THE LEVEL OF SOPHISTICATION OF RISK MANAGEMENT OF INSURANCE BUSINESS IN NIGERIA

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ABSTRACT

This research work was undertaken to assess the level of sophistication of risk management of insurance business in Nigeria.

The work was intended, amongst other things, to achieve the following objectives: to find out whether the insurance companies are rational in their investment decisions and whether they seek to invest in areas that guarantee adequate return on investment; to determine whether the insurance companies make use of qualified and well-trained managerial staff to effectively meet the demand for quality insurance services; to identify the causes of low patronage of insurance business in Nigeria and whether the insurance companies adequately compensate the insured on the occurance of the risk insured against; and to ascertain whether the insurance companies have similar expectations about the opportunities (risk return characteristics) of available investment opportunities with a view to finding out the causes of negative performance of such investment.

Relevant data, were collected from both primary and secondary sources. Questionnaire was the main primary data collection instrument employed while data from various relevant publication constituted the sources of secondary data.

Upon the analysis of data the following conclusions were drawn: that most

insurance companies do get enough returns on investment for their daily operations and settlement of claims; that there are qualified and well-trained managers to analyse and manage risks in the insurance industry; that many insurance companies do make proper and adequate valuation of their risks; and that risk management has been considered as an important concept in the insurance industry.

On the basis of the above findings, it was recommended that the insurance companies or business should be mandated to provide fire fighting equipment and water tankers so as to make them more responsive to emergency situations; an effective and efficient insurance risk managers should form the leadership qualities needed in the insurance industry; and finally, the government should endeavour to promulgate an insurance decree that will bring about sanity to the business of insurance companies in the country.