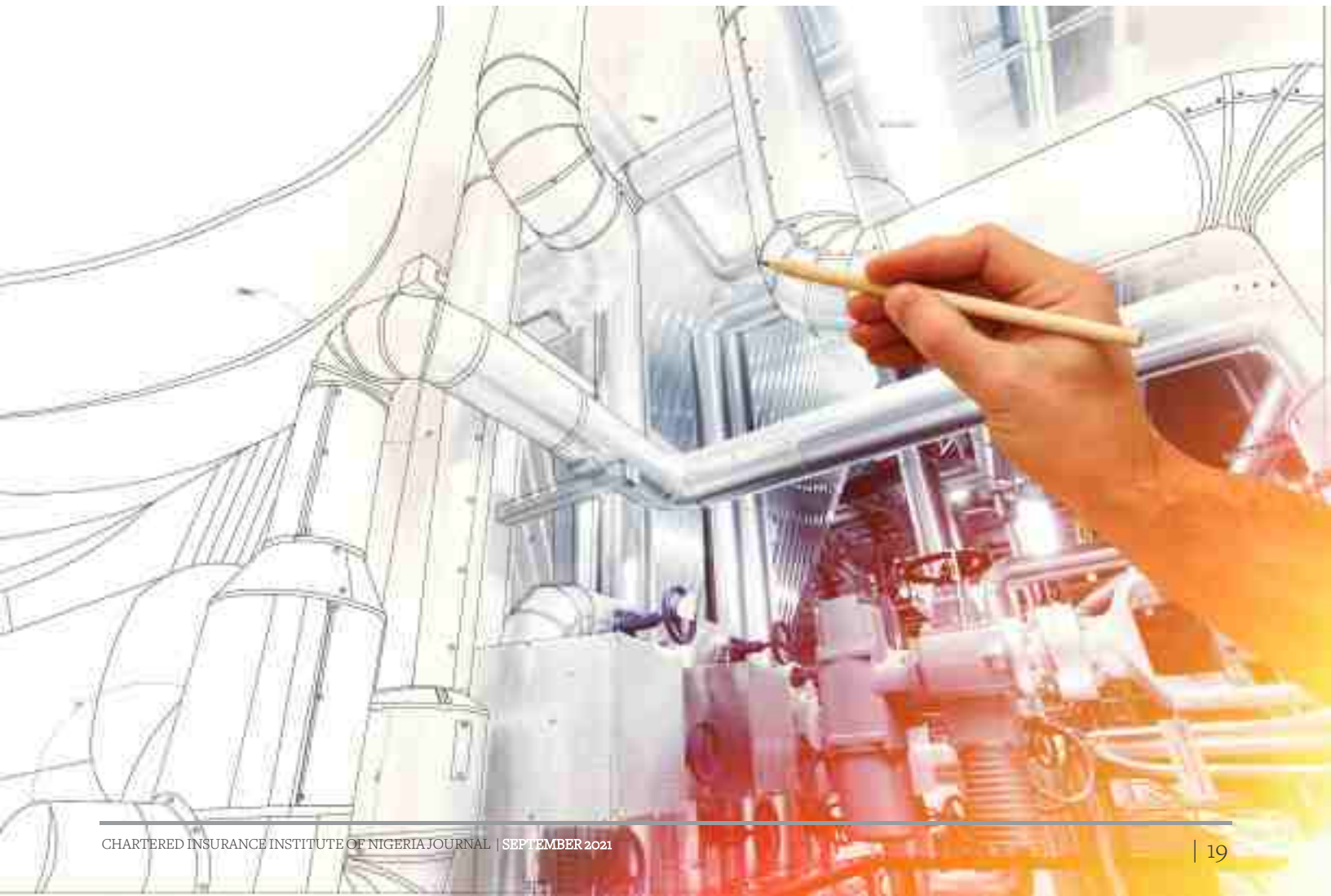
Fiyinfoluwa Victoria Olorunmola is a Risk Analyst at Tangerine Africa. She is also an insurance professional and a Co-host of Africa's finest Insurance Podcast - Insurtech Business Series Podcast.

References:

https://www.capgemini.com/wp-content/uploads/2021/04/2021-04-12_Invent_Sustainable-insurance_POV_A4-P_Interactive_Final.pdf

https://www.unepfi.org/fileadmin/documents/insuring_for_sustainability.pdf

<https://www.afrik21.africa/en/nigeria-soso-care-promotes-waste-recycling-via-new-platform/>





INSURANCE AS A TOOL FOR SUSTAINABLE ECONOMIC GROWTH

BY PASCHALE E. EGERUE

This Day Newspaper in 2013 showed that only 800,000 adults in Nigeria out of a total population of 168 million currently have one form of insurance policy or the other. This figure translates to 1% of the population.

This topic calls for a critical examination of the various roles insurance play in economic development especially with regards to its widely acclaimed status as a tool for sustainable growth of the economy.

In most discussions and write-ups on this topic, there is a noticeable tendency to dwell more on presumptions that are more or less derived from

classical notions about the role of insurance. The pitfall in this perspective is that less or no time is devoted to interrogating the actual roles insurance play in a modern economy, especially economies in transition such as the Nigerian economy. These economies have been described as emerging economies and therefore deserve our attention. Thus we are attracted to asking and interrogating why despite the catalytic role of insurance in



economic development, insurance itself remains a deeply resented and often ignored strategic tool for economic development in developing nations such as Nigeria. In other words, why is it that despite the acclaimed and well-publicized roles of insurance in economic development, the economies that most require this elixir for economic development are the slowest in embracing it? Is insurance delivering on the presumptive roles it's cast for itself? Are there

institutional constraints to the efficient delivery of these roles in developing economies such as Nigeria?

Insurance penetration in Africa is abysmally low and seems to mirror the befuddling poverty of the continent amid its high need for infrastructural development and its embarrassing huge deficit in healthcare delivery.

Though South Africa remains a leading light in Insurance penetration, Nigeria as the acclaimed giant of Africa has a dismal record in general market development. A survey by This Day Newspaper in 2013 showed that only 800,000 adults in Nigeria out of a total population of 168 million currently have one form of an insurance policy or the other. This figure translates to 1% of the population. The survey also revealed that the Nigeria insurance market has only 16 major insurance products with six of these products being offered as compulsory insurance covers. The damning conclusion from this survey is that these 16 products are largely unsold.

