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ETHICAL ISSUE: A PROBLEM IN NIGERIA INSURANCE COMPANIES

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Master's Thesis in Business Administration
Spring 2010

ABSTRACT

The study aimed to investigate and critically analyze claims management, an ethical issue in insurance companies in Nigeria, to find out if these insurance companies recognize it to be an ethical issue and also to find out how they handle insured's claims.

A qualitative research method was used in carrying out this study; data was sourced through interviews and by secondary data using literatures from books, journals, articles, and electronic websites. The researchers used purposive sampling to select some top insurance companies in Nigeria; in these insurance companies basically personnel working in the claims department were interviewed, also sales agents from two of these insurance companies were interviewed. Data was sourced from two insurance broking firms in Nigeria by interviewing their top personnel, and also some of the insuring public with and without insurance policies was interviewed. The analytical strategy adopted in this research work was to rely on theoretical propositions.

This study made use of Jones (1991) moral intensity model. Based on the analysis of data collected during the interview, the study revealed that insurance personnel in claims administration who take decision on insured' claims in Nigeria recognize that there is a moral dilemma in their act and they discharge this responsibility professionally and ethically sticking to the rules of the business. Also the characteristics that constitute moral intensity model; *proximity, social context, probability of effect, concentration of effect and magnitude of consequence* offered by Jones (1991) influence the moral decision making process and moral behavior of claims personnel in Nigeria insurance companies. But due to some challenges faced by these personnel in discharging their duty and some lapses from their side and the insured's there have always been complaint on claims. However they acknowledge that no one is perfect therefore they are open to getting feedbacks from their clients on the way they feel about their claims which they look into and make necessary amendments where needed.

This study concluded with proposition for future researchers to look into how the challenges encountered by personnel managing insured's' claims in insurance companies in Nigeria can be dealt with and to find out how insurance companies in Nigeria can gain the awareness of the insuring public and make them understand the terms and conditions of insurance service.

Key words: Claims management, ethical issue, insurance companies.

ACKNOWLEDGEMENTS

The successful completion of this study is made possible by the full support of the Almighty God and we therefore return all the glory to Him.

We are grateful to the entire staff of BTH School of Management for granting us the opportunity to study under them and for sharing with us their wealth of knowledge.

Our sincere thanks goes to Eva Wittbom who guided us through in the research work, her commitment and dedication in going through the work all the way is highly appreciated.

We are also grateful to our course coordinator, Melissa Engelke.

Our profound appreciation goes to our data sources with whom we would not have been able to complete this research.

Finally we appreciate everyone that has been a source of encouragement to us all through the thesis work.

Spring 2010

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LIST OF ABREVIATIONS

ASS	Assistant
BRKS	Brokers
CIA	Central Intelligence Agency
CIIN	Chartered Insurance Institute of Nigeria
COY	Company
DEPT	Department
EST	Estimate
EXC	Executive
FMF	Federal Ministry of Finance
GDP	Gross Domestic Product
HMOs	Health Maintenance Organizations
INS	Insurance
NAICOM	National Insurance Commission
NGN	Nigeria Naira
NISB	Nigeria Insurance Supervisory Board
OND	Ordinary National Diploma
PHD	Post Graduate Higher Diploma
SIGMA	Symmetry, Integrability and Geometry: Methods and Applications
SMS	Short Message Service
SNR	Senior

UNDP	United Nations Development Programme
US	United States
USD	United States Dollar

CHAPTER 1 – INTRODUCTION

1.0 INTRODUCTION AND RESEARCH BACKROUND

Ethics is an attitude that touches every aspect of the customer relationship. It is a known fact that good ethics makes a good business (Mahatma cited by Rupal 2010). Increasing awareness of potential and actual business abuses has resulted to increased attention on investigating causes of unethical business behaviors (Akaah, 1997; Dubinsky and Loken, 1989; Fritzsche 1995, Wyld and Jones, 1997). In Low et al., 2000's review, ethical decision making in business is pointed out as an area that has rapidly experienced increased level of interest and research and the need for research in this area is still very strong.

The nature of insurance business has to do with trust between insurers and the insureds. Why? Because insurance products are intangible products, they are not edible items that you can hold with your hand. Insurers are trusted by those who ask them to carry their risk and they have a duty to carry the risk responsibly. Therefore there is need for ethics in the conduct of insurance business. And so if there is need for ethics in the conduct of insurance business, why then is ethics an issue in this industry, what are the reasons for the ethical issues on ground and how do they affect the performance of the companies involved?

Insurance is said to be critical to a well functioning economy according to Pritchett et al (1996). Hence the importance of and the roles played by insurance business cannot be overlooked in Nigeria. One of the main reasons for this is because of the nature of this environment. In Nigeria, there is; high death rate, high theft rate, frequent occurrence of accidents of all kinds. The level of risk that one is being exposed to in Nigeria on a daily basis is high compare to other developing and developed countries in the world (World Fact Book by CIA). By taking up insurance policies individuals and business entities (small and large corporations) can have reliable cover for their risk and be secured.

The nature of insurance business has to do with trust between them and their clients. In this case ethics in insurance business can be measured in terms of the standards on which insurance transactions are based. Any insurance business that will survive must not throw away ethics in the conduct of its business. Henry (2003) said when a business behaves ethically other business associates are persuaded to behave ethically as well. If responsibilities to customers, employees and suppliers of a company are met with care, it earns her an award of honesty, loyalty, quality and productivity. He cited an example that employees who are treated ethically by their employers are more likely to behave ethically themselves in their dealings with their customers and business associates (Henry, 2003). A business is rooted in its core values, and philosophies, this was opined by Drucker. He said that "profits are by-products of business not its very goal". From

this point, Kautilya exploited four points of ethics in business; guidance, decision in action, adhering to law and doing one's business.

Guidance: "the value system laid down by the founders of a business remains a guiding factor". He said during calamites and tough times, these values system stands as a light and provides direction for an organization.

Decision in action: "to come up with a single decision when faced with different courses of action is a big problem in business". At this junction it is either one takes the route where success is fast achieved but for a short period or the long route where success is delayed but lasting. Here it only takes an ethical business person to make the right decision.

Adhering to law: "a good business man does not only fear the law of the constitution that guides his business but adheres to it". It is opined that such a business man contributes to the society at large and brings great economic prosperity to all persons connected to him.

Doing one's duty: "for an ethical business person, duty is a priority over rights". His work and duty is not out of pressure but out of joy and service.

1.1 STATEMENT OF THE PROBLEM

The management of insurance business in Nigeria is a serious challenge despite the relevance of this service in the country. There are lots of problems entail in this business. The perceived ethics of a company is said to affect its reputation. A general view is that good reputations ensure long term success. With them you get better people, better sales and better bottom line. It is a general belief that no business will survive for a very long term on a record of cheating, swindling and exploitation (Green, 2004). Insurance business practitioners in Nigeria in their business life everyday are confronted with numerous business decisions that possess ethical challenges. The problem is therefore to investigate claims management, one of the ethical issues in the insurance companies in Nigeria.

According to NAICOM (National Insurance Commission), insurance business in Nigeria is not performing well. This business is suffering from cash flow problem, they struggle to settle their claims and lack investible funds. Because of its poor performance investors are chased away, no investor is ready to venture into an investment that will not be viable.

Market statistics of a research carried out by Usman (2008) revealed that Nigeria insurance market covers less than five percent of the nation's insurable population. Also when he examined the performance efficiency of insurance business in Nigeria he discovered that there is an inverse relationship between labor input price and the firm's profit and suggested need for the recapitalization of the industry as it is better to have strong players in the market whose cost of production is optimal. Usman also carried out a research in 2009 on Nigeria insurance market and found out that one of the reasons why

this market is failing is as a result of their poor attitude to claims settlement. According to him, many insurance companies in Nigeria have multiple products and multiple branches than what they could cope with hence they are unable to meet up with their deliverables.

Carlos and Echika (2007) in their research showed that total Nigeria share of the world's market is only 0.01% compared to South Africa with 0.86% (U.S Commercial Service 2006) and Nigeria has the largest insurance market in Africa with a population of approximately one hundred and fifty million according to World Fact Book by CIA, July 2009 est. (Central Intelligence Agency).

The failure of insurance business in Nigeria can be tied to low rate in patronage of insurance services by the public and this is suggested to be due to inability of insurance personnel to identify target patrons and adopt different marketing strategies (Ehigie, 2004 cited by Omar, 2007). It was also said by him that the sales agents and brokers that drive insurance market in Nigeria are not well serviced. They do not get nice treatment from their insurance companies.

According to Ndubuisi (2008) insurance companies do not declare impressive profit due to poor management of their resources. He therefore recommended that insurers should exercise prudency in the management of their resources so as to improve their profitability.

Also the emergence of universal banking in Nigeria which has expanded its scope of activities to include a good measure of insurance services has been a major threat to the insurance companies in Nigeria. Almost every bank in Nigeria has an insurance company as one of its subsidiaries (Aghoghovbia, 2005).

Obaremi (2007) reported that weakness in the Nigeria Insurance sector meant that large percentage of the risk that should be underwritten by them is insured outside the country. Many of the multinational companies in the country are more comfortable having their risk carried by foreign insurers. He said an example is oil and gas operators in Nigeria, they insure their major risk overseas due to lack of confidence in Nigeria insurers as they default in claims settlement and other financial obligations to their customers. This was confirmed by Uranta (2004) cited by Aduloju and Awoponle and Oke (2008). Albert cited by Nigeria Punch (2010) also revealed that reason for poor penetration of insurance in the country is due to insurers delay in settling claims. Insurance business should be based on trust but fraught with fraud are perpetrated by various actors in this sector (Ndubuisi, 2008).

The problem is therefore to investigate how insurance companies in Nigeria handle the claims of their clients and how this affects their ethics.

1.2 RESEARCH OBJECTIVES

To investigate and critically assess claims management, an ethical issue in insurance companies in Nigeria. To find out if they understand that the way the claims of clients are managed can be link with their ethics.

1.3 RESEARCH QUESTIONS

How are the insurance companies in Nigeria managing the claims of their clients?
Is there a relationship between claims management & ethics?
How does this relationship affect the ethics of these companies?

1.4 CHAPTER ORGANISATION

This research work is organized into five chapters. Chapter one covers the introduction, statement of the problem, research questions and research objectives that are to be achieved in the study. In chapter two, different relevant literature that forms the study was critically reviewed as well as the theoretical framework. Chapter three dealt with detailed research methodology applied in this research work. Chapter five is an overview of the companies from which data was sourced, discussions on the data collected and analysis of the data collected was done. Chapter five present summary of the research carried out and conclusions were drawn from the analysis made based on the research carried. Finally the limitation(s) to this study were highlighted.

CHAPTER TWO - LITERATURE REVIEW

2.0 INTRODUCTION

In this chapter the relevant literatures on the selected topic were been reviewed critically. The main reason for this is to explain the core terms in the selected topic relevant to the research objectives and research questions. This chapter begins by looking into the various definitions of ethics, business ethics, importance of ethics in a business, it went further by going deep into the evolution of insurance, definition of insurance and how it works, the basic principles of insurance and how insurance business started in Nigeria. The chapter will further discuss the relevance of insurance business and also look into the problems encountered in this business in Nigeria.

2.1 ETHICS

Ethics is referred to the "rules or principles that define right and wrong conduct" (Davis and Frederick, 1984: 76). These rules and principles are applied by individuals and corporate bodies when making decision. It was said that these moral basis and rules that are applied in determining what is right and wrong are developed from human cognitive moral development (Blasi, 1980; Fraedrich et al., 1994; Kohlberg, 1969, 1981), value base (Musser and Orke, 1992; Rokeach, 1968, 1973) or moral philosophies (Beauchamp and Bowie, 1979; Gavanagh et al., 1981; De George, 1986).

The term "ethics" refer to the study of whatever is right and good for humans (Donaldson and Werhane, 1993).

From Wikipedia, the free encyclopedia, ethics is referred to as "a branch of philosophy which deals with moral questions such as good and bad, noble and ignoble, right and wrong".

2.2 BUSINESS ETHICS

It is from ethics that business ethics stem from. In order to help readers of this research work to understand the study clearly and also to achieve the research objectives there is need to look into the definition of business ethics. Business Ethics investigate business practices in the light of human values (Donaldson and Werhane 1993).

Business ethics is a form of the act of applied ethics that examine ethical principles and morals or ethical problems that can arise in business environment. Issues regarding the moral and ethical rights, duties and corporate governance between a company and its shareholders, employee's customers, media, government, suppliers and dealers are dealt with in business ethics.

Business ethics means "the standards of conduct of individual business people, not necessarily the standard of a business as a whole" (Henry, 2003). According to him a business that lacks ethical principle is bound to fail sooner or later.

Business ethics can be defined as written and unwritten codes of principles and values that govern decisions and actions within a company. In the business world an organization sets standards for determining the difference between good and bad decisions making and behavior (White, Sundblad and Finley, 2010).

Wikipedia, free online encyclopedia defines business ethics as "a form of applied ethics or professional ethics that examines ethical principles and moral or ethical problems that arise in a business environment". According to them business ethics applies to all aspects of business conducts, it is also relevant to the conduct of individuals and business organization as a whole.

2.3 IMPORTANCE OF ETHICS IN A BUSINESS

Jones, 1991, argued that moral intensity influences every step of ethical decision making process in a business. There is an increasing expectation for businesses to be more ethical and socially responsible in the way they discharge their duties. Insurance business by its nature is exposed to criticism of ethics. Therefore it is a necessity for insurance practitioners to show high level of social responsibility in every of their actions. However it was pointed out by Musa (2008) that before managers behavior can become ethical and reflect greater social responsibility they must first perceive social responsibility to be important for organizational effectiveness.

