

Marketing of Developmental Insurance Scheme in Nigeria: A Pragmatic Approach

Ezeudu Ikenna Jude, Ph.D

Department of Banking and Finance Michael Okpara University of Agriculture, Umudike Abia State, Nigeria

Abstract

Development insurance scheme has come to alleviate the suffering of the common man and to ensure effectiveness in the practice of development insurance scheme. The thrust of this paper centres on development insurance schemes which help to increase greater participation of the grassroots in the insurance activities or business. This exploratory paper extensively discusses the various insurance policies, its contract clause and effects of its adoption as well as effect in the development of the nation. The paper offered various ways of marketing development insurance scheme in many Nigeria rural communities. One important discovery about the scheme is that it is built on the principle of social welfare and thrift. Insurance marketers are advised to offensively use proposed models that includes the cultural norms theory of communication, public relations transfer process models, attitudinal/KABP survey model, pedagogic models and development communication models when marketing any type of developmental insurance scheme. The paper recommends that both government and insurance companies should be deeply involved through appropriate supervisory strategies and education.

Keywords: Insurance, Policies, Grassroots, Development, Communication

1. Introduction

From the colonial days to post-independence era, much of the insurance development strategy of the county was centered on business, entrepreneurs, and arid individuals in the urban communities. There were no laudable attempts to bring insurance business closer to the people in the grassroots or initiate insurance and re-insurance schemes that appeal to the economic needs of the grassroots peoples. The Nigerian insurance scene or market as it is nowadays did not even help matter. During the first national development plan period, the insurance industry was dominated by foreigners. The second national development plan which was launched shortly after the creation of NICON and after the civil war was based on the post-war principles of reconstruction, reconciliation and rehabilitation. The plan projected over N3m for capital expenditure between 1970-1973 and sought to eke out a greater participation in the insurance industry for the Nigerian entrepreneur.

The bulk of gross fixed capital formation was in building and reconstruction of facilities which had been destroyed during the civil war. So, it was in this area of construction and engineering field that the demand for insurance cover was almost best actuated under the third national development plans, short-term objectives were added to the old long-term development objectives. Some of these short term objectives included increase in per capital income, more improved even income distribution, reduction in unemployment level. Increase in high level manpower supply, diversification of the economy, balanced development and progressive indigenization of economic activity.

A critical examination or review of the three and subsequent national development plan shows a total non-inclusion of developmental strategies to the need to interpret insurance schemes to the need of the rural populace. Though very feasible as they ere, the national development plans to integrate savings mobilization and the growth of the national economy to the cultural, and economy to the cultural and economic needs of the rural populace, especially in the area of insurance policies and schemes.

The posture of the Nigerian Insurance industry during and after colonial era was that of foreign dominance. And much of the insurance activities were aimed at multinational companies and rich individuals who could afford to take insurance policies. The federal government in her effort to deregulate various key aspects of the economy allowed both foreign and private investors that invest funds in the economy. The money market through banks gathered momentum as the banking industry expanded both in its financial intermediation and physical growth.

Much impetus was injected in the banking industry at the wake of the universal banking policy. This policy allowed banks to venture into insurance business for fund mobilization and investment. The deregulation also opened a new vision in community banking. Today community banking has helped in improving the lot of the rural people. But unfortunately as an active participant in the financial market, the insurance industry in Nigeria has not really introduced rural insurance schemes. This rural insurance scheme is part and parcel of development insurance scheme this paper is calling for. What then is development insurance? How can it be introduced in the Nigerian insurance industry? What are the benefits of this new insurance paradigm? What could be the likely problems that may arise during its introduction? These and other questions will be answered as we progress.

The thrust of this paper centres on development insurance schemes that will help to increase greater participation of the grassroots in the insurance activities or business. The paper offered various ways of marketing

development insurance scheme in many Nigeria rural communities. The concept of development insurance schemes lays much credence to economic development strategies of the rural communities via insurance.