Consequently, the contribution of insurance to the GDP of the country remains very low despite the rebasing of the economy. In a vicious circle like this, insurance despite its presumptive roles can hardly

be a tool for sustainable economic growth due largely to deficit capacity. This in itself should be a source of worry and a challenge to the insurance practitioners in Nigeria. Nigerian Insurance practitioners must begin to think about how best to overcome the environmental, cultural, regulatory, legislative and institutional constraints to effective use of insurance as a tool for sustainable economic growth.

We have to move away from hasty generalizations and theoretical pontifications which tend to adapt the timeless contribution of insurance to the economic development of Western societies as if it is the same in Nigeria.

INSURANCE AND ECONOMIC GROWTH OF NIGERIA

There is no trace of mainstream insurance activities in the pre-colonial period of Nigeria. What existed was communal living, family ownership of land and rudimentary agriculture. Whatever existed as a risk-sharing mechanism was purely welfarist and could not be commercialized. It was the incursion of the European traders to the territory that is today known





as Nigeria that led to the type of commercial activities which required the support of modern insurance services.

The dependent nature of the relationship of the early insurance services companies (merely agency offices) with their overseas parent companies meant that underwriting terms were externally imposed and premiums largely repatriated to these overseas offices. The staff of these agency offices were mainly expatriates who also repatriated their earnings overseas. In this situation, insurance played little or no role in laying the foundation for the economic development of Nigeria.

This initial setback was to affect the perception and key roles given to insurance by subsequent governments even after independence. Thus insurance was regarded as a minuscule activity only worthy to be regulated by a small unit in the department of trade or so. The laws guiding insurance were anything but ambitious and its prescription for an investment of insurance funds remained for a long time very risk-averse. This affected adversely the creation and growth of capacity of the insurance market and thus nearly destroyed the pedestal for effective large scale economic intervention in the nation.

However, this negative trend of development was

effectively reversed by the establishment of national institutions such as the National Insurance Corporation of Nigeria and the Nigerian Reinsurance Corporation. The emergence of other state and privately owned insurance companies led to an accelerated impact of insurance on economic development through the deployment of funds (premium) to investments in the capital market, the real estate market and in the hotels and hospitality industry.

The indigenization decree of the early seventies placed the commanding height of most of the insurance companies in the hands of Nigerians. The extent to which this development impacted economic development is yet to be thoroughly examined. However, it can be conceded that the poverty of regulation at this period led to the emergence of all manners of insurance companies and a downgrade of corporate governance. Thus the oil boom of the seventies and the massive post-war reconstructions never impacted in any significant way the development of the insurance industry. In a way, it can be said that the opportunity to build the capacity of the insurance industry was either lost or not optimized during this era.

These issues are considered important even for a contemporary evaluation of insurance as a tool for sustainable economic growth. This is due largely to

the widely accepted and empirically confirmed postulation that insurance development is positively correlated with economic growth and that economic growth is characterised by the soundness of a national insurance market. This intricate relationship (insurance and economic development) entails that the government should consciously grow the insurance market as a tool for sustainable growth. The catalytic role of insurance in economic development is in very diverse ways. A sound insurance market fertilises entrepreneurship and makes economic activities possible. It does this through a plethora of key activities which have the effect of reducing anxiety and promoting financial stability. Insurance is also known to be a good substitute for government security programmes. This spans through pensions, annuity plans, endowment funds, workmen compensation, perils and disaster funding and business interruption management. The irony however is that rather than develop these channels of insurance intervention, the Government has been busy destabilising the existing structures through the creation of parallel institutions which are practically taking over insurance services in areas such as pension, annuities, workmen compensation etc.

Insurance is a great tool for mobilising savings in national economies. These savings are channelled to facilitate trade and commerce, develop and deepen the capital, money and real estate markets. The insurance industry in Nigeria has played these roles commendably.

In this, they have also been victims of the fragility of these markets. For instance, almost all the funds raised in the capital markets for mandatory recapitalization were lost in the crash of the capital market and via the failure of banks in recent times.

Beyond this setback, there is not a doubt as to the role of insurance in fostering more efficient capital allocation in the economy. With insurance, risks are managed most effectively since logically, risk transfer and indemnification reduces firms' vulnerability to financial distress and bankruptcy. This fact in itself is a potential source of increase in return on investment given that outlays which may have eroded capital and returns are cushioned through the insurance indemnification system. Some insurance covers, especially property and

liability covers are proving to be effective alternative risk financing choices that minimise or eliminate the cost of rebuilding or recreating lost or damaged assets.

The life insurance sector is also known to have provided long term capital for the development of critical infrastructure in the economy. The potency of life funds for economic development is so high but rather regrettably, the market is unresponsive, undeveloped and stunted. With a high population of over 160 million, life insurance in Nigeria is an untapped gold mine. The insurance industry and the Government should team up and develop incentives and appropriate legislations to open up the life insurance market.

STRATEGIC PATHWAYS TO SUSTAINABLE CONTRIBUTION OF INSURANCE TO THE DEVELOPMENT OF THE ECONOMY

Given the low reception of insurance as a tool for sustainable development of the economy in Nigeria, there is an urgent need to chart strategic pathways for its contribution to the development of the economy. As stated at the beginning of this article, the low reception of insurance in Nigeria is a perplexing paradox for a nation that is in great need of development. Perhaps, this accounts for why Nigeria is not developing.

The strategic pathways to the sustainable contribution of insurance to the development of the economy are thus suggested as follows: -

1. Rebuild the house

Insurance practice in Nigeria should be overhauled and revamped. This should be both at the educational and practice level. The curriculum for insurance professional studies should be reinforced to enable practitioners to appreciate the diverse and interlinked nature of risk. This will assist to unlock the potential of the market and create more jobs. It will also make practitioners more creative and innovative in the business of insurance and risk management.

2. Clean the house

This aspect relates to efficient business-oriented regulation as a forerunner to self-regulation. The National Insurance



With a high population of over 160 million, life insurance in Nigeria is a gold mine that is untapped. The insurance industry and the Government should team up and develop incentives and appropriate legislations to open up the life insurance market.

Commission has done very well in sanitizing the insurance industry. However, regulations should be articulated in terms of milestones to enable stakeholders to appreciate the progress being made. Practical steps should be taken to delete aspects of our regulation and legislation that tend to impede business.