Henry cited by Rupal (2010) said "business that makes nothing but money is a poor kind of business." "Quite apart from the issues of rightness and wrongness, it is a known fact that ethical behavior in business serves the individual and the enterprise much better in the long run (Holland cited by Rupal, 2010). It was said by some management guru that ethical companies have greater competitive advantage above their competitors, because they tend to do better in their respective market. "If ethics are poor at the top the behavior flows down the other levels in the organization", (Robert cited by Rupal, 2010)

Ethics is very important in building relationship with clients and dealing with them. Ethics in business helps to establish an entities reliability and reputation with its clients. It is a norm that nobody will want to be in business with a person or a company known to be fraudulent (Green, 2004).

2.4 EVOLUTION OF INSURANCE

"Uncertainty is the foundation of insurance" Bjorn (1999) and an interesting fundamental fact in life is uncertainty (Knight, 1921) cited by Ralph (2001). A positive outcome or negative outcome can result from uncertainty. When two possibilities have equal chances uncertainty tends to be high. Human beings are not always certain of the future; we only make predictions about the future based on our past experiences (Ralph, 2001). This is where risk comes in; virtually every human activity has an element of risk no matter how little (Bjorn, 1999); when a man proposes to a lady there is the risk that the lady will say no, when you make plan for a picnic during raining season, there is a risk that rain will fall, if you apply to a school for masters program you either get admitted or rejected therefore risk is involved, also when you submit your thesis proposal to your supervisor there is a risk of it been rejected that it is not properly done.

Lot of risk entails an economic factor, for instance if your laptop is stolen you will need money to replace it. If the roof of your house collapses it will cost an amount of money no matter how little to fix it back. If a family losses its breadwinner, getting the school fees of the children paid could be a serious challenge. This is where the idea of insurance stem. Insurance is designed to provide protection against uncertainty.

The major objective of insurance business is to hedge out the possible risk of the future which may or may not occur by selling security and protection. Although loss of life or injury incurred cannot be measured in monetary terms, in other words we can say that no amount of money is enough to compensate for the life of a loved one but it could be very frustrating when there is nothing to fall back on when such unexpected event occurs. This is one of the reasons why insurance has been designed to quantify such losses financially so as to ease the victim from the burden of loss. Therefore insurance protects and reimburses a person or collective body from contingent losses through financial means in return for regular payments of small amount called premium contributed to the insurance pool which is managed by insurance companies.

2.5 INSURANCE AND HOW IT WORKS

It is important to note that there is no single definition for the term insurance, it is given different definition by various researchers depending on the angle from which they see it. But the clear thing we can see from the definitions is that they all have a common idea which is "insurance gives protection against losses" or "it transfers the risk of one person or a party to another" or it spread the risk of one person or a group of people among several people.

According to Lawrence cited by Tyagi (2007) insurance is a contract between two parties by which one party in consideration of a price paid to him, adequate to the risk, becomes a security to the other by ensuring that he does not suffer loss, damage or prejudice in the happening of uncertain events.

Riegel and Miller cited by Tyagi (2007) described insurance to be a social device whereby uncertain risk of individuals may be combined in a group and therefore made more certain, by small periodic contributions made by the individuals in this group, out of which those who suffer losses from the group may be reimbursed.

Also insurance is said to be protection against possible financial loss. Despite the fact that there are different types of insurance, they all have a similarity; they give peace of mind this is as a result of the assurance that money will be available to meet the needs of your survivors, pay your medical bills, protect your personal belongings and cover personal property damage (Kapoor, Dlabay and Hughes 2001:311 cited by Tripathy and Pal, 2005).

According to Maps of World Finance, insurance is what facilitates reimbursement during crisis. It is a promise of compensation for any potential future losses. But before this promise can be fulfilled there must be a legal and valid insurance contract between the two parties.

Economy Watch (Economy, Investment and Finance Reports) says insurance is an instrument to be precise, a hedging instrument utilized as a precautionary measure against future contingent losses. Thus it can be likened to a mode of financial planning in such a way that in the event of an accident the loss does not affect the well being of the person that is involved or the property of the person involved.

Investors' words identified insurance to be a promise. A Promise can take different form; here insurance is seen as a promise of compensation for uncertain future losses in consideration for small periodic payments. According to them the aim of insurance is to protect the financial status of an individual, entity or a company in the event of uncertain loss. Some insurance are mandatory by law while some could be optional. Signing up for an insurance policy creates a contract between the insured and the insurer.

Another definition offered by APPUonline is that insurance is a legal contract that involves two parties, one party who is known as the insurer undertakes the risk of the other party known as the insured or assured in exchange for a consideration known as premium. The insurer therefore agrees to pay a fixed sum of money to the insured (death insurance) or to indemnify him (general insurance) on the occurrence of an uncertain event or after the expiry of the agreed certain period (life insurance). At the time an insurance contract is taken neither the insured nor the insurer know whether an accidental event will occur, when it will occur, the form or extent it will be or not.

From the above definitions we can say that the idea behind insurance is taking care of people's risk that is risk that involve an economic factor and affect the financial status of a person or group of people. Thus insurance demands a group of people faced with similar risk to come together and contribute to form a pool of fund. So anyone that fall a victim of the risk is compensated from the pool of fund (Tena, 2009). The good thing about insurance is that all the insured cannot be affected at the same time. So if the pool is well managed, it makes it easy for every participant. The contribution made to this pool is called premium, the people that contribute the premium are called insured or assured and those that manage this pool of fund are referred to as insurers.

2.6 BASIC PRINCIPLES OF INSURANCE

Insurance is said to be based on common law of England which are regarded as fundamental principles and elements of insurance (Tyagi, 2007). According to him these principles are common to all classes of insurance and they are classified into three; economic, actuarial and legal. Economic principle is based on the principle of sharing risk and loss, actuarial principle says that premium should be calculated on scientific basis and the legal principles are the general principles that everyone in the business of insurance must understand and follow (Tyagi, 2007). The following principles are referred to as the legal principles of insurance:

(i) Utmost good faith
(ii) Subrogation rights
(iii) Proximate cause
(iv) Indemnity
(v) Insurable interest
(vi) Attachment of risk
(vii) Cancellation
(viii) Mitigation of loss

2.6.1 Utmost Good Faith

All the contract of insurance depends on utmost good faith that is “uberrimae fidei”. The two parties involved in the contract, the insurer and the insured are required to disclose all material facts for the betterment of each other. Since insurance business is all about transfer of risk from one party to the other, it therefore becomes mandatory for the parties involved to tell nothing but the whole truth about the subject matter of the insurance. This is very important for the underwriter to know the size of the risk and how much he should charge for carrying the risk. Hence any wrong information or omission of any important fact nullifies the contract irrespective of whether it was intentional or not (Tyagi, 2007).

However Tyagi (2007) opined that some facts are not necessary for disclosure in an insurance contract such as:
(i) Any fact that reduces the risk or any fact that comes to the knowledge of the insured after taking up the contract or
(ii) Any fact that is known or assumed to be known by the insurer or
(iii) Any fact related to the law of a country or to the nature of the public knowledge or
(iii) Any fact as to which information is waved by the insurer.

2.6.2 Subrogation Right

This is only applicable in contract of indemnity such as fire and marine. The doctrine of subrogation is a principle that builds on equity. The principle says when an insurer pays for an insured’s total loss in the event of loss, then the insurer takes up all the legal right and remedies that insured has on the third party in respect of the loss he has been compensated for. This principle helps to prevent the insured from been indemnified from two sources in respect of the same loss. Cairns cited by Tyagi (2007) defines subrogation as “a right founded on a well known principle of law which says that when one person has agree to indemnify the other, he will, on making good the indemnity, be entitled to succeed to all the ways and means by which the person indemnified might have protected himself against or reimburse himself for the loss” (Tyagi, 2007).

He went further by explaining that subrogation principle is subject to the following instances:

(i) The insurer’s subrogation right is only valid when he has paid the loss for which he is liable under the policy.
(ii) The insurer is not entitled to the benefit of what is recovered until he has fully set the insured back in his former position before the loss occurred.
(iii) The insurer is only subrogated to the rights and remedies available to the assured in respect of the contract from which the loss arise.

2.6.3 Proximate Cause

This principle is very important when loss occur due to strings of events. The principle simply explains that in deciding whether a loss can be tied to any of the risk insured against, the proximate or the nearest cause should be considered. An illustration of this was cited by Tyagi (2007) a ship was insured against collision, the ship collided and the cargo of oranges was mishandled which resulted in a delay. Consequently the oranges deteriorated. From this case the damage to the cargo was not proximately caused by collision but was remotely caused by delay and mishandling which were not covered by the policy taken. Hence the insured could not recover the loss (Pink vs. Fleming, 1899, 25, Q.B.D.396). Proximate cause principle is somehow technical and can cause dispute between the insured and the insurer if it is not well ironed out before embarking on the insurance contract.

2.6.4 Indemnity

The concept of this principle is to make good the actual loss caused to the insured. Aside from personal accident, life assurance and sickness insurance contract, all other insurance contract such as fire, burglary, marine or any other are contracts of indemnity (Tyagi, 2007). The principle of indemnity is based on the fact that the assured in the event of loss is only compensated with the actual total loss. But should in case no event arise the insured has nothing to receive from the insurer, his net premium therefore forms part of the underwriters net profit. According to the explanation given for this principle, the insurer undertakes to indemnify the insured against a loss of the subject matter of insurance due to insured cause. In life assurance the question of loss is invalid and therefore its indemnification does not arise since loss of life cannot be quantified in monetary terms (Tyagi, 2007).

2.6.5 Insurable Interest

This principle states that it is a must for the insured to posses insurable interest in the object insured by him. Insurable interest is a legal requirement that must be fulfilled for an insurance contract to take place, there is no short cut to it. This can simply be defined as the insured's financial interest in the subject matter of the contract. The major objective behind this legal requirement is to prevent the insurance contract from becoming a gambling contract. Any insurance contract where insurable interest is omitted is invalid and cannot be claim in a court (Tyagi, 2007).

2.6.6 Attachment of Risk

Without the attachment of any risk to a policy, a contract does not exist and therefore in this case consideration of contract fails and insurance company must return the premium collected. Every insurance policy must be based on uncertainty about a financial loss, as it has been established that the main idea behind insurance is risk.

2.6.7 Cancellation

Before the expiry of an insurance policy the two parties involved in the contract have the right to terminate the policy. From the date of the cancellation, the insurer ceases to carry the risk of the insured, therefore the insurer is obliged to return the premium collected from the insured.

2.6.8 Mitigation of Loss

This principle explains that in the event of the loss insured against the policy holder is responsible to minimize loss and save whatever is left. This principle helps insured to be more careful in respect of the property under cover. He is expected to act as if the property is not insured. For example a person that insures his house against fire and his house accidentally caught fire should act as if he does not have fire insurance for the house. At the time of the accident he should put himself in the shoes of an ordinary prudence man. Therefore he is not expected to wait for the fire to be extinguished but should quickly alert his neighbors and fire brigade to help him get rid of the fire without delay (Tyagi, 2007).

The legal principles of insurance explained above are essentials in the insurance business and they are technical. It is of great importance that all insurance practitioners and policy holders be well grounded in these principles so as to avoid dispute and ensure a smooth running of this business

2.7 IMPORTANCE OF INSURANCE

Insurance has ever stood and it still stands to be vital in every financial sector either in developed, developing or underdeveloped countries. It serves as a security to both personal and corporate organizations, hence insurance is important to the society at large. Insurance is meant to hedge out risk completely in our daily lives or shed a major part of it. Let us imagine a world without insurance? Without the existence of insurance there is no doubt that life will really be tough. Through insurance all financial sectors in a country are protected. Goovaerts, Vylder and Haezendock (1984) said that the welfare of a country depends greatly on the solvency of its insurers. According to Pritchett et al 1996 insurance is very critical to a well functioning economy. But it is quite unfortunate that the role of insurance is often not recognized in some parts of the world and therefore not given attention. In one of the papers delivered by Mina in 2007 in a conference in the United Nations on trade development he said "insurance sector is an infrastructural pillar of the financial services sector and the economy as a whole thus it plays a key role in economic development." In most developed and developing countries the importance of insurance is on the high side, there is no objection to this. However the performance of insurance business differs from one country to the other due to difference in their cultures, economic systems and national regulations. According to Fukuyama (1995), the economic benefits gotten from insurance are a function of the cultural context of an economy. He went further by explaining that insurance will contribute positively to an economy if the activities in the economy are seen as risky and are majorly managed through insurance contracts rather than other risk control means. A study on quality of life by Moller (2004) cited by Tajudeen, Ayantunji and Dallah (2009) revealed that income and social security are major indicators of quality of life. The research emphasized on the significance of insurance on human life. In the 1990s the asset of insurance companies increased faster than that of the banks. Here are some of the roles played by insurance:

Insurance stabilizes the financial strength of firms and households (Breuel, 1996). Since insurance services transfer and pool risk, it therefore gives firms and individuals the boldness to specialize, create wealth and undertake projects with higher returns and very high risk that they would not have considered on a neutral ground (Mina, 2007). With the possession of insurance, the continuity of a business is guaranteed when losses occur since insurance restores the insured to the formal position he was before the loss occurred.

Insurance provides valuable support to entrepreneurial, commerce and trade activities (Mina, 2007). This is due to the great dependence of economic activities such as accounting, banking, legal, medical, aviation, manufacturing, shipping, consultancy services on risk transfer. Insurance services offer them the boldness and courage to undertake investment appraised to be viable as they have insurance as backups should in case the investment turns out to be a flop. Thus insurance helps them remove the uncertainties in their business and carry their risk. In other words insurance helps to safeguard their capital and give them the go ahead to use it as may seem best to them.

According to Mina (2007) another benefit that can be derived from insurance business is that it can help an economy reduce its total risk to the bearest minimum. He said this can be achieved through portfolio diversification and provisions of incentives to enable them manage their risk in a more effective way and also to enhance risk mitigation activities.