2. Development Insurance: A Conceptual and Contextual Analysis

The conceptualization of development insurance or what I may prefer to call new insurance practice is based on the term development. And for us to understand better what development insurance means, it may be apposite to discuss development. In modern economics, the concept of development is described as a process of providing disadvantaged people the opportunities to realized and improve on their knowledge, attitude and still to utilize sustain and improve then-productivity of available resources within their environment in order to improve the quality of their life and the society where they belong" (Amauchezi, 1986:45)

Development can be seen as a widely participatory process of social change and material advancement (including greater equality, freedom and other valued qualities) for the masses through gaining greater control over their environment". Implicitly development is translated as a positive change in the social institutions and other structural relationships that take place. However, this change must involve speedy transformation of a country (economic growth, modernization, industrialization, etc) and utilization of appropriate expertise in the development process that will assist in increasing participation of intended beneficiaries at all levels of human endeavour. And for this beneficial change or positive change to occur, the country or its government must initiate appropriate developmental plans or strategies, which must see to the well-being of the people as its fulcrum (Ijeomah, 2002). It is based on this that insurance industry, government, private organization and companies are advised to start to develop an awareness of their realities and a capacity to initiate strategies of cultural problems for a better national development.

However, development insurance is a new insurance philosophy, which recognizes the insurance need of the rural people, by tailoring insurance scheme or policies to the economic exigencies and problems of the rural people. It is aimed at instilling insurance culture at the grassroots by properly initiating insurance schemes that income earners, rural farmers and artisans etc can undertake. Unlike rural or community banking, the rural insurance based concepts will help in mobilizing the rural populace to take bold steps in investing in insurance policies in order to protect their crops, farms shops, trade etc. by saving their life during the "raining days". Insurance as a risk transfer mechanism enables business to survive and thrive. By providing succour to business when unexpected losses occur. The risk associated with massive loss of farms to cattle or pest can be taken care of through development insurance. The economic principle embedded in insurance is mostly visible in the encouragement of thrift. Thrift as part of informal financial aid in the capital market has also helped in solving the economic problems of the common people. The attribute of thrift is part of the foundation upon which prosperity of the individual and the nation can be built. Initiation of development insurance strategies should be based on the concept of thrifty. According to Evans (1980) "a system which encourages a man to place himself under an obligation to save for a worthwhile purpose is important especially when the motive actuating the thrift is family welfare and old-age provisions.

Development insurance or the new insurance practice is also rooted in social welfare. In the area of service to social welfare it must be emphasized that life assurance has been a veritable instrument for keeping family together when the breadwinner dies. In Africa, a situation where the family breaks up because of the death of its central figure is totally undesirable. Adequately development insurance cover can provide the needed succour occasioned by early death and relieve the financial strain during the period of readjustment. Arising from the foregoing discussion, it is very important that the Nigerian insurance industry begin to adapt its services towards the rural people if they are to imbibe insurance culture as a way of cushioning effects of unexpectedly risks. Stimulating the grassroots to actually participate in insurance activities is the message and one of the objectives of development insurance. It is paradigm shift not totally from urban insurance to rural insurance but a shift from known way of doing insurance business to new ways.

2.2 Theoretical Framework

This paper is based on a number of theories. These will help to give meaning to the propositions on developmental insurance scheme in Nigeria. The attitude marketing perspective is the first strategy that will help in the key underpinning variable in the adoption of development insurance practices. The attitudinal perspective implies that for effective introduction of development insurance in a pathetic environment, the attitude of the majority of the environment or community should be evaluated in terms of their exposure and behaviour towards general insurance practices. And to effectively adopt the attitudinal perspectives a popular research technique called KABP survey becomes very vital. The acronym KABP means knowledge, attitude, behaviour and practices. So such survey when adopted will be able to ascertain the present knowledge of the majority of inhabitant of the community about development insurance or general insurance policies. Such survey will also reveal their behaviour towards insurance policies or investment in insurance policies. The present practices of insurance companies will also be evaluated. All this will help in preaching the new gospel of development insurance to the people. However the essence of attitudinal cum KABP model is to effect a change in attitude

and behaviours of those people whose feelings are alienated in the economic equation of the insurance industry. It will also discover their needs and problems in the insurance business.

