CRITICAL ANALYSIS OF FUNDAMENTAL PRINCIPLES OF INSURANCE UNDER THE NIGERIAN LAW

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Abstract

In more ways than one, human relations have been with a lot of uncertainties. The uncertainty may be connected with the time of happening of an event or its happening at all. Life must go on, while the uncertainties subsist. In view of this, the law has made adequate provisions for insurance and related matters. This paper analyzed the fundamental principles of the law of insurance especially in relation to its applicability in Nigeria. By way of doctrinal research methodology, the paper critically analyzed the Nigerian law of insurance giving specific attention to its fundamental principles. After making reference to the principal legislation, the paper looked at some decided cases as giving flesh to the law. The paper found that although the law of insurance is statute driven, so many of its intricacies and lacunae are left to the court. It is suggested that the Nigerian legislators should step up and pass comprehensive insurance legislation that will cover every conceivable intricacy. This, it is observed, will further deepen the country's legal framework in ensuring adequate provisions for economic activities and foreign investment.

Key terms: *Insurance, law, court, risk, indemnity*

INTRODUCTION

This paper examines the law of insurance from a number of perspectives. In the first instance, the definition, rationale and classification of insurance was looked into. The paper then looks at the fundamental principles of the law of insurance. Attention is then given to how the main principles of insurance were looked at by the courts of law. Insurance is incapable of being universally defined. Templeman J (1974) In ***Department of Trade and Industry v St Christopher Motorist Association Ltd*** (1974) AIIER 395 opined that it was undesirable that there should be an all embracing definition because of the tendency to obscure and occasionally exclude that which ought to be included.

According to Lawrence J, in **Lucena *v Crowford*** (1806) 2 Bos. And P.N.R 269 "insurance is a contract by which one party in consideration of a price paid to him adequate to the risk becomes security to the other the he shall not suffer loss damage or prejudice by the happening of the perils specified to certain things which may be exposed to them". Put in a much simpler form, insurance arises from a contract between an insurer and an insured whereby the former undertakes to provide against a risk apprehended by the assured. In other words, it arises where a person, in consideration of the payment of money agrees to pay a certain sum of money to another person upon the happening of an uncertain even or upon the happening an uncertain even as to time. Okany. M. Nigerian Commercial Law: (2001:622)
There are three main elements of insurance; namely premium, uncertainty and insurable interest. Premium means the payments, usually periodic made by the insured on the understanding that the will be entitled to some sort of compensation either in cash or in kind, upon the happening of some event. By Section 50(1) of the Insurance Act 2003, the receipt of an insurance premium shall be a condition precedent to a valid contract of insurance and there shall be no cover in respect of an insurance risk, unless the premium is paid in advance. The event must involve some degree of *uncertainty.* The uncertainty may stem from the doubt as to whether the even may happen or not, as in the case of fire accident and similar risks, or in the case of events that are bound to happen, there is doubt as to when it will happen. The uncertain event capable of constituting insurance contract must be one that is *prima facie*, adverse to the interest of the insured.

In law, the corporation which insures another person or corporation is called the 'insurer'. An insurer is a person who carries insurance risk and is recognized as duly established to transact the business of insurance or reinsurance by the National Insurance Commission (NAICOM) which was established pursuant to the National Insurance Commission Act 1997. Persons who may commence or carry on insurance business in Nigeria are stated in section 3 of the Insurance Act. By Section 3 of the Insurance Act:

No person in Nigeria is authorized to carry on any class of insurance business in Nigeria except

> *(a) A company duly incorporated as a limited liability company under the companies and allied matters Act*
> *(b) A body duly established by or pursuant to any other enactment to transact the business of insurance or reinsurance.*

The person or corporation covered by the insurance is called the 'insured'. The insured is a person who takes out an insurance policy to protect him and named persons or objects in the policy against the happening of a risk or incident. An insured can be a natural or artificial person i.e corporation. The money paid by the by the insured in consideration for the insurance is called 'premium'. Premium could be a lump sum or periodical payments. The document documents containing the terms and conditions of insurance is called 'policy' of insurance.

By section 4 of the Act no insurer is allowed to commence insurance business in Nigeria unless the insurer is registered by the Commission under the Act. Where the Commission is satisfied that it is not in the public interest or the interest of the policy holders or persons who may become policy holders the company will not be register.