Through individual health, life insurance, pension fund and workmen compensation, quality of life of individual is improved and social stability is increased (Mina, 2007). Insurance allows households to receive more complete compensation for their loss than they could have provided for on their own. It reduces vulnerability "as households replace the uncertain prospect of large losses with the certainty of making small, regular premium payments" (Brown and Churchill 1999:2). Since savings is recognized as a means of providing for bad consequences of the future, a suitable way to achieve this is through taking of an insurance policy.

Insurance stands as a source of credit by standing as a guarantor for his customers. Insurance makes provision for a policy that can repay the assureds creditor in the event death or breach of contract by the assured. If not for insurance financial institutions would not have been very confident to give out loans and credit facilities to their customers.

Chances of loss that occur through accidents, deaths, thefts and diseases can be reduced through insurance by spending a whole lot of money with a view of investigating the causes of loss and suggesting probable solutions to their prevention. Insurance companies support different medical programs in other to make the public to be more safety conscious.

Through the provisions made by life insurance such as health insurance programmes and personal retirement planning, the pressure on government budget is reduced (Mina, 2007). How is this achieved? The insurance policy is designed in such a way that it accumulates the premium paid by the insured on a yearly basis in a fund, this accumulated premium then earn interest. Depending on the structure of the policy the insured can continue to earn income till death. In this way insurance helps to reduce the demand on government health programmes and social security.

Insurance helps to mobilize savings from household sectors to public and corporate sectors (Mina, 2007). He explained that the savings accumulated can help in forming huge capital in a country. He also said this is due to the longer maturity of life insurer's liability compare to bank's liabilities hence the performance of life insurers can be outstanding in the bond and equity market.

Insurance business also helps in creating employment opportunities in a country. It offers direct employment opportunities to carry out business activities and also self employment, insurance agents are typical example of this. This helps in the improvement and progress of social condition. In developed countries a single insurance company provides employment for 120,000 people (Daniel cited in The Report: Nigeria 2010).

It cannot be overemphasized that insurance play a vital role in individual lives, business settings and it also help government to function well. We are in an unstable world, there will always be ups and down. But insurance can help to cover these gaps. At this junction we will like to say that insurance is the biggest part of financial sector with the biggest body that carries individual and corporate risk without neither been tired nor injured.

2.8 HOW INSURANCE BUSINESS STARTED IN NIGERIA

Historically social insurance existed in Nigeria ever before the official introduction of modern insurance (Osoka, 1992 cited by Tajudeen, Ayantunji and Dallah, 2009). The social insurance scheme existed in form of social associations such as age grades, unions and also in form of extended family systems. Social insurance was practiced by donating cash, materials and organized collective labor are collated to assist members of extended families, communal or social associations who suffer mishap. This mishap could be in form of death, accident, sickness, unemployment and also members can be celebrated for their marriages, child birth, graduation and lots more. Insurance business was first introduced in Nigeria by British Colonia government in 1910 but got more organized in the year 1960. This business germinated in the year 1921 and was formally regulated in 1961. The sector underwent an indigenization process in the 1970s and in the 1980s it was open to foreign competition. The announcement of new capitalization requirement for this industry took it through a reformation process in 2005/2006. This resulted into consolidation of the industry and 71 insurance companies were recertified in February 2007.

The regulating body in charge of the insurance sector in Nigeria is NAICOM (National Insurance Commission). NAICOM was established in replacement for NISB (Nigeria Insurance Supervisory Board) in 1997 by NAICOM Act of 1997. The main law guiding this sector is the NAICOM Act of 1997 (as amended in 2003) and the consolidation and recapitalization guidelines of 2005. The FMF (Federal Ministry of Finance) oversees what NAICOM does. The primary role of NAICOM is to supervise, regulate and control insurance business in Nigeria. The major actors in this market in Nigeria are insurers, regulating bodies, insurance brokers, insurance agents and insureds (Soladoye, 2007).

Basically in Nigeria, insurance business is divided into; life and non-life insurance (Agundu, 2001 and Bankole, 1997 cited by Tripathy and Pal, 2005). Insurance Decree No.2 of 1997 in Nigeria classified life insurance into two, group and individual life assurance. Non-life which can also be referred to as general is classified into; fire, marine and aviation, burglary, theft, accident, motor vehicle, workmen compensation, goods in transit, oil and gas, contractors and engineering risk. The Insurance Act of 2003 recognizes four class of insurance business;

(i) Life insurance business
(ii) General insurance business
(iii) Composite insurance business and
(iv) Re - insurance business

2.8.1 Life Insurance Business

Technically in the insurance business world the word assurance is used for life insurance. This is the class of business that deals with human life. Under this class of business a life insurance contract is sealed (Tyagi, 2007). According to him "life insurance is a contract in which one party agrees to pay a given sum on the happening of particular event contingent upon the duration of human life in consideration of the payment of a sum by another". According to the insurance act of 2003, mainly three classes of business are underwritten under life insurance business. These are; individual life insurance, group life insurance and pension business and health insurance business.

2.8.2 General Insurance Business

According to Tyagi (2007) general insurance business means fire, marine or miscellaneous insurance business which is carried out singly or in combination of these. He further explained that miscellaneous insurance includes casualty like personal accident, motor insurance, theft and others. In the case of general insurance business eight classes of business are specified by insurance act of 2003; fire insurance business, general accident insurance business, motor vehicle insurance business, marine and aviation insurance business, oil and gas insurance business, engineering insurance business, bond credit guarantee and suretyship insurance business and miscellaneous insurance business.

2.8.3 Composite Insurance Business

Composite insurance business is the combination of life insurance business and non-life insurance business.

2.8.4 Re-Insurance Business

Bjorn (1999) said risk is the foundation of insurance company, but even for a professional risk carrier, risk business can become too risky and there may be need for an insurance company to transfer part of his risk to other companies. When an insurer insures a part of his business with another company this is referred to as re-insurance. When the insurer transfers his risk he is called a cedant and it is said that he cedes a part of his business to the reinsurer. Claims payment from a reinsurer to a cedant are called recoveries. In this case the recovery is used to offset whatever the insurer has paid to the insured in respect of the claim.

2.9 PROBLEMS CONFRONTING INSURANCE BUSINESS IN NIGERIA

Despite the importance of insurance and its validity the survival of this business in Nigeria has been a serious challenge.

Market statistics revealed the poor performance of insurance business in Nigeria, it was discovered that Nigeria insurers covers less than five percent of the nation's insurable population (Usman, 2008). It is possible for Nigeria insurers to cover very small percentage of the nation's insurable population and still perform greatly if they are very strong. Nigeria covers less than five percent of the nation's insurable population and contribute less than one percent to GDP. This is evidence that Nigeria insurance companies are week.

Carlos and Echika's research in 2007 revealed that total Nigeria insurance share of the world market is 0.01% compare to South Africa with 0.86% (U.S Commercial Service, 2006). And Nigeria has the largest insurance market in the whole of Africa with a population of one hundred and fifty million according to World Fact Book by CIA July 2009 est. (Central Intelligence Agency).

Obaremi reported in 2007 that weakness in Nigeria Insurance sector meant that large percentage of their business is underwritten in foreign countries. Many of the strong industries in the country are more comfortable to have their risk carried by foreign insurers. Multinational companies and oil and gas operators in Nigeria insure their major risk overseas due to lack of confidence in Nigeria insurers as they default in claims settlement and other financial obligations to the public (Uranta, 2004 cited by Aduloju, Awoponle and Oke, 2008).

Elumaro cited by Versi (2008) hammered on the importance of insurance sector to GDP. Nigeria contributed only 0.7% to GDP while South Africa contributed 12%. Also Olagebegi cited by Versi (2008) said that while insurance companies stand as financial backbone in developed countries, the reverse is the case in Nigeria despite its large population. He went further by saying that Nigeria insurance density is 5-10% compare to 40-50% in developing countries and 90-98% in developed countries. This is evidence that insurance business is not doing fine in Nigeria.

Some of the challenges faced by insurance business in Nigeria according to Aghoghovbia (2005) are; lack of skilled man power, difficulties in collection of premium, lack of innovation by insurers and low level of information technology leverage in the industry. He went further by saying that the emergence of universal banking which has expanded the scope of banking to include a good measure of insurance services is a serious threat to the insurance business.

According to Osoka (1992) cited by Tajudeen, Ayantunji and Dallah (2009), Nigeria occupies the 6th position in Africa and 65th in Global Insurance market (SIGMA 2005, UNDP 2003). Morduch (1994) cited by Tajudeen, Ayantunji and Dallah (2009) pointed out that the weak financial institution in low income countries of which Nigeria is one, is a major reason for low insurance culture in these countries which in turn affect this business negatively. It is a known fact that the level of poverty in Nigeria is on the high side (World Fact Book). Nigerians struggle to feed themselves on a daily basis not to talk of buying an insurance policy. It was discovered that in this country, people prefer to source for fund from relatives, neighbors, and friends and also by disposing their personal belongings to manage unforeseen tragic circumstances rather than taking up an insurance policy. The low insurance penetration in Nigeria compare to other countries in Africa is due to challenges facing this business such as market penetration, improved product distribution, local content policy especially oil and gas, prompt claim settlement, competent management, corporate governance, innovative products, adequate technology, and the competitive structure of the industry which is said to be compounded by the large number of insurance brokers (Albert cited by The Punch, 2010). The players in this market are too many and they do not have competitive products.

Daniels cited in The Report: Nigeria (2010) asserted that a single insurance company in developed countries generates 232.0billionUSD (N34.8trillion) insurance premium every year and employs 120,000 employees. The entire insurance companies in Nigeria struggle to generate only 200.0billionNGN and employ only 25,000 employees. The survival and performance of insurance business in Nigeria is threatened by the poverty level among the populace, citizen's religious belief, crime and fraudulent practices in the industry and poor service culture by insurers (Oviosu, 1999 cited by Olaleye and Adegoke, 2009). Nigeria is said to be a religious conscious country and the people believe that the God they serve is more than insurance in other words God is their insurance. 50% of the population are Muslims, 40% practice Christianity and the remaining 10% are indigenous believers (CIA World Fact Book).

Before the last recapitalization of insurance sector in Nigeria that started in 2005 and was concluded early 2007, the argument was that the pressing issue confronting this sector was recapitalization, mergers and acquisitions (Ladipo, 2005). The sector was said to be weak then as most of the operators could not boldly underwrite risk that run into billions of naira due to their low capital base. In the light of this the minimum capital requirement of life insurance was raised to 2.5billionNGN from 150millionNGN, general insurance capital rose from 200millionNGN to N3.billion and re-insurance capital was increased from 350millionNGN to 10billionNGN.

According to Ladipo (2005), the recapitalization was a bit tough, but a big transformation for the insurance sector in Nigeria. Recapitalization has come and gone but it is still the same story of poor performance of insurance business in Nigeria. Is it that recapitalization, mergers and acquisition were not the pressing issue responsible for the failure of the insurance sector in Nigeria as when this decision was taken to increase their capital base or what?

There are lots of bottlenecks responsible for the poor performance and growth of insurance business in Nigeria. Some identified problems affecting this business from the literature reviewed from past researchers and different scholars in this field are:

(i) Ethical issue
(ii) Poor premium collection
(iii) Solvency problem/low liquidity
(iv) Lack of standard
(v) Absence of government
(vi) Poor management
(vii) Low level of information technology
(viii) Lack of integrity/trust
(ix) Attitudes of Nigeria towards insurance services
(x) Lack of innovation

2.9.1 Ethical Issue

Presently there is high level of market indiscipline going on in the way insurance business is been conducted in Nigeria. In the quest of the operators in this market to get their own share from the market, they engage in all sorts of unethical practices such as; rate cutting, hiding basic facts that policy holders should know from them. They are more interested in the premium they will get from the insured and not in carrying his risk which is supposed to be the primary objective (Ndubuisi, 2008). One of the legal principles that bind insurance business is that every insured should contribute equitably to the insurance pool in proportion to the risk they are bringing into the pool. According to him the implication of cutting rates and charging rates that are far below the commercial rates is that the equitable standard is misplaced since clients are charged different rates for the same risk. Another implication of this is that it leaves little reserve in the hand of underwriters after removing running cost of the policies and management expenses. And this in turn makes it very difficult for underwriters to meet their major obligation which is claims settlement. Unfortunately this has led to loss of greater percentage of the industry's revenue and as result poor performance of this business due to under – pricing of its products and services. A key means to build trust is through ethics, doing things in the right way that it should be done. A whole lot of insurance companies in Nigeria preach ethics but they do not act it. The mindset of "business is business" carried by practitioners in this sector has done lot of harm to their business. It has rendered them to be irresponsible and personally insensitive. Players in this market are supposed to put themselves in the shoes of their customers.

2.9.2 Poor Premium Collection

This is another challenge identified to be affecting this business in Nigeria. The standard of "no premium no cover" does not stand in Nigeria (Aghoghovbia, 2005). He said the people that are responsible for this are the intermediaries in this market (insurance brokers and insurance agents). These intermediaries are the distributing channels that stand between the insureds and insurers. It has been reported that insurance brokers and agents are fund of collecting premium from insureds and not remitting to insurance companies. Aghoghobvia (2005) said over the years Nigeria insurers kept writing millions of premium but are able to collect only a small fraction of what they write this is because greater percentage of businesses comes in through insurance agents and brokers. These people use premium for other things and quickly run to remit when claim occur and if claim does not occur they refuse to remit the premium.

2.9.3 Solvency Problem

According to NAICOM (National Insurance Commission) cash flow problem is a confrontation to insurance business in Nigeria. NAICOM said evidence of this is their attitude to claims payment; they are unable to meet up with this obligation. They struggle to settle their claims, meet their day to day obligations and they lack investible funds. It can be said that these sectors live from hand to mouth. Based on this investors are chased away from this market as no one is ready to embark on an investment that will not be viable. This can also be confirmed from stock summary published by Nigeria stock exchange on a daily basis. The performance of insurance stock in Nigeria is woeful compare to other stocks in the financial sector.

