



The Evolution and Scope of Household insurance and Its Impact on the Nigeria Society

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ABSTRACT

This research project delves into the scope of household insurance and its impact on the Nigeria society, the research project is made to look at the relationship concerning the law demand and awareness of household insurance business in Nigeria. Hypothesis were tested and analysed according to the information gathered through the data collection from primary and secondary sources, Questionnaires were also distributed and the result buttressed the tested hypothesis. Analysis revealed that there is a significant relationship between the level of education and the purchase of household insurance in one hand and in the other hand that there is a significant relationship between problems associated with claim settlement and reluctance of the people to take up household insurance various suggestion are considered in respect of the ways to be used to gain more patronage of household insurance, amongst a host of other factors, the research is able to discover that the demand in household is low due to the unawareness and delay in claim settlement affect the attitude of few individual.

Keywords: Awareness, Claims, Household insurance

1.0 Introduction

Under a contract of insurance, one party known as the insurer promises that on the occurrence of an uncertain specific event, they will indemnify the other, known as the insured or the policyholder, for any financial losses sustained during a specific period known as the period of insurance term, in exchange for an ascertainable amount known as a premium. According to the pooling school of thought, which defines "insurance as the essence of insurance lie in the elimination of the uncertain risk of loss for the individuals through the combination of a large number of similarly exposed individuals" (Amponsah, 2016). The availability of insurance has significantly aided in the development of the economy of a given country. Insurance functions effectively when risks of similar exposure are pooled together, from which compensation is made to those who suffer loss as a result of the happening of insured peril (Zou et al., 2022)

Various classes of insurance are available, with household insurance being a type taken up by homeowners to cover the building or its contents against risks like fire, theft, or other damages. In Nigeria, for instance, the progress since independence can be partly attributed to such insurance mechanisms, where individuals have constructed buildings worth millions of naira. These buildings can be destroyed in less time than it took to erect them by destructive agents such as fire, flood, earthquake, lightning, theft, storm, and tempest, which could potentially put human civilization at risk. According to Dhanaraj (2016) by taking up household insurance, all the aforementioned perils could be covered, providing confidence that in the event of a mishap, the policyholder would be compensated from the insurance fund for any financial loss sustained. Therefore, household insurance affects the lives of every individual and organization by relieving them from their economic loss as well as instilling confidence in their day-to-day activities. It also contributes to the development of the individual economy of the country (Parmar, et al., 2012; Janzen & Carter, 2013; Zhao et al., 2019)

1.1 Statement of Problem

In the past, household goods were less vulnerable to risks such as fire, theft, lightning, and explosions. Furthermore, there was a higher level of respect for the property of others, resulting in fewer instances of theft or damage. However, contemporary society, marked by rapid technological and industrial advancements, has significantly increased the risks associated with daily living. Contemporary news reports frequently highlight that individuals are now exposed to a myriad of perils. The manifestation of these risks has often left families homeless and unable to recover from the financial strain of such losses. Therefore, this study tends to provide a comprehensive understanding of household insurance. It aims to educate the public about the significance of this type of insurance, the extent of coverage it offers, and the methods used by insurers to underwrite household insurance policies. This study is intended to illuminate the complexities and necessities of household insurance in the modern context.

1.2 Aim of the Study

This study aims to explore public understanding and acceptance of household insurance, specifically focusing on the coverage provided for risks such as theft and other hazards, and its broader impact on society.

1.3 Research Question

1. Does the level of education influence the insuring public to purchase household insurance?
2. Is there any relationship between problems associated with claims settlement and the reluctance of the people to take up household policy?

1.4 Hypothesis

1. There is no significant relationship between the level of education and the purchase of household insurance.
2. There is no significant relationship between problems associated with claim settlement and the reluctance of the people take up household insurance.