Insurance is distinct from a wagering contract (gambling) because an insured has an insurable interest in the subject matter of the insurance while a wager (gambler) has no other interest apart from his stake. It is the risk of loss that motivates an insured to enter into a contract of insurance while a wager creates the risk he hopes to take advantage of. Wagering contracts are null and void under section 56(1) of the Insurance Act 2003.

LITERATURE REVIEW

The first step in the formation of contract of insurance is the application or proposal in which the prospective insured approaches the insurer expressing his/its desire to have a particular set of risk covered by insurance policy. The insurance brokers present to the prospective insured the terms of the contract and make adequate clarifications to help him make up his mind. Although the brokers represent the insurers in the course of the negotiation, Okany (1992) relying on the English case of *Newxholme Bros v Road Transort and General Insurance Co*., (1929) 2 K.B 356 opined that they are agents of the insured. In the case f *Northern Assurance Co. Ltd v Stephen Idugboe* Suit No SC. 583/1964 (unreported), it was held by the Nigerian Supreme Court that the insurance agents are the agents of the person making the proposal, i.e the insured, and is bound by his agent's entries even if he is an illiterate. Section 54 (20 of the insurance Act made things easier when it provides:

> *The proposal form or other application form for insurance shall be printed in easily readable letters and shall state, as a note in a conspicuous place on the front page, that "An insurance agent who assists an applicant to complete an application or proposal form for insurance shall be deemed to have one so as the agent of the applicant".*

Once the proposal form is filled by the proposed insured, same is considered by the insurer, and if accepted the insurance policy is issued to the former. It is usually a printed document containing the detailed, standard contract containing the terms and conditions to bind the parties. On the submission of the proposal, the insured may be issued with a cover note, before the insurer issues the insurance policy or its notice of refusal.

Types of insurance

There are many types of insurance. Most well-known among them are life assurance, personal accident insurance, fire insurance, marine insurance and motor vehicle insurance.

Life assurance is entered into specifically to make funds available to dependants of the breadwinner in the event of his early death. There are three main types of life assurance, namely, whole life assurance, endowment assurance and terms assurance. In life assurance, the insured is entitled, in consideration of an agreed premium paid either in lump sum or in installment, to a specified sum of money upon his death. Endowment insurance could be taken in favor of in which it is stipulated that the insured is entitled to a certain sum of money upon the attainment of a certain age, usually twenty years or the death of the assured, whichever comes first. Under Term assurance which is more common is the United State and Europe, the insurer undertakes to pay the assured a stipulated sum of money, if the assured dies within a stated period (Okany: 654).

In personal accident insurance, a person may provide for the payment of money for the treatment of himself or members of his family in the event of sustaining injury or in the event of being involved in any disability, whether temporarily or permanently. The risk also could be a disablement disease or an occupational one (Adesanya and Oleyede; p. 342).

Fire insurance enables the owner of a property to recover the actual value of his property in the event of damage caused by fire as stipulated by the policy. This insurance usually excludes fire arising from riot, civil disturbance, war and explosion. In *Harris v. Poland* (1941)1. K.B 462, the insured hid her jewellery in her grate under the coal. Later, having forgotten this, she lit the fire and the jewellery was damaged. It was held by the court that she could recover under a fire policy.

Section 3 of the Marine Act defines marine insurance as a contract whereby the insurer undertakes to indemnify the assured, in manner and to the extent thereby agreed, against marine losses, that is to say, the losses incidental to the adventure. The subject matter of this contract could be the freight, the cargo, the ship or any lawful marine adventure.

Insurance is essentially a contractual transaction. A person has the option to ensure or refuse to insure. There are however some classes of insurance rendered compulsory by the provisions of the Insurance Act, 2003. In Nigeria, there are six (6) insurance policies made compulsory by the law. It is important to emphasize that these six (6) classes of Insurance are made compulsory under their enabling laws and failure to comply with the law is regarded as a criminal offence and employees can also sue for compensation in a civil suit. The policies and their relevant legislation are as follows:

