Insuring the Nation: Europeans and the Emergence of Modern Insurance Business in Colonial Nigeria

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Abstract
Insurance as one of the pillars of any economy has been in existence from time immemorial. However, with time, an internationally acceptable form of practising and underwriting insurable risk were developed first by the Europeans who in turn introduced it to other continents of the world. Thus, this paper discusses the emergence of modern insurance business in Nigeria between 1902 and 1959. The paper not only explained the basic concepts of modern insurance, but also posits that both the colonial government in Nigeria and the colonial office in London aided the emergence of foreign insurance companies that dominated the Nigerian insurance market during the period under consideration.

Introduction

Available records have shown that full commercial and trading activities by the Europeans and West Africans commenced after the 1841 Expedition to West Africa.[1] Essentially, by 1845, a number of European companies from Germany, Britain and France had already established strong trading presence in the West African sub-region, particularly in the Niger Basin area where there was abundance in the supply of palm oil and other agricultural raw materials needed by the Europeans who were at the dawn of the industrial revolution. For the purpose of emphasis, it should be mentioned here that at the end of the

[1] E. Ola Abiola, *A Textbook of West African History: AD 1000 to the Present Day* (Ado Ekiti, 1975), p. 115.

Napoleonic Wars (1803 – 1815), Great Britain embarked and engaged on an aggressive expansion of its trade links with the Nigerian interior, which resulted in the establishment of a strong British presence in the territory of modern-day Nigeria. At the Berlin Conference of 1884/85, Britain's claim to a West African sphere of influence was internationally acknowledged. This made it necessary and inevitable for the British Crown to grant the Royal Niger Company a charter under the leadership of Sir George Taubman Goldie. With this, the British were set to explore, exploit and consolidate their presence in Nigeria economically, socially, culturally, and politically.

In 1900, the charter of the company was revoked and all the territories under its authority brought under the control of the British Government, which subsequently moved to consolidate its hold over the area of modern-day Nigeria. On January 1, 1901, the Nigeria area became a British protectorate and part of the British Empire – the foremost world power at that time. 1n 1914, the entire area was formally united as the Colony and Protectorate of Nigeria, although administratively the country remained divided into the Northern and Southern Provinces and Lagos Colony. With all the territories under the control of the British Government, an effective colonial system was introduced into Nigeria along with Western education and development of a modern economy. Insurance featured prominently among the earliest modern economic institutions introduced by the Europeans to safeguard the interests and investments of merchants trading with the colony.

One of the reasons why modern insurance practice evolved in the Western World was due to the increase in the number of ocean-going vessels that were engaged in transporting goods from Europe to other continents. These vessels were exposed to various hazards on sea and at port; thus, it became necessary to evolve a system of compensating victims of such hazards.[2] Modern insurance was introduced into Nigeria early in the 1900s.[3] That was a period of increased commercial

2 For a detailed explanation of the development of marine insurance in Europe, especially in Britain see G. Clayton, *British Insurance* (London, 1971), pp. 23 – 33

3 Irukwu J. O. (ed.), *Nigerian Insurance Year Book*, 8th Ed. (Lagos, 1986), p. 112.

activities between Europe and West Africa in textiles, agricultural raw materials and some other merchandise goods. The turnover of ships travelling from Britain in particular to West Africa had grown rapidly with the introduction of the steamship since the 1850s; reliable statistics have shown that between 1663 and 1900 a total of 526 vessels berthed at the Lagos port with a total tonnage of 531,871 for the same period.[4] With this, it became necessary to insure the goods and the vessels. Consequently, the British merchants who were already used to the principles and practice of modern insurance insured their ships and cargo in the London insurance market. The practice was later carried to Nigeria.

With the establishment of various trading posts along the Nigerian and West African seacoast, the above arrangement soon proved to be inadequate because of the following reasons. First, the length of time required to complete a single insurance transaction between Lagos and London was extremely slow. Second, and perhaps more importantly, available communications facilities were highly inadequate and unreliable. It was in the face of these problems that a structural change was introduced into the insurance market in Nigeria.[5]

However, prior to the introduction of modern insurance practice in Nigeria, available literature has shown that Nigerians also had in place a traditional system of providing against any occurrence of loss that might befall any member of a group or a community, thereby ensuring continuity in an individual's economic and social endeavours. Amongst the various communities in Nigeria, kinship relations provide the basis for protection against losses. For example, there are specific institutions that encourage savings for the future in case of losses among the Yoruba. This is known as the *Esusu*. Among the Igbo of Southeast Nigeria, similar institutions also exist. These institutions have various names, such as *Ogbo*, *Isusu* or *kompini*. Among the communities of Northern Nigeria, families do come together to help one another in times of need. Here kinship ties are very important, but they might not

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4 See *Lagos Blue Book* (Lagos, 1978), p. 64.

