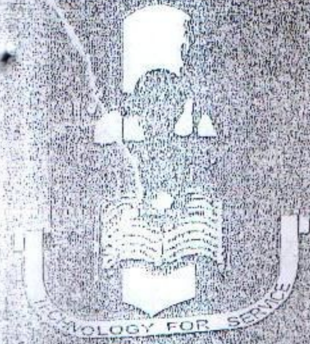
NO. 2022



ESUT JOURNAL of ACCOUNTANCY

VOL. 6, NO. 2, JULY-DECEMBER, 2015

Department of Accountancy,

Faculty of Management Sciences
Enugu State University of Science
& Technology, Enugu.

ISSN. 2251-032X

ADVISORY BOARD

PROF B.C. OSISIOMA: Department of Accountancy, Nnamdi Azikiwe University, Awka.

PROF. IFURUEZE M.S.K. IFURUEZE: Department of Accountancy, Anambra State University, Igbariam, Anambra State.

PROF. FRED EZEH, Department of Public Administration, Enugu State University of Science and Technology, ESUT.

PROF. P.E. EMEKEKWUE, Department of Banking and Finance, Enugu State University of Science and Technology, ESUT.

PROF. EMMA OKOYE, Department of Accountancy, Nnamdi Azikiwe University, Awka.

PROF. Willy UGWUANYI, Department of Banking and Finance, Enugu State University of Science and Technology, ESUT.

Associate Prof M. C. Ekwe; Department of Accountancy, Micheal Okpara University of Agriculture, Umudike, Abia State.

ACKNOWLEDGEMENT OF THE EDITORIAL BOARD

Editor –in – Chief: Prof Chike Nwoha, Ph.D, CNA

Managing Editor: Uche Lucy Onyekwelu, ACA, MBA, IFRS Cert.

Secretary to the Board: Ugwu, Kevin O., ACMA, AMNIM, ACE

Associate Editors:

Prof. Austin Uche Nweze, Ph.D, FCA, JP. — Department of Accountancy, ESUT
Prof. (Mrs) I. M. Okwo, Ph.D, CAN — Department of Accountancy, ESUT
Ven. M.C. Ubesie, CAN — Department of Accountancy, ESUT
Ike I. Okpe, ACMA, ACIT — Department of Accountancy, ESUT
Uche Ugwuanyi, Ph.D, CAN — Department of Accountancy, ESUT
Inyiama, Oliver, FCA, Ph.D — Department of Accountancy, ESUT
Duru, Ann Nwakaego, Ph.D — Department of Accountancy, ESUT

ADVISORY BOARD

PROF B.C. OSISIOMA: Department of Accountancy, Nnamdi Azikiwe University, Awka.

PROF. IFURUEZE M.S.K. IFURUEZE: Department of Accountancy, Anambra State University, Igbariam, Anambra State.

PROF. FRED EZEH, Department of Public Administration, Enugu State University of Science and Technology, ESUT.

PROF. P.E. EMEKEKWUE, Department of Banking and Finance, Enugu State University of Science and Technology, ESUT.

PROF. EMMA OKOYE, Department of Accountancy, Nnamdi Azikiwe University, Awka.

PROF. Willy UGWUANYI, Department of Banking and Finance, Enugu State University of Science and Technology, ESUT.

Associate Prof M. C. Ekwe; Department of Accountancy, Micheal Okpara University of Agriculture, Umudike, Abia State.

ACKNOWLEDGEMENT OF THE EDITORIAL BOARD

Editor –in – Chief: Prof Chike Nwoha, Ph.D, CNA

Managing Editor: Uche Lucy Onyekwelu, ACA, MBA, IFRS Cert.

Secretary to the Board: Ugwu, Kevin O., ACMA, AMNIM, ACE

Associate Editors:

Prof. Austin Uche Nweze, Ph.D, FCA, JP. — Department of Accountancy, ESUT
Prof. (Mrs) I. M. Okwo, Ph.D, CAN — Department of Accountancy, ESUT
Ven. M.C. Ubesie, CAN — Department of Accountancy, ESUT
Ike I. Okpe, ACMA, ACIT — Department of Accountancy, ESUT
Uche Ugwuanyi, Ph.D, CAN — Department of Accountancy, ESUT
Inyiama, Oliver, FCA, Ph.D — Department of Accountancy, ESUT
Duru, Ann Nwakaego, Ph.D — Department of Accountancy, ESUT

CONTENTS

Earnings Management and Corporate Investment Decisions in Pre and Post IFRS Era in Nigeria- - - - - - - - - - - - - **1**
Prof. Okoye, Emmanuel I. & Chukwuto, Nnamdi O.

Voluntary Adoption of International Financial Reporting Standard (IFRS) Determinants in Nigeria - - - - - - - - - - - - **16**
Aondoakaa, Kwaghfan Ephraim, Iorpev, Luper & Kwanum, Isaac M.

Impact of Insurance Industry on Financial Inclusion and Economic Development in Nigeria - **31**
Agu, Bertram O, & Nwankwo. S.N.P.

Public Sectors Audit as a Tool for Effective Accountability in Public Private Partnership in Nigeria - - - - - - - - - - - **44**
Nwadighoha, C. E.

Effect of Leadership Styles on Organizational Performance of Insurance Companies in Enugu State, Nigeria - - - - - - - - - - - **50**
Onuoha Charity E. & Ugwu, Fidelis

A Correlational Analysis of Output of Manufacturing Sector and Some Selected Macro-economic Variables in Nigeria (1986-2013) - - - - - - - **56**
Alice Chinwe Obasikene, & Cyril Sunday Okpala,

Impact of Insurance Sector Development on Economic Growth in Nigeria - - - **67**
Edeh, Charity Nonyelum, Udeh, Samson Okey & Obiapuna, Emmanuel Emeka

Effects of Inflation on Stock Market Returns in Nigeria - - **79**
Amadi, Aloysius Uzodinma, Ikenna Jude Ezeudu, & Odili Okwuchukwu

The Role of Teamwork and Implications on Nigerian Publishing Firms - - - **95**
Udeze, Chimeziem Chimdiadi Gabriela & Alinno, Francis C.