3. **Proactive focus on the Economy**

The insurance industry must maintain a proactive focus on the economy. To start with, the insurance industry should set up a study group to look at various legislations in Nigeria to key in insurance as a cornerstone of most of the laws. The insurance industry should also make critical input into the budget of the nation. It is not just simply about clamouring for provisions for payment of premium but also creating roles for the insurance industry in the critical areas of infrastructure finance and capital formation.

The earlier the government is made to understand and appreciate the centrality of insurance to economic development, the better for both the government and the insurance industry. It is purely in the interest of the government to develop the insurance market and this should be pursued with utmost vigor in this democratic dispensation. The government can also offer critical leverage for the development of the capacity of the Nigeria insurance industry for hi-tech risks in the oil and gas sector. It is also necessary that platforms are created for enforcement of all the legislations that have insurance as a part. The insurance industry in Nigeria being a leading employer of labor can resolve the high unemployment rate problem in the country if the industry is made a more robust insurance market. The fervent expectation is that once the insurance market in Nigeria is well structured, its role as a tool for sustainable growth of the economy will become more manifest.

Reference

1. Liyan Han, Donghuil, Fariborz, Moshirim and Youhui Tian – Insurance development and Economic growth – The Geneva papers (2010) pp183-199.

Third-Party Motor Insurance At Your Fingertips

Say NO to hassles and YES to convenience as you can now buy third-party insurance from any genuine insurance company of your choice for your vehicle very easily.

Visit www.niip.ng to pick, pay and print

NIA
NIGERIAN INSURERS' ASSOCIATION
250, Broad Street, Ikoyi, Lagos 101001, Lagos State, Nigeria
Tel: 01-2767666, 01-2767667, 01-2767668, 01-2767669
Email: info@niip.ng, secretary@niip.ng
@Twitter: @niipng @niipng @niipng @niipng @niipng @niipng @niipng @niipng @niipng @niipng

NIIP
NIGERIAN INSURERS' INSURANCE PLATFORM
...confident motor insurance... safe motor insurance

Our members provide key technical support services to the Nigerian Insurance sector

The Institute of Loss Adjusters of Nigeria is a corporate professional body and one of the major arms of the Insurance Industry in Nigeria. Its members provide the necessary technical support services to the Insurance market in the areas of Claims investigation, adjustment and settlement.



ILAN HOUSE
2 Fagbile Street, Off Clegg Street,
Opposite Polaris Bank, Oshelagba, Lagos.

P.O. Box 2091, Marina, Lagos, Nigeria
Tel: +234 803 300 8582

Email: info@ilan.com.ng
Website: www.ilan.com.ng



INSURANCE MORE VALUABLE TO THE POOR THAN THE RICH

HOWEVER, INSURANCE IS FOR EVERY BODY

*Debonair, suave and cosmopolitan, **Chief Babajide Olatunde-Agbeja**, is one of the finest products of the Nigerian Insurance Industry. He is a walking template of who an ideal professional is, having started out as an Insurance Broker with Femi Johnson Insurance Brokers Ltd, headquartered in Ibadan, Oyo State, where he cut his teeth as a pupil Insurance Broker. Though a graduate of Insurance from the then University of Ife, Babajide defied all odds and parental counsel to chart a course in Insurance practice as against any other “rosy professions” those days. Providentially, he has trudged all besetting odds to become one of the most seasoned insurance practitioners sitting atop a flourishing Insurance Broking firm and having served as President of the Insurance Brokers Body in Nigeria. As a link between the older and younger generation, Chief Olatunde-Agbeja bares his mind on diverse issues affecting the insurance industry as he spoke with the trio of Tope Adaramola, Seun Adejumo and Chuks Okonta.*





What is your perspective about the development of the Insurance Industry in Nigeria these past years?

There has been good development since I was a young man in the industry 40 years ago. My mother did not want me to be an Insurance Practitioner. She wanted me to choose a “better profession.” My Parents did not support my dream of pursuing Insurance. They did not know so much about Insurance and the only property of theirs that they insured were their cars.

However, I felt that insurance industry needed young professionals like me at that time, that would change the perception and direction of Insurance and take the industry to the top.

My Managing Director at the first Insurance Company I worked for, Femi Johnson and Co. was a very charismatic man who showed me the ropes, mentored me and helped me in the development of my career in the Insurance Industry. Looking back from my early years in the industry, I cannot deny that the industry has grown, maybe not as much as I



would love or not as much as it should. But it has grown. We have not gotten to the top but we have so much to celebrate in what the industry has been able to accomplish.

From your perspective, how responsive do you think the Industry has been to the rapid changes in the Socio-Economic Environment?

There is always room for improvement like I said earlier. The fact that Insurance is not a tangible

market like the banking Industry and it is also not as aggressive as the sector. The industry is very conservative. The Insurance Industry has not done well enough in Marketing itself. The Industry needs to be more aggressive in this area. A lot of people still don't know the difference between Insurance Brokers and Insurance Companies. A lot of people who have not had the cause to be paid claim or who don't work in an Insurance Company, know very little about the Insurance Sector. The Insurance company need to be more aggressive in Marketing their products and publicizing the payment of claims to their customers. Payment of claim is not negative advertisement like a lot of Insurance companies see it. If the public does not know that Insurance companies pay claims every day, Insurance Industry will be the world's best kept secret.

The mindset of the average Nigerian does not also favor the growth of the sector in the country. An average Nigerian will rather "pray" that something bad should not happen, rather than put a measure in place to control the effects of a bad occurrence. Again, this is where marketing comes in. The Industry needs to go into aggressive marketing and publicity of her products.

Do you subscribe to the view that Insurance is for the nouveau riche or people above average like many subscribe to?

On the contrary. The poor needs Insurance more. Insurance is very important for the poor to put them back in the financial position they were before a loss. It will be more difficult for the poor to return to the financial position they were in before a loss occurred than it is for the rich. This is why the future of the Industry lies in retail – mass sale of simple, cheap insurance products for the populace. A rich person may find it easy to replace an item that was lost or damaged than a poor person.

In conclusion, the insurance is more valuable to the poor than for the rich. However, insurance is for everybody.

There is an impression that part of the problem of Insurance Industry today vis-à-vis yesterday is the



erosion of professionalism. What is your perspective about this?

I agree with you. When we were growing in the Industry, Engineering Insurance was the specialty of Law Union. I had my first training in Engineering Insurance at Law Union and Rock. Marine Insurance was the specialty of Unic Insurance. Companies specialized in different aspects of Insurance. Those days things were better, nowadays, because of mass marketing, deployment of marketers who are not insurance specialists to sell insurance has been the undoing of the industry. All that is perceived as important these days is production and meeting targets.