2.9.4 Lack of Standard

It has been observed that there is no standard for this business in Nigeria, despite the fact that there are recognized regulating bodies. Every player in this market act the way they like and want without observing the laid down protocols. The standard kept in place for the operation of this business has long been misplaced. If there is a well built standard that is properly regulated and monitored, the issue of rate cutting, collecting premium and not remitting by insurance agents and brokers will not be rampant.

2.9.5 Poor Attitude of Government

The Nigeria government does not encourage insurance practitioners. Over the years they have not been able to release any relevant incentive to the operators into this business. According to Daniel cited by The Report: Nigeria (2010), despite that insurance awareness is at low ebb in Nigeria, the failure of government to inject fund into this business has made it impossible for them to attract investors as they cannot pay dividend not to talk of declaring bonus to shareholders. Also in their history they have not been able to make any meaningful contribution to the economy. There is need for government to create an enabling environment for insurance business to thrive (Ndubuisi, 2008). Okezie also made his regret known on government's contribution to insurance business failure. He revealed that government is owing insurance firms billions of naira in unpaid premium, retirement benefit of most workers (annuity) paid by insurance companies are yet to be recovered from government. Oshin cited by the Report: Nigeria (2010) noted that government has hampered the development of insurance sector by transferring significant portion of the insurance business to other sectors in the economy; the National Health Insurance Act of 1999 transferred a traditional part of life business to HMOs, Pension Reforms Act of 2004 moved Pensions business to Pension Fund Administrators and Pension Fund Custodians. Company Income Tax grants all other financial services sectors concession apart from the insurance sector. Presently efforts are been made to remove workmen compensation business from the hands of insurers. He also said that the insurance laws that would have helped insurance business to go a long way are not well implemented by government.

2.9.6 Poor Management

A sizeable number of practitioners managing insurance business in Nigeria both the top management and low level management are under – qualified (Aghoghobvia, 2005). They are not competent enough to manage this business. And this has really done a great harm to the business as insurance business itself is a technical business and should not be handled by just anybody but the right people, these are people that have passion and vision for the business not just those that pop in to see what is happening. Lot of the top managers that occupy strategic sits in insurance companies are only concerned with what goes into their pocket, they do not care how the business fairs.

2.9.7 Low level of Information Technology

There is no doubt that a sound information technology cannot be misplaced in any business that is success oriented and wants to be on top. Lots of insurance companies in Nigeria do not have a functional websites. Most of their sites are just there like figure heads as you cannot really get any tangible information from them (Aghoghobvia, 2005 and Tajudeen, Ayantunji and Dallah, 2009). Their failure to communicate with the public through the internet has kept them in the dark for long. In Nigeria insurance companies are still paper based, virtually all their operations are still done manually.

2.9.8 Lack of Integrity and Trust

Omar (2005) asserted that there is lack of confidence and trust in the insurance companies in Nigeria by their consumers and the country's population at large. Successful insurance companies evolve around trust which is absent in Nigeria. The major if not the only reason of insureds taking up an insurance policy is to have their claims settled should in case of mishap. The image of insurance company can simply be determined by their ability and attitudes to claims settlement. Albert cited by The Punch (2010) noted that one of the reasons for low penetration of insurance business in the country is due to insurers delay in settling claims. Insurance business is based on trust but fraud and fraught with fraud are perpetrated by the various actors in this sector in Nigeria (Ndubuisi, 2008).

2.9.9 Attitude of Nigerians towards Insurance

The attitude of Nigerians towards insurance service is nothing to write home about when compared to other financial service providers like banks. The major factors that are said to be responsible for this are; the high rate of poverty in Nigeria (more than half of Nigeria population live on less than a dollar in a day), low awareness of majority about insurance and the little percentage of people that is aware of insurance services are not confident in the insurance companies. Berger (1988) cited in Seong (2002) stated that the consumers in the insurance market are poorly informed about the insurance goods. When people below poverty line are high and per capital income is low, then insurance penetration is band to be low (Atamand, 2003 cited by Tajudeen, Ayantunji and Dallah, 2009). Morduch (1994) cited by Tajudeen, Ayantunji and Dallah (2009) identified the situation of weak financial institution in low income countries as one of the main reasons for low insurance culture. Zelizer (1979) cited by Tajudeen, Ayantunji and Dallah (2009) also noted that religion has been a major threat to the insurance business in Nigeria in history as many of the populace believes that reliance on insurance to carry their risk means distrust in God's protecting care. And Nigeria is known to be a religious conscious country. Emilefo (2003) cited by Olaleye and Adegoke (2009) stated that reasons for lack of insurance culture in Nigeria can be tied to high level of illiteracy, ignorance, poverty, religious, social cultural belief and the image of the insurance business itself.

2.9.10 Lack of Innovation

Good innovation keeps a business moving, it brings about transformation and it makes a business to be very strong. Innovation can make a company to be highly competitive in the market. Insurance practitioners in Nigeria lack innovation, they keep leveraging on their old products, Aghoghobvia (2005), Tajudeen, Ayantunji and Dallah (2009) this is not a good feature of any business that is success minded. This sector hardly comes up with new products that are appealing and able to meet the need of the populace. When people buy an insurance product for five consecutive years without any claim on it their appetite for the products tends to drop.

2.10 THEORETICAL FRAMEWORK

Theoretical and empirical examinations of ethical decision making in organizations are minimal despite the increased attention on ethics in organizations (Jones, 1991). Trevino (1986) offered a general theoretical model while Ferell and Greshan (1985), Hunt and Vitell (1986), and Dubinsky and Loken (1989) offered a model that focus on marketing ethics. Rest (1986) presented a theory of individual ethical decision making that can be easily incorporated into an organizational setting. Ford and Richardson (1994), in their own research work on ethical decision making identified variables that have influence on ethical believes and decision making of people. The two types of variables identified by them are those unique to the individual decision makers and those considered to be situational in nature. Variables identified to be unique to individual decision makers by them are; nationality, religion, sex, age, education, employment and personality. According to them situational variables are referent groups, rewards and sanctions, codes of conduct, type of ethical conflict, organizational effect industry and competitiveness. Kohlberg (1984) observed that socio moral atmosphere of an organization is a significant factor in the ethical decision making of individuals working within it.

The priority of most scholars in the field of social science has been ‘’the reason why people act ethically or not in the business world as well as some specialized fields like medical field e.t.c” Weber and McGovern (2010). That is in essence analysis and evaluation of information within an ethical cognitive decision process that leads to a preferred cause of action has been a main priority for a good number of scholars. A critical element in business ethics research is ‘’moral reasoning’’ (Trevino 1992) cited by Weber and McGivern (2010). According to Weber and McGivern (2010) different frameworks and models postulated by (Fischer, 1980; Kohlberg, 1981; Rest, 1986) have been to explain how individuals appraise information that leads to a morally supported acts and doings. Based on the foundations laid by these scholars in the field of moral reasoning further instruments were developed to help scholars and individuals in this field. Inspite of this development, ‘’the moral reasoning field’’ is still lagging due to serious methodological weakness (Elm and Weber, 1994; Ishida, 2006; Manburg, 2001) cited by Weber and McGivern (2010).

Most researchers recognized that the field of moral reasoning predominantly has two scholars Lawrence Kohlberg and James Rest, the work done by this two scholars set the foundation for most of the empirical investigations that followed in this field. According to Werber and McGivern (2010), ‘’Kohlberg’s stage of moral development focuses on the reasons stated to justify why certain actions are perceived as morally just or preferable.” To him these reasons are determinants as to the individual’s stage of moral maturity. Rest (1999) like Kohlberg cited in Weber and McGivern (2010) framed a theoretical model of moral development. His model is a “four stage model”. The first stage starts with an individual recognizing a moral issue, and the second is making a moral judgment as to what is right or preferable, the third stage is establishing a moral intent and the final stage which is the fourth stage is engaging in a moral behavior.

The most comprehensive synthesis model of ethical decision making is offered by Jones (1991) model. Jones model unites previous ethical decision making model and introduces the concept of ‘’moral intensity’’ considering the characteristics of the ethical issue. Jones is of the opinion that previous studies did not consider the nature of ethical issue. Jones (1991) assumed that individual decisions are not a basis for ethical choices rather they are determined by social learning in the organization. The foundation of Jones model (1991) lies in Rest (1986) according to Werber and McGivern (2010). He made use of Rest (1986) four stage models which are; recognizing a moral issue, making moral judgment, establishing moral intent and engaging in moral behavior. It is on this basis that Jones (1991) made a proposition that the starting point for any ethical decision making process is the identification of the moral intensity components. Jones (1991) went further to explain that *"moral intensity is a situation whereby the actual characteristics of a moral issue influences the moral decision making process and the moral behavior"*. Jones (1991) developed a model which suggest that the attributes of a moral issue itself will have influence on the moral decision making process. As suggested by Jones (1991) there are six attributes that makes up moral intensity model, and these are; magnitude of consequences, social consensus, proximity, probability of effect, concentration of effect and temporal immediacy.

To get to the dept of the objective of our research work we have adopted five of the six attributes postulated by Jones (1991) which according to him makes up the moral intensity model. These are: magnitude of consequences, social consensus, proximity, probability of effect and concentration of effect. These models helped in providing reliable answers to our research questions.

Proximity: this is the feeling of nearness social, cultural, psychological or physical that the decision maker feels for the victim of the act in question (Jones 1991). In essence this refers to the physical, psychological or social distance between the decision maker and those likely to be affected by the decision taken. Jones (1991) said "by intuition, people have more concern for people closer to them than distant people".

Social Consensus: *"this is the extent of social agreement that a proposed act is good or evil in nature"* Jones (1991). This is an indication of an individual been aware of acceptability or unacceptability of a particular act. Jones went further explain that the higher the degree of level of consensus the lower the ambiguity of a situation when an individual is not sure of what good ethics is. In addition he said "a strong social consensus against an unethical behavior will help a decision maker to establish the understanding that the behavior is wrong".

Probability of Effect: this can also be referred to as likelihood of effect, "this is the likelihood that the decision made by the decision maker will result in harm" Jones (1991). Jones sited an example here that when a decision maker is faced with two alternatives of deciding on selling a penthouse suite to honeymooners at a cheaper rate and to a group of university students at a higher rate, in this kind of situation; there is the higher possibility that the house would be sold to the honey mooners as there is a higher possibility that the house will not be damaged by them. A factor that would highly be taken into consideration by them is that the cost of repairing a damaged wall in hotels is relatively high.

Concentration of Effect: here the perceived ethicality of a situation is determined by whether the action taken has effect on an individual or a group of people Jones (1991). In other words this referred to the number of people affected by the decision. The explanation given by Jones (1991) on this is that if a decision maker is placed in a situation where one person will be hurt, he is likely to view the act more unethical than if placed in a situation where a group of people will be affected by his decision.

Magnitude of Consequences: "*this is defined as the sum of harms or benefits performed on victims or beneficiaries in relation to the moral act"* Jones (1991). Jones explained that the concept behind this component is that it has been observed from human behavior that some moral issues have more severe consequences than others. It is therefore concluded that if an action is seen to cause more serious consequence than others then the action will be labeled as more morally intense.

CHAPTER THREE - METHODOLOGY

3.0 INTRODUCTION

In this chapter a detail of how this research was carried out and analyzed is explained. The aim is to help the reader have a detailed understanding of how the research was conducted and analyzed.

3.1 METHODOLOGICAL APPROACH

There are different types of methodological approach that can be employed in a thesis work. In executing and investigating this research work so as to have an in-depth understanding of the subject matter of the research work, get reliable answers to the questions that are been investigated and to achieve the aims of this research, we adopted qualitative research method. The reason why the qualitative research method is chosen in this research work is because of its nature of flexibility (Yin, 2003). It gives room for interaction between the researchers and the participants hence providing in-depth understanding of the issue that is been investigated.

3.2 DIFFERENT TYPES OF DATA USED

Data was sourced through primary and secondary means. Archival records, documentations, direct observations, participants' observations, and interviews are means through which qualitative approach can be utilized according to Yin 2003.

3.2.1 PRIMARY DATA

Primary data are referred to as first hand data mainly because this data is collected specifically for the purpose of the research by the researchers. A good advantage of this means is that it gives appropriate answers to the questions under investigation in a research work. And a key point here is that the data collected is unique to the researchers and the research and until the work is published no one else has access to it. Ghauri and Gronhaug (2005) identified some sources of primary data to be observations, surveys, interviews, experiments.

3.2.2 SECONDARY DATA

Secondary data are information collected by others for some certain purposes which could be different from or similar to that of a researcher who opts to use the same information (Ghauri and Gronhaug 2005;91). Also secondary data can be referred to as second - hand data mainly because the data is not gathered for a single purpose but it could be used for different purposes by different researchers at different times. In gathering secondary data internal and external sources can be employed (Ghauri and Gronhaug 2005; 100). Through internal sources data can be retrieved from employees, customers and suppliers, competitors' e.t.c. and through external sources data can be retrieved from published articles books, research reports, accessing WebPages of companies, organizations and governments by going online is also a good source of secondary data. An advantage of secondary data is that it saves the researcher‘s time.

3.3 DATA COLLECTION METHODS

Based on the research methodology approach chosen in this research work which is qualitative research methodology, we collected data from both primary and secondary sources. Secondary data was sourced from related literatures such as books, journals, articles, past research works and electronic databases so as to be well enlightened on what has been studied on the subject matter under review. Primary data was gathered through Interviews. There are different approaches to conducting an interview; it can be a face-to-face, through telephone or e-mail. An interview allows a deeper probe into the question under investigation and it has the highest response rate compare to other primary means of gathering data. A face-face interview was adopted in our work and well structured questions were used for the interviews. The questions consisted of open and close ended questions. Open ended questions allows respondents to answer the questions in their own words without been subjected to any limitation by the researcher, while close ended questions will entail multiple choice questions that will require respondents just to tick the right answers. The questions were simplified and structured in a way that enabled respondents to provide relevant answers to them and also that will not make them to be biased or pissed off from answering the questions. We adopted this method to get quality information and to get as much information as possible so as to be able to capture well how insureds claims are managed in insurance companies in Nigeria and to be able to critically analyze this. We are of the opinion that this method will make participants express their minds explicitly.