5 See Barry Supple, *The Royal Exchange Assurance: A History of British Insurance 1720 – 1970* (London, 1970).

have been institutionalised, as it was the case in the Yoruba and Igbo communities.[6]

Conceptual Clarifications

In this section, the concept of risk and insurance will be briefly examined because it will help us to attain a better understanding of our study as the discussion progresses. The concept of risk is as old as the history of the creation of man and as such, it is not possible to be dogmatic about the definition of the concept especially as scholars or specialists in this area have failed to agree on a universally acceptable definition. Nonetheless, we shall attempt a working definition that considers "risk as the uncertainty of loss as it concerns life, fire damage, theft of property, accidents and others."[7] Generally, this definition implies that it is not certain as to when a loss will occur and how severe it will be once it has occurred. Risk, has also been defined as the "possibility that something we do not want to happen will happen or that something we want to happen will fail to do so."[8] From these definitions, two points seem to have clearly emerged. First, we have learnt that risk is a problem, which every human being has to contend with, and second, that risk is at the very centre of insurance. The implication of this statement is that without the existence of risk there would be no need for insurance because every person, institution and organisation will be safe and secure.

Risks can broadly be classified into two categories, i.e. pure and speculative risks, fundamental and particular risks. Simply defined, pure risks "...involve only the possibility of a loss; the deviation from expectations can be unfavourable only."[9] With this type of risks, the possibility of making a gain out of an event may be remote but at best, the *status quo* will be maintained. Examples of pure risks are fire, accident and death; whether these events occur or not, the result will be the maintenance of the *status quo*. On the other hand, speculative risks

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6 See Michael m. Ogbeidi, " Insurance Institution in Pre-Colonial Nigeria."

7 Dickson, G. C. A. and Steele, J. T., *Introduction to Insurance* (London: The Chartered Insurance Institute Tuition Service, 1981), 1.

8 Ibid.

9 Athearn, J. L., *Risk and Insurance,* 2nd Ed. (New York: Meredith Corporation, 1969), 3.

are risks that hold out possibility of a gain or a loss. Thus, risks that fall under this category are generally referred to as uninsurable risks. Examples are shoplifting and expectation of making profits from a new product.

Fundamental risk has been defined as "...one that is impersonal both in origin and consequence. The losses that flow from fundamental risks are not normally caused by one individual and their impact generally falls on a wide range of people."[10] From this definition, we can conclude that risks that are fundamental in nature normally arise from some physical occurrence that is beyond the control of man or they may arise out of the nature of the society we lived in. Examples of risks that are fundamental in nature are famine, earthquake, pollution, and war. Due to the nature of these risks, they are generally unacceptable for insurance by modern insurers. The general consensus is that such risks are societal problems, and as such, the society as a whole, the government or the international community should be left to find possible solutions to them. On the other hand, a particular risk is one that "…has its origin in individual events and its impact is felt locally."[11] In essence, an individual is likely to experience a loss from the occurrence of a particular risk. Examples of particular risks include accidental damage to personal effects and theft of property.

Having clarified the concept of risk, there is the need to understand the concept of insurance. Insurance has been variously defined by as many scholars as explored the field. A definition of insurance described it as "…a device for the reduction of the uncertainty of one party called the insured, through the transfer of particular risks to another party called the insurer, who offers a restoration, at least in part, of economic losses suffered by the insured."[12] Willet defined insurance as "…that social device for making accumulation to meet uncertain losses of capital which is carried out through the transfer of the risks of many individuals

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10 Dickson and Steele, *Introduction to Insurance,* 3.

11 Ibid.

12 Irving, P., *Insurance and Economic Theory* (Homewood, Illinois: Richard D. Irwin Inc., 1956), 53.

to one person or to a group of persons."[13] Similarly, it has been defined "…as a means whereby groups of people, facing similar risks, can club together for the protection against certain financial losses."[14] Under this situation, each individual transfer his risks to the club and in return, he pays a little sum of money known as the premium. Hence, any member of the club who may be unfortunate to have to suffer losses will claim compensation from the club or fund. Thus, the loss of the few is borne by many.