The cultural norms theory of communication is another theoretical assumption that will aid us in understanding the concept of development insurance. The cultural norms theory of communication as explained by Gusan (1995) has found wider application in social and economic issues or communication. The concept of the theory is that through careful selection of materials and facts to be presented in a programme that involves the cultural life of the society, an individual can be influenced (motivated) to adopt the changes advocated therein. The insurance industry can adopt this approach by hiring a competent marketing communication practitioner e.g. public relations expert to influence the minds of the rural people towards insurance policies. Three ways by which the insurance industry can possibly do this have been suggested

(a) The message contents can be presented in such a way as to reinforce the existing norms, for example the local or modern cultural norm of thrift collection. When the message content reinforces this existing norm of thrift (Isusu) the recipients of the message will understand the point in undertaking development insurance scheme.

(b) The message contents can be presented in such a way as to highlight new ways of improving existing norms. For instance drawing emphasizes on the social welfare principles of thrift and insurance.

(c) The message contents can also be presented in such a way as to change or convert people from one view or behaviour to another models, communication could always offer basis for agenda-setting, motivation, persuasion, critique, entertainment and/or socialization,

However, in marketing the development insurance schemes the marketing communication working for the insurance company should be able to marry the contents of the cultural norms theory and appropriate Information Education Communication (IEC) packages. This will help to achieve effective attitudinal and behavioural change (Achor, 2004).

Jelkim (1985) model of public relations transfer process comes handy in the marketing of development insurance scheme. The transfer process model, seeks and also shows how public relations can be utilized to change hostility among an organization's target public to sympathy, their prejudice to acceptance, apathy' to interest, and their ignorance, to knowledge. The concept has been variously applied as a guide to the planning and implementation of numerous public relations programmes and campaigns. It is practical application value, has very pragmatic nature. It has been variously modified and applied in solving public relations problems. For instance, Nwosu (1994) x-rayed how this can be used in ending the often unhealthy rivalry between academic and non-academic staff of tertiary institutions. Similarly Benson-Eluwa (1999) exemplified how it can be use to a mutual or positive one. It is known to have effectively worked in every situation. It was applied; hence doubtlessly it can be used here (in marketing of development insurance).

Given the non appreciation of insurance industry by many Nigerians, the transfer process model can be used to change the attitude model of those who are hostile to insurance. They will better understand the benefits of insurance and begin to develop likeness for insurance schemes most especially the development insurance schemes that are aimed at alleviating the plight. Those who are prejudicial will soon begin to accept the offerings of development insurance when exposed to appropriate attitude-change message or communication strategy. Those who lack interest in insurance policies will be persuaded to develop strong interest while the ignorant will have insight about development insurance.

The pedagogic functions of marketing communication media can also be applied in selling of development insurance. Pedagogic functions comprise education, persuasion and reinforcement (Nwosu, 2003). In persuasion, the insurance marketer making communication have the responsibility to induce social change through this presentation. It is generally agreed that the media of marketing communication can through their message, bring minor behavioural changes even though weighed against other environmental factors they still have an upper hand. Therefore to achieve a maximum change in behaviour regarding peoples' disposition towards insurance, sustained persuasive messages should be used. In other words, those who are in critical positions of insurance industry must not only be heard to be supportive of the social re-orientation and engineering but they must also be seen as acting to prevent the various negative actions often brazenly displayed through sharp practices.

One of the three main functions of marketing communication is its role as the surveyor of knowledge. The conveyor belt theory is a product of the early thinking surrounding the S-R theorist' explanations of the communication process. Reinforcement of relief, attitude, values, opinion and human habits is achieved through the marketing communication media working with other formal and informal channels, but it must be noted that in various human encounter received characteristics such as dogmatism, self-esteem, aggressive disposition, anxiety and prior attitude coupled with selectivity option make reinforcement hard to achieve. So the insurance marketer or communicator must be able to identify areas of social consensus and convergence and focus on them given the reality that human beings seek out information which tend to reinforce their long hold notions.