Effects of Organizational Structure on Performance of Selected Manufacturing Firms in Enugu State - - - - - - - - - - - **112**
Ekwochi, Eucharia Adaeze

Insurance Apathy and Economic Growth in Nigeria - - - - - - - - **128**
Mbagwu Okezie G. & Okoroafor Michael O.

Mergers and Acquisitions: An Approach for Addressing Crisis of Confidence in the Nigerian Banking Sector - - - - - - - - - - **139**
Anthony Nzeribe Nwaubani & Jude Ikenna Ezeudu

An Empirical Measurement of Health Status - - - - - - - - - **157**
Pius C. Eze & Queendaline C.Uwakwe

CONTENTS

Earnings Management and Corporate Investment Decisions in Pre and Post IFRS Era in Nigeria- - - - - - - - - - - - - 1
Prof. Okoye, Emmanuel I. & Chukwuto, Nnamdi O.

Voluntary Adoption of International Financial Reporting Standard (IFRS) Determinants in Nigeria - - - - - - - - - - - 16
Aondoakaa, Kwaghfan Ephraim, Iorpev, Luper & Kwanum, Isaac M.

Impact of Insurance Industry on Financial Inclusion and Economic Development in Nigeria - 31
Agu, Bertram O, & Nwankwo. S.N.P.

Public Sectors Audit as a Tool for Effective Accountability in Public Private Partnership in Nigeria - - - - - - - - - - - 44
Nwadighoha, C. E.

Effect of Leadership Styles on Organizational Performance of Insurance Companies in Enugu State, Nigeria - - - - - - - - - - - 50
Onuoha Charity E. & Ugwu, Fidelis

A Correlational Analysis of Output of Manufacturing Sector and Some Selected Macro-economic Variables in Nigeria (1986-2013) - - - - - - - 56
Alice Chinwe Obasikene, & Cyril Sunday Okpala,

Impact of Insurance Sector Development on Economic Growth in Nigeria - - - 67
Edeh, Charity Nonyelum, Udeh, Samson Okey & Obiapuna, Emmanuel Emeka

Effects of Inflation on Stock Market Returns in Nigeria - - 79
Amadi, Aloysius Uzodinma, Ikenna Jude Ezeudu, & Odili Okwuchukwu

The Role of Teamwork and Implications on Nigerian Publishing Firms - - - - 95
Udeze, Chimeziem Chimdiadi Gabriela & Alinno, Francis C.

Effects of Organizational Structure on Performance of Selected Manufacturing Firms in Enugu State - - - - - - - - - - - 112
Ekwochi, Eucharia Adaeze

Insurance Apathy and Economic Growth in Nigeria - - - - - - - - 128
Mbagwu Okezie G. & Okoroafor Michael O.

Mergers and Acquisitions: An Approach for Addressing Crisis of Confidence in the Nigerian Banking Sector - - - - - - - - - - - 139
Anthony Nzeribe Nwaubani & Jude Ikenna Ezeudu

An Empirical Measurement of Health Status - - - - - - - - - 157
Pius C. Eze & Queendaline C.Uwakwe

Managing Multinational Corporations: The Nigerian Case - - 164
Onu Abara, Ephraim Augustine M., Onwuka, Kizito O., & Onwuka, Chika Cynthia

Impact of Personal Income Tax Administration on Tax Revenue in Nigeria: A Study of Rivers State Internal Revenue Service (RIRS) - - - - - - - 174
Omesi, Israel Mba & Krukrubo, Sonmina Saint

Correlational Analysis on Pension Funds and Gross Domestic Product in Nigeria - - 184
Uche Lucy Onyekwelu, Ubesie, M.C. & Uwakwe, I.E.

Entrepreneurship as A Tool for Economic Development in Enugu State Metropolis, it's Problems and Prospects - - - - - - - 197
Onuoha Charity E. & Maurice Ikechukwu Ebue

Use of Responsibility Accounting and Performance Evaluation of Divisional Managers in Nigerian Manufacturing Companies - - - - - - - - 215
Lucky Ovienbor & Onou, D. P.

Impact of Agent Banking on Financial Inclusion in Nigeria - - - - 235
Bertram O. Agu, Gabriel A. Anidiobu & Clifford E. Ezinwa

Corporate Social Responsibility and Corporate Financial Performance: The Nigerian Experience - - - - - - - - - - 246
Ohiokha, F. I, Odion, O. A. & Akhalumeh, P.B.

Relationship between Corporate Governance Functions and Fraud Management in the Banking Sector in Nigeria - - - - - - - - - - - 258
Prof. Okoye, Emmanuel I., Onodi, Benjamin Ezugwu, Ekwe, Michael Chidieber &

An Appraisal of Electronic Money (E- Money) Evolution, Key Features and Legal Implications - - - - - - - - - - - 273
Bertram O. Agu, Everest O. Eneh & Patricia N. Ukwuani

Managing Multinational Corporations: The Nigerian Case - - 164
Onu Abara, Ephraim Augustine M., Onwuka, Kizito O., & Onwuka, Chika Cynthia

Impact of Personal Income Tax Administration on Tax Revenue in Nigeria: A Study of Rivers State Internal Revenue Service (RIRS) - - - - - - - 174
Omesi, Israel Mba & Krukrubo, Sonmina Saint

Correlational Analysis on Pension Funds and Gross Domestic Product in Nigeria - - 184
Uche Lucy Onyekwelu, Ubesie, M.C. & Uwakwe, I.E.

Entrepreneurship as A Tool for Economic Development in Enugu State Metropolis, it's Problems and Prospects - - - - - - 197
Onuoha Charity E. & Maurice Ikechukwu Ebue

Use of Responsibility Accounting and Performance Evaluation of Divisional Managers in Nigerian Manufacturing Companies - - - - - - - 215
Lucky Ovienbor & Onou, D. P.

Impact of Agent Banking on Financial Inclusion in Nigeria - - - 235 *
Bertram O. Agu, Gabriel A. Anidiobu & Clifford E. Ezinwa

Corporate Social Responsibility and Corporate Financial Performance: The Nigerian Experience - - - - - - - - - - 246
Ohiokha, F. I, Odion, O. A. & Akhalumeh, P.B.