I have only seen in Nigeria that a client who has been paid claim will request for reduced premium at renewal. What we were taught growing up in this industry is to apply underwriting measures to that policy, so either the premium or excess is increased

or advise the client on risk improvement measure they will embark on so the policy can be profitable in the future. In Nigeria, the opposite is the case. And if the Insurance Industry refuses the request of this client, the client will go to another insurance company.

The Problem in the Industry today is a death in professional knowledge. Professionalism is going down. Those days, things were much better as being an expert in a certain field was important. There was a better policy in the past time as regard professionalism. Professionals are not practicing what they read. The process of selling and buying Insurance went through strict rigorous procedure. Then, you cannot seal a deal in a day. Nowadays, we boast of placing a cover within an hour without doing any underwriting. For example, now, a lot of Motor-Insurance products are priced beforehand without going through specific details regarding the particular motor-insurance product.

There is lose-lose situation because Insurance companies are not charging commensurate premiums and the insurance industry is not making enough money.

As a frontline practitioner do you subscribe to the view that Insurance Industry is over-regulated?

NAICOM is doing a good job as the regulator of the industry but it is not enough. There is always room for improvement in every sphere of our industry including supervision. They are understaffed and undertrained because the NAICOM salary structure is not as competitive as some high flying Insurance Companies. NAICOM staff need massive continuous education and training to be able to create standard policies, supervise and regulate the numerous players in the insurance industry. There is no overregulation in NAICOM as NAICOM is understaffed. How many companies has NAICOM inspected in the last three years? In fact, it feels like the industry is self-regulated until a company defaults, then NAICOM wields the big stick. Reports are submitted to NAICOM but they hardly use these reports how it is needed to be used. This is why we believe that NAICOM is not overregulated.

As a former president of NCRIB how well do you think these bodies – NCRIB, NIA, ILAN - have been able to complement NAICOM in Self Regulating?

NIA just expelled three members for non-compliance. I see this act as positive development. If you must be a member of a group, you must comply fully with the dictates and regulation of such group. While self-regulating, those that err must be punished. If not, others will follow suit. Where there are no punitive measures, the law will be broken. These bodies have their policies that the Insurance Companies have to comply with. Sanctioning defaulting Insurance Companies will help companies stick to the policies.

There has been a mixed batch of feelings on the effect of the COVID-19 Pandemic on the Insurance Industry. Some see it as a blessing others see it has a curse. What do you think?

Covid-19 has been both a blessing and a curse. Two years ago, nobody believed in remote working. Boff and Co supplied all their workers with laptops, iPad and smart phones to enable them work from home.



Profit margin was up as expenses were low last year. The shutdown/lockdown curtailed expenses and profit increased but some people lost business due to this. What was a blessing to some was a curse to others.

In the insurance industry, some were not prepared and forward thinking. Those who were caught

napping saw the pandemic as a curse. We could still work remotely and make profit.

Kindly share your thoughts about Insurtech that is sweeping across the industry?

If you do not embrace change, you will not make progress. Technology has simplified this process



Chief Babajide Olatunde-Agbeja
Chairman/CEO Boff & Company Insurance Brokers Limited



and increased profitability. When I was in Femi Johnson and Company, the task that used to take me 3 days, can now be done within 5 minutes. Technology makes us better and helps us work smarter. Not embracing technology will make us become educated illiterates.

Kindly share your secrets about what makes your company Boff and Co. Successful?



Boff and Co. carved a niche from the beginning. Our slogan is “personalized service.” We make our customers feel special, we make them believe we are always available to them. We do these coupled with professionalism.

In Boff and Co, our word is our bond and there is zero tolerance for unprofessionalism. We have zero tolerance for anything that will spoil the name of the company. The company is 30 years old now and we frown at anything that can spoil the name of the company. The remuneration of staff is good. We pay 14-month salary and our salary structure is very competitive. Training is done continually, regionally, nationally and internationally. Because of the standard we maintain at Boff and Co, poaching is done regularly to our staff. What drives us is that, the more we train our staff, the better it is for Nigeria. This is what drives the organization and we don't lose clients because of the level of professionalism we operate on.

What is your advice to the next generation on taking up Insurance as a career path?

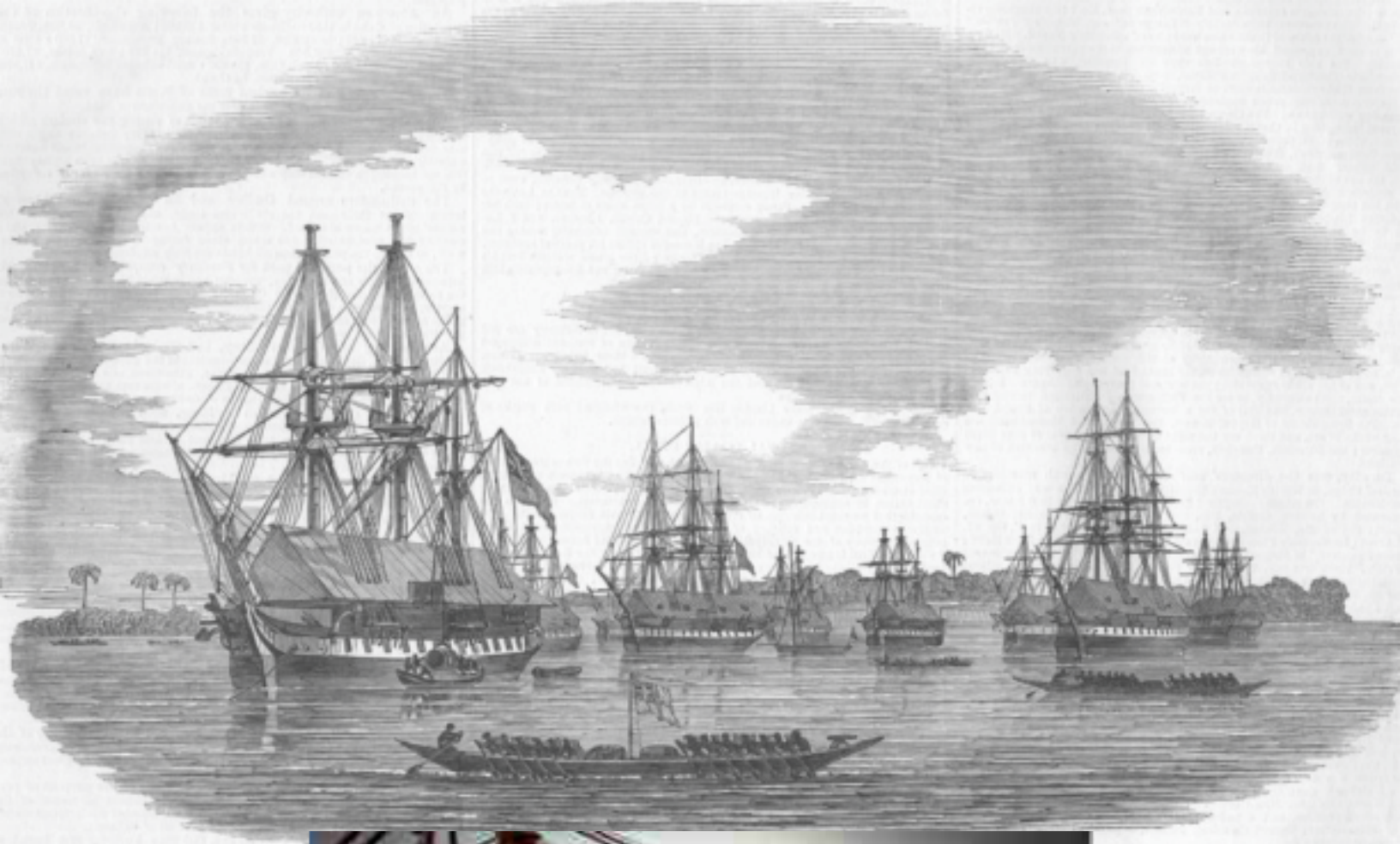
My advice to young people is to take Insurance as a career. I always encourage them to join the Industry. In Boff and Co. if you qualify and become chartered, you are automatically promoted. There are not enough competent hands in the insurance industry in Nigeria. If you want professionally accelerated development in your career, join the insurance industry. The industry is currently evolving and it is exciting. There is no reason for a youngster not to join the industry. I am particularly available to mentor and assist them in any way that I can so their Journey in the industry can be successful.



