

THE TEST OF PROFESSIONALISM IN THE INSURANCE INDUSTRY

At times like this when the wind of change is blowing in tandem with developments around one's field of interest, there is every need for self-reflection. Insurance business is in the news again for the purpose of reforming its corporate existence so as to better serve the interest of the Nigerian society. Of particular importance to the history of this segment of the nation's economy is a group of actors bestriding the different arms of the industry and managing the available resources for the benefit of stakeholders. They are the insurance professionals.

In my 25 years of active involvement in insurance and having passed through four different underwriting companies, two notable brokerage firms and also interacted extensively with players in the reinsurance, loss adjusting and ancillary support services arms of the sector, I have come to cherish this line of business more for the role that it plays in all nations' economic life. Believing also that this affords minimum qualification to undertake the subject of this article, I will attempt to objectively comment on

the standing of insurance professionals in Nigeria and also express my personal opinion on the way forward for all current actors.

The Oxford American Desk Dictionary and Thesaurus defines the word "test" as critical examination or trial of a person's or thing's qualities. Similarly, profession is defined as work that involves some branch of advanced learning or science.

The list of standards for judging a profession is as numerous as writers on the subject. The following conditions are however common to most of the listings: an organized body of knowledge, client recognition of the authority of the profession, a code of ethics, and a professional culture nurtured by professional associations. In order to further standardize the work of professionals, attempts have been made to certify managers by different bodies. A model certification program, based upon present-day certification efforts include such phrases as an evaluation of the manager's experience and education credentials; participation in intensive workshops or seminars; an examination of management knowledge; the acceptance of a code of ethics; and provision for continuing education and

development. Some of the most successful certification efforts adjudged to have been made are recorded in the more technical functional areas of business management, such as accounting, insurance and personnel.

THE CRITERIA

I prefer to use the code of ethics and conduct issued by the Chartered Insurance Institute of London (CII) to its members. The CII is the world acclaimed premier professional organization for those working in the insurance and financial services industry. It is dedicated to promoting higher standards of competence and integrity through the provision of relevant qualifications for employees at all levels and across all sectors of the industry. Reference to the CII also implies the Chartered Insurance Institute of Nigeria (CIIN) as the latter also subscribes to the same principles given its historical tie to the CII. In scoring the professionals in the Nigerian market, factors ranging from “below average” to “excellent” will be applied.

The CII code provides five action points in relation to conduct of members namely relations with customers, relations in employment, relations with regulators and the law, relations with the community and the public, and finally relations with the CII. In setting these standards, the CII clearly stated the key values underlying the expectation of compliance to wit inter alia: (a) for members to behave with responsibility and integrity in professional life, (b) to comply with all relevant laws including that of CII, (c) to demonstrate professional competence and due care, (d) to uphold professional standard in all dealings and relationships, (e) respecting the confidentiality of information, and (f) applying objectivity in making professional judgements and in giving opinions and statements.

The assessments are as follows:

Relations with Customers

The rule here prescribes that members will seek to earn and maintain the trust of their customers at all times and should, among other things, give fair and proper consideration and the

appropriate priority to the interests and requirements of all customers. That members will avoid any conflict between their personal interests and that of customers as well as competing interests of one or more customers. The code also requires members to act at all times with due skill, care and diligence such that they act only within the limit of their personal competence and any limits of authorization. Members are further required to be honest and trustworthy with customers and communicate with them in a clear, prompt and appropriate manner. It is also expected of members under this rule to act in a financially honest and prudent manner and not to provide or accept money, gifts, entertainment, loans or any other benefit or preferential treatment from or to any existing or potential customer or provider, other than occasional gifts, entertainment or remuneration which are provided as part of accepted business practice, and which are not likely to conflict with duties to customers.

Comment

The professionals in the Nigerian insurance industry are quite aware of the foregoing. Opinion however varies as to the level of compliance with the code. To some degree, I have witnessed

with a commendable level of admiration the conduct of some of my professional colleagues in displaying the spirit of these principles. The average policyholder or customer in the Nigerian setting however thinks that there is a big room for improvement on the part of the professionals. So, my take on this is that the insurance professionals in the Nigerian market is scored = **BELOW AVERAGE.**

Relations in Employment

This rule requires members of the CII to aim at ensuring good relations with their employers and employees. They are to avoid conflict between personal interests or the interests of any associated company or person, and their duty to their employer while also respecting the confidentiality of information gained in their employment. Members are required to take every opportunity to improve their professional capability, knowledge and skills. On the work front, they are required to accurately and completely account for and report in employer's records all business dealings. Where members hold positions of influence within organizations, they should incorporate, or encourage their

employers to incorporate ethical standards into the organization's governance standards, including the development of an ethical code and it is stipulated that employees should not be penalized for raising matters of ethical concern even if this results in a loss to the organization or a customer.

Comment

This is an area where tremendous efforts had been made by the professionals in the Nigerian insurance industry but which in the last few years has witnessed consistent and gradual deterioration of standards. My take on this is that the Nigerian professionals score = **AVERAGE**.

Relations with Regulators and the Law

This rule requires that members must respect all Laws and abide by all regulations that affect their business and must ensure they operate within the Law and within the spirit of the Law, at all times. Members are further required to ensure that they deal with regulators in an open, transparent and cooperative manner and meet any requirements correctly made of them.