All these definitions have been selected after a careful study of some of the various definitions associated with the concept of insurance, and also like the concept of risk, it has been difficult to find a suitable definition that is universally acceptable for the concept of insurance. The definitions also help to consolidate an earlier point that the concept of risk is the essential ingredient needed for insurance to survive or take place. This is because, underlying the various definitions of insurance is the concept of risk pooling, and the desire of various people to come together to pool the resources at their disposal to protect themselves against any loss that might occur.

Basic Principles of Modern Insurance

In this section, we shall attempt an explanation of the principles on which modern insurance business is based, although we shall not concern ourselves with the technical details of these principles. The principles to be examined are insurable interest, utmost good faith, and indemnity.

The existence of insurable interest is an essential ingredient of any insurance contract and it has been defined as "...the legal right to insure arising out of a financial relationship, recognized by law between the insured and the subject-matter of insurance."[15] The subject-matter of insurance "can be any form of property or an event that may result in a

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13 Willet A. H., *The Economic Theory of Risk and Insurance* (Philadelphia: University of Pennsylvania Press, 1951), 72.

14 Dickson and Steele, *Introduction to Insurance,* 1.

15 Steele, J. T. *et al.*, *Principles and Practice of Insurance* (London: The Chartered Insurance Institute Tuition Service, 1984), 2.

loss of a legal right or creation of a legal liability."[16] Put in a simpler form, insurable interest means that "a person who wants to purchase an insurance service must stand to benefit from the existence of the life or property to be insured and stand to suffer some pecuniary loss by its destruction."[17] Four essential features have been identified with the principle of insurable interest and these are:

a) there must be some property, rights, interest, life limb or potential liability capable of being insured;
b) such property, rights, interest, etc, must be the subject-matter of insurance;
c) the insured must stand in a relationship with the subject-matter of insurance whereby he benefits from its safety, wellbeing or freedom from liability and would be prejudiced by its damage or the existence of liability;
d) the relationship between the insured and the subject-matter of insurance must be recognized by law.[18]

Another important principle of modern insurance that will be briefly explained here is the principle of utmost good faith. Before moving further, it is important to mention here that insurance contracts are quite different from ordinary commercial and non-insurance contracts. In the latter case, the operative doctrine is that of *caveat emptor* i.e. the buyer should beware. This is because each party to the contract can examine the item to be purchased or service to be rendered thoroughly before agreeing to be a party to the contract. It is not necessary for each party to disclose information requested. But with an insurance contract, the situation is the reverse i.e. the operative doctrine is that of *uberime fides* or utmost good faith. Simply defined:

> utmost good faith means that each party to a proposed contract is legally obliged to reveal to the other, all information (material fact) which would influence the other's decision to enter the contract, whether such

16 Ibid.
17 Oniwinde, A. K. "Marketing of Insurance Services in our Society," *Journal of the Insurance Institute of Nigeria* (December 1987): 7 – 8.
18 Steele, *et al.*, *Principle and Practice of Insurance*, 2.

information is requested or not.[19]

In the above quotation, the phrase, “material fact,” has been defined as a fact that would influence the mind of a prudent underwriter in assessing a risk.[20] Finally, the duty to disclose does not rest with the proposer alone. It is like a double-edged sword because the duty to disclose all relevant information rests on both the insurer and the proposer.

At this juncture, we shall examine the principle of indemnity and its corollaries of subrogation and contribution. "Indemnity, for the purpose of insurance contracts could be looked upon as the exact financial compensation sufficient to place the insured in the same financial position after a loss, as he enjoyed immediately before it occurred.”[21] An interesting point to note here is that the principle of indemnity applies to all insurance contracts except life assurance and personal accident insurance. The reason for this is that a person's life or limb cannot be measured monetarily. Thus, caution is greatly exercised when the contract is effected in life and personal insurance. Furthermore in “life assurance the amount by which a person may be insured is limited by his own ability to meet premiums. In personal accident policies offering weekly benefits, it is limited to an amount that will not provide an unreasonably high benefit in relation to a person's normal earning.”[22]

As earlier mentioned, the principle of subrogation and contribution are corollaries to the principle of indemnity. Thus, our discussion on the latter will be incomplete without brief explanation of these corollaries. “Subrogation is the right of one person, having indemnified another under a legal obligation to do so, to stand in the place of that other, whether already enforced or not.”[23] Subrogation operates in a very simple way because any profit the insured might make from an insured