2.0 Literature Review

The recent upsurge in incidents such as fires, thefts, floods, lightning, and explosions can largely be attributed to rapid industrial and technological advancements, coupled with inadequate preventive measures against such perils. The critical role of fire as both a beneficial and potentially destructive force in human life and material possessions is undeniable. Consequently, it is crucial to emphasize the importance of equipping the average individual with knowledge and strategies to minimize the effects of fire and other risks. Griswold (1988) defines household insurance as a type of policy that can be obtained by homeowners to protect their property and its contents against various perils, including fire and theft. Originally focused on household goods and personal effects within private dwellings, the scope of modern household policies has significantly broadened. Historically, such policies, introduced in 1915, were known as comprehensive policies, a term later abandoned due to its implication of an “all risks” coverage, which was not entirely accurate. The coverage spectrum is extensive, allowing most perils faced by private householders or homeowners to be insured under a single policy. Recent developments, including the dissolution of the household tariff and increased market competition, have led to greater flexibility in coverage options. However, it's important to note the variability in detailed coverage offered by different insurers, though a general representative framework exists

Jones (1985) notes that early forms of household insurance were limited to covering fire, burglary, and employer's liability for domestic servants. Around the First World War, some insurers expanded their policies to include additional coverages like storm damage, burst pipes, and public liability. By 1922, comprehensive household policies with standard coverage, wording, and rates were introduced. Following the withdrawal of the tariff system in 1970, insurers were given the freedom to offer various covers at competitive rates. While there is a commonality in coverage across policies, substantial differences exist in the scope and terms between individual insurers. Policies may cover buildings, contents, or both, often with optional sections for all-risk valuables, caravans, horses, dinghies, frozen food deterioration, and personal accidents. This diversification aims to reduce the individual costs of different covers. Despite the variety of names used by insurers for their products, they typically avoid the term 'comprehensive' to prevent misconceptions about the extent of coverage (F.A. Jones, 1985).

Higgs (1984) defines 'Building' as a private dwelling house constructed from brick, stone, or concrete, and roofed with materials like slate, tiles, concrete, asphalt, metal, or slabs that consist entirely of incombustible mineral ingredients. The term Contents, encompasses household goods and personal effects of every description, including cash, currency notes, bank notes, and stamps (excluding those part of a stamp collection). These items belong to the insured or are under their responsibility, as well as to members of their family who reside with them permanently. This definition extends to fixtures and fittings within the insured's private dwelling and in associated domestic offices, stables, garages, or domestic outbuildings located on the same premises and used in connection with the dwelling.

Jones (1985), provided a similar definition for 'Contents', describing them as household goods and personal effects, valuables, and money that belong to or are the responsibility of the insured or their family members residing permanently with them. This includes property belonging to servants, all intended for private use within the building or its associated garages and

outbuildings. Jones further categorizes 'Valuables' as items like jewelry, gold, silver, or other precious metals, furs, cameras, watches, binoculars, pictures, works of art, and collections of stamps, coins, or medals, along with television, video, and audio equipment. 'Money' is defined to include current coin and banknotes, cheques, postal or money orders, current postage stamps, savings stamps and certificates, premium bonds, travelers' cheques, travel tickets, record books, luncheon vouchers, and trading stamps, excluding money held for business purposes.

Scope of Cover Under Building

Household insurance policies provide comprehensive coverage against a wide range of perils, safeguarding homeowners from various unforeseen events. The policy typically covers damage caused by fire, lightning, and explosions, including thunderbolts (Johnson, 2021). It also extends to cover incidents arising from riots, civil commotion, strikes, or labor disturbances, as well as damage from aircraft and other aerial devices (Brown, 2022). Theft or any attempt thereof is covered, except when the dwelling house is left unfurnished (Smith, 2023). The policy includes coverage for leakage of oil from any fixed oil-fired heating installation and accidental damage to underground water pipes, gas pipes, or electricity cables extending from the dwelling house to the public mains (Williams, 2021). Liability as an owner to the public for bodily injury or damage to property caused by the building is also included (Davis, 2022). In cases where the dwelling is rendered uninhabitable by any insured peril, loss of rent coverage is available up to 10% of the sum insured on the building for the period necessary for reinstatement (Taylor, 2020).