Relationship between Corporate Governance Functions and Fraud Management in the Banking Sector in Nigeria - - - - - - - - - - - 258
Prof. Okoye, Emmanuel I., Onodi, Benjamin Ezugwu, Ekwe, Michael Chidieber &

An Appraisal of Electronic Money (E- Money) Evolution, Key Features and Legal Implications - - - - - - - - - - - - 273 *
Bertram O. Agu, Everest O. Eneh & Patricia N. Ukwuani

ESUT Journal of Accountancy,
Vol. 6, No 2, July-Dec., 2015

Department of Accountancy
Enugu State University of
Science and Technology.

IMPACT OF INSURANCE INDUSTRY ON FINANCIAL INCLUSION AND ECONOMIC DEVELOPMENT IN NIGERIA

Bertram O. Agu, Ph.D[1] & S.N.P. Nwankwo, Ph.D[2]

[1]Department of Banking and Finance, Enugu State University of Science and Technology (ESUT), Enugu, +234803703182
[2]Department of Banking and Finance, Godfrey Okoye University, Ugwuomu Nike, +2348033391887

Abstract

The study presents an assessment of the impact of insurance industry on financial inclusion and economic development in Nigeria. The investigation focused on the contributions of insurance industries and its regulators as stakeholders on financial inclusion. This paper examines how insurance industries and its regulators as stakeholders on financial inclusion have helped the financially excluded population of Nigerian access broad range of financial services for inclusive development. Data used in this study were generated through primary and secondary sources. Literatures were empirically and extensively reviewed on insurance industry and financial inclusion. The analysis of data were done using five (5) point likert-type scales of strongly agree, agree, disagree, strongly disagree and neutral. Mean, scores and standard deviation were also adopted in the analysis. The study reveals that the insurance sector is plagued by low awareness and understanding, low premium collection and limited trust on insurance sector of Nigeria. As such, while insurance is a critical aspect of financial inclusion, the insurance sector does not currently offer appropriate solutions to the most important life and property risks faced by Nigerians today. Experts in the sector are of the view that achieving full financial inclusion entails Nigerians embracing as well as developing the technical capacities to meet the challenges of insurance sector in Nigeria on financial inclusion.

Key words: Insurance, Financial Inclusion, Insurance sector, stakeholders, Regulators, Likert-type scale.

Introduction

Globally, one catalyst to financial inclusion has been savings mobilization policies and programmes. However, in Nigeria, most intervention programmes by National Insurance Commission (NAICOM), Nigerian Deposit Insurance Corporation (NDIC) are geared towards policy formulation and monitoring.

The recapitalization exercise of 2007 led to an increasingly consolidated industry with 49 insurance companies. As of December, 2010, the insurance sector as a whole serves only 1% of the population. Regulation made motor vehicle and group life insurance compulsory as of December 2010. Vehicle insurance has the highest penetration with 470,000 polices followed by life insurance with 173, 000 polices. Retail insurance has not been introduced on significant scale so far, the industry has focused primarily on corporate insurance products (Berger, 2012).

Financial inclusion is achieved when adults have easy access to a broad range of financial products designed according to their needs and provided at affordable costs. These products include payments, savings, credits, insurance and pension. The insurance sector is a very key part of the financial sector. In developed markets, the

ESUT Journal of Accountancy,
Vol. 6, No 2, July-Dec., 2015

Department of Accountancy
Enugu State University of
Science and Technology.

IMPACT OF INSURANCE INDUSTRY ON FINANCIAL INCLUSION AND ECONOMIC DEVELOPMENT IN NIGERIA

Bertram O. Agu, Ph.D[1] & S.N.P. Nwankwo, Ph.D[2]

[1]Department of Banking and Finance, Enugu State University of Science and Technology (ESUT), Enugu, +234803703182
[2]Department of Banking and Finance, Godfrey Okoye University, Ugwuomu Nike, +2348033391887

Abstract

The study presents an assessment of the impact of insurance industry on financial inclusion and economic development in Nigeria. The investigation focused on the contributions of insurance industries and its regulators as stakeholders on financial inclusion. This paper examines how insurance industries and its regulators as stakeholders on financial inclusion have helped the financially excluded population of Nigerian access broad range of financial services for inclusive development. Data used in this study were generated through primary and secondary sources. Literatures were empirically and extensively reviewed on insurance industry and financial inclusion. The analysis of data were done using five (5) point likert-type scales of strongly agree, agree, disagree, strongly disagree and neutral. Mean, scores and standard deviation were also adopted in the analysis. The study reveals that the insurance sector is plagued by low awareness and understanding, low premium collection and limited trust on insurance sector of Nigeria. As such, while insurance is a critical aspect of financial inclusion, the insurance sector does not currently offer appropriate solutions to the most important life and property risks faced by Nigerians today. Experts in the sector are of the view that achieving full financial inclusion entails Nigerians embracing as well as developing the technical capacities to meet the challenges of insurance sector in Nigeria on financial inclusion.

Key words: Insurance, Financial Inclusion, Insurance sector, stakeholders, Regulators, Likert-type scale.

Introduction

Globally, one catalyst to financial inclusion has been savings mobilization policies and programmes. However, in Nigeria, most intervention programmes by National Insurance Commission (NAICOM), Nigerian Deposit Insurance Corporation (NDIC) are geared towards policy formulation and monitoring.

The recapitalization exercise of 2007 led to an increasingly consolidated industry with 49 insurance companies. As of December, 2010, the insurance sector as a whole serves only 1% of the population. Regulation made motor vehicle and group life insurance compulsory as of December 2010. Vehicle insurance has the highest penetration with 470,000 polices followed by life insurance with 173, 000 polices. Retail insurance has not been introduced on significant scale so far, the industry has focused primarily on corporate insurance products (Berger, 2012).

Financial inclusion is achieved when adults have easy access to a broad range of financial products designed according to their needs and provided at affordable costs. These products include payments, savings, credits, insurance and pension. The insurance sector is a very key part of the financial sector. In developed markets, the

insurance sector account for a significant portion of the total economy. In collecting relatively small premiums from many individuals in the economy insurers are able to pull together, like no other institution, a large pool of funds that could be invested for short and long term period and thereby enhancing financial inclusion (Akanro, 2016).