Insurance Industry & Business Sustainability Strategies

– BY PIUS AZURUNWA





The introduction of modern insurance in Nigeria can be traced back to the 19th century... It is an axiom that modern insurance practice was brought into the country by British merchants, to protect their financial interest, especially in relationship to maritime perils and adventures.

Modern insurance has been described as a business that exists for the sustenance of other businesses after they might have suffered a loss(es). This description shows the importance attributable to the industry in any sector of modern economy. Hence, one of the major functions of insurance is to protect both the human and physical assets of any country, inclusive of Nigeria.

At this juncture, permit me to note that the insurance industry in Nigeria had existed almost four decades before the country's independence. It is an axiom that modern insurance practice was brought into the country by British merchants, to protect their financial interest, especially in relationship to maritime perils and adventures.

The introduction of modern insurance in Nigeria can be traced back to the 19th century. According to Olabode Ogunlana (1995), it was in 1874 through the British Bank Nigeria Plc. Prof. Joe Irukwu (2001) noted the origin as 1900 while other scholars like Pascal E. Egeruo (1995) later posited that modern insurance was introduced in 1921, with the establishment of the branch office of Royal Exchange Assurance in Lagos. The Nigerian insurance industry has played very crucial roles in the existence of other businesses in the country.

BUSINESS SUSTAINABILITY CHALLENGES OF THE INDUSTRY

Sustainability strategy is essential for the development of any industry, including that of the insurance industry. Little wonder then that strategy has been described by the Chartered Institute of Management Accountants CIMA (2008), as the ability of the organization to fit with or cope with its environments. This is essentially critical given the kind of challenges being witnessed by industry players and the dwindling state of the Nigerian economy. This can be viewed from the Five Forces Model (Porter 1980), which identified the challenges faced by businesses as follows:

Rivalry among existing firms

- Bargaining power of buyers
- Bargaining power of suppliers
- Threats of new entrants
- Threat of substitute services.

Apart from these, the industry faces lingering challenges which are reflections of the weak state of the Nigerian economy and shrinking trends in disposable income of the insuring public. A similar case of the Nigerian situation can be found in Ukraine. According to three scholars from that country: Pikus, Prykaziuk and Belytska (2018), the sources of the crisis on the Ukrainian economy which had impacted negatively on the insurance industry could be characterized by crisis

phenomena and frequent changes in legislation. The insurance organizations are facing a number of difficulties in maintaining their financial sustainability. They further revealed that these processes take place under the increased requirements for solvency of insurers. However, a significant part of domestic insurance companies are financially unstable, which is conditioned, not only by the lack of funds, but also by poor management.





This situation hinders the deepening of the insurance market in Ukraine and has a negative impact on all areas of the domestic financial system, which prevents it from successful integration into the European financial field. In order to address this problem, it is necessary to distinguish the key groups of risks that affect the financial sustainability of insurance organizations, among which are the following: insurance, strategy, market risk, risk of inefficient capital structure, risk of limiting the insurance

company's liquidity, tax risk, investment risk, operational risk and information risk. It should be noted that under conditions of changing environments, the impact of these risks only increases and therefore, the task of minimizing them on the activities of insurance companies is highly important.

The above scenario, identified in Ukraine is similar to that of Nigeria. The big question is: How would the

market address these challenges, taking into cognizance the practice, strategy, market risk, risk of inefficient capital structure among others?

ADDRESSING THE CHALLENGES THROUGH SUSTAINABILITY STRATEGY

Taking a clue from the trio of Pikus, Prykaziuk and Belytska (2018), there is need for a 4-stage strategy to



address the challenge of business sustainability of insurance companies facing similar problems.

The first step should be focused on identifying the risks of limiting the insurer's financial sustainability, their

qualitative and quantitative assessment, as well as the development and the implementation of appropriate measures to minimize and eliminate unacceptable consequences.

Another step should be through the following list of systemic principles:

1. Methodological function: Development of rules, system requirements for reporting and document circulation, system of distribution of powers in the decision-making process.
2. Analytical function: Development of a single information and analytical space, estimation of possible losses and probability of their occurrence.
3. Regulatory function: Asset and liability management, pricing of company insurance product, implementation of credit policy, setting of standards and limits.
4. Control function: Monitoring, audit and financial security.