a. **Motor Third Party Insurance** as required by the Motor Vehicles (Third Party Insurance) Act of 1950. This is the minimum insurance that owners of motor vehicles plying Nigerian roads are required to have. The policy covers liability for death or bodily injury to a third party arising from the use of the vehicle. Section 68 of the Insurance Act 2003 extends the liability to cover damage to the property of a third party to the tune of One Million Naira. It also makes it a criminal offence not to have a motor vehicle third party insurance policy and the penalty for non-compliance is imprisonment for one year or a fine of ₦250,000 or both.
b. **Employee Group Life Insurance** as required by the Pension Reform Act of 2004. Section 9(3) of that Act requires every employer of labor with five (5) or more employees to take out a life insurance policy for a minimum of three times the annual total emolument of the employee. This law is applicable to both private and public sector employees. Failure to comply with this provision is an offence punishable with imprisonment for up to one year or a fine of ₦250,000 or both.
c. **Health Care Professional Indemnity** as required by the National Health Insurance Scheme Act of 1999. Section 45 of that Act requires all licensed health care providers to have a professional indemnity policy. The law defines a health care provider as any registered Government or private healthcare practitioner and hospital or maternity center.
d. **Insurance of Public Buildings** as required by the Insurance Act of 2003. Section 65 of that Act requires the owner or occupier of every public building to be insured against liability for loss or damage to property or death or bodily injury caused by collapse, fire, earthquake, storm or flood. The Act defines a public building as one to which members of the public have access for educational, recreational, medical and commercial purposes. The penalty for non-compliance is a maximum fine of ₦100, 000 or one year imprisonment or both.
e. **Insurance of Buildings under Construction** as required by the Insurance Act of 2003. Section 64 of that Act requires every owner or contractor of any building under construction with more than two (2) floors must take out an insurance policy to cover liability against construction risks caused by his negligence or that of his servants, agents or consultants which may result in death, bodily injury or property damage to workers on site or members of the public. This insurance policy also covers liability for collapse of buildings under construction. Failure to comply with this provision is an offence punishable with a fine of ₦250,000 or three years imprisonment or both.
f. **Employers Liability Insurance** as required by the Employee Compensation Act of 2010 (which repealed the Workmen Compensation Act of 1987). The Act requires every employer, within the first two years of the commencement of the 2010 Act, to make a minimum monthly contribution of 1% of the total monthly payroll of employees to the Employee Compensation Fund. The Fund shall be used to pay adequate compensation to employees or their dependants for any death, injury, disease or disability arising out of or in the course of their employment.

FUNDAMENTAL PRINCIPLES OF INSURANCE

It should be noted that insurance is governed by the general principles of contract. The basic elements of offer, acceptance, consideration, intention to create legal relations and capacity of the parties apply in like manner to contract of insurance. Contract of insurance however, being a special kind of contract, is governed by some additional specific principles. These principles are; Utmost good faith Insurable interest, Indemnity and subrogation.

Principle of utmost good faith (uberrimae fidel)

Under the general contract, the law is that a contracting party is under no obligation to make disclosures at the time of the contract. The only exception is in cases of contract *uberrimae fidei*, one of such cases being contract of insurance. In contract of insurance, the law is that the insured is under a duty to disclose all relevant facts which will reasonably influence a prudent insurer to take the risk or in fixing the amount of the premium payable by the insured. See *Russel v Thorntorn (1859) 20 L.J EX. 9.* This principle of total disclosure and the obligation to exhibit utmost good faith is the hallmark of all contracts *uberrimae fidei.* The insurer is also under a duty to disclose all material facts within its knowledge at the time of entering into the contract. Failure to disclose relevant facts by either party amounts to fraud, and will entitle the aggrieved party to repudiate the contract. In other words, failure to disclose relevant facts makes the contract voidable.

Where a proposer for an insurance policy makes a statement which he knows to be false, without belief in its truth or is reckless as to whether it is true or false, he is guilty of fraudulent misrepresentation. Where he conceals essential facts from the insurer which he knows would influence his decision whether or not to enter into the contract, he is guilty of fraudulent non disclosure. In addition to voiding the insurance contract for fraud, the insurer is entitled to obtain damages from the insured for fraud.

In *Akpata & anor. v African Alliance Insurance Co Ltd* Unreported suit No LD/340/67, the deceased insured, failed to disclose to the insurer that he was previously insured with another insurer. The court held that it was fatal to the claim. The contract of insurance and null and void and his estate was not entitled to any money from the defendant insurers. This was premised on the fact that having warranted that the statement in the proposal form was true and having agreed that they form the basis of the contract and that all sums should be forfeited and the contract declared null and void if any of the statement are untrue, no sum can accrue to his beneficiaries from the policy. See also *United Nigeria Insurance Co Ltd v Universal Commercial and industrial Co. Ltd (1999) 3 NWLR (PT 593)*

To minimize the risk of insurers taking advantage of the insured and rescind out of their obligations to the insured on the basis of non disclosure of facts which they deem material subject to their whims and caprice section 54 (1) of Insurance Act 2003 provides that where an insurer requires an insured to complete a proposal form or other application form for insurance, the form should be drawn up in such a manner as to elicit such information as the insurer considers material in accepting the application for insurance of the risk and any

information not specifically requested should be deemed not to be material. Section 55 (1) further provides that in a contract of insurance, a breach of term whether called a warranty or a condition should not give rise to any right by or afford a defense to the insured unless the term is material and relevant to the risk or loss insured against.