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19 Hansel, D. S., *Elements of Insurance*, 4th Ed. (Great Britain: Macdonald and Evans Ltd., 1985), 147.
20 Ibid., 148.
21 Steele, *et al.*, *Principle and Practice of Insurance*, 1.
22 Ibid., 3.
23 Ibid., 1.

event is recouped by the insurer who has already indemnified the insured. It is important to state here, that it is not that the "insured cannot recover from a source in addition to his own insurers; what is being said is that, should he succeed in so doing, the money he acquires is not his but is held in trust for his insurer who has already provided an indemnity."[24]

On the other hand, "contribution is the right of an insurer to call upon others similarly but not necessarily equally liable to the same insured to share the cost of an indemnity payment."[25] Furthermore, "...if an insurer has paid a full indemnity it can recoup an equitable proportion from the other insurers of the risk."[26] Finally, "if a full indemnity has not been paid, then the insured will wish to claim from other(s) also to receive an indemnity, and the principle ...enables the total claim to be shared in a fair manner."[27]

What is more, it is hoped that the above discussion has raised the level of our understanding of the concepts mentioned. This exercise is viewed necessary because it will help in reducing complications that the reader may be faced with as the work progresses.

European Companies and the Nigerian Insurance Industry, 1902 – 1959: An Era of Foreign Domination

In 1902, a law firm - Irwin and Bonnar was appointed by the Royal Exchange Company of London as its agent in Lagos[28] and, by 1919, this agency had developed into a full agency office with a Resident Inspector. These steps were taken as the London Head Office had received "detailed reports on the economic situation and prospects of insurance in ...West Africa ...by 1919."[29] In 1921 Lagos became a full branch office, and remained the only locally established insurance

[24] Ibid., 2.
[25] Ibid., 5.
[26] Ibid.
[27] Ibid.
[28] Ogbedi M. M. "A Historical Analysis of the Insurance Industry in the Nigerian Economy 1902 – 1986" (M.Phil. diss. University of Lagos, 1990), p. 1 – 26.
[29] Supple, *Royal Exchange,* p. 474.

company with an office in Nigeria until 1949.[30] This situation should not surprise anyone because while the post 1914 – 1918 war boom that extended to about 1929 had positive effects on, and contributed to the growth and development of the British Insurance industry,[31] the situation was not the same in Nigeria, the tempo of Insurance business was generally low and consequently, there was an evident lack of encouragement and interest In the insurance business. However, this is not to suggest that the general trend and level of growth of the industry was static.

The Royal Exchange concentrated more on fire insurance during its early days in Nigeria, the reason for this being that Lagos had a sizeable number of industries and expatriate population, and also because of the fear of enemy attack on vital installations during the Second World War period. Another reason is due to the fact that there were many cases of fire outbreak in Lagos in the 1910s and 1920s because of poor urban layout. But investigation has shown that the level of fire insurance business was generally low during the period under consideration and this represents a lack of rapid development in the country's economy. The company extended its services to cover general accident insurance in Nigeria when it acquired two leading motor insurance specialists in London in 1917 and 1918 respectively; these were the Car, General, and Motor Union insurance companies. By 1927, the company was already receiving an upward sum of £56,000 in premium income.[32] Furthermore, the company "introduced a significant innovation in 1937 in the form of a West African Provident Fund Scheme for local clerks - a contributory scheme which in the circumstances of the time appeared bold and imaginative."[33]

However, this scheme can be seen as one of the instruments of colonial exploitation because it was a means of ensuring very huge profits for the company and these profits were finally transferred to the British market for further investments. The entry of new insurance companies into the Nigerian market did not begin until 1949 when three companies

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30 Ibid.