CONCLUSION

The Nigerian insurance industry is facing some environmental challenges, which are not insurmountable. To overcome these challenges, the industry should come up with strategies that could help achieve the desired results. For instance, there is need for a review of the operator's business strategy, a re-design of some of the old products in the market, deployment of new and relevant technologies introduction of new products, as well as new business models.

REFERENCES

1. Chartered Institute of Management Accountants (CIMA) 2018 – Enterprise Strategy.
2. Egerue P. E (1994) – Insurance Bargaining and Pricing in Nigeria.
3. Irukwu J. O (2001) – A century of Insurance in Nigeria.
4. Ogunlana F. O (1995) – Ensuring the Survival of Nigerian Insurance Industry, being a paper presented at the national workshop on the survival of the Nigerian Insurance Industry, at Federal Palace Hotel, July 15.
5. Pikus, Prykaziuk and Belytska (2018) – Financial Sustainability Management of Insurance Company. Case of Ukraine. Investment Management and Financial Innovations, 15(4), 215 – 228.

Mr. Pius Azurunwa is a Group Executive (Marketing), NEM Insurance Plc. He is a resource fellow, an analyst and a business strategy expert.





HOW INSURANCE AIDE TRADE

By Chukwu Oteh

As a young secondary school student, I liked commerce as a subject and amongst all the topics we were taught was trade and aids to trade. By definition, “aids to trade refers to all those involved activities, which directly or indirectly facilitates the smooth exchange of goods and services” (Akrani 2011). These include but are not limited to insurance, advertising, warehousing, transportation, banking etc. These support services

serve as leverage to business and help its competitiveness. Therefore, it will be difficult for any business entity to survive without them. They determine the survival of any business entity whether small, medium or large scale.

Insurance is a support service to businesses that help them manage their risks. While it helps the business to manage its risk, insurance also promises



to bring the business back to the former financial position it was if the risk insured crystallizes. According to Kagan (2021), “insurance is a contract, represented by a policy in which an individual or entity receives financial protection or reimbursement against losses from an insurance company.” However, this reimbursement happens only when the cause of the loss is part of the insured peril. Oluoma (1999) said that “insured perils are

those perils which are specifically insured by the wordings of the policy.”

The question has always been, how does insurance do this? Insurance is structured in such a way that the insured knows in advance what his policy covers and what is excluded. This is expressly stated in a policy document that embodies the terms and conditions of the policy and is made in a readable

format. Hasib (2021) observed that “a policy document is a contract between the insurance company and the policyholder containing the key features, terms and conditions.” In recent times, this is interpreted in languages that the insured understands to reduce ambiguity.

The insured is expected to not only read but understand the lines in the policy. The understanding of the policy document is especially useful when claims occur. Little wonder Hasib (2021) counselled that “once you have decided to purchase a policy, it is important to understand your coverage and its benefits and obligations.”

When an insured understands the terms, conditions, warranties and clauses in his policy document, lodging of claims and processing of same become a lot easier. This is perhaps one of the challenges of many Nigerians in buying insurance products because they find it difficult to read in-between the lines. We are usually in a hurry and rarely read policy documents and even terms and conditions for any product or service. Suffice it to say that further simplification of the document to make it more reader-friendly is a task the industry practitioners need to address to gain more trust from the public.

The business ecosystem is full of risks and uncertainties with severe consequences. Davis (2021) opined that many of these risks have the potential to destroy the brand image, goodwill and sustainability of the business, while others can cause serious financial damage and time, which could be invested in a more productive venture. A business entity could be enmeshed in unforeseen legal liability as a result of the usage of its products by the public.

Unfortunately, these risks could bring about the end of the business entity if not properly managed; leading to other unforeseen circumstances such as trapping owners and employees to a poverty-vulnerability vicious cycle. Insurance aims to prevent this likelihood and/or restore hope if it happens by bringing the business back to the financial position it was in before the loss.

Despite the benefits businesses could reap through the insurance support services, many businesses still do not take advantage of insurance to protect themselves. There are many insurance products that a business can buy to safeguard her from imminent crash especially in a third world country like Nigeria. There are products like Fire and Special Perils, Fire Consequential Loss, Fidelity Guaranty, Money, Burglary, Group Personal Accident, Motor Vehicle Insurance, Public Liability, Product Liability, Goods-in-Transit etc. Each of these products has its



unique features, covers and exclusions. For example, while fire and special perils cover the business against actual conflagration and allied perils, the fire consequential loss provides cover to the business against the income the business would have earned over a period but for the fire incident that happened.

Fidelity Guaranty covers the business against dishonesty and embezzlement by insured's employees against the business and when there is a

loss of money to armed robbers, money insurance will come to the rescue.

In recent times, many businesses in Nigeria have gone under following an unfortunate fire incident in most commercial centres of the country. While the happening of the fire incident may not be the fault of the business owner; the owner could be blamed for not taking steps to forestall the impact of the fire incident. This is what Fallon (2020) had in mind when she mentioned that "pitfalls and challenges





can't be avoided in business, they can be mitigated with the proper precautions, planning and insurance coverage." However, it has been proven that one of the reasons for the non-acceptance of

insurance is the cynical attitude of many people. To them, insurance can never work. Little do they know that insurance does work and provides a hedge against the occurrence of such risk.



These cynics based their argument on the fact that it is impossible to pay a token to the insurance company and be indemnified or reinstated to the

former position before the loss. While it may be correct to say Nigeria Insurance Industry has suffered from a poor image arising from many years of poor handling of claims, litigations and the likes, the narrative has changed drastically based on the goodwill the industry is beginning to garner. The regulatory agency, National Insurance Commission has continued to work assiduously to restore credibility to the industry. Today, claims are settled quickly and without stress to the insured. In fact, there have been instances where certain vital claims substantiating documents were waived and the claim paid just to build business relationships and goodwill.

Perhaps, an explanation of the concept of insurance will help for clarity. Insurance is a pooling of risk which depends on the game of large numbers. It uses the concept of using the resources of the fortunate many to indemnify the unfortunate few. A good business student will comprehend this concept and then added a little mathematics, forecasting and understanding of past experiences, all things being equal, the company will take care of her liability and still smile to the bank. In bringing the above analogy home, Oluoma (1999) opined that “an insurer studies past records of losses suffered in a particular class of insurance.

The law of large numbers tells him that the larger the statistical basis of his study the more reliable the numerical information he obtains. The numerical information of relevance now is the average loss in the group. It is the knowledge of this average loss that enables the insurer to fix the premium he charges the prospective policyholders.” He went further to say that, this is an area of insurance business in which tools of statistics and financial mathematics are used to determine among other things, the premium considered adequate to cover certain risks. From this basic premium, adjustments could be made to accommodate variations in losses and other exigencies of legitimate business undertaking.”