Ubarrima fides however, does not apply to all classes of contracts between an insurance company and a third party. The nature of the contract has to be looked into, with a view to seeing whether it contains the basic elements of a contract of insurance as outlined above. In the Nigerian case of *University of Nigeria, Nsukka v. Edwards W. Turner and Sons (W.A.) Ltd. and Anor (1965) L.L.R 33* an agreement titled 'Sink Fund Insurance' in which the insurance company would receive the sum of 25,280 Pounds from the plaintiffs on the agreement that the plaintiff would receive 3 Million Pounds in 50 years time was held not to be an insurance contract and there was no requirement of utmost good faith.

Insurable interest

In any contract of insurance, the insured must establish that he has an insurable interest in the subject matter of the contract; otherwise the contract will be invalid. Oguntade J.C.A in *Law Union and Rock Insurance of Nig. Ltd v Onuoha (1998) 6 NWLR (PT 555)* p.576 explained insurable interest as very elastic and not always coterminous with the ownership, wholly or partially of the particular goods insured. He held that a court called upon to determine whether or not a particular claimant has an insurable interest in the property concerned will need to consider the issue whether the destruction or diminution in value of the property will result in a loss to the claimant. A person who would foreseeable suffer financial loss from the occurrence of an event has an insurable interest in the subject matter which is sought to be insured against the event. The event must either cast upon the assured a legally binding liability or it must affect a right of the assured which is recognized and protected by the courts. Insurable interest can be distilled as a relationship in which the insured may either benefit financially or suffer loss on the occurrence of the event sought to be insured against. It is impossible to give a general formula to cover all the recognized types of insurable interest.

However, with regards to life insurance an individual has an insurable interest in his own life for an unlimited amount. By Section II of the Married Women's Property Act,1882, a husband has an insurable interest in the life of his wife and vice versa. See Re Gladitz (1937) 1 Ch. 588. In Griffiths v Fleming (1909) 1K.B. 805, a husband and wife entered into an insurance contract with the company, whereby the indemnity was payable to either surviving spouse. The premium was paid jointly by them. When the wife died first, the husband sued the insurance company, and the court held that he was entitled the indemnity without having to prove any pecuniary interest in his wife's life. Only a person who has direct legal or equitable interest in the subject matter of the insurance policy can be said to have an insurable interest. Lack of insurable interest in the subject matter of the insurance renders the transaction invalid and baseless. It also renders the insurance policy incapable of

enforcement. Lack of insurance interest renders the transaction speculative and synonymous with gambling.

Only the insurer has the capacity to raise absence of insurable interest as defense to a claim. Thus, in *University of Nigeria, Nsukka v. Edwards W. Turner and Sons (W.A.) Ltd. and Anor (1965) L.L.R 33,* the plaintiffs in 1962 sought to invest in Sinking Fund Assurance Policy for an assured sum of 3 million Pounds over 50 years. After paying the first premium of 25,830 pounds, the insured discovered that the insurance company had paid up capital of only 25,000 pounds. They sued for deliberate or negligent non disclosure of material information that would have helped it in deciding whether to take the policy or not. They claimed for damages, and refund of the premium so far paid. It was held, among others that the agreement between the parties was not a contract of insurance requiring utmost good faith, since there is no insurable interest on the part of the insured. The action therefore failed.
Under the common law, a parent has no insurable interest on the life of his/her child unless if the claim emanates from the legal pecuniary loss he will bear upon the death by the child. Similarly, a child has no insurable interest on the life of his parents except if he is materially supported by the parents. See generally, *Howard v Refuge Friendly Society (1886) 54 L.T 644*. In *Evansons* v *Crooks (1911)* it was held that siblings have no insurable in each others' lives and can therefore not insure each others' lives. The Nigeria's Insurance Act seems to have drastically changed the above position. Section 56 (2) of the Insurance Act provides that person shall be deemed to have an insurable interest in the life of any other person or in any other event where he stands in any legal relationship to that person or other event in consequence of which he may benefit by the safety of that person or event or be prejudiced by the death of that person or the loss from the occurrence of the event. Under the section, "legal relationship" includes the relationship which exists between persons under customary law or Islamic law whereby one person assumes responsibility for the maintenance and care of the other.