31 Clayton; *British Insurance,* pp. 23 – 33.

32 Supple, *Royal Exchange,* pp. 472 – 474.

33 See Nwankwo, G. O., *The Nigerian Financial System* (London, 1980).

registered their presence through the appointment of general agents who were given power of attorney "to accept risk, issue policies, adjust and settle claims and ...undertake all insurance transaction on behalf of the overseas principals.”[34] A leading Nigerian trader, Sir Mobolaji Bank-Anthony, was appointed by the Law Union Insurance Company of London to act as its agent in Nigeria. The Norwich Union Finance Insurance Society of London appointed the British Engineering West African Company (BEWAC) to transact business on its behalf in Nigeria, while the united African Company (UAC), was appointed by the Northern Assurance of London. Other Foreign insurance companies that had representatives in Lagos as at 1959 included the Fire Insurance Society, Tobacco Insurance Company, and Legal and General Assurance Society Limited of London.[35]

The above situation had two major impacts on the early insurance scene in Nigeria. First, corporate bodies such as the UAC and BEWAC established separate insurance departments manned by expatriates, or in some cases, the personnel required to man these departments were provided by the principal insurance companies. Second, with the increased number of insurance companies in Lagos after 1949, there arose a need for more agents to be appointed. This led to a situation whereby the general or major agents appointed sub-agents some of who were accountants, lawyers, bank managers, motor dealers and many others all over the country. Despite the increase in the number of agents and the presence of a full branch office of the Royal Exchange Assurance in Nigeria, the volume of business was still small. This situation clearly shows the general attitude of the colonial government, the insurance companies, agents and populace to the insurance sector of the economy.

As already mentioned above, the operations of the Royal Exchange Assurance was threatened after 1949, One reason for this was that the post 1945 period was that of economic boom in Nigeria, AS a result

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[34] Lijadu, O., “The Growth and Development of the Insurance Industry in Nigeria” (Private Paper, Second National Seminar on the Insurance Industry in Nigeria, 1973)

[35] Harold E. Raynes, *A History of British Insurance,* 2nd Ed. (London, 1964), p. 8.

there was an increase in produce trade between Nigeria and Britain and this led to a sharp increase in the number of motor lorries in the country used for conveying the agricultural produce from the interior to the sea port.[36] Also, both the small produce traders and the big foreign buying agents normally got monetary advance from the banks to help them cope with the financial requirements of their trade, but the banks always insisted on the production of insurance bonds as security for the advances before the money was released to the traders and buying agents. This development, no doubt, gradually but steadily led to the laying of a stronger foundation for the insurance industry in Nigeria. The overall effect of these factors was an upward trend in the volume of business written. This encouraged the various head offices of insurance companies in London that had agencies in Lagos to upgrade such agencies into branch offices. AS a result, the domination of the Nigerian market by the Royal Exchange Assurance for more then a quarter of a century was brought to an end.

Comparatively, although the volume of business transacted locally in the Nigerian market before and during the Second World War period was small, the situation was not the sane with the British market because it has been established that despite the rejection of certain risks during the war, the volume of business transacted increased tremendously.[37] This is due to the fact that most of the British companies were able to come together to form a common pool for accepting selected war risks, imposing special war clauses and extra premium on the risk accepted.

At this juncture, it will not be out of place if one asks the question-what was the state of marine and life insurance businesses in Nigeria before 19597 For marine insurance, it is true that the number of ships entering the Lagos Port[38] from European countries during this period was on the increase because of the fact that a number of shipping companies operated regular cargo services, such shipping companies included the

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[36] Ekundare, R. O., *An Economic History of West Africa* (London, 1973), pp. 8 – 75.

[37] Clayton, *British Insurance,* pp, 23 – 33.

[38] See Ekundare, *Economic History of West Africa,* pp. 8 – 75.

Elder Dempster Lines Limited, the American West African Line and the Herman Linie and Allied Companies. In addition, the United African Company Limited operated some ships under charter, yet, this did not mean an increase in the volume of marine insurance business because the hull and the cargo were usually insured in their countries of origin, but when a loss is incurred and a claim is to be paid, such settlements, more often than not, were paid from the funds of the Nigerian office of the principal insurance company. This trend continued unabated until the Nigerian government made it compulsory in 1976 for imports to be insured in Nigeria before such goods are brought into the country.

The situation was not different for life and other classes of insurance business. One reason attributable to this situation was that very few Nigerians were enlightened to take advantage of such policies, and, also most of the agents were not well developed technically to handle life insurance businesses. What is more, the early insurance practitioners "...did not consider it worthwhile to insure the life of Nigerians. They concentrated their attention on expatriate personnel and their families, neglected Nigerian life as being too full of risks..."[39] Furthermore, the early crop of practitioners "...in covering accidents, required more stringent conditions for insurance of Nigerian-owned vehicles and property. This large market was thus excluded by definition."[40] This situation remained for a very long time because the expatriate insurers despite the narrow market, which they covered always, realized enormous profits at the end of the trading year.

