CHAPTER 1

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THE CONCEPT OF INSURANCE

The practice of insurance in Nigeria is patterned after the British practice by virtue of the fact that Nigeria was a former British colony. Prior to the arrival of the British colonial masters in Nigeria, the early primitive Nigerians practiced an insurance-like self-help scheme fondly called "isusu".

Isusu is a process whereby groups of people come together and agree to pool funds for the benefit of any member who may have suffered a form of loss. Where no loss occurred, depending on the terms of their agreement, individual members received lump sums of money at regular intervals.

Insurance evolved because of the need for financial re-assurance for losses, which usually occurred. Generally, it is believed that insurance, as it is practiced today in Nigeria, is traceable to the era of marine trading. With he prevalent marine engineering technology, the enterprising merchants suffered regular losses. These were Babylonians who traded between (4000 - 3000 BC). The Hindus in 600 BC and the ancient Greeks in 400 BC.

Two insurance bonds, namely Bottomry bonds and Respondent bonds were introduced to cushion the effects of the maritime losses.

Bottomry bond was tailored to provide loans for the merchants at troubled times to ensure that the voyage was completed. The ship/vessel served as collateral for the loan so granted. The