It is therefore clear from the authorities that insurable interest exists to a person who has direct legal or equitable interest. Consequently, the shareholders of a company were held in *Macaura v Northern Assurance Co., (1925) A.C 619* not to have an insurable interest in the life of the debtors of the company.

At what time must insurable interest exist? Is it at the time of entering into the contract or at the time of the maturity of the policy? This will defend on the type of the contract, and the facts of the case. In the case of life insurance, the insured must have an insurable interest at the time when the contract of insurance was entered into, and it does not matter whether or not the interest existed at the time of the maturity of the policy or at the time of death. See *Dalby* v *Indian and London Life Assurance Co., (1854) 15 C.B 365.* According to Okany (1992), in contracts of insurance for fire or accident, the insured must establish that his insurable interest on the destroyed object not only at the time of effecting the insurance but also at the time of the loss. In the case of marine insurance, section 5 of the Marine Act provides that the insured must have an insurable interest at the time the loss occurred, tug he might not have had an insurable interest at the time the contract was entered into.

Indemnity

The principle of indemnity is about restoration of the insured to his former position and not to confer him with profit from his loss. Where the damage to the subject matter of the insurance policy is partial he is entitled to only the cost of repairs or restoration to its former state. Where the damage is total, the insurer's liability is restricted to the sum insured which is the estimated value of the subject matter at the time of the insurance contract. In *Esewe v Asiemo (1975) NCLR 433* it was held that a contract of insurance was meant to indemnify the assured and not to enrich him over and above that which was necessary to enable him recoup his loss. The main modes of indemnity are cash payment, repair, replacement and reinstatement.

There are two main types of indemnity in this respect i.e. contingency insurance and indemnity insurance. In contingency insurance, the insurer is obligated to pay a stipulated amount of money to the insured in the event of death or personal injury. In this case, it is the insured that determines the amount of money to be paid to him during the formation of the contract. In indemnity insurance like marine and fire insurance, it is a fundamental principle of law at the destruction of the subject matter; the insured cannot recover more than his actual loss within the limit of the insurance policy. In *Darell* v *Tribbitts (1880) 5 Q.B 560*, the landlord received the sum of 750 Pounds under a covenant with his tenant for the damage caused by fire, but had earlier been paid the same sum by his insurance company for the repairs caused by the fire under his policy. It was held that the insurers were entitled to recover the money they had paid to the landlord; otherwise he would not only be indemnified, but would be paid twice over.

Subrogation

The principle of subrogation is at the heart of the law of insurance. Under the law of subrogation, once the insured had fully indemnified by the insurance company in accordance with the policy, the insurance company will take the place of the insured, and will be entitled to maintain action in the name of the insured in the recovery of any amount payable to the insured under the risk they had undertaken.

In *Castellain v Preston (1883) 11QBD 380,* according to Brett L. J, the principle of subrogation was analyzed as:

> *…to be applied merely for the purpose of preventing the assured from obtaining more than a full indemnity, the question is whether that doctrine as applied to insurance can in any way be limited... In order to apply the doctrine of subrogation, it seems to me that the full and absolute meaning of the word must be used. That is to say the insurer must be placed in the position of the Assured …as between the underwriter and the Assured, the underwriter is entitled to every right of the Assured whether such right consists in contract fulfilled or unfulfilled or in remedy for tort capable of being insisted on or already insisted on or in any other right whether by way of condition or otherwise legal or equitable…*

The right to subrogation arises only after the insurer has indemnified the insured against his loss. In *British India General Insurance Co. Ltd v Aihaji KaIla 1965 All NLR* p 251, the Supreme Court held that the right of subrogation does not arise until the insurance has admitted its liability to the assured and has paid him the amount of loss.

Where the insured has already recovered payment from the third party and is also indemnified by the insurer for the same loss, the insurer is entitled to recover from the insured what he received from the third party. In *Oloruntunde v Dandodo (1996) NWLR 117*, it was held that an insured who recovers money in an action for a loss for which he has already been indemnified by the insurers holds the money in trust for the insurers. The insurers' subrogation right is however restricted to the amount actually paid to the insured, where for instance there happens to be a surplus after the insurers have recovered their money, the insured is entitled to keep it. See *Yorkshire Insurance Co v Nishet Shipping Co (1962) 2QB 330.*

The insurer's right of subrogation accrues only when the insured has a right of action. In *Simpson v Thomson* (1877) 3 App. Cas at 294 the insured owned two ships that collided due to the negligence of one the masters. In order to compensate the parties involved, the insured was mandated to pay money into court in respect of the ship that was negligently sailed as compensation to the various parties involved. The insurers paid for the other ship and then claimed the right to use the insured's name as owner of the ship to claim against the fund. It was held that the insurers had no such right as it would be tantamount to the insured suing himself as both ship belonged to and were controlled by the same person.