3.4 RESEARCH POPULATION AND SAMPLE

Due to the large number of insurance companies operating in Nigeria, it is not possible for us to assess all of them. Because it will be a huge task and also consume lot of time that we will not be able to afford for the purpose of this research. Therefore in this research work a judgmental sampling of ten insurance companies in Nigeria was done. Judgmental sampling is sampling a group of people who the researchers believe to have a good knowledge about the particular problem they are investigating (Hair et al, 2003 cited by Mostaghel, 2006).

The sampled companies that were assessed in this research are those that are not new in the business. The youngest of these companies is eighteen years old and from inception till date all these companies have been active in the insurance business. Also all these companies are into both life and non-life insurance business. So we are of the opinion that these companies should have a good knowledge of the pros and cons of the subject matter of this research. Some top personnel and low level staff from these companies were interviewed. From the ten companies that we sampled we were able to assess only four due to limited time. In these four companies we interviewed personnel at top management level, middle management level and low level. The top personnel that were interviewed are those holding key position in their units such as unit heads. Ten sales Agents were interviewed from two of these insurance companies, five from each company.

Data was also sourced from two insurance broking firms, six insurance brokers were contacted but only two made themselves available for the interview. 50 people from insuring public were interviewed. These insuring public consist of those with and without insurance policies in Nigeria. Convenience sampling technique was used for the insurance broking firms and the insuring public that we interviewed. According to Hair et al (2003) cited by Mostaghel (2006) convenience sampling is selecting sample members who can provide required information and who are more available to participate in the research. A good advantage of this is that it helps researchers to complete a large number of interviews; it is cost effective and fast. Therefore the insuring publics that we assessed are our friends, friends of friends and neighbors. This was done for convenience and due to the limited time we had for the research work. Because it is through interviewing that we can get valuable response to the issue under investigation. And considering the limited time we had for the research work, it could be difficult to get access to people that will make themselves available for interview. So we decided to work with what we have.

PRIMARY DATA	
SOURCES OF DATA	**NUMBER OF PARTICIPANTS**
INSURANCE COMPANIES	6
INSURANCE BROKERS	2
SALES AGENTS	10
PUBLIC	50

Table 1 – Summary of Sources of Data

3.5 PRACTICAL FRAMEWORK AND RESEARCH INSTRUMENT

In the view of the issue of ethics practically, the interview questions have been designed to investigate the issue of claims management in Nigeria insurance companies; so as to be able to know how these insurance companies are managing the claims of their clients and also if they recognize the moral dilemma involved in claims management.

For the insurance companies, our interview was focused on the claims department. (4) Insurance companies participated with total of (6) respondents from all. The participants were top personnel at management level heading the claims department, a middle level manager and also low level staff. We are of the opinion that the low level staff should not be left out of this research because in most organizations they are the major people that carry out the operations of the company. In these companies on the average the interview lasted forty four minutes.

Then selected few from individual sales agents selling insurance products to the populace were interviewed as well. We found out that some insurance companies have office for insurance sales agents in their companies. Two of the companies we conducted interview on fall in this category. So we interviewed five sales agents each from these companies which made a total of ten. The interview with the sales agents lasted thirty one minutes on the average

In the two insurance broking firms their top managers were interviewed. One is an executive director in the operational team of the firm while the other is a general manager. The interviews in these insurance broking firms lasted thirty nine minutes on the average.

And finally fifty selected populace was assessed those with and without insurance policies. On the average the interview with the insuring public lasted twenty seven minutes.

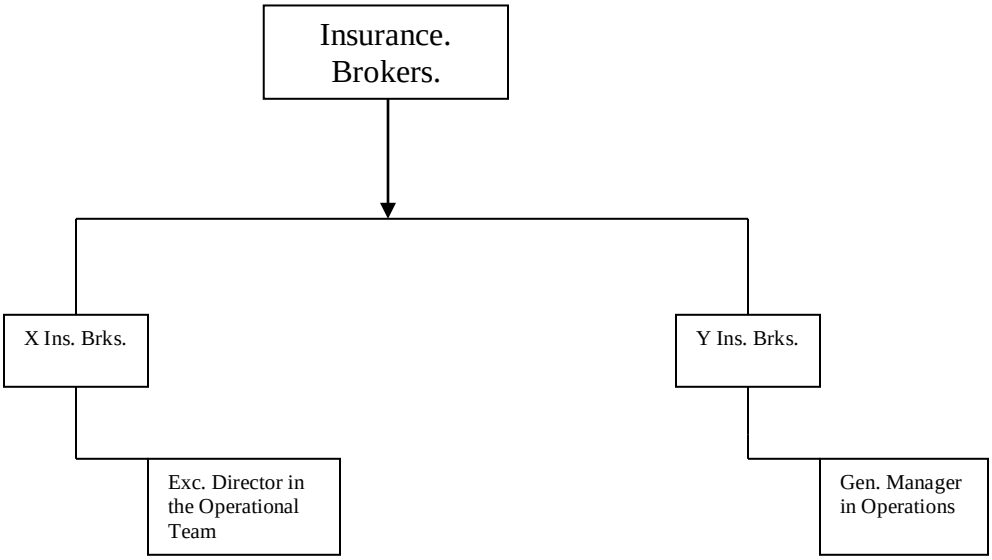

FIGURE 1 – BREAKDOWN OF INTERVIEW RESPONDENTS IN THE INSURANCE BROKING FIRMS

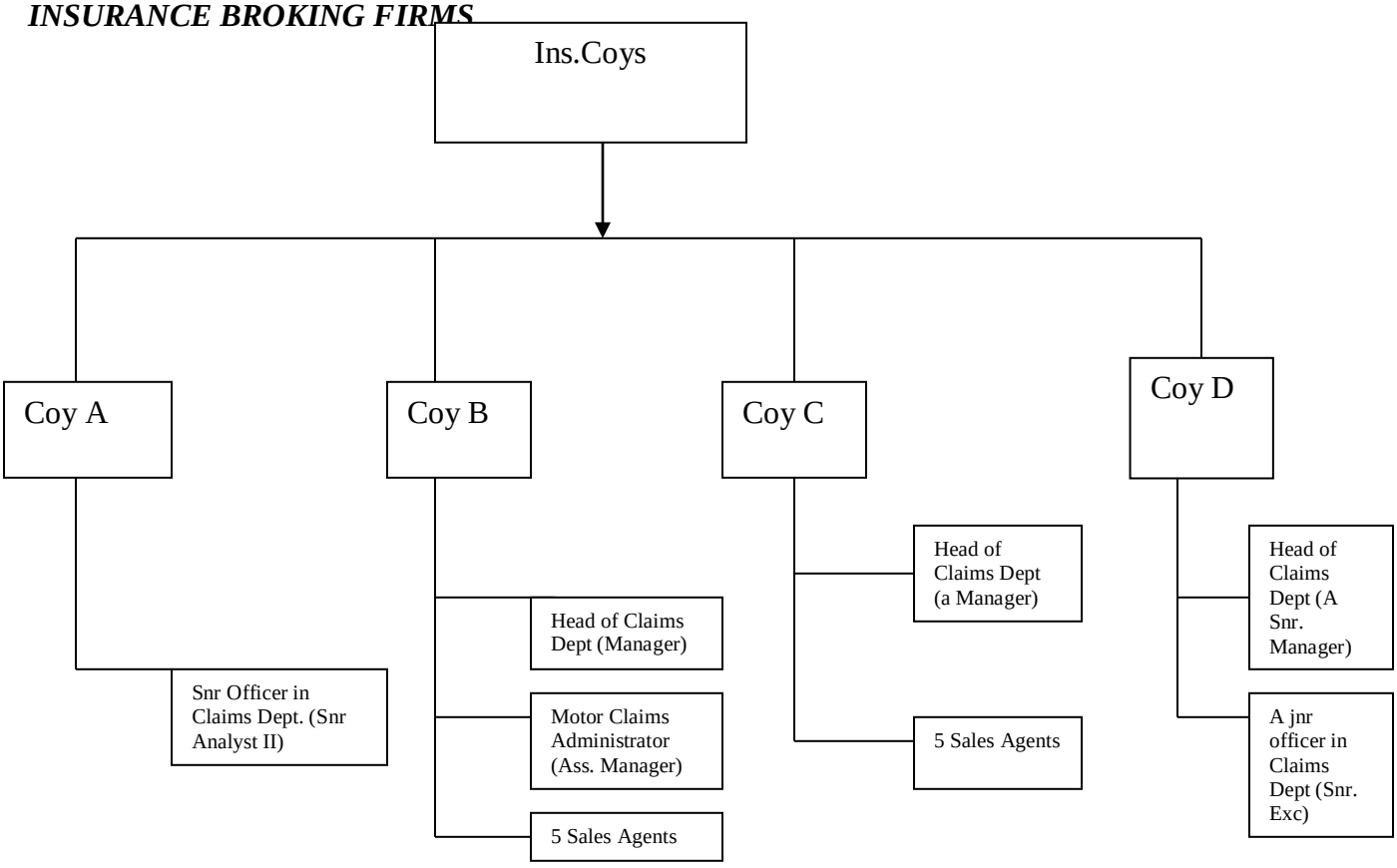

FIGURE 2 – BREAKDOWN OF INTERVIEW RESPONDENTS & THEIR POSITIONS IN THE INSURANCE COMPANIES

3.6 LINKING INTERVIEW QUESTIONS WITH THEORETICAL FRAMEWORK

The interview questions for this research work were designed in line with the theoretical framework adopted in this study, Jones (1991) model; *proximity, social context, probability of effect, concentration of effect and magnitude of consequence.* These are the characteristics that constitute moral intensity model. And these characteristics that constitute moral intensity model are the parameters that influence moral decision making process and the moral behavior. We are of the opinion that by asking questions centered on these models our research question will be answered.

3.7 METHOD OF DATA ANALYSIS

For this research work to be clear and useful the data collected for the purpose of the research work is well analyzed for better interpretation. According to Yin (2003), the objective behind analyzing a qualitative material is to make the material more clear and distinct, to ensure that the relevant information included in the material is not thrown away. Analyzing a qualitative material is simply examining, categorizing, tabulating and recombining the empirical evidence to address the initial propositions of the study.

In other to be fair, eliminate alternative interpretations and produce compelling analytic conclusions in a research work every investigation must start with a general analytic strategy (Yin 2003). Suggested strategy alternatives for case study data analysis is either to rely on theoretical propositions derived from literatures reviewed or to develop a case description. To rely on theoretical proposition according to Yin (2003) is to follow the theoretical proposition that led to our case study.

The data collected was read carefully, going through the interview transcripts and exploiting points that are relevant to the research questions. The empirical findings was clearly distinguished and then compared to reviewed literatures by scholars in this field. From here conclusion was drawn based on our findings from the research carried out about insurance business in Nigeria.

CHAPTER 4 – FINDINGS, DATA ANALYSIS AND DISCUSSION

4.0 INTRODUCTION

In this chapter the analysis and data administered during the interview with the four insurance companies, the insurance brokers and sales agents and the insuring public is done. The study focused on claims management in the Nigeria insurance companies.

4.1 BRIEF OVERVIEW OF THE (4) SAMPLED INSURANCE COMPANIES AND THE (2) INSURANCE BROKING FIRM

For the purpose of this research work we did not use the real names of the companies used in this research work for private reasons. We named the companies with alphabets; *COMPANY A, COMPANY B, COMPANY C, COMPANY D, X INSURANCE BROKERS and Y INSURANCE BROKERS.*

COMPANY A: This Company is a composite insurance service provider, offering a wide banquet of life and non-life policies. Four years ago this company was acquired by one of the leading banks in Nigeria so as to enable it to be stronger and bigger among the insurance companies operating in the insurance sector in the country.

***COMPANY B*:** This is a dynamic insurance company that offers services in line with modern realities. The company was incorporated nineteen years ago. At her inception she was registered to undertake some classes of insurance. The company is into both general (non-life) and life business offering different products to her clients under these two categories. From inception till date this company has won several awards.

COMPANY C: This Company has been in operation for the past forty one years. This Company specializes in the provision of tailored insurance products that aim to offer both corporate and individual clients comprehensive protection against potential losses, damages, and potential liability claims and also cater for their changing needs.

COMPANY D: This company commenced operation eighteen years ago, bringing with it a fresh breath of dynamism and innovation into the Nigeria insurance industry. She provides a strong backup and dependable ally to her customers. This is offered through her widest range of tailor-made life and non-life insurance protection.

X INSURANCE BROKERS: This broking firm is majorly into managing of insurance portfolio for her customers with the mindset of delivering prompt and adequate services to their customers. Their team is made up of qualified professionals and experienced personnel who have put in number of years of practice in the field of

insurance services. As insurance consultants they assist in addressing the insurance needs of their customers and potential customers by; assessing their insurance portfolio with a view of determining their suitability and then restructuring it for the benefit of their customers, conducting safety and necessary management survey for the purpose of loss prevention and reduction and thereby getting premium reduction from underwriters for their customers, re-negotiating insurance premium rates and conditions to the best advantage of their customers.

Y INSURANCE BROKERS: This is an old insurance broking firm that has been in operation for the past thirty six years transacting all classes of insurance business. What this broking firm does is providing professional service in the field of risk management and insurance protection. She does this by using her professional skills in risk identification, analysis, quantification, treatment and review. She identifies herself with her clients and provides effective risk management by insurance to them with the aim of securing adequate cover for them at a minimum cost. She has a very high concentration of professionally qualified and capable staff for which she commands market respects and support.

4.2 SAMPLE CHARACTERISTICS AND PROFILE OF PARTICIPANTS

The interviews conducted were analyzed in the following order:

Table 2: AGE OF COMPANIES

COMPANY	Company A	Company B	Company C	Company C
AGE	21years	18years	41years	18years

The above table reflects the duration of existence of the 4 insurance companies used in our research work. All these companies have been in existence for a good number of years, the 2 of them that have the least duration are eighteen years. This is an indication that the responses gotten from these companies are reliable at least to a good extent since they are not new in the business.