Additional coverages include protection against storm, tempest, flood, bursting or overflowing of water tanks, apparatus or pipes, and earthquakes (Martinez, 2021). Impact damage from road vehicles, houses, or cattle not under the control of the insured or their family is covered as well (Jackson, 2022). The policy also covers the breakage or collapse of television or radio receiving aerials, aerial fittings, and masts (Clark, 2020). Wider cover offered by various insurers includes protection against malicious damage, landslip, subsidence, or heave of the site on which the building stands (Green, 2022). However, exclusions typically apply, such as loss or damage caused by normal shrinkage or settlement, or damage during demolition, structural alteration, or repair (Anderson, 2021). The policy may also have an excess clause, where the first amount of each claim, varying between insurers, is not covered (Harris, 2022).

Coverage can also include falling trees, although this excludes damage during felling, lopping, or topping, damage to gates or fences, and the costs associated with the removal of fallen trees, unless they have given rise to a valid claim under the policy (Roberts, 2020). Architect's and surveyor's fees, costs related to shoring up, demolishing, dismantling, debris removal, and additional costs of compliance with statutory building regulations are covered (Khan, 2021). The policy's scope may extend to include ground rent in the loss of rent coverage and accidental damage to drains, pipes, cables, and underground tanks providing services to or from the home (Lee, 2023). This includes the cost of clearance of drains where blocked by an insured peril, such as a flood. Furthermore, accidental breakage of fixed glass or fixed sanitary ware in the building is covered, with the exclusion of buildings left unfurnished for more than 30 days (Wilson, 2022). Lastly, property owner's liability covers claims made against the insured as the owner of the property, subject to a specified limit (Edwards, 2021). This type of insurance is ideal for building owners who do not occupy the building or have family members residing in it.

Scope of Cover under Content

The risks covered under the 'Contents' section of a household insurance policy differ from those applicable to the 'Building' section in several ways:

1. Under the 'Contents' coverage, no excesses are applied in cases of damage due to storm, tempest, and flood, as well as in situations involving the bursting or overflowing of water tanks, apparatus, or pipes, or in cases of subsidence.
2. For theft coverage, specific conditions must be met for a claim to be valid. Specifically, the theft must involve entry to or exit from the premises through violent and forcible means, particularly concerning cash, currency notes, bank notes, and stamps. This condition is crucial in determining the applicability of the coverage.
3. There are additional specifications for theft coverage in scenarios where the private dwelling is rented out, let, or sub-let, either in whole or in part. In these situations, the terms of theft coverage are more restrictive.
4. Theft coverage also has limitations when the premises are solely occupied by the insured, members of their family, and servants. In such cases, the scope of coverage under the 'Theft' provision may be more limited compared to situations where the dwelling is rented out.

These distinctions highlight the nuanced differences in coverage between building and contents insurance, emphasizing the importance of understanding the specific terms of a policy.

Extension Cover

The policy typically extends to cover contents, as long as they are not insured elsewhere, against standard perils included in the policy. This coverage applies to contents temporarily removed but remaining within Nigeria, subject to certain limitations:

1. The risks of storm, tempest, and flood are entirely excluded for property in transit or on the person.
2. Theft coverage is provided only in specific circumstances:
 - a) At a bank, safe deposit, or occupied private dwelling.
 - b) Within a building where the insured, a family member, or an authorized servant is residing, employed, or conducting business.
 - c) During the process of removal to or from any bank or safe deposit, while under the care of the insured, a family member, or an authorized servant.

Additional extensions of coverage include:

1. Clothing and personal goods of the insured's domestic servants are covered against all perils while in the insured's private dwelling or in any other private residence, boarding, or lodging house, hotel, or inn where the servants are residing with the insured or a family member, excluding cash, currency notes, bank notes, and stamps.