Comment

This is an interesting piece among the codes in that in the Nigerian context, majority of the personnel on the regulators' side are equally insurance professionals. Over the years I have observed a dissatisfying relationship between the regulators and members of the profession especially on the corporate level and if assessed from the regulator's perspective, I reckon that the professionals will score = **BELOW AVERAGE.**

Relations with the Community and the Public

This rule requires that members should recognize the important wider role that they play as professionals and should seek to advance the reputation of financial services, financial planning, insurance and associated trades through their own conduct. They are to operate in a way that respects environmental concerns and issues. Members are further required to strive to be trusted individuals and fulfill their responsibilities to the societies and communities in which they operate professionally.

Comment

Over the years, I have observed genuine and commendable efforts being made by the professionals in the Nigerian insurance industry in this regard. Against the backdrop of lassitude and cultural disinclination for insurance in Nigeria, the professionals have forged ahead to propagate the noble role that insurance can play in the advancement of the society. On this count, the Nigerian professionals will do well to score = **VERY GOOD**.

Relations with the CII

Given the various benefits that members enjoy from CII, they are reminded of their responsibilities to the body to, among other things, act at all times according to the laws of the Institute (including this Code of Ethics and Conduct): to ensure a transparent relationship with the CII, based on trust, respect, responsibility and integrity. Members are expected to have pride in their status as a CII member and in any CII qualifications they hold and to aim at seeking opportunities to support the work of the CII and to promote its values to others as well as demonstrating to others the value of professional qualifications

and continuing professional development. Lastly, members are to aim at ensuring that the expected standard of technical competence is maintained and that they remain informed of current developments (to ensure they remain competent to carry out their role) by undertaking appropriate professional development.

Comment

Relating the provisions of this rule to the CIIN, I have observed some positive steps in the right direction in the last couple of years and I reckon that the professionals should be scored = **VERY GOOD**.

ETHICS UNDER SIEGE

Taking an overall view of the above assessments, the professionals in the insurance industry in Nigeria are rated **SLIGHTLY ABOVE AVERAGE** by my reckoning. Should I be proud of this outcome especially given the inability of the professionals to attain the excellent mark in any of the elements of the criteria? A reasonable response should be in the negative. Should I still have

faith in the profession and its ability to turn a new leaf? My response here is in the affirmative.

The Nigerian situation as a society is a case of serious concern. The systematic deterioration in the moral standard of the average Nigerian in the last few years has eaten deep into the entire social fabric of the nation. This is attributable mainly to a misplacement of values bordering on what should constitute the criteria for the measurement of success in life. Those working in the insurance industry are virtually Nigerians and have been affected by the canker in the larger society. The principle of utmost good faith that is the bedrock of insurance practice has often than not been observed in the breach as one notices an unusual aggressiveness in the attempt of practitioners to gain upper hand in business while throwing sound principles overboard. Some few years back, one of the elders of this noble profession, Professor Joe Irukwu, expressed dismay at the then emerging trend whereby unscientific and inappropriate methods were being adopted by practitioners in acquiring insurance business. His warnings were neither taken seriously nor heeded but the wisdom of his counsel is

now becoming evident as we grapple with the challenge of building confidence of the public in insurance.

Stephen Covey, in his book titled Principle-Centered Leadership, aptly captured this scenario in dwelling on the mission of individuals and organizations. He advocated the need to focus on quality-of-life issues as against survival issues. The point was made that individuals and organizations sometimes feel that they cannot deal with quality-of-life issues unless they are affluent hence they place greater emphasis on survival issues which presuppose a Machiavellian approach of realizing the end without necessarily bothering about the means of achievement. In contrast, the quality-of-life issues approach demands a high level of integrity of conduct from business executives on five dimensions of inter-personal relationship viz acceptance and love, challenge and growth, purpose and meaning, fairness and opportunity, and life balance. The quality-of-life school of thought teaches the need to have a long term focus on development rather than short term orientation.

Tony Cleaver, in the second edition of his book titled *Understanding the World Economy*, highlighted the danger inherent in being short-term focused as against thinking long term. He defines *short-termism* as the requirement to pay back investments quickly or face closure and that this is a profit horizon that rewards the break-up and sale of assets rather than putting in the time necessary to mend troubled relationships. He ended by stressing the point that this not only impairs the long-term health of businesses, it cripples also the development of communities, families, and individual health.

CONCLUSION

The credibility of insurance business within the larger financial services sector rests on the degree to which professionalism is exhibited in its conduct. There is a high degree of responsibility placed on those professing to belong to the calling and integrity is very paramount in the successful discharge of this onerous task. This article should be taken as a wake-up call to the professionals in the Nigerian insurance industry to brace up to the global changes taking place on the business landscape. For insurance

business to experience wider acceptance by the generality of Nigerians and attain desirable growth, a change of attitude is expected on the part of practitioners especially at the leadership level such that there would be a disciplined approach in the exercise of our underwriting functions that will usher in a tremendous improvement in the standard of performance as regards the five pillars of the code of ethics and conduct highlighted in this write-up.

WALE ONAOLAPO
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