Table 3: LEVEL OF EDUCATION

What is the level of your education?

RESPONDENT	**LEVEL OF QUALIFICATION**				**TOTAL**
	Secondary School	Bachelors Degree	Masters Degree	Others	
Insurance Personnel	Nil	2	4	Nil	**6**
Insurance Brokers	Nil	Nil	2	Nil	**2**
Sales Agents	Nil	6	Nil	4	**10**

This section is to present the level of education of our respondents and their professional qualifications.

INSURANCE PERSONNELS: According to the responses gotten from the personnel interviewed from the (4) companies working in the claims department, they all claim to possess one form of degree or the other. (2) Of them have bachelor's degree while the other four are master's degree holder. In addition to their degrees (2) of them have professional qualifications from the professional body in their industry, CIIN. (4) Of these personnel fall in the level of managers and senior managers. And all of them have a good number of years of experience in the insurance industry; some of them said that they started their career in the industry; the one that has the least experience is three years old in the industry. Almost all of them claim that they go for trainings related to their line of responsibility; only two of them said they do not go for training and one of these two heads the claims department in his company.

INSURANCE BROKERS: From the insurance broking firms, the (2) top officers interviewed are master degree holders. One an executive director in the operational team, the other a general manager in the operations (*see figure 2 in chapter 3*) both claim they have a good number of years of experience in the industry with one of them having a professional qualification from CIIN, they also claim they go for trainings and according to them these trainings have been of good value to them and have really helped them in their daily deliverables to their customers.

SALES AGENTS**:** (4) Of the sales agents interviewed are bachelors' degree holders, while the other (6) have ordinary national diploma. These sales agents that were interviewed made us to understand that the qualifications they possess are not related to insurance neither do they have any professional qualification in this field. Some of them said they are doing what they are doing today because after they finished their school they did not get work to do in their field of study as they planned. While some of these sales agents who are OND holders said they needed money to further their education and since they cannot get help from anybody they decided to take up the job so that they can combine it with their studies and move on in life. According to all these sales agents they all undergone training organized by the company they are helping to sell before they started selling insurance products. The sales agents that sell for COMPANY B said the company also organizes training for them on a weekly basis and in this forum they share their experiences as well so in this way they learn from each other.

The conclusion that can be drawn from here is that the major insurance personnel that handle insureds claims have a good level of education, they improve themselves through participation in one form of training or the other and also they have a good number of years of experience. But there is something lacking, very few possess professional qualifications related to their work. This suggests to us that they bank on the degrees that they have acquired long time ago and their experience on the job which implies that their skills could be outdated. This is in conflict with what we drew from all the insurance companies' profiles that revealed to us they are professionally equipped and competent.

4.3 RECOGNITION OF CLAIMS MANAGEMENT AS A MORAL ISSUE

Table 4: This table depicts the recognition of claims management as an ethical issue by sampled insurance personnel

Respondent	Frequency	Percentile (%)
Yes	18	100
No	0	0
Total	**18**	**100**

- **Does claims management affect people's perception on your ethics?**

This section test the proposition by Jones (1991) which says that the starting point in any ethical decision making process is the identification of the moral intensity components involved. This significantly impacts the moral decision making and moral behavior of the decision maker in a decision.

All the 18 personnel interviewed (6 insurance personnel, 10 sales agents and 2 insurance brokers) in the insurance companies maintain a stand that claims management is a moral issue. It was deduced from their responses that they recognize the fact that the way they handle the claims of their clients can affect people's perception on their ethics which in turn can affect their overall objective either positively or negatively.

The respondent from X INSURANCE BROKERS specifically said that if the claims of clients are mismanaged on a continual basis it can make an insurance company to fold up affirming that the clients whose claims are mismanaged will not want to come back to do business with them and they will also go out to spread the news to others in this way the business is damaged.

Therefore we are able to confirm here from the responses gotten that insurance personnel understand the moral dilemma involved in claims management.

4.4 RELATIONSHIP BETWEEN INSURANCE COMPANIES AND THEIR INSUREDS

- **How is the relationship between you and your insured's?**

In this section one of the attributes of moral intensity model, "*proximity*" is tested. Here Jones (1991) is of the opinion that a decision maker is more likely to make an ethical decision if he is closer to the victim of the decision either physically, socially or psychologically.

Basically it is deduced from all the respondents that they maintain a good relationship with their customers. COMPANY A said they have a cordial relationship with their customers, though they have some irate customers. COMPANY B in their own case made us to understand that they empathize with their customers by sharing their feelings and emotions and they avoid any unnecessary gap in between them and their clients as much as possible. The manager in COMPANY C said that they have a cordial and satisfactory relationship with their clients compare to other insurance companies in Nigeria. COMPANY D believes their customers are the ones putting food on their table on a daily basis and without them their company cannot operate, therefore they maintain a very friendly relationship with their customers.

- **Does your relationship with your clients affect the way you handle their claims?**

The (6) claims personnel interviewed from the (4) insurance companies revealed that the relationship they maintain with their clients play a significant role in the way they handle the claims of their clients and made us to understand that even while doing this they still have to follow the rules of the business.

And further to this they made us understand that they get feedbacks from their customers through mails, phone calls, SMS, questionnaires, and personal interviews which they look into, analyze and adopt improved measures. The major reason behind this according to them is to make sure the clients are well served and there is no shortcoming from them to their clients. But even despite this we are told that complaints they get from their clients are more than the commendations.

This confirms one of the moral dimensions of Jones 1991, *proximity,* which says if an individual feels close to the victim in a situation, the closeness will affect his ethicality perception on the situation and his action.

4.5 EXTENT OF SOCIAL AGREEMENT ON CLAIMS MANAGEMENT IN NIGERIA INSURANCE COMPANIES

- **Do you think there is any need for you to exercise due care when handling insureds claims?**

Here "*social consensus*", the attitude of moral intensity model offered by Jones (1991) that is the extent of social agreement that a proposed act is good or evil in nature is tested.

According to our respondents from the 4 insurance companies it is very important that they handle insureds claims with care and that in any attempt to do the other way round they will not be fair to their customers. And also that once a claim is mismanaged even if they later reprocess it, it could be difficult for them to erase the first impression from the client. Basically they are all of the same opinion that it is unethical for them mismanage insureds claims and deny them of their rights. These insurance personnel maintain a stand that the only claims they do not settle are the ingenuine ones.

The responses gotten here suggest to us that there is a high level of social consensus amongst these insurance personnel as to managing insureds claims. And according to Jones(1991), the higher the level of consensus the lower the ambiguity of a situation when a decision maker is not sure of what good ethics is, that is a strong social consensus will enable a decision maker to establish the understanding that the behavior is wrong.

4.6 POSSIBLE CONSEQUENCES FROM MISMANAGEMENT OF INSUREDS CLAIMS

In this section three of Jones (1991) moral intensity model are tested, *probability of effect, concentration of effect and magnitude of effect.*

- **If the claims of your clients are mismanaged what can this result into for you as a company?**

Another attribute of moral intensity model, "*probability of effect*" is tested here. Jones (1991) explained probability of effect as the likelihood that a decision made by the decision maker will result in harm. He therefore assumed that the higher the probability that an act will be harmful, the higher the tendency of the decision maker to see the act as unethical.

Here we are able to deduce from the (6) insurance personnel interviewed in the insurance companies that it is not their tradition neither is it their custom to mismanage clients claims. They indicated that one of the main reasons of their insurance business is to settle clients' claims and put them in the position they were before the loss occurred. All these insurance personnel made us to understand that they know if they mismanage their clients' claims, there are lots of aftermath effects that these will result into. They stated here that these will definitely damage their relationship with their clients, it can cause their company to fold up, they will lose lot of business and their bottom line will suffer for it, personally for these personnel they indicated this can cost them to lose their job and as well ruin their career. Despite these according to these insurance personnel that were interviewed in the insurance companies, the "general" say in Nigeria is that insurance companies are not ethical, they do not settle claims. And they have been able to discover from their market survey that majority of these people do not even have a single insurance policy. These personnel made it clear to us that they know of course that the way they handle clients' claims will definitely affect people's perception of their ethics and therefore they make sure they handle it professionally and with care.

The conclusion here is that insurance companies are aware and they understand the harm involved in the event of clients' claims been mismanaged in other words they understand taking unethical decision on clients' claims will result in harm. This kind of act will be harmful to them as an individual and also the company as a whole.

- **Does the action you take in respect of insureds claims have effect on you, your company or the insureds?**

Under this section the "concentration of effect" is tested, according to Jones (1991) the perceived ethicality of a situation is determined by whether the action taken has effect on an individual or a group of people.

The responses gotten from the (6) insurance personnel interviewed in the 4 insurance companies were that every party involved in the business will benefit from any action they take in respect of insureds claims either in a bad or good way depending on the situation at hand. The respondents explained to us that the decisions they come up with in respect of insureds claims has a direct effect on the insureds because they are the victim of the loss. Also these respondents explained to us that it also has an effect on them either directly or indirectly because their signature is always attested as the claims officers that process the claims and all the names of the officers that process a claim is always on record. So if any issue should arise they are always held responsible. On the part of the company the respondents said to us that, their decision on insureds claims has effect on the company as an entity. They indicated that insureds perception (either good or bad) on how their claims are been managed will affect the relationship they maintain with the company. Here the respondents sited examples that this can either make them get more business, less business from their customers and potential customers, it can affect their image in the public, they can be sanctioned by their regulatory body, they can get sued and lose their certificate.

We can hereby say from the responses gotten from these insurance companies that they are all of the opinion that the decision they take in respect of insureds claims, affects the insureds directly, and indirectly the claims officer that process the claim and also the company as an entity. Thus Jones (1991) moral intensity model, "concentration of effect" which says when a decision maker is placed in a situation where one person will be hurt he is likely to see the act more unethical than if placed in a situation where a group of people will be hurt stands.

- **In your own opinion how can you describe the extent of these consequences you indicated by you?**

Here the "magnitude of consequences" by Jones(1991) which says "if an action is seen to cause more serious consequence then the action will be label as more morally intense"

The insurance personnel interviewed from the 4 insurance companies are of the opinion that these consequences can result in a serious issue. The head of claims department interviewed in "COMPANY C" mentioned a case of a recent instant that occurred in their company, the driver that drives their managing director was involved in an accident and died. But this driver already signed up an insurance policy, "CHEF" (Children Education Fund). According to the head of claims in this company, the agreement under this policy is that when a parent or guardian sign up for Children Education Fund Policy, if anything should happen to them, permanent disablement or death, the insurance company will pay for the education of the children until university level. According to this respondent the wife was called to the office after the whole incident to sign for the agreement and arrangement of how the tuition fee for the son of the deceased will be settled, it was a shock to her because after her husband's death she felt that was the end of their child's education as she has no work. So our respondent in this company indicated to us that if this particular claim had been mismanaged there is a high probability that the child's education would have been a ruin and who knows maybe this is one of the potential leaders of tomorrow that will turn things around in the country.

Another instance sited by the senior officer in claims department from "COMPANY A" was a case they had just two weeks before we had interview with them. A client of theirs was involved in a ghastly motor accident and the doctor reported that it is either they operate the leg or cut it. The cost of the operation was close to N1.5m which the man could not afford on his own if not for his personal accident policy that he had with their company. All the client did was just to forward all the necessary documents and they processed the claim and the operation was successful. We noted from this claims officer that these are the kind of things they consider when processing claims, because they know if they refuse to do their work properly lot of life will suffer for it.

The responses gotten from our respondents here therefore confirm “magnitude of consequence” Jones (1991) moral intensity model. As all our respondents from the insurance companies understand and know that decisions they take in respect of clients claims can cause serious harm or benefit on the beneficiaries and victims of their decision.

4.7 CLAIMS PROCEEDURE

4.7.1 CLAIMS PROCEDURES BY INSURANCE COMPANIES

Table 5: Do you have claims procedure you follow?

Respondent	Frequency	Percentile (%)
Yes	6	100
No	0	0
Total	**6**	**100**

All the (6) respondents interviewed from the (4) insurance companies revealed to us that they all have procedures they follow in processing the claims of their clients when they occur. 2 of these companies maintain a stand that they follow these procedures strictly while the other two made us to understand that they do not always follow the procedures in all cases.

- **Here are the procedures involved in processing client's claims as explained by the respondents.**

COMPANY A: it was ascertained that before the processing of a claim can start it is a must that they get a formal notification from the client. After getting notification from their client the first thing they do is to register the claim in their software on doing this a claim number will be generated in respect of the claim automatically. A file will then be open for the processing of the claim, according to the respondent the reason for this is to have a proper record for the claims and to keep track of everything attached to the claim. After opening the file, a letter of acknowledgement is written and dispatched to the client to demand for all the necessary supporting documents that will assist in processing of the claims. According to this respondent here, the documents that will be required to process a claim depends on the class of business under which the claim belong; motor accident, motor theft, burglary and so on like that. This respondent said it is this documents that will help them in adjusting the claims. After the documents have been submitted by the clients, an inspection and investigation will then be carried out in respect of the claim by the responsible officers. The next thing after this is to make adjustment on the claim proposed by the client in line with the outcome of the inspection, investigation and the policy documents that was issued to him when he purchased the insurance policy on which the claim occurred. After this must have been accomplished, the claim file will pass through the head of technical unit, head of operations and finally to the internal control unit. After the internal control unit must have seen the file, gone through it and approved it, the file will be sent back to the claims department. He said, they will then communicate the offer to the client with a discharge voucher for him to sign and return back to them so that the corresponding amount can be issued on a cheque for the client by the finance department. According to our respondent he said this procedure is strictly followed, they do not bend it for any reason.