Insurance businesses are split mainly into non-life and life; non-life insurance representing short term funds and life insurance representing long term funds. As so many insurers could serve as a means of long term financing, the sector is therefore important for sustainable economic growth. This will in turn deepen and broaden the domestic financial services universe, as well as generate higher savings and therefore greater economic development.

We believe that the insurance sector is critical to the ability of emerging and transitional economies like Nigeria to grow and develop, as well as provide a reliable cover for risk to the citizens. Insurance provides stability by allowing large and small businesses operate with a lesser risk of volatility or failure. Insurance is also seen as a compliment to government's security programmes and its privatization processes.

Akanro (2016), observes that growth in the non-oil sector has meant a wider financial inclusion and distribution of an emerging middle class. An in-depth analysis which involved a regression of Gross Premium of several countries to their GDP per capita figures shows a very strong correlation of 0.90 between GDP growth and Gross Premium growth. This strengthens the basis of our reliance on GDP growth as a key driver and support and growth in Gross premiums.

Statement of Problem

The Nigerian insurance market is currently ranked 60th in the world. However, the Nigeria government envisions an insurance industry that can rank amongst the twenty largest markets in the world by the year 2020 (Onuoha, 2014, p. 10).

Experts in the insurance industry stated that achieving these goals will mean the insurance industry wholly embracing financial inclusion as well as developing the technical capacities to meet the emerging challenges of financial inclusion and micro-insurance. The problem of financial inclusion, ironically, has resulted from increased inclusion that has left a small minority of individuals and households behind. There are six types of financial exclusion viz physical access exclusion, access exclusion, condition exclusion, price exclusion, marketing exclusion and self exclusion (Aduda and Launda, 2012). Access exclusion refers to the restriction of access through the processes of risk assessment; condition exclusion is where the conditions attached to financial products make them inappropriate for the needs of some people can only gain access to financial products at prices they cannot afford.

Insurance and regulators being the key stakeholders in financial inclusion, the provision and uptake of insurance services remain low despite the enormous exposure to risk for the low income and mass-market population in Nigeria. Other reasons are attributable to lack of consumer trust; many Nigerians are skeptical and hold negative perception of the industry. The low level of enforcement of compulsory insurance added to the problem. Here the regulator and most of our government agencies have more work to do.

According to Okonjo-Iweala in Alabadan (2016, p. 1), taking the case of compulsory motor vehicle insurance (third party liability), only one in eight Nigerians car (13%) have genuine insurance cover. Compare this to

insurance sector account for a significant portion of the total economy. In collecting relatively small premiums from many individuals in the economy insurers are able to pull together, like no other institution, a large pool of funds that could be invested for short and long term period and thereby enhancing financial inclusion (Akanro, 2016).

Insurance businesses are split mainly into non-life and life; non-life insurance representing short term funds and life insurance representing long term funds. As so many insurers could serve as a means of long term financing, the sector is therefore important for sustainable economic growth. This will in turn deepen and broaden the domestic financial services universe, as well as generate higher savings and therefore greater economic development.

We believe that the insurance sector is critical to the ability of emerging and transitional economies like Nigeria to grow and develop, as well as provide a reliable cover for risk to the citizens. Insurance provides stability by allowing large and small businesses operate with a lesser risk of volatility or failure. Insurance is also seen as a compliment to government's security programmes and its privatization processes.

Akanro (2016), observes that growth in the non-oil sector has meant a wider financial inclusion and distribution of an emerging middle class. An in-depth analysis which involved a regression of Gross Premium of several countries to their GDP per capita figures shows a very strong correlation of 0.90 between GDP growth and Gross Premium growth. This strengthens the basis of our reliance on GDP growth as a key driver and support and growth in Gross premiums.

Statement of Problem

The Nigerian insurance market is currently ranked 60th in the world. However, the Nigeria government envisions an insurance industry that can rank amongst the twenty largest markets in the world by the year 2020 (Onuoha, 2014, p. 10).

Experts in the insurance industry stated that achieving these goals will mean the insurance industry wholly embracing financial inclusion as well as developing the technical capacities to meet the emerging challenges of financial inclusion and micro-insurance. The problem of financial inclusion, ironically, has resulted from increased inclusion that has left a small minority of individuals and households behind. There are six types of financial exclusion viz physical access exclusion, access exclusion, condition exclusion, price exclusion, marketing exclusion and self exclusion (Aduda and Launda, 2012). Access exclusion refers to the restriction of access through the processes of risk assessment; condition exclusion is where the conditions attached to financial products make them inappropriate for the needs of some people can only gain access to financial products at prices they cannot afford.

Insurance and regulators being the key stakeholders in financial inclusion, the provision and uptake of insurance services remain low despite the enormous exposure to risk for the low income and mass-market population in Nigeria. Other reasons are attributable to lack of consumer trust; many Nigerians are skeptical and hold negative perception of the industry. The low level of enforcement of compulsory insurance added to the problem. Here the regulator and most of our government agencies have more work to do.

According to Okonjo-Iweala in Alabadan (2016, p. 1), taking the case of compulsory motor vehicle insurance (third party liability), only one in eight Nigerians car (13%) have genuine insurance cover. Compare this to

Ghana, where the compliance rate is reportedly about 60%. Or the case of mandatory group life insurance for large businesses and organizations, again, only a few large corporations in oil and Gas Sector, the Federal Civil Service and the Police Service are compliant. Many of the Nigerian CAC-registered businesses do not comply with the law.

She pointed out the following as some of the challenges facing the insurance sector in Nigeria. They are;

- Lack of consumer trust
- Fragmentation of industry
- Low enforcement of compulsory insurance polices
- Lack of professionalism by some agents and brokers in the industry
- And general shortage of skilled professionals in the entire industry.

The problem which this study addressed therefore was the appraisal of the impact of insurance industry and regulators on financial inclusion in Nigeria with emphasis on the factors that hinder insurance on financial inclusion in Nigeria.