This has been consistent over the years but poor understanding of the dynamics of the market and other environmental factors have pushed perception to negative making understanding and appreciation of insurance policy very difficult. At

this point, it is imperative to admonish the insurance practitioners to be a little more visible than it has been. People can only patronize the propositions they can relate with and values that resonate with them especially when it comes from trusted sources. The industry needs to make use of both traditional and modern means of advertising and communication to change the perception of insurance in the minds of Nigerians. The insurance industry needs to take advantage of Information and Communication Technology (ICT) to create, engage and relate more with the public. Sapa et al (2020) called it e-insurance - application of the internet and related information technologies (IT) to the production and distribution of insurance services. More so, there is a need for them to launch a campaign that will bring to the fore the amount and number of claims the industry pays per time. This could be done through publications by the industry trade organization, the Nigeria Insurers Association.

Having said the above, it is important to mention that the benefits accruable to businesses from insurance support services cannot be overemphasized. It is my firm belief that a business that aims to be in perpetual existence will find the insurance cover a worthy partner. While this article

targets mainly business entities, it is equally valuable to individuals. Therefore, let us as individuals and businesses buy insurance for sustainable living and peace of mind.

Chukwu Oteh is a Chartered Insurer and Risk Management Expert based in Lagos. He can be reached on +2348078388333 and chukwu.oteh@gmail.com

Reference:

- Akrani, G., (2011, March 25). What Are Aids to Trade in Commerce? Meaning and List. Retrieved from <https://kalyan-city.blogspot.com/2011/03/what-are-aids-to-trade-in-commerce.html>
- Davis, M., (2021, May 9). Identifying and Managing Business Risks. Retrieved from <https://www.investopedia.com/articles/financial-theory/09/risk-management-business.asp>
- Fallon, N., (2020, August 24). 6 Biggest Insurance Risks (and How to Mitigate Them). Retrieved from <https://www.businessnewsdaily.com/9024-biggest-business-insurance-risks.html>
- Hasib, T., (2021, April 19). How to Read a Life Insurance Policy Document. Retrieved from <https://www.forbes.com/advisor/in/life-insurance/how-to-read-a-life-insurance-policy-document/>
- Kagan, J., (2021, March 30). Insurance. Retrieved from <https://www.investopedia.com/terms/i/insurance.asp>
- Oluoma, O. O., (1999). Elements of Insurance. (1st Ed.) Ofas Investment Limited.
- Sapa, S. G., Phunde, S. B., Godbole, M. R., (2021). Impacts Of ICT Application On The Insurance Sector (E-Insurance). IBMRD's Journal of Management and Research, Print ISSN: 2277-7830, Online ISSN: 2348-5922



WHATEVER IS WORTH **HAVING**
IS WORTH **INSURING!**



For all your insurances, consult your
Registered Insurance Brokers.....RIB!

NIGERIAN COUNCIL OF REGISTERED INSURANCE BROKERS

Insurance Brokers House, 58, Moleye Street, Alagomeji-Yaba, Lagos

E-mail: info@ncrib.net Tel: 01-7917204, 01-7925468, 01-7925469



www.ncrib.net



Reminiscing on the Life & Times of Late Onifade

Khanunel Emanuel Bamidele Onifade

The legacies of heroes shine on after their departure from Mother Earth. They live in the minds of generations and their contributions continue to shape the world and people therein.

Many people have sojourned the earth, but only a few were able to etch their footprints on the earth surface. Those who did are game changers, as they were able to groom worthy followers who daily keep the paths they created clean and busy.

When Mr. Khanunel Emanuel Bamidele Onifade, who had won in many fronts was asked to return home by his creator on Thursday, April 22, 2021 at the age of 82, it was sort of a spiritual retirement having impacted the world and the people therein.

Born on November 30, 1938 in Igbajo Town, Osun State, he got his secondary School education, from Baptist Academy, Lagos, between 1952-1957 and proceeded to City of London College now London Guildhall University, Moorgate, London EC2, between 1961-1965 for his post-secondary education.

He obtained his Associateship Diploma of the Chartered Insurance Institute, London (A.C.I.I.) in 1965; had Certificate in Advance Management from the Nigerian Institute of Management in 1972; Certificate in Life Assurance Marketing Management, issued by Swiss Reinsurance Company, Switzerland in 1973 and Fellowship Diploma of the Chartered Insurance of Nigeria.

Between 1961-1965, at Dominion Insurance Company Limited, London, he had trainings on general insurance underwriting and claims; general reinsurance and claims practice and international operations. In 1972 he was trained on advance general management course organised by the Nigerian Institute of Management. At Lifeguard Insurance Company Limited and Safeguard Insurance Company Limited, Petersfield, England

in 1973, he got on the job training in life assurance underwriting and claims and non-life insurance underwriting, reinsurance and claims.

From Swiss Reinsurance Company, Zurich, Switzerland, he was trained on general reinsurance practice. And between 1975-1995 still at the firm, he received training on life insurance marketing management; advanced management & productivity course and series of workshops and seminars on insurance, reinsurance and management in Nigeria and elsewhere throughout the world excluding Australia and New Zealand.

He had a robust employment history. His first stint on insurance practice was at Royal Exchange Assurance, Ibadan where he held the position of an insurance clerk between 1957-1961. From there, he went to Dominion Insurance Company Limited, London, worked as insurance trainee between 1961-1965. He later moved to Yorkshire Insurance Company Limited now Niger Insurance Plc, and held the position of Fire & accident superintendent between 1965-1968.

He joined Great Nigeria Insurance Company Limited, Lagos in 1968. He was there till 1988, and held several positions. He was appointed the Managing Director of the firm in 1977 a position he held till 1988.

He was a founder and joint promoter, Continental Reinsurance Company Limited, Lagos, where was the Managing Director/Chief Executive Officer between 1989-1995.

At Wiseway Insurance Brokers, Ibadan, he was a consultant and technical Advisor, between 1995-1997. He was also at Coverchoice Insurance Brokers, Edinburgh, Scotland, UK and held the position of Marketing Executive and Business Development Manager from 1997 till when he passed on to glory.

He was a member of several professional bodies such as Chartered Insurance Institute of Nigeria where he was a fellow and was an associate member of Chartered Insurance Institute, London.