COMPANY B*:* the head of claims department here said the first thing that is required is a claims report from the insured which must be in writing but they also encourage their insured to always notify them through phone if they can so that they can begin some work in-house to hasten the processing of the claim. After getting this report from the client what they do next is to review the policy document of the client to see if claim that occurred is in line with the cover provided to the client by the company. Then from here a decision is taken either to carry on with the processing of the claim or to decline. If the claim is in accordance with the cover provided, inspectors are sent to carry out an inspection on the claims and write a report. Then the client will be notified verbally and in writing to provide all the supporting documents with a completed hard copy of a claim's form that can be downloaded from their website at no cost and they can also provide hard copy as requested by the client at no cost. The completed claim form and the supporting documents are what will be used in processing the claim. After this she will analyze and make recommendation based on the completed form, the supporting documents and the report provided by the claim officers that went for the inspection. This file is then sent to the head of operations for approval. After his approval an offer letter is written and sent to the insured which he must acknowledge, accept or reject. If he accepts, the file is sent to the audit and compliance unit, from this unit it will be passed to the finance department that issues the cheque. If the insured should reject their offer, then they will have to consult professional loss adjusters to look into the claim. After this a notification is sent to the client on whatever amount the claim is adjusted to and then the claim is settled based on the higher figure. The other personnel revealed that there is a procedure but refused to disclose the procedure. According to the two personnel the procedures are not followed in all cases, they said sometimes there is need for them to take commercial decisions and also this is due to the flexibility in claims administration. They went further to explain that claims come in different forms, and due to the urgency attached to some claims they just have to jump procedure so as not to damage their relationship with their customers. And also they said no matter how urgent some claims are they just have to strictly follow the laid down procedure so as not to get into trouble. Reasons given for this is that it could either be that the premium has not been paid on the policy on which the claim occurred, or the policy has expired already and has not been renewed or the account officer of the client in the bank has been instructed to do but the money has not hit their own account. They said these are fragile issues that need extra care. The motor claim administrator concluded by saying some clients are impressed when their claims are settled without any issue while some are not happy with them.

COMPANY C: there are eight procedures in total that must be followed according to the head of claims department. The first thing is to get notification from the customer, and the required supporting documents are to be sent in with the notification or shortly after the notification have been sent. After this, their inspectors are sent out for proper inspection and investigation. Then a letter is written to the client requesting him to bring an estimate for his claim. When they get an estimate from their client, they dispatch it to their own claims adjuster with all the documents attached. These claims adjusters then come up with an estimate on the claim. Sometimes it is the same with what they get from the insured and sometimes it could be higher or lower. The general manager in charge of their operations signs this and then an offer letter is sent to the client. The client either accepts this by attesting his signature or rejects it. Once he notifies them of his acceptance they enclose it in his file and send it to the internal control unit, from the internal control unit the files goes to the account department and the cheque is issued or the customers account credited on line if requested. If the client rejects the offer the head of claims and general manager of operation will have to sit down to deliberate on it which may take a longer time.

According to the head of claims department in this company, he said this procedure is not strictly followed due to inadequate human and material resources. According to him, because of the volume of claims that comes in every week there is need for their company to recruit more staff into the claims unit for free flow of operation in the unit. Then he said for the inadequate material resources, they need more stable and reliable transportation means for their inspectors to be able to carry out inspections in time.

COMPANY D: the head of claim also maintain a stand that they have a procedure which they strictly follow in treating claims. He said before they can proceed in processing of the claim, it is the responsibility of the insured to notify them either in writing, verbally or through the phone. After this the client must be able to provide a well documented proof of loss. The head of claims in this company said the level and nature of documentation depends on the class of business, he further explained that failure of a claimant to satisfactorily and convincingly proof a loss within a reasonable time can lead to repudiation of liability. According to him after the notification has been done and the proof of loss with all supporting documents has been provided the claim is registered in their claims department. The next thing is to send an acknowledgement of notification to the client, after sending the acknowledgement the existence of the insurance cover is determined; this is done through the underwriting and the account department. Once this is achieved assessors and loss adjusters are appointed to review the claim and submit an estimate on it. After they have done this they will submit a formal report, this report is reviewed by the head of claim and manager in charge of operations. According to him a decision is taken by them based on the review to either admit the claim or repudiate it. He said if the claim is admitted, it proceeds to the next stage which is making an offer and then finally the claim is eventually settled. He went further by explaining that they repudiate a claim if the claim is not valid or if discovered that it is a fraudulent one.

The other officer that works in the claims department of this company confirmed that they have a procedure which they strictly follow. He explained that the essence of this procedure is to check the validity of a claim and once the validity is ascertained the quantum that is to be paid is determined.

What we are able to deduce from the responses gotten from the insurance personnel interviewed is that their claims procedures are much similar, too long and complicated. And they are not so flexible with these procedures when processing claims.

4.7.2 CLAIMS PROCEDURE BY INSURANCE BROKERS AND SALES AGENTS

INSURANCE BROKERS: From the interview done in the two insurance broking firms, we were able to understand that it is not their own responsibility to settle the claims of their clients. They said claims settlement is the responsibility of the insurance companies. X INSURANCE BROKERS said what they do in the event of loss as consultants of their clients is to act speedily, professionally and in an efficient manner to ensure that their claims are swiftly and promptly settled by the insurance company involved. He said the complaints from underwriters (insurance companies) are that they do not get the necessary documents from the insured's to process their claim. So in their own broking firm they make sure they educate their client from the beginning of their contract with them. He concluded by saying so far in their firm their customers have always been happy with them and they always want to continue to do business with them and also the insurance companies they deal with deliver good service to them.

The general manager of operations in the second broking firm said they process and pursue claims on behalf of their clients standing on the ground that insurance is somehow complex and most people do not have a clear understanding of how it works so once they get a notification and all the necessary documents from their clients they stand in the gap for their clients to ensure that their claims are settled in time. This respondent said they just have to handle it in this way because they have lost lot of customers and business due to mismanagement of their clients claims by their underwriters.

SALES AGENTS*:* All the sales agents that were interviewed said that as insurance sales agents you can only help the client to trace the movement of his claim file, they cannot get involved in any other way apart from this.

4.8 CHALLENGES INSURANCE PERSONNELS ENCOUNTERED MANAGEMENT CLAIMS AND RESPONSIBLE FACTORS

- **What are the challenges encountered by insurance personnel managing claims?**

Here the challenges encountered by insurance personnel in charge of managing claims are discussed.

COMPANY A: The senior analyst that was interviewed mentioned that the challenges encountered in handling claims is the long processing and procedure involved and also mention the fraudulent aspect of the insured. The analyst explained that the processing and the procedure is too long, it consumes lot of time, he added that the more complicated the claim the longer the time it takes to process it. On the fraudulent aspect of the insured he said some insured's have taken insurance to be a means of making money in Nigeria and that is the more reason why they have a long procedure for processing claim so as to block every loop hole that can make a fraud to succeed.

COMPANY B*:* the head of claims department explain that the major challenge is that the insured's do not understand the terms and conditions of insurance; they expect and assume that all nature of loss must be covered. According to her this is the more reason why they keep on accusing insurers of having bad attitude to claims settlement. She also explained that the distributing channels are not helping issues; they give out rates that are not adequate for the risk of their customers. She explained that it is not the responsibility of these distributors to give out rates to customers; she explained that this ought to be done by underwriters because this is what underwriters are paid for. She added by explaining that bad rates bring in business very fast but on the long run when there is a claim on the policy it becomes problematic and sometimes it makes a claim to be over delayed. She summarizes this to be as a result of lack of understanding of the business by the insured and the actors in the market.

The other staff that was interviewed from COMPANY B who is a motor claim administrator in the claims department identified three challenges which he listed as; inflexibly on the part of the supervisors, insincerity on the part of the repairers and logistics problem. This officer explained that despite the fact that there is a laid down procedure when there is need for supervisors to be flexible they should if not for anything for business relationship sake. He said supervisors are too suspicious of their subordinates and they always doubt the integrity of the insured's. He also explained that there repairers are not been sincere they want to use crooked means to make some money in an illegal way in their pockets. After sealing a deal all they do is to come back and ask for more and when they present this to their supervisors they begin to doubt them, in this way claims are delayed. Finally on the aspect of logistics problem he said the processing of claims is too long and clients are not ready to understand the reason(s) behind this. Once claims occur they just want their insurers to settle it right away.

COMPANY C: The manger interviewed who heads the claims department here identified four challenges encountered in managing claims to be lack of human resources and material resources, circumstantial determinism and relationship management. According to him the number of people in his unit is too small compared with the volume of claims that comes in on a weekly basis. He said they lack material resources that can help in the smooth running of clients claims such as claims inspection cars. Most times the inspections to be carried out are more than the cars available to go for an inspection. It was also explained by him that it is difficult to take objective decision at all times as it is supposed to be. He said that sometimes circumstantial determinism affect claims decision. Another challenge as explained by him is that in the process of processing claims the relationship that the company has built with customers get damaged.

He concluded by saying that causes of some of these problems can be traced to underwriters unethical practices due to competition for business. Every underwriter wants to have an award for writing the highest premium and they give out rates that are not adequate to a risk. This is where the problem starts and once the foundation is faulty from the beginning it becomes difficult to amend.

COMPANY D*:* The respondent in explained that the main challenge is that the insured's attitude when claim occur is very bad. He pointed out that insureds find it difficult to submit the required documents needed to process their claims, having the mindset that once the company is able to establish that they have made payment on the policy then their claim should be settled automatically. This makes their claims to be delayed even when it is genuine. He mentioned that the understanding of the insured on how insurance works is poor. He cited a case of one their clients that insured his car with them, his car had an accident but he was not the one that drove the car and provision was not made for this under his policy. He said they tried all they could to let him understand but he was not ready to listen to any explanation. He concluded by saying insured's claims are delayed because of negligent on their own part and lack of understanding of insurance.
The other officer interviewed in this company mentioned to us that challenges encountered in claims department are delay in complete documentation by beneficiaries, fraudulent acts on the part of the insured and poor documentation culture in Nigeria. He said vital documents are handled carelessly generally in Nigeria and when the need arise to refer to these documents it becomes a problem. He said easy access of insured's to sensitive documents in Nigeria makes insurers to always want to investigate every claim critically and mostly this result in delay in settlement.

From all the responses gathered from the respondents in the (4) insurance companies where data was sourced we are able to deduce that there are lots of challenges encountered by the claims personnel handling the processing of insureds claims. The understanding we got from here is that these challenges contribute greatly to the deliverables insureds get from insurers in respect of their claims.

4.9 HOW INSURERS TREAT BROKERS AND SALES AGENTS

- **How can you describe the type of treatment you get from the insurance companies you market and are you satisfied with their service delivery?**

According to the executive director interviewed from X INSURANCE BROKERS the treatment they get from their insurers so far is excellent, he said the insurers they use in their broking firm deliver promptly and they hardly have any complaints about their service. In the other broking firm, the manager said the treatment is somehow fair but their insurers still have lots to improve on.

Majority of the sales agents said they do not get fair treatments from the insurance companies they sell for, saying that the treatment is nothing to write home about. We understand from their responses that their commissions are delayed unnecessarily and this is what they live on because they do not get salary for what they are doing, they also said they do not get motivation from these companies like subsidizing their transport fare and compensating them when they meet their targets. These sales agents said they expect these insurance companies to service them in a better way in this way they will be happy working with them and putting in their best.

The conclusion here is that insurance companies needs to improve in the way they service their insurance brokers and sales agents according to these respondents it is in this way they will be able to benefit more from each other.

4.10 CHALLENGES FACED BY INSURANCE BROKERS AND SALES AGENTS IN THE INSURANCE MARKET

- **What are the challenges you face as insurance brokers and agents?**

The insurance brokers and sales agents interviewed revealed some of the challenges they face when marketing and selling insurance products as; insuring public's attitude of not wanting to buy. These distributing channels explained that when they go out to market sometimes they chase them out; they do not give them audience at all. Another challenge revealed is poor advert by insurance companies in Nigeria, there are lots of people in the country that are not aware of insurance and the people that are aware know little or nothing about insurance. A sales agent said the bad reputation of insurance industry in Nigeria has been a major barrier to her sales.

The challenges indicated here by the insurance brokers and sales agents confirm the work of some scholars in the field; Tajudeen, Ayantunji, Dallah (2009) which revealed poor attitude of the populace to insurance services, low level of understanding on terms of insurance services by the populace Berger (1998) cited in Seong (2008).

4.11 DISCUSSION AND ANALYSIS OF DATA COLLECTED FROM THE INSURING PUBLIC

Table 6: LEVEL OF EDUCATION

LEVEL OF QUALIFICATION	**FREQUENCY**	**%**
Primary Education	0	0
Secondary Education	0	0
Bachelors Degree	27	54
Masters Degree	19	38
Doctorate Degree	4	8
Others	0	0
TOTAL	**50**	**100**

The above table reflects the level of qualification of the insuring public from which data was sourced. 27 of these respondents which represent 54% are bachelors' degree holder, a total of (19) from these respondents have master degree while (4) of them are PHD holders. This is an indication that all these respondents are well learned.

Table 7: AWARENESS ABOUT INSURANCE

RESPONSE	FREQUENCY	%
YES	50	100
NO	0	0
TOTAL	50	100

All the respondents said to us that they are all aware of insurance service in Nigeria.

Table 8: POCESSION OF INSURANCE POLICY

RESPONSE	Frequency	%
Yes	19	38
No	31	62
Total	50	100

This table depicts the number of people that have insurance policy from the sampled insuring public used in our research. Out of the (50) respondents only (19) of them have one form of insurance policy or the other. This suggest to us that majority of the public in Nigeria are not insurance policy holder despite the fact that they are aware of insurance service.

Table 9: Have you had claim on your policy before?

Respondents	Frequency	%
Yes	7	36.8
No	12	66.2
Total	19	100

Of the (19) respondents that have insurance policy only (7) have had claim on their policy before.