The period 1929 to 1959 witnessed a general and constant increase in the number of commercial vehicles and private cars that were registered in Nigeria as can be seen from the tables below:

Table I: Commercial Vehicles Registered In Nigeria 1929 – 1939

YEAR	NUMBER	YEAR	NUMBER	YEAR	NUMBER
1929	2,940	1932	2,718	1935	2,800
1930	3,130	1933	2,855	1937	1,619
1931	2,829	1934	2,562	1939	559

39 Nwankwo, *Nigerian Financial System,* p. 16.
40 Ibid.

Source: (i) *Annual Report of the Public Works Department* (Lagos, 1935).
(ii) *Digest of Statistics,* 7, 4 (October, 1958) Lagos.

Table II: Commercial Vehicles and Private Cars Registered In Nigeria 1946 – 1959

YEAR	COMM. VEHICLES	PRIVATE CARS &TAXIS
1946	1,413	702
1947	2,716	1,881
1948	1.993	2,199
1949	2,356	2,112
1950	2.898	2,465
1951	2,901	3,457
1952	3,788	3,784
1953	4,159	3,783
1954	4,332	4,026
1955	5,830	5,398
1956	7.184	6,185
1957	5,551	5,830
1958	7,220	7,459
1959	6,682	9,257

Source: (i) Digest of statistics, 8 (Oct. 1959).
(ii) Annual Abstract of Statistics, 1963.

The increase in the number of motor vehicles in Nigeria can be attributed to the continuous growth of the produce trade in which many of the commercial vehicles were used to evacuate agricultural produce, A greater proportion of these motor vehicles were owned by the UAC because it introduced a system of hire purchase and vehicle hire service of big lorries to convey produce goods such as cocoa, cotton, groundnut etc, from the hinterland to the coast; and as an agent of one of the insurance companies all the vehicles were insured as it was part of the colonial government regulation that all vehicles must be insured either comprehensively or on third party basis. This regulation represented a major shift in government policy towards the insurance industry from 1945. In that year, the colonial government passed the Motor Vehicle

(Third Party Insurance) Ordinance[41] which introduced compulsory insurance for all motor vehicles.

Several reasons can be cited as being responsible for this shift in policy. First, the British government in an attempt to improve the economic and social conditions of the citizens of her colonies passed the Colonial Development and Welfare Act of 1945 in which rules were stipulated and money allocated for the development of each colony. As a result of this, and because of the economic importance of Nigeria to the British government, the colonial government in Lagos introduced into Nigeria a fresh and more revolutionary economic policy through the passing of the Ten-Year National Development Plan 1945 – 1955. Under this plan, more funds were made available for investments and development projects touching on transport;[42] thus, it was no surprise that the above law relating to motor insurance business was introduced in Nigeria. Another reason that can be cited as being responsible for the shift in government policy was that from the above tables it can be clearly seen that the number of motor vehicles in Nigeria was constantly on the increase, thus making it necessary for government to ensure that motor insurers had a legal framework on which to operate in order to safeguard their interests and that of the public as a whole. The sum total is that, these developments no doubt helped to increase the volume of business in this class of insurance, as motor insurance business alone accounted for 70 percent of the market sales.[43]

However, some early insurance practitioners[44] in Nigeria have argued that insurance of motor vehicles during the period under consideration was rare and that there were very few private cars[45] in Nigeria. From the

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41 Motor Vehicles (Third Party Insurance) Ordinance (Act) 1945.

42 Osunsade, F. L. "The Colonial Development and Welfare Scheme And The First Development Plan Period in Nigeria." (M.Sc. Economics diss. University of Ibadan, 1965); Also see "A Ten-Year Plan of Development And Welfare in Nigeria," (Session Paper No. 24, 1945).

43 Farnsworth, J. W. “Some Notes on the Early Nigerian Insurance Scene” in *Insurance Institute of Nigeria Educational Conference Journal* [hereafter cite as IINECJ], IV (1975), p. 203.

44 McNesty, E. C., "The Development of Insurance in Nigeria" in *IINECJ*, 1 (1972), p. 17.

45 Ekundare, *Economic History of West Africa,* p.148.

discussion thus far, we can assert that this argument is not correct. However, if the number of private cars in Nigeria was not as high as that of Britain during the period under consideration, it simply reflected the under development and poverty of the Nigerian economy and society, because only few elite had cars and they were restricted to Lagos and some of the major towns in the southern and northern parts of the country. In fact, some people did not see cars in their districts until the late 1940.