Where the insurer has fully indemnified the insured and he receives money from other sources to mitigate the effect of the loss, he is accountable to his insurers for the amount received as gift. In *Steam v Village Main Reef Gold Mining Co (1905) 10 Corn. Cas 89*, the South African Government Commandeered the Defendant's uninsured Gold. The insurer paid the Defendant for a total loss. The Government then returned a sum of money to the insured in the return for his agreeing to keep the mine open. It was held that the insurers were entitled to recover the equivalent of that money because it has been given in order to diminish the insured's loss. In contrast, in *Bernand v Rodocanachi (1882) 7 App. Cas 333* during the American Civil War, the insured ship was destroyed by a confederate cruiser. The insurers paid the agreed value. The insured paid the agreed value. The insured subsequently received a gift from the United States Government.

The House of Lords held that as according to the constitution of the relevant statute authorizing the payment, the money was paid purely as a gift and intended to benefit the assured over and above any insurance money. The insurers were not entitled to claim it.
It is apparent from the above that the insurer will only be entitled to retain the money given to the insured as a gift only when it was intended as extra compensation for him. To ensure that an insured is not placed in a position better than he was before the occurrence of the risk insured against, the *salvage rule* evolved as an aspect of subrogation. Where an insured has

been indemnified by the insurer, whatever salvage is left of the insured's property belongs to the insurer as an insured who has been indemnified cannot be allowed to benefit from the risk suffered by authorizing him to retain the salvage of his damaged property. Subrogation essentially affords the insurer the privilege of suing in the name of the insured.

METHODOLOGY

According to S N Ja in (1972), doctrinal legal research is defined as research into legal doctrines through analysis of statutory provisions and cases by the application of power of reasoning. It gives emphasis on analysis of legal rules, principles or doctrines. Doctrinal legal research endeavors to develop theories, and non-doctrinal legal research endeavors to see as to whether the theories, the doctrines, that we have assumed are appropriate to apply in society at a given time, are still valid and relevant. Doctrinal legal research, as conceived in the legal research domain, is research 'about' what the prevailing state of legal doctrine, legal rule, or legal principle is. A legal scholar undertaking doctrinal legal research, therefore, takes one or more legal propositions, principles, rules or doctrines as a starting point and focus of his study. He 'locates' such a principle, rule or doctrine in statutory instrument(s), judicial opinions thereon, discussions thereof in legal treatises, commentaries, textbooks, encyclopedias, legal periodicals, and debates, if any, that took place at the formative stage of such a rule, doctrine or proposition. Thereafter, he 'reads' them in a holistic manner and makes an 'analysis' of the material as well as of the rules, doctrines and formulates his 'conclusions' and writes up his study. This study is essentially a doctrinal research. The paper looked at federal legislations as well as the case law with view to seeing the extent and contents of the application of the legal rules contained therein.

CONCLUSIONS AND RECOMMENDATIONS

It is submitted that this paper being a legal one and solely doctrinal, has made adequate discussions on the fundamental principles of insurance in Nigeria. Repeating it will make the discussion unduly long and devoid of academic flavor. Based on the discussions as indicated above, it is considered apposite to make the following findings:

a. That the principal legislation governing the principal legislation regulating the law of insurance in Nigeria is the Insurance Act 2003. It has made provisions for qualification and registration of insurance companies, types of insurance contracts, principles of insurance, premium, insurance brokers, premium and insurance property.
b. However, despite this seemingly all-encompassing legislation, as we have seen above, there seems to be a lot of lacunae that are only supplemented by the decisions of courts of law, which are mostly applicable to peculiar fact of each case.
c. It is submitted that having a legislation that covers every conceivable question of law covering insurance will make it easier for foreign investors and the general public to have a clear picture of the basic law of insurance. This, it is opined, will make it easier for investors to readily engage in insurable business, and shore up new possibilities for the Nigerian economy.
d. It is based on this premise that a recommendation is hereby made to amend the Nigerian Insurance Act, to make bring it in line with modern economic realities.

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