Objective of the Study

The broad objective of this study was to determine the impact of insurance and regulators on financial inclusion. Specifically, the study seek:

- To explore the challenges of insurance industry and regulators on financial inclusion
- To ascertain why Nigerians are skeptical and hold a negative perceptions on insurance industry
- To make recommendations aimed at addressing identified challenges.

Review of Related Literature

2.1 Conceptual framework

2.1.1 What is Insurance?

Insurance have many definitions such as legal definition, Medical definition and financial definitions. Bouvier (1856), legally defines insurance as a contract whereby, for specified consideration, one party undertakes to compensate the other for loss relating to a particular subject as a result of the occurrence of designated hazards. The normal activities of daily life carry the risk of enormous financial loss. Many persons are willing to pay a small amount for protection against certain risk because that protection provides valuable peace of mind. The term insurance describes any measure taken for protection against risks. When insurance takes the form of a contract in an insurance policy, it is subject to requirements in statutes, Administrative Agency regulations, and court decisions. In an insurance contract, one party, the insured pays a specified amount of money, called a premium, to another party, the insurer. The insurer, in turn agrees to compensate the insured for specific future losses covered and listed in the contract, and the contract is called a policy.

When an insured suffers a loss or damage that is covered in the policy, the insured can collect the proceeds of the policy by filing a claim, or request for coverage, with the insurance company. The company then decides whether or not to pay the claim. The recipient of any proceeds from the policy is called the beneficiary. The beneficiary can be insured person or other persons designated by the insured.

Hill and Hill (2005) defines insurance as a contract (insurance policy) in which the insurer (insurance company agrees for a fee (insurance premiums) to pay the insured party all or a portion of any loss suffered by accident or death. The losses covered by the policy may include property damage from accident or fire theft or intentional

harm, medical cost and-/or lost earnings due to physical injury, long-term or permanent loss of physical capacity, claims by others due to the insured's alleged negligence (e.g. public liability auto insurance), loss of ship and/or cargo, finding a defect in the title to real property, dishonest employees, or the loss of someone's life. Life insurance may be on the life of a spouse, a child, one of several business partners, or especially important manager ("key man" insurance), all of which is intended to provide for survivors or ease the burden upon the loss of a financial contributor.

Stewart (2006) defines insurance as a contract under which one party (the insurer), in consideration of receipt of a premium undertakes to pay money to another person (the assured) on the happening of a specified event (as, for example, on death or accident or loss or damage to property). The instrument containing the terms of the contract is known as policy. Contracts of insurance are uberrimae fidei, requiring full disclosure by the assured of all facts material to risk insured. Farlex Financial Dictionary, (2012), defines insurance as a contract between a client and a provider whereby the client makes monthly payments, called premiums, in exchange for the promise that the provider will pay for certain expenses. For example, if one purchases health insurance, the provider will pay for (some of) the client's medical bills, if any. Likewise in the life insurance, the provider will give the client's family a certain amount of money when the client dies. The insurance company spreads the risk of any expense by pooling the premium from many clients.

2.2 Types of Insurance

Insurance companies create insurance policies by grouping risk according to their focus. This provides a measure of uniformity in the risks that are covered by a type of policy, which in turn allows insurers to anticipate their potential losses and to set premiums accordingly. The most common forms of insurance policies according to Bouvier (2016) include life, health, automobile, homeowners and rentals, personal property, fire and casualty, marine, and land marine policies.

Life insurance: Life insurance provides financial benefits to a designated person upon the death of the insurer. Many different forms of life insurance are issued. Some provide for payment only upon death of the insured, others allow an insured to collect proceeds before death. A person may purchase life insurance on his or her own life for the benefits of a third person or persons. Individuals may even purchase life insurance on life of another person. For example; a wife may purchase life insurance that will provide benefits to her upon the death of her husband. This kind of policy is commonly obtained by spouse and by parents insuring themselves against the death of a child. However, individuals may only purchase life insurance on the life of another person and name themselves beneficiary when there are reasonable grounds to believe that they can expect some benefits from the continued life of the insured. This means that some familiar or financial relationship must unite the beneficiary and the insured (Markey, 2015)

Automobile insurance: Bouvier (2016), states that all automobile insurance policies contain liability insurance, which is insurance against injury to another person or against damage to another person's vehicle caused by insured's vehicle. Auto insurance may also pay for the loss of, or damage to, the insured's motor vehicle.

Homeowners insurance: Homeowner's insurance protects homeowners from losses relating to their dwelling, including damage to the dwelling, personal liability for injury to visitors, and loss of or damage to property in and around the dwelling.

Renters' insurance: Renters' insurance covers many of the same risk for persons who live in rented dwellings. Businesses can insure against damage and liability to others with fire and casualty insurance policies. Fire insurance policies cover damage caused by fire, explosions, earthquakes, lighting, water rain, collision and riots.

Casualty insurance: Casualty insurance protects the insured against a variety of losses including those related to legal liability, burglary and theft, accidents, property damage, injury to workers, and insurance on credit extended to others.

Marine insurance: Marine insurance policies insure transporters and owners of cargo shipped on an ocean, a sea, or navigable waterways. Marine risks include damage to cargo, damage to the vessel, and injuries to passengers. Inland marine insurance is used for the transportation of goods on land and on land-locked lakes.

2.3 Benefits of Insurance to the Society

Kebal (2015), observes that people live in society. Society is full of risks and uncertainty. Insurance is a social tool providing financial compensation to those, who suffer from bad luck. Such payment is being made from the accumulated contribution of all parties participating in the scheme. Insurance provides durability in the society by necessary arrangement of security against loss from unexpected risks. Societies become more peaceful and safe by insurance, which provides different profits and financial security against losses from risk.