- **Are you satisfied with the way your claim was handled by your insurer?**

Out of the (7) respondents that have had claim on their policy before only (3) of these indicated that they were satisfied with the way their claim was handled. The other (4) respondents made us to understand that they did like the way their claim was handled. According to one of the respondent that said he was not satisfied he explained that what they did not tell him about his policy was what they held on to as an excuse that his claim was not valid which made them not to settle his claim. While the other respondent said the reason why he was not satisfied is due to the long delay, stating that even though he followed all the instructions as required by his insurer he did not get his claim settled until after six months. The third respondent explained to us that his own understanding about insurance is that when you suffer loss insurer will put you back to your previous position but when he was a victim of this they only paid a certain percentage to him not the actual loss. And the last respondent said they are not just professional and if he had known this he would not have gone near them at all.

Also one of the respondents mentioned to us that the reason why claims are delayed as revealed by insurers is because of cash flow issues. Though this respondent have not had claim on his policy but he said he was able to get this information from one of his colleagues in the office whose claim was delayed by his insurer.

Table 10: Relationship between Insureds and Insurers

RESPONSE	FREQUENCY	%
Very Cordial	9	47.4
Cordial	3	15.8
Not so Cordial	7	36.8
TOTAL	19	100

- **How can you describe the relationship between you and your insurer?**

Amongst the (19) respondents that have insurance policy (9) of them which represent 47.4% maintain a stand that the relationship between them and their insurers are very cordial while 15.8% of the respondents which makes a total of (3) said the relationship between them is a cordial one and therefore only 36.8% respondents from a grand total of 100% indicated that the relationship that exist between them and their insurers is not so cordial.

Some of these respondents made us to understand that they do receive complement from their insurers on their birthdays, children's birthdays and also during festive periods they send them souvenirs.

Table 11: Satisfaction and Confidence of Insureds from Insurers services

RESPONSE	**FREQUENCY**	**%**
YES	11	57.9
NO	8	42.1
TOTAL	**19**	**100**

- **On the whole are you satisfied with the service you get from your insurer and do you have confidence in their service?**

(11) Of the respondents which represent 57.9% said they are satisfied with the service they get from their insurers and they have confidence in them. 42.1% which represent (8) of the respondents that has an insurance policy said they are not satisfied with the service they get from their insurers and they do not have confidence in them. One of the (8) respondents said once the policy expires he will not renew the policy with them but rather look for another insurer.

- **How often do you purchase insurance?**

Only (5) respondents from the total of (19) respondents that has a policy indicated that they purchase insurance often saying that they have insurance for everything they posses that needed to be insured. While all the other (14) respondents have one insurance policy each.

- **Table 12: In your own opinion do you think insurers are ethical in handling claims of insureds'?**

RESPONSE	FREQUENCY	%
YES	15	30
NO	27	54
INDIFFERENT	8	16
TOTAL	**50**	**100**

Here (15) of our respondents which represent 30% are of the opinion that insurance companies are ethical in handling insureds claims, 54% of the respondents (27) are not in support of this their own opinion is that Nigeria insurance companies are not ethical. While (8) of the (50) respondents are indifferent in their own case.

- **What is your perception about insurance companies in Nigeria?**

The perception of the (50) respondents interviewed from the insuring public in Nigeria is that they are not transparent, they hide some clauses from clients when selling their products, they lack good integrity, they do not keep to their words, they are fraudulent, they are reap offs, they collect premium but refuse to pay claim, they are very corning and are not straight forward, they are deceptive, they sell wrong products to their clients.

Only (5) of these respondents have a different perception about insurance companies in Nigeria and said that: it is a growing industry, and one is of the opinion that it is currently growing with the intervention of governing bodies. She said there is need for them to create a good awareness of insurance in Nigeria to gain the buying of the insuring public. Another respondent who claimed to have worked in an insurance company before said insurance industry in Nigeria is a virgin industry that is yet to be optimized. He said they have huge opportunities that can be tapped into if only they can improve their marketing leaving no area uncovered so as to increase awareness of people and open their eyes to see the need for insurance. Also one of the respondents said they have left more to be desired, considering where they are coming from, where they are and the potentials for a trust worthy and ethical insurance industry they could still do far better.

From the responses gotten from the respondents assessed from the insuring public, we understood from them that they recognize the moral dilemma in the way insureds claims are been managed in Nigeria insurance companies. And majority is of the opinion that insurers are not ethical in the way they handle insureds claims. And also this among other factors is a contributor to their attitude to patronizing insurance services. And these respondents made it clear to us that if these insurance companies can improve on their image and their services they will definitely be happy to patronize their services.

In this section we confirm the existing work of Tajudeen, Ayantunji, Dallah (2009), they said that the perception of the insuring public in Nigeria affect their attitude to buying insurance products. Also we are able to deduce from here that the complaints by insurers that insuring public do not understand the terms and conditions of the business is questionable as some of the respondents from the insuring public claim that insurers hide some clauses from them at the point of sale and later reveal these clauses when claim arise also insureds are not notified of renewal notices in time.

CHAPTER FIVE – FINDINGS, CONCLUSION, PROPOSITIONS AND LIMITATIONS

5.0 INTRODUCTION

In this chapter the summary of the findings is produced by the study carried out on "ethics: a problem in Nigeria insurance companies" under which we investigated the issue of claims management, conclusion is drawn from the study, we made proposition for future research and we also highlighted the limitations encountered in the research work.

5.1 SUMMARY OF FINDINGS

Based on the analysis of the data we collected during the interview we present the following findings:

Nigeria insurers are the ones responsible for settling the claims of their insured's in the event of loss and the insurance personnel working in the claims departments recognize the fact that there is a moral dilemma in every decisions related to the claims of their clients.

Personnel in claims administration in insurance companies understand that if the claims of insured are mismanaged, it can be harmful to them as employees and also to the company as a whole. Therefore they handle insured's claims in a professional way and also stick to the rules of the business.

Insurance companies in Nigeria maintain a cordial relationship with their insured's. They empathize with them, putting themselves in their insured's position.

From the study we identify that insurance companies in Nigeria have a laid down procedure they follow in processing their insured's claims however these procedures are very long and cumbersome.

Before an insured's claim can be processed certain requirements needs be fulfilled by insureds themselves which are basically notifying his insurer of his loss, must be able to proof the loss and submit all the necessary documents.

A reason why insured's claims are delayed is because; they do not produce the required documents that their insurers need to use in processing their claims in time and sometimes the claims they lodge are not valid (they ask for claims on a policy that have lapsed and have not been renewed).

Also we find out from insurance personnel responses that claims are only repudiated when they are not valid, fraudulent or not genuine.

In this study we are able to find out that some reasons why there are complaints that insurance companies are of the habit of delaying the claims of clients and in some cases they do not settle insured's claims is not because these personnel do not recognize the moral dilemma involved but rather there are lot of reasons attached to this and the insurers are not the ones fully responsible for these reasons, the insured's are included as well.

The study revealed the challenges personnel in claims administration face as;

- long procedure involved in processing claims
- fraudulent aspect of the insured's
- inadequate human resources
- inadequate material resources
- circumstantial determinism
- relationship management
- lack of understanding of insurance terms by and conditions by insured's
- bad negotiation by distributing channels
- inflexibility in the part of supervisors
- insincerity on the part of repairers
- logistics problem
- inability of insured's to produce documents to process their claims
- poor documentation culture in Nigeria by people's illegal access to sensitive documents,
- Delay in remitting premium by insurance brokers
- Untimely notification of renewal notice to insureds by underwriters
- Cash flow issue

The study confirmed in addition to past researches that there is low awareness of insurance in Nigeria, attitude of people to buying insurance is poor, and there is poor advertisement of insurance in Nigeria.

We discovered that the bad attitude of the insuring public to insurance in Nigeria is highly influenced by their bad perception about insurance companies. One of which is the belief that insurers do not settle claims.

From the study it was discovered that most sales agents selling insurance products in Nigeria do posses little or no qualification related to this field, they mostly go through in-house trainings in the companies they sell for. Also the motivation these sales agents get from the companies they sell for is low which diminishes the general positive attitude towards insurance.

Standard of living in Nigeria, bad security system and bad infrastructure contribute immensely to the bad shape of claims management in insurance companies. The poor standard of living make them to attempt fraudulent claim, bad security system and bad infrastructure for example bad roads contribute to the volume of claim.

Finally from the study we discovered that the governing body regulating the insurance companies in Nigeria, NAICOM has not been so active but they are beginning to take their position.

5.2 CONCLUSION

The purpose of this research work has been to investigate and critically analyze claims management an ethical issue in Nigeria insurance companies, to find out how the claims of clients are handled in these companies and if insurers recognize it as an ethical issue.

The research carried out has confirmed that insurance companies in Nigeria recognize the moral dilemma in claims management; they understand that if they mismanage insured's claims in an unethical manner it will result in bad consequence which will fall back on the insured or the beneficiary, the personnel involved in processing the claim and also the company as a whole either directly or indirectly. Therefore they discharge this responsibility in a professional way making sure that all genuine claims are settled and only fraudulent and ingenuine claims are repudiated.

However the challenges involved in claims management has really affected and it is still affecting the perception of people on how insureds claims are handled by Nigeria insurance companies.

From this study it is clear that the insurance business sector in Nigeria still has much room for improvement and development. We found out throughout research survey the issues diminishing mutual trust between the insurers and insured's. The improvement of this mutual trust will boost improvement and rapid development in this insurance market.

5.3 PROPOSAL FOR FUTHER RESEARCH

Future research in this field should be carried out;

To look into how the challenges encountered in managing claims in insurance Companies in Nigeria can be dealt with, if not completely eradicated at least reduced to bearest minimum because these are contributors to their service delivery and also affecting the perception of the insuring public about insurance in Nigeria.

To discover how insurance companies in Nigeria can gain the awareness of the insuring public, make them to understand the terms and conditions of insurance and embrace insurance services.

5.4 LIMITATIONS

So far this research work is a success however there are some problems encountered but as management students we were able to manage these limitations in a way that the aims of our research was still achieved.

The limitations are encountered are:

Limited Time

Due to the limited time we had for the research work, our choice of sample in the research was not objective. Our decision on the sample we used was subjective because we have to consider the time we have at our disposal so that we will be able to meet up with our deliverable.

Financial Constraint

Also financial constraint affected the sample used in this research work; our sample was majorly drawn from a popular city in Nigeria. This city is known as the heart of business in Nigeria. The interviews was conducted by one of the researchers, the other partner could not join him to conduct the interview.

Delayed Response from Samples

Some of the companies we intended to source data from did not respond to our request in time so we had to move on with the available ones.

We are of the opinion that if these limitations are left out from this research work, it would have produced wider results.

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APPENDIX A

INTERVIEW QUESTIONS FOR COMPANY, A, B, C AND D

1a. What is your level of education? Secondary school{ } Bachelors Degree { } Masters Degree { } Others please specify

1b. Can you please state your current position in the company?

1c. What is the age of your company?

1d. Do you have prior experience in this field or you started your career here?

1e. Do you go for training(s) related to your line of responsibility in the company?

2. Are you involved in processing of claim in the company?

3. If yes, in what way are you involved in the procesing of claim?

4. Do you have a procedure you follow in handling this responsibility?

5. If yes, what are the procedures?

6. Do you follow this procedure strictly?

7. From your experience so far what are the challenges you encounter in discharging this responsibility?

8. What can you say about these challenges you have identified and what are the responsible factors for these?

9. Do you get feedback from your clients on their claims?

10. If yes, how do you gather these feedbacks and what do you do to them?

11. If no, why?

12. In your own opinion, do you think the way your company handle the claims of their clients has anything to do with the ethics of the company?

13. So far, far the way you handle your customers claims has it affected the ethics of your company positively or negatively?

14. From your own point of view, can you describe the relationship between you(your company) and your customers, does this affect the way you handle their claim?

15. What could be the possible consequences if insureds claims are mismanaged?

16. Who bears the consequences of your actions in respect of insureds claims?

17. In your own opinion how can you describe the extent of this consequences indicated by you?

19. In your own opinion is there any need to exercise extra care when handling insureds claims?

19. Is there a body that regulate claims management in the industry?

20. If yes, what can you say about this body, are they performing?

APPENDIX B

INTERVIEW QUESTIONS FOR INSURANCE BROKERS AND SALES AGENTS

1a. What is your level of education?
Secondary school{ } Bachelors Degree{ } Masters Degree{ } Others please specify.
1b. Do you have a special qualification for this function or training?
1c. If yes, what kind of qualification are you using for this task, and if no why?
2. Do you face any challenge when marketing insurance products?
3. If yes can you mention these challenges?
4. How can you describe the treatment you get from the insurance companies you market?
5. When your clients have claim on their policy how do you handle it?
6. Are you satisfied with the way the insurance companies you market respond to your clients claims?
7. On the whole are you satisfied with the service delivery you get from your insurance compaines?
8. In your own opinion, do you think the way these insurance companies handle the claims of clients has anything to do with their ethics?
9. Do you get feedback from your clients in respect of their claims
10. How do you react to these feedbacks?
11. If you do not get feedbacks, why, is it that you do not ask them or when you ask they do not respond?

APPENDIX C

INTERVIEW QUESTIONS FOR INSURING PUBLIC

1. What is your accademic qualification? Primary School{ } Secodary School{ } Bachelors degree { } Masters degree { } Doctorate degree { } others please specify
2. Have you heard about insurance before?
3. Do you have an insurance policy? Yes{ } No{ }
4. Have you ever had a claim on your policy? Yes { } No{ }
5. How was it handled by your insurer, were you satisfied?
6. How can you describe your experience so far with your insurer?
7. From your own point of view, how can you describe the relationship between you and your insurer?
8. In your own opinion, do you think the way claims of clients are been handled by insurance companies has anything to do with their ethics?
9. On the whole are you satisfied with the service you get from your insurer(s)?
10. Do you have confidence in the service delivery you get from your insurer(s)?
11. How often do you purchase insurance products?
12. If no, that is you have heard about insurance but you do not have any insurance policy, can you tell us the reason(s) for this?
13. What is your perception of the insurance companies in Nigeria?