

Making A Smooth Motor Insurance Claim In Nigeria

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Abstract

To many a Nigerian, the essence of a motor insurance claim is simply to replace the damaged, burnt or stolen insured car/vehicle with a brand new one. Anything to the contrary is not acceptable. This is in fact the general notion in Nigeria and this is easily traceable to the low level of insurance literacy in Nigeria. Most literate Nigerians hardly read their insurance policies not until there was an accident or an event which would lead to an insurance claim. Insurance, when bought as per the attaching conventional conditions is an invaluable tool which guarantees the buyer a financial security.

Introduction

In Nigeria, most prospective insureds buy insurance rather compulsorily and not out of necessity. The most commonly bought insurance is the motor insurance Third Party policy by virtue of the fact that it is made compulsory to protect the lives and properties of the Third Parties, which include the road users. Often times you hear many policy holders making many uncomplimentary statements about some insurance companies who for one reason or the other failed to settle their claims to their satisfaction. The essence of buying insurance cover nevertheless is to be indemnified if the insured event happens within the life or term of the policy and other policy conditions. In the past policy conditions were printed in tinny letters but now the reverse is the case sequel to protests by policy holders. However this shift has

not made any significant impact on the claim culture of Nigerians who still believe in complete replacement of their damaged, burnt or stolen insured vehicles with brand new ones. It should also be noted that the essential feature of insurance (being a business of large numbers) is that when a risk/loss is shared by many, it is lighter, but heavier, when shared by a few (1). There are however 4 classes of motor insurance policy namely : - the Act Only policy; the Third Party Only policy; the Third Party, Fire & Theft policy and the Comprehensive policy. The Act policy indemnifies the insured where life is lost as a result of the insured peril; the Third Party policy indemnifies the insured in case of loss of life or injury to the Third Party; the Third Party, Fire & Theft policy in addition to the covers granted by the Act and Third Party policies grants further cover for fire and theft; the Comprehensive policy is a combination of Act Only; Third Party Only; Third Party, Fire and Theft policy and cover for damage to the insured vehicle.

Insurance is a mechanism by which risks are transferred. It is also a legal contract between two parties namely:- the insured and the insurer. It is effected when the insured transfers from his own shoulders, the financial burden of some probable and potential misfortune to the shoulders of the more financially disposed insurer, who on the receipt of an amount called "premium" from the insured, agrees to assume a potential risk of loss, on the occurrence of the insured event (2).

Pre-requisites for making a smooth motor claim

(a) **Insure with a duly incorporated, registered, licensed and fully recapitalized insurance company.**

By virtue of the provisions of the Insurance Decree No 2 of 1997 (as amended) every insurance company in Nigeria must be incorporated under the Companies and Allied Matters Act of 1990, registered, licensed and fully recapitalized by appropriate supervising bodies namely : - the National Insurance Commission (NAICOM) and the Central Bank of Nigeria (CBN) before going into operation (3).