Finally, development communication can help the insurance marketer or communication to sell developmental insurance ideas or products to the people. Development communication as a concept, implies the tendency to

rely heavily on communication strategies (interpersonal and mediated) in the effort to achieve meaningful but accelerated development (Yoon, 2001) In this case, (marketing development insurance) which is a social marketing process demands the participation of all (ie the government through proper enactment of legislation that encourages both insurance companies and the rural populace to appreciate developmental insurance; private individuals and businesses. While the application of communication in socio-economic development has undergone various methodological approaches over the years, the popularity of development communication across the globe has been on the increase. It has been argued that the usual top-down vertical flow of development idea/information has influenced most failures of the past, hence the need for horizontal and participatory approaches (Bessette 1996, Yoon 2001 and dark, 2001).

3. Types of Development Insurance Scheme

Since development insurance as earlier alluded centers on house insurance needs of the community, it therefore suffices to say that the types of development insurance scheme should be community oriented scheme.

- i. Modernization insurance thrift scheme: This type of development insurance scheme is rooted in the old local thrifty (Isusu) that is still being practiced various communities. It is modernized or modified as insurance scheme in that thus insurance company is involved in the collection and safe keeping of fund raised. This thrift can be organized by traders, farmers, artisans, etc. a certain percentage of daily sales or profit should be set outside as insurance thrift, which is aimed at helping any member or whose shop, stall is raised by fire or whose goods are stolen. An insurance company can be the underwriter and also provided technical assistance on how to determine the causes and extent of risk or change and prove much to give a victim for the loss. This kind of scheme can restore the hope of local trader or farmer to start life again. The idea of modernized or modified insurance scheme is based on the principle of self-help projects. The money collected in this scheme is not meant for sharing but on self-help in time of business problems or farming problem.
- ii. Road Transport Accident Insurance Scheme: This scheme is presently been practiced by some insurance companies in collaboration with private individuals. The National Union of Road Transport Workers operating every motor park remits certain amount of money to the scheme for every bus or vehicle that loaded commuters. A manifest of every passenger or commuters that boarded a vehicle is taken by insurance company. In case there is any road mishap, the insurance company pays compensation to people who sustain severe injuries to the relatives of those lost their life in the accident: Despite that this scheme is already operating, the National Insurance Commission should come out with appropriate strategies of managing or supervising it, it should also enforce insurance cover for long distance travel that ply intercity routes.
- iii. National Health Insurance Scheme: This particular scheme is presently operating in the country. But awareness on its process is lowest ebb. The rural scheme, Federal Government through it NICON offers NHIS to its civil servants and top politicians. There is always an annual deduction of a specified percentage servant especially the top government functionaries by NICON as NHIS. Such deductions are used to support workers who are hospitalized for one health problem or the other. There should be a review of this scheme to include rural people at the villages. Government can encourage artisans to also join and benefit from the sheme. Through the cooperative of these groups, NHIS can be extended to them. National Insurance Commission can empower NICON to build branches in some chosen area in each of the state for that purpose. Pensioners or retirees should be included in the modified NHIS for proper representation.
- iv. Shop/Stall/Office Insurance Scheme: National Insurance Commission can empower insurance companies to introduce new products that deals on the risk involve in shop/stall or office first incidence. Traders who are operating their business in local markets should be encouraged to take up such insurance cover against unforeseen fire incidents. Though, they can manifest attitude that may hinder insurance marketers to sell such products or attract new prospects.

In summary, what these entire development insurance schemes are pointing to is that insurance should be extended to the common man in the society. This premise collaborate the vision of General Gowon for the insurance industry in the 21st century. According to him, Nigerians will want to see a situation where a farmer can insure his "hoe" and an "okada" man his motor bike" at an affordable price. It is important to note that the increasing importance of customer value and focus will demand greater emphasis on pricing techniques that emphasis individual characteristic in preference to group rates. Risk differentiations in terms of premiums to the specific features of the underlying risks or hazard will again more prominence.