Another class of insurance business that attracted the attention of the colonial government during the period under consideration was workmen's compensation. Before the Workmen Compensation Ordinance of 1942[46] was introduced, the government had been under pressure as early as 1930 through the activities of the International Labour Organisation that had always agitated for labour to be organised. Thus, as a first step, the British In February 1940 enacted the Colonial Development And Welfare Act. This act "...empowered the Secretary of State for the colonies, with the concurrence of the British Treasury to make schemes for any purpose likely to promote the development of the resources of any colony or the welfare of its people."[47] The first result in the labour sector of the economy was experienced in 1941 when the colonial government in Lagos appointed a Labour Officer to oversee the activities of emergent labour unions whose figure stood at 12 in 1940 with total membership strength of 4,337 persons.[48]

The year 1945 marked a major turning point in Nigeria's labour history. In that year, the economy experienced a general strike by the Nigerian workers who were protesting against the exorbitant cost of living, racial discrimination and poor working conditions. Since the question of workmen's compensation cannot be completely isolated from the general area of better working conditions for the Nigerian worker, the colonial government in 1948 made rules to provide for better

46 Workmen Compensation Ordinance (Act) 1942.

47 Ekundare, *Economic History of West Africa,* p.124. Also see "The UK Colonial Development and Welfare Acts," COI, RFP 3400. August 1956.

48 See *Annual Labour Report* [hereafter cited as ALR], Department of Labour, 1951 (Lagos, 1952): ALR, 1954 – 1955 (Lagos, 1956); Also see, Coleman, J. S. *Nigeria; Background To Nationalism* (California, I960), p. 258.

implementation of workmen's compensation measures as contained in the Workmen's Compensation Ordinance of 1942. The new rules required employers and insurers "...to render six-monthly returns giving details of accidents and workmen injured and the compensation admitted and paid."[49] It is unfortunate to report that "despite these rules, the response of private employers was disappointing, as they failed to furnish full and regular particulars."[50]

In its determined effort to introduce a comprehensive legislation in this class of insurance business, the government passed the Workmen's Compensation Act in 1958.[51] This piece of legislation made it compulsory for employers to insure their employees against the sustenance of injury during working hours. Under the 1958 Act, which repealed the 1942 Workmen's Compensation Ordinance, if a worker is injured or died in the course of discharging his duties, the employer must pay compensation to the injured worker or dependants of the deceased in accordance with the provisions of the act. Furthermore, the substantial damages awarded by the courts in the liability cases decided persuaded many potential defendants to take out various types of liability insurance cover to protect themselves against the occurrence of such risks in their factories and offices.[52]

At this juncture, one point that cannot be disputed is that the insurance market was completely dominated by foreign companies. This made Falegan to describe the period as that of 'traditional insurance'[53] in Nigeria. This, however, can be said to be an inappropriate description because available records have shown that Nigeria has its own traditional system of insurance as discussed in the early pages of this

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49 Ekundare, *Economic History of West Africa,* p. 125

50 Ibid.

51 Workmen Compensation Act 1958.

52 Falegan, J. I., "Towards Improving The Public Image of the Insurance Industry: A Critical Analysis of Some Aspects of Government Policy." (Private Paper), p. 5. Also see Irukwu, J. O., *Insurance Law and Practice in Nigeria* (Ibadan, 1971), p.172.

53 Falegan, J. I., "The Pattern of Change in the Development of Insurance In Nigeria." (Private Paper), p. 3.

work. Therefore, the period can be appropriately described as the era of foreign companies' domination of the insurance market in Nigeria.[54]

Conclusion

On the whole, it would not be wrong to conclude that the domination of the Nigerian insurance market by foreign owned companies was further encouraged by the support given to the companies by the British Government in London and the colonial government in Lagos. This clearly shows that the colonial government adopted a *laissez faire* policy towards the insurance industry in Nigeria, and since economic link between Nigeria and Britain was very strong and based more on the centre i.e. Britain, she stood at a great advantage of reaping most of the economic gains from Nigeria. This represented a form of economic exploitation and further gives credence to the school of thought that believes that colonialism in Africa was nothing short of political domination, social degradation and economic exploitation. What is more, the Colonial Office in London gave mandatory instructions to businessmen who were coming to Nigeria, to insure only with the insurance companies who had their origin and head offices in Britain.

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