Mr. Onifade held several esteemed positions at the professional bodies he belonged. Between 1974-1976 he was governing council member, Nigerian Insurance Consultative Committee, now Nigerian Insurers Association.

He was the President, Chartered Insurance Institute of Nigeria, between 1978-1979. Executive Committee Member, West African Insurance Companies Association between 1975-1995. Member, Technical Board, West African Insurance Companies Association. Member, Examination Committee, Chartered Insurance Institute of Nigeria, from 1990-1993 and Member, Board of

Fellows, Chartered Insurance Institute of Nigeria, from 1985 till when he passed on.

Late Mr. Bamidele Onifade was a lover of football, athletics and also enjoyed walking.

He is survived by his wife, Mrs. Iyabode Onifade, children and grandchildren.

The Chartered Insurance Institute of Nigeria misses him dearly, even as his legacies continue to impact the insurance world and other sectors he greatly affected positively.

Adieu! Adieu!! Adieu!!! Khanunel Emanuel Bamidele Onifade Rest on in the bosom of the Lord.

Written by **Mr. Chuks Okonta** and Contributions by **Past President F. K. Lawal**



Late Mr. Onifade

PAN-AFRICAN COMMITMENT MADE LOCAL.

Bringing pan-African commitment to you.

At Continental Reinsurance, we focus our business locally to build capacity regionally and promote growth across Africa. That's why we offer more local investments, solutions and development than any other pan-African reinsurer. Our aim is to unlock greater value, growth and partnerships across the continent. And as our pan-African business expands, we'll invest even more in people, products and services locally – this completing our virtuous cycle of commitment.

Continental Reinsurance

Lagos | Douala | Nairobi | Abidjan | Tunis | Gaborone

www.continental-rs.com



A Tribute H. M. Black

By Nigerian culture, I am not supposed to use your initials in addressing you. Today, I am doing so because it is what would resound in the Nigerian insurance market and social circles of your wonderful time in Nigeria.

I did not choose you to be my father as it were, but my colleagues in Sun Insurance Nigeria Plc aptly described our relationship as such. They gave me the appellation ‘Omo Black’ (Black’s son), for good reason. I was 16 years old when I joined the company in 1973, straight from secondary school. I knew nothing about insurance, so I was just a documentation clerk to keep back end records. It was a role so routine, that it was one of the earliest casualties of computerization. In other words, today there are no documentation clerks.

The company responded positively to the favorable dynamics of post-civil war Nigeria. Opportunities abound for growth everywhere and so it was at ‘Sun.’ What baffled everyone was how you picked lowly me and identified my potentials without much access to you. The rest, as we say, is now history. I was the employee that had the highest number of promotions under your tenure. This encouraged me to take insurance as a career. I am proud to say I was successful in it before retiring in 2016 as CEO of a public quoted company.

I followed your footsteps all the way. You were President of the Chartered Insurance Institute of Nigeria in 1979. I

was also President from 2000 to 2002. You were Chairman of the Nigerian Insurers’ Association 1987-88 and I was also Chairman 2010-2012. I was CEO of two insurance companies in my 43 years career, going through every rung on the ladder from the position of documentation clerk. When one looks back, it is with some amount of regret because such opportunities are no longer available to our youths.

Daddy, you were also our English teacher. We used to keep copies of the mails you exchanged with your name sake (and our second teacher) Mr. Mike Allison of Minet Insurance Brokers. We learnt not only the basics of insurance but also presentation skills in clear unambiguous prose.

All members of staff of Sun Insurance Nig Plc mourn your transition to eternity. We are unanimous in the fact that you were the architect and builder of ‘Sun’ in Nigeria. The eclipse came the moment you stepped aside. Yet, we remember you for turning us, ordinary stones, into precious metals for our industry and Nigeria.

Farewell daddy. We shall miss you.

Written by **Past President Olusola Ladipo-Ajayi.**
Lagos, Nigeria.



Chartered Insurance Institute of Nigeria

ON THE MARCH AGAIN!!!




To bequeath a befitting Head Office
Building for our Great Institute.


Please join hands with us on this project located at
Plot 41, Ahmed Onibudo Street, Victoria Island, Lagos State.

Together, we can make our dream for the realisation of this project a reality.

For more enquiries, please call
Mrs. Ogunlusi on 0806 741 3209 or send us a mail at dgoffice@ciinigeria.org



The Institute was founded in 1959 by Article of Association and Memorandum. The Institute was known and referred to as the Insurance Institute of Nigeria until February 26, 1993, when it became Chartered vide Decree (now Act) No 22 of the Federal Republic of Nigeria. Upon establishment in 1959, the Institute became the rallying point for insurance practitioners in Nigeria comprising a few Expatriates and their Nigerian counterparts whose pioneering effort provided the building blocks for what has now become a veritable force in the Nation's Financial Services Industry and the economy at large. The Institute was affiliated to the Chartered Insurance Institute (CII), London in 1960 for reasons bordering on the need to model its operations after the London Institute which then produced the bulk of insurance professionals whose expertise were indispensable in shaping the face of professionals' practice in the days.



**WE BELIEVE LIFE
SHOULD BE EASY
THAT IS WHY WE'VE
MADE OUR LIFE
INSURANCE EASY**

To learn more about our Life Insurance cover, please call **01 270 6801** or send an email to **insure@stanbicibtc.com**.

Visit stanbicibtcinsurance.com
for more.

NAICOM/CC/ADV/2021/4316

Stanbic IBTC *IT CAN BE*™

Insurance

A member of Standard Bank Group



30, Otunba Olumide Osunsina Crescent,
Lekky County Homes Estate, Ikota-Lekki,
Lagos State.

We engage in **Insurance Training & Consultancy Activities.**



We assist our Clients to identify risk and choose appropriate insurance policies to cover potential liabilities.

We help in planning, organizing, preparing and researching their insurance policies.

Vision Statement

“To remain the architect of taking maximal advantage of Insurance Industry Offerings for our Clients and providing creative solutions to their risk management issues”.





Mission Statement

We are committed to working partnerships with our Clients that add value and consistently exceed expectations, through engagements, trainings and resourcefulness.

We require the integrity, professionalism and contributions of our employees in everything we do.

We are committed to quality services in everything we do.

CONTACT

 P. O. Box 2310, Marina, Lagos State.
 info@lakegngltd.com, oyegunle.mo@gmail.com
 +234 802 223 8653 / +234 805 556 8653  www.lakegngltd.com