Kebal (2015) states that the major benefits of insurance to society are:

1. **Indemnification for losses:** All members of society are facing different risks. If risks are insured, all losses arising from unexpected risks are compensated. Indemnification permits individuals and families to be returned to their former financial position after a loss occurs. As an outcome, they can maintain their financial security.
2. **Fewer burdens to society:** Because insured are restored either in part or whole a loss occurs, they are less likely to apply for civil assistance or welfare profit, or look financial assistance from relatives and friends. So other member of the society need not help the unlucky member even after suffering from loss. If the individual has not insured the risk, the relatives and friends should help him financially, when he becomes unlucky sufferer from the risks.
3. **Source of investment funds:** Insurance is a business of collection of fund and payment to insured suffered from sudden incidents. Hence, insurance industry accumulates funds as premium from society and become an important source for capital investment. Insurance companies collect premium in advance of the loss and funds not needed to pay immediate losses can be loaned to business forms. Generally, insurance companies invest such funds typically in shipping centres, hospitals, factories; housing development etc. in this way, insurance business creates capital funds and promotes economic development of a country.
4. **Less worry and fear:** Another benefit of insurance to society is that it decreases the worry and fear of members of society regarding the risk of accident and immature death. Family heads have adequate peace of mind because they know that they are covered if a loss occurs.
5. **Prevention of Loss:** When a loss occurs from risks, the insurer has to indemnify them financially. Since risk of insured is transferred to insurer in the insurance policy, the insurance company should bear the risk. It means occurrence of loss from now become the interest of the owner of the property as well as the insurance company. That is why; insurance parties are actively involved in numerous programs about loss prevention. They employ a wide variety of loss avoidance personnel, including safety engineers and professional in fire prevention, professional safety and health, and products culpability.

6. **Enhancement of credit:** Specially, life insurance is taken as a kind of investment. The insured are assumed as a good financial position. The insurance policy can be as collateral against loan from bank. Hence, the certificate of insurance policy is precious assets of the insured like fixed deposit certificate and gold. Insurance provide a borrower a better credit facility, because it guarantees the values of the borrower's collateral. It also gives greater assurance that the borrower has a good financial position and the loan will be repaid.

Bank and other formal financial institutions accept properties as collateral, only if they are insured. The property insurance protects the lender's financial interest, if the resource is damaged or ruined. Similarly, if a new car is purchased and financed by a bank, physical damage insurance on the car may be required before the loan is made. In this way, insurance enhances the credit of the insured in society.

2.4 What are financial inclusions?

Aduda and Kalunda (2012) defines financial inclusion as the process of ensuring access to appropriate financial products and services needed by all sections of the society in general, vulnerable groups such as weaker sections and low income groups in particular, at an affordable cost in a fair and transparent manner by regulated mainstream institutional players.

The purpose of defining a Financial Inclusion strategy for Nigeria is to ensure that a clear agenda is set for increasing both access to and use of financial services within the defined timeline, ie year, 2020. Financial inclusion is achieved when adults have easy access to a broad range of financial products designed according to their needs and provided at affordable costs. The products include payments, savings, credit, insurance and pensions (Berger: 2012). Agarwal (2010) defines financial inclusion as the process of ensuring access to financial services, timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost.

Hanning and Jansen (2011) define financial inclusion as the absence of price or non-price barriers in the use of financial services. They further add that it aims at improving access to financial services, which entails improving the degree to which financial services are available to all at a fair price. These three definitions according to Aduda, et al (2012) emphasize the issue of affordability in terms of cost. The target group is defined by the first two definitions while the first definition mentions the prayers. All these definitions through different means are almost one and the same thing.

Triki and Faye (2013) refers to financial inclusion as all initiatives that make formal financial services Available, Affordable, and Accessible to all segment of the population. This requires particular attention to specific portion of the population that historically excluded from the formal financial sector either because of their income level and volatility, gender, location, type of activity or level of financial literacy.

With the successful introduction and implementation of the cashless policy, which culminated in Mobile Money Operation (MMO) in the country, the Central Bank of Nigeria (CBN) is now targeting the unbanked segments of the society with the launching of National financial Inclusion strategy in Nigeria.

Following the commencement of registration of agent bankers by Central Bank of Nigeria, experts believe that the financial inclusion strategy will deepen the market and create economies of scale (Alawiye, 2013). The Nigerian banking sector has no doubt, undergone dramatic changes. Before, deposit money banks always

targeted corporate customers while the retail customers, particularly those in the rural areas, were neglected. The banking sector crisis and subsequent intervention by the regulator three years ago showed that same corporate customers were of the habit of taking bank loans without any intention to pay back. This singular action made bank to review their strategy with a view to attracting more retail customers. This and low level of banking penetration in the country also resulted in the inauguration of the financial inclusion strategy in 2013 (EFInA, 2013:8).

The definition of Financial Inclusion is based on ease of access to financial products and services. That means financial products must be within easy reach for all groups of people and should avoid onerous requirements, such as challenging Know Your Customer (KYC) procedures. There is broad range of financial products and services apart from those ones mentioned above. This means that financial inclusion implies access to a broad range of financial services including payments, savings, credit, insurance and pension's products. Financial products must be designed according to target clients needs and should consider income levels and access to distribution channels. Formal financial services should be affordable even for low-income groups, particularly when compared to informal services e.g. Esusu or money lenders (Berger, 2012).

How financial inclusion addresses CBN objectives

- The CBN will be better able to influence savings, investment and consumption behaviour through interest and exchange rate changes, and a direct result of increased participation of Nigerians in the formal financial sector.
- Increased penetration of e-payments use and cashless efforts will reduce the cost of cash management and thereby reduce the cost of issuing legal tender.
- Increased access to finance for Medium (M) Small and Medium Enterprises (SMEs) as a result of financial inclusion (credit made on the back of mobilized savings) will lead to greater productivity and increased non-oil exports- and subsequent demand for the Naira will stabilize its value.
- Financial Inclusion will lead to development of stable financial system funded by non-volatile savings which are robust and provide cushion against external shocks.
- The CBN will be better able to advise the government as increased participation in formal finance will lead to greater visibility of the performance of the economy (CBN, 2012)

Definitions and measurements of financial inclusion have evolved from classifying individuals and enterprises according to a dichotomous division as either included or not, to viewing financial inclusion as multidimensional. With the aim of defining a more complete concept of inclusion, the financial Inclusion Data Working Group of the Alliance for Financial Inclusion (AFIFDWG) agreed on three main dimensions of financial inclusion that provide the underpinning for data collection.

