INTRODUCTION

What is insurance?
Insurance is a practice whereby people who are exposed to identical risk situation contribute money into a common purse out of which those who are unfortunate to suffer loss can receive compensation. Insurance is therefore a form of security against risk of loss.

How does insurance work?
Insurance is based on the idea of probability and the principle of large number. What this means is that since the number of people making the contribution is large, it is possible to build a huge pool of funds from their small individual contributions. Again it is very unlikely that all contributors to the fund would suffer loss at the same time. The few who actually suffer loss are therefore easily compensated from the pool.

What are the benefits of insurance?
Insurance provides you peace of mind. When you know that someone else is carrying your risk, you can sleep with both eyes closed. Insurance also enhances businessmens' confidence to do business as they know that in the event of the unexpected loss covered by insurance they will, at least, recover part of it. Insurance is thus a business that exists for other businesses to thrive.

What is compulsory Insurance?
Compulsory insurances are those classes of insurance made compulsory by law, frequently with the objective of providing protection to third parties and the general public.
It is important to state that not all insurance products are compulsory. For instance, insurance in respect of education of a child is not compulsory. Also insurance for house hold items is not compulsory. A number of insurance products have been made compulsory by law. The following are the more prominent:

- **.Motorvehicle**: for all vehicle owners corporate and Individuals
- **.Building under construction**: for owners of buildings of more than two floors under construction.
- **.Public buildings**: for every building to which members of the public have access for the purpose of obtaining educational or medical services, recreation or transaction of business.
- **.Employer's liability**: for employers of labour.
- **.Medical professional liability**: for doctors, nurses and other members of the health care team in hospitals registered with the National Health insurance Scheme (NHIS).
- **.Group life-for all employers**: for more than four (4) staff in both the public and private sector.

  a) **Motor vehicle (third party) insurance**
The law requires every owner of motor vehicle to insure the vehicle against liability in the event of death, bodily injury or damage to property of a third party arising from the use of such vehicle.
Motor vehicles (third party) insurance provides protection against the risk of liability from death, bodily injury and damage to third party property arising from the use of the vehicle on the road. The benefit is that an innocent third party is protected from the risks arising from the use of a motor vehicle on the road. The penalty for non compliance is a fine of up to N250,000 or one year imprisonment.

b) **Insurance of building under construction**
The Insurance Act 2003 makes insurance of building under construction compulsory for the owner or contractor. The objective is to provide security against the risk of bodily injury, death or property damage in the event of collapse of building under construction. The policy protects workers at construction site and other members of the public.
The owner or person responsible for the construction has the duty to insure while non compliance attracts a penalty of N250,000 or 3 years imprisonment or both.

c) **Insurance of public buildings**
The Insurance Act 2003 makes it mandatory for every public building to be insured with registered insurer against the risks of collapse, fire, earthquakes, storm or flood. The public buildings insurance cover provides for compensation in the events of bodily injury, death and property damage to tenant, third party and members of the public arising from the above risks.

The owner or person occupying the property has the duty to insure while non compliance attracts a penalty of N100,000 or one year imprisonment.

d) **Medical and HealthCare Professional indemnity insurance**
The law makes it mandatory for licensed health care services providers to insure their legal liability to clients resulting from professional negligence.
The policy covers legal liability to clients and third parties for breach of contract or the duty to render the standard of service for which the health professional has been hired resulting in death, disability or injury. The professionals involved include doctors, nurses, pharmacists, radiographers, etc. Non compliance may attract revocation of license by National Health Insurance Council.

e) **Group Life insurance**
The law requires employers of five and more employees to have group life policy from registered insurer for the employees while in employment.
The objective of the policy is to provide for compensation in the event of death of staff while in service and to subsidize pension provision in the event of mental or physical disability. This applies to both the public and private sectors.
The responsibility of insuring is vested on the employer and failure to insure attracts N250,000 fine and in addition the business premises may be sealed-up.

f) **Employer’s liability insurance**
The law requires all employers of labor to have an insurance of policy that will provide compensation for workers that suffer injury or die in the course of employment.
The objective is to provide protection for the employer against the risk of claim by the employee. The penalty for non compliance is twice the amount that would have been paid as premium.
Questions and Answers

What is the Insurance Claims Procedure?
In the event of sustaining a loss which is covered by an Insurance policy, the following are the steps to be taken:-

1. Notify your Agent/ Broker / Underwriter immediately on phone and in writing
2. Comply with subsequent instructions of the underwriters.

If you did not get a definite answer regarding the decision to settle or repudiate your claim within a reasonable time, please report to:

National Insurance Commission (NAICOM) or Insurance Consumers Association of Nigeria (ICAN).

What is a genuine claim?
A claim is genuine when the loss or damage suffered by the insured is presented to the insurer without any intention to defraud. It is advisable to always contact an insurance advisor or a broker for advice before buying insurance and before making claim against the insurer.

What do I do if the insurer refuses to settle claim in the event of loss?
Insurer is under obligation to settle every genuine claim within 90 days from the date of issuance of discharge voucher. Where a genuine is refused by the insurer, the insurer should be reported to the National Insurance Commission. The Commission was establish under the provisions of the Insurance Commission's Act 1997; part of its responsibilities is to ensure adequate protection of policyholders, beneficiaries and third parties to insurance contract.

How much do I pay to retain a Broker or insurance advisor and where do I get one to engage?
You pay nothing to retain a broker or insurance agent/advisor, broker, agent or advisor receives a determined proportion of the premium you paid to the insurer as remuneration. Brokers and insurance advisors are professionals recognized in law.
They will therefore be punished if you should suffer loss by reason of their carelessness.

What is the available complaints redress mechanism?
Before you embark on legal action on any matter relating to your insurance e.g. denial or inadequate payment of claim, contract enforcement, unnecessary delay in documentation or non-remittance of your premium, please contact the following for free advice and assistance:

The National Insurance Commission (NAICOM)
CORPORATE HEAD OFFICE
Plot 1239, Ladoke Akintola Boulevard, Garki 2
Abuja.

LAGOS CONTROL OFFICE
Alagbon, Ikoyi Road, Ikoyi,
Victoria Island, Lagos.

KANO ZONAL OFFICE
3rd floor, No. 37.
Murtala Muhammed Way,
Opposite Duala Hotel,
Kano State.

ENUGU ZONAL OFFICE
C/I Presidential Road,
Enugu, Enugu State.