4. Regulating the Scheme

The National Insurance Commission, Nigerian Corporation of Insurance Brokers (NCIB), Chartered Insurance Institute of Nigeria (CIIN) and National Supervisory Board (NISB) are part and parcel of the regulatory bodies.

These bodies should see that when the development insurance scheme is fully operational insurance companies comply with ethical practices. One or two big insurance companies can be used to test run the scheme. For example NICON can be used to handle the early phase of the scheme since it has the required resource so that others can join later.

4.1 Benefits of the Scheme

Some of the benefits of developmental insurance practice have been discussed earlier in almost all the subtopics. Below are other benefits;

- i. It will help to bring insurance scheme to the common man.
- ii. It builds the desired insurance culture in the people.
- iii. It builds the capital of insurance companies.
- iv. It makes the rural people to feel as part of economic activities going in the country.
- v. It restores the hope of a common man who may be devastated by fire or road mishaps etc.
- vi. It encourages the spirit of self-help and builds on the principles of thrift and social welfare.

5. Conclusion

Development insurance should be encouraged in Africa and most especially Insurance Market, other emerging markets in African can follow suit to help bring the benefits of insurance to the people. The importance of developmental insurance cannot be over emphasized given the array of its benefits both to the insurance industry and individuals-

One important thing about the scheme is that it is built on the principle of social welfare and thrift. Insurance marketers are hereby advised to offensively use the models proposed in this write up when marketing any type of developmental insurance scheme. These models includes the cultural norms theory of communication, public relations transfer process models, attitudinal/KABP survey model, pedagogic models and development communication models-

People orientation towards insurance needs to be changed through proper attitudinal/change communication programme. This will help in the desired insurance culture in Nigeria. Development insurance scheme has come to alleviate the sufferings of the common man. And to ensure effectiveness in the practice of development insurance scheme, both government and insurance companies should be deeply involved through appropriate supervisory strategies and education.

References

- Amauchezi E. (1986) Reading in Social Science: Issues in National Development, Enugu: Fourth Dimension
- Benson-Ehwa, (1999), Public Relations: A Practical Approach, Virgin Creation, Enugu.
- Bessette G. (1996) "Development Communication in West Africa, Towards a Research And Intervention Agenda" IDRC Occasional Paper (pp 1-7)
- Clarke, K. (2001) If. "What Does It Mean." In Development Issue, 16,2001
- Gusau, N.S. (1995) The Mass Media in Nigeria Kaduna: DIAMP
- Ijiomah, M.I. (2002) Nigerian: An Anatomy of Development And Retrogression, Enugu Smart Link Publishers.
- Evans, (1980), Self Insurance New York: S & B Publisher
- Jefkins, F. S. (1985), Marketing Management, Advertising and Public Relations, London: Macmillan Publisher.
- Kotler P (2000) Marketing Management Analysis, Planning, Implementation And Control, Millenium Edition Englewood Cliffs Prentice-Hall International Inc.
- Nicon Insurance PLC (1994), NICON at 25 Lagos: NICON Insurance
- Nwosu I. E. (1994), "The Application of Public Relations Transfer Process to solving Academic and Non Academic Misunderstandings in University of Nigeria" A Work Paper
- Nwosu, I. E. (1994) "Applying PR Strategies In Improving Academic And Non Academic Staff Relations in Nigeria", Workshop On PR In Universities Hill Station Hotel Jos.
- Roger E.M (1976) Communication And Development: A Critical Perspectives Hills, California.
- Yakubu G. (1999) "Insurance in Nigeria in the 21st Century", paper presented at a public Lecture to Mark the 25th Anniversary of the Nigerian Insurances Association.
- Yoon, C.S. (2001) Participatory Communication For Development IDRC Occasional Paper