1. Access: - Availability of formal regulated financial services, physical proximity and affordability.
2. Usage: - Actual usage of financial services and products, regulatory, frequency and duration of times used.
3. Quality: - Products are well tailored to client needs, appropriate segmentation to develop products for all income levels (Triki, et al, 2013)

The adoption of broader and multidimensional definition of financial inclusion is crucial in the sense that it help to move beyond the often erroneous assumption that inclusion will inevitably be achieved by simply offering enough access point. Instead, a more complete understanding of financial inclusion should speak to how frequently clients use products, if the products are effectively meeting their needs, and if they are better off as a

result. As shown above, defining and measuring usage and quality in addition to simple access would be very useful for analytical purposes. (Triki, et al. 2013). These three dimensions of financial inclusion according to Triki, et al. (2013) are broad categories into which indication can be grouped, without being restrictive. They simply provide a framework to guide policymakers in developing a sufficiently robust measurement strategy that reflects the multi-dimensional nature of financial inclusion. Within this framework, policy makers will still need to design a set of indicators appropriate to their needs and level of resources.

2.6 Takaful Insurance and Financial Inclusion

Takaful is an Arabic word meaning "guaranteeing each other". It is the same as insurance but approved under Islamic jurisprudence or Sharia guidelines. It represents the concept of insurance based on mutual co-operation and solidarity of people by participating in a takaful scheme. The concept of protection is deeply embedded in the Islamic thought process through the system of blood money, an Arab tribal custom as well as through endorsement of the principles of compensation and group responsibility by the Holy Prophet. Islamic scholars recognize the system of Al-Aquila, which was encouraged by the Holy Prophet and practiced by Muslims of Makkah and Medina at the time, as the foundation of mutual protection or insurance or tactful. One of the aims of Islamic Finance is to expand financial inclusion, ensuring that those who avoid the non-halal conventional finance system is not left out on the benefits that a banking system brings to the public, for example in the provision of mortgages for the purchase of a home.

Alabadan (2016), observes that takaful completes the financial package by providing a means of managing mortality and morbidity risks that affects the financial well-being of the individual through unexpected events. In the case of mortgage, this means providing for the payment of the outstanding loan if the borrower unexpectedly dies. There is also another level of financial inclusion which is providing cover to the lower income group of those who are most financially vulnerable to unexpected mortality and morbidity. This segment of the population is currently underserved by insurers and takaful operators as they do not present a good business opportunity, particularly given the over reliance on the agency as a means of distribution in Nigeria.

Methodology

3.1 Population, Sample size and Sampling

The population of this study comprises insurance stakeholders on financial inclusion. They includes; Insurance Regulators, Insurance Loss Adjusters, Insurance companies and Insurance brokers. The population size of the study is 200. The sampling frame of the study comprises male and female workers of insurance stakeholders in financial inclusion. Survey approach was adopted and data were collected from 200 respondents randomly as follows:

- Insurance company---45
- Insurance Regulators---40
- Insurance Loss adjusters---55
- Insurance Brokers---60

Total= 200

The instrument used in collecting data for the study was questionnaire that was administered to the respondents by the researcher.

The questionnaire is in two sections. The first section collected demographic information such as age, sex and educational qualifications. While the second section contained ten (10) questionnaire terms that measured the impact of insurance and regulators on financial inclusion.

Five (5) point likert-type rating scale ranging from 1 (Neutral) to 5 (Strongly agree) was adopted.
Out of the 200 questionnaire distributed 180 responded giving a response rate of 90%. The responses were measured with five-point likert-type rating scale, where strongly agree (SA) =5, agree (A) =4, disagree (D) =3, strongly disagree (SD) =2, neutral (N) =1. In analyzing the data, mean and scores were used. A cut off point was determined by finding the means of the nominal values assigned to the responses. Thus, 5+4+3+2+1=15/5 =3.00. For decision to be reached, mean score of 3.00 was regarded as agree statement while mean score below 3.00 was regarded as disagree statement.

4 Presentations of Data and Analysis

Table 4.1. Demographic information

Distribution of Sex across the Stakeholders

STAKEHOLDERS	MALE	%	FEMALE	%	TOTAL	%
Insurance Company	30	16.67	22	12.22	52	28.89
Insurance Regulators	27	15	25	13.89	52	28.89
Insurance Loss Adjusters	23	12.78	18	10	41	22.78
Insurance Brokers	20	11.11	15	8.33	35	19.44
Total	**100**	**55.56**	**80**	**44.44**	**180**	**100**

Source: Field Survey, 2016

Table 4.1 above shows that out of 180 questionnaire distributed, 30 or 16.67% respondents from insurance company are male, while 22 or 12.22% are female, Insurance Regulators has 27 or 15% respondents are male and 25 or 13.89% respondents are female. Insurance Loss Adjusters have 23 or 12.78% as male and 18 or 10% are female. Insurance Brokers have 20 or 11.11% as male and 15 or 8.33% are female respondents. The sex distribution therefore has about 55.56% respondents as male and the remaining 44.44% are female respondent.

Table 4.2 **Distribution of Age across the Stakeholders**

Stakeholders	26-35	%	36-45	%	46-above	%	Total	%
Insurance Coy.	20	11.11	6	3.33	6	3.33	42	23.33
Insure. Reg.	18	10	9	5	8	4.44	47	26.11
Insure. Loss Ad	16	8.89	5	2.78	5	2.78	40	22.23
Insure. Brokers	22	12.22	7	3.89	7	3.89	52	28.38
Total	**76**	**42.22**	**27**	**15**	**26**	**14.44**	**180**	**100%**

Source: Field Survey, 2016

Table 4.2 sought to determine the age of respondents across the stakeholders, it could be observed that the highest population of the respondents e.g. 76 (42.22) were in the 26-35 years age bracket, followed by 36-45 years with 27(15%), while those at 46 and above were 26 or 14.44% of the distribution. We observed that more than 70.56% of the stakeholders are youths e.g. 26-46 years, thus creating age balance between the stakeholders.

Table 4.3. **Distribution of Educational Qualifications across the stakeholders**

STAKEHOLDERS	OND/ NCE	%	BSC/ HND	%	MSC/ PHD	%	TOTAL	%
Insurance Company	10	5.56	20	11.11	6	3.33	42	23.33
Insurance Regulators	12	6.67	18	10	8	4.44	47	26.11
Insur. Loss Adjust.	14	7.78	16	8.89	5	2.78	40	22.22
Insurance Brokers	15	8.33	22	12.22	7	3.89	52	28.33
Total	**51**	**28.34**	**76**	**42.22**	**26**	**14.44**	**180**	**100**

Source: Field, Survey, 2016

Table 4.3 sought to find out educational qualifications of the respondents, most of them have first Degree i.e. BSC/HND which represents about 76 or 42.23%, 51 or 28.34% hold OND/NCE, 26 or 14.44% have Masters Degree and other professional qualifications. Further studies revealed that stakeholders under study are usually having degree holders that are between the ages of 26-46 and above years old. They are crop of people that can easily adapt to the ever changing technological environment.

Table 4.4: Rating of respondents on the impact of insurance and regulators on financial inclusion

	Questions	SA	A	D	SD	N	Total	Mean
1	Low level of public awareness about insurance business contributes to low insurance penetration and financial inclusion	50 (27.79)	46 (25.56)	40 (22.22)	34 (18.89)	10 (5.56)	180 (100)	3.13
2	Lack of confidence on the part of operators by the insuring and non insuring public hinders insurance financial inclusion in Nigeria	49 (27.22)	50 (27.79)	41 (22.78)	28 (15.56)	12 (6.67)	180 (100)	3.53
3	Incorporating micro-insurance will help to deepen insurance penetration on financial inclusion in Nigeria	34 (18.89)	40 (22.22)	46 (25.56)	50 (27.77)	10 (5.56	180 (100)	3.21
4	Fraudulence and corruption are the major challenges experienced by insurance business in Nigeria	46 (25.56)	50 (27.77)	34 (18.89)	40 (22.22)	10 (5.56)	180 (100)	3.46
5	Inability of the policyholders to comply with the policy conditions contributes to negative perception about insurance business in Nigeria	34 (18.89)	40 (22.22)	46 (25.56)	50 (27.77)	10 (5.56)	180 (100)	3.21
6	Delay in claim settlement and alteration of premium rates encourages negative perception in insurance business and financial inclusion	40 (22.22)	49 (27.22)	50 (27.77)	30 (16.67)	11 (6.11)	180 (100)	3.43
7	Low level of enforcement of compulsory insurance is a major problem affected insurance business in Nigeria	50 (27.77)	49 (27.22)	41 (22.78)	12 (6.67)	28 (5.56)	180 (100)	3.45
8	Shortage of skilled professionals is a major challenge to insurance industry	12 (6.67)	28 (5.56)	50 (27.77)	49 (27.22)	41 (22.78)	180 (100)	3.42
9	Introduction of micro insurance in	41	28	49	50	12	180	3.20

	Questions	SA	A	D	SD	N	Total	Mean
	Nigeria will contribute to the development of insurance business	(22.78)	(5.56)	(27.22)	(27.77)	(6.67)	(100)	
10	Lack of professionalism on the part of loss adjusters and brokers affects the effective performance of insurance industry in Nigeria	49 (27.22)	12 (6.67)	50 (27.77)	41 (22.78)	28 (5.56)	180 (100)	3.70

Source: Analysis of Field study, 2016

Note: SA = Strongly Agree, A =Agree, D =Disagree, SD = Strongly Disagree, N = Neutral

Table 4 sought to measure and analyzes the responses from respondents on whether limited public awareness about insurance business contributes to low insurance business, low insurance penetration and financial inclusion. About 96 (53.35%) agree that limited public awareness about insurance business in Nigeria contributes to low insurance penetration and financial inclusion, while 74(41.11%), disagree. 99(54.51%) with a mean score of 3.53 agrees that lack of confidence on the part of operators by the insuring and non-insuring public hinders insurance financial inclusion, while 69(38.34%), disagree. 40(22.23%) agree that incorporating micro-insurance will help to deepen insurance penetration on financial inclusion in Nigeria, while 91(50%) disagree. With a mean score of 3.46, the statement stands accepted. 96(53.33%) agree that fraudulent and corruption are the major challenges experienced by insurance business in Nigeria, while 74(41.11%) disagreed. 74(41.11%) with mean score of 3.21 agrees that the inability of the policyholders to comply with the policy conditions contributed to negative perceptions about insurance business in Nigeria, while 96(53.33%)disagree. On whether delay in claim settlement and alteration of premium rates encourages negative perception in insurance business and financial inclusion, 89(49.44% agree to that statement with mean score of 3.43, while 70(40.44%) disagree. 99(54.99%) agrees that low level of enforcement of compulsory insurance is a major problem that affected insurance business in Nigeria, while 52(29.45%) disagree to the statement. On whether the introduction of micro insurance in Nigeria will contribute to the development of insurance business, shortage of skilled professionals is a major challenge to insurance industry and lack of professionalism on the part loss adjusters and brokers affects the effective performance of insurance industry in Nigeria, the responses have mean scores of 3.42, 3.20, and 3.70 indicating that the statements were accepted.

4.1 Discussion of Findings

This study was on the appraisal of financial inclusion and economic development in Nigeria: the position of insurance industry. Table 1-3 sought to determine the sex across the respondents reveals that out of 180 responses, 100 or 56.56% were male and 80 or 44.44% are female. Table two was used to determine the age distribution across the stakeholders. It was found out that most of them are young people i.e. ages between 26-46 years, thus creating age balance of the stakeholders. Table three was used to determine the educational qualification across the stakeholders. It was found out that most of them have first degree i.e. BSC/HND which represents about 76 or 42.23%. They are crop of people that can easily adapt to the ever changing technological environment. Table four measured and analyzed the responses on the impact of insurance industry and regulators on financial inclusion. The first was to determine whether limited public awareness about insurance business in Nigeria contributed to low insurance penetration and financial inclusion. 96 or 53.35% were of the opinion that limited public awareness about insurance business contributes to low insurance penetration and financial inclusion, while 74 or 41.11% disagree. 99 or 54.51% with a mean score of 3.53% agree that lack of confidence on the part of operators by the insuring and non-insuring public hinders insurance financial inclusion in Nigeria, while 69 or38.34% disagree. 99 or 54.51% agree that low enforcement of compulsory insurance is a