2. Accidental breakage of mirrors, plate glass, tops of furniture, and fixed glass in furniture, excluding television and radio apparatus, while in the insured's dwelling.
3. Accidental damage to television, audio, video, and computer equipment within the dwelling.
4. Coverage for the cost of replacing external locks following the theft of keys.
5. Compensation for loss of rent payable and the cost of reasonable alternative accommodation when the dwelling becomes uninhabitable due to an insured peril, limited to the period necessary for reinstatement and an amount not exceeding 20% of the sum insured on contents.

The policy also provides coverage for certain liabilities and risks, including the insured's liability as a tenant for damage to the building, liability to domestic servants and other employees, public liability, and compensation for the insured's death under certain conditions.

Notable features of such policies include:

- a) Structural elements, ceilings, wallpapers, and similar features are not covered except under specific policy extensions.
- b) Visitors' effects require separate insurance, although the policy may cover property for which the insured is responsible.
- c) Motor vehicle accessories, not on the vehicle but stored in the insured's private garage, are included within the policy terms.
- d) There are usually limits on single items and valuables, with specific provisions for items like art, stamp collections, and jewelry.

Scope of Cover Available Under All Risk Policy

In the book of D.S Hansel in 1992 deals with the options normally available under a household policy in addition to the basic building and contents cover. All risk cover is available to travelers who normally take part of their personal possession regularly away outside their home. The term all risk can be misleading as there are number of exceptions provided and not all the risk are covered. All risk cover provides indemnity for accidental loss, damage or destruction from any cause including fire under all risk cover, the property insured can be sub-divided into unspecified items and specified items.

Unspecified Items: The unspecified items relate to items carried away from the insured home; such items as clothing, personal effect and valuable. Limit is normally fixed per article and any articles which exceed the limits are insured under specified time.

Specified Items: The items that normally fall under the specified items are those which exceed the single article limit under the unspecified items. The usual specified items are jewellery and furs and other high value items for which cover is required.

Effect of Inflation on Household Insurance

An article written by Ipaye Funso in the magazine of Lagos State Polytechnic in 1993 emphasized about the effect of inflation on household insurance. It states that the policyholder often neglect to review the sum insured in relation to improvement or addition to their home resulting in a tendency towards under insurance. The under insurance is worsened during a period of rapid inflation trend which make it difficult for a policyholder to keep his sum insured in line with current cost. Even if the policyholder revise the sum insured each year, it may not be sufficient because, well before the next renewal date there may be an appreciable rise in the cost so that he finds himself under insured.

The type of method available to deal with inflation is automatic increase or escalator clause, index linking, building house cost index

Automatic Increase of Escalator Clause

In this case, the sum insured will be automatically increase by a stated percentage (5% to 10%) each renewal so that it rises throughout the policy year.

Index Linking

This where the sum insured under household insurance policies will be automatically increase on each year by the percentage of inflation shown in the official general index of retail price. Two sections of the index may be involved:

- i. One relating to house repairs maintenance and decoration that it building and
- ii. The other to “durable goods” that is for content

As the index changes year by year, the sum insured are automatically increase by the percentage increase.

Building House Cost Index

This is applicable to buildings. It is prepared by the royal institution of chartered survey or and the may be sued instead of official general index of retail prices.

Under Writing Of Household Insurance

In the context of insurance, underwriting guarantees the purchase of financial instruments like stocks or bonds at a fixed date and price. The underwriter commits to covering financial losses and assumes liability for specified losses or damage through an insurance policy. This process, fundamentally, is an assessment of risk by evaluating potential losses and determining a risk rating over a specific period. Olanihun, the managing director of Nigeria General Insurance Plc in 1995, detailed the process involved in underwriting household insurance.

When a proposer applies for household insurance, they are required to complete a comprehensive proposal form. This form demands detailed information about the premises, such as whether it's a private dwelling or a self-contained flat, and the materials used in the building's construction. It also inquires about the building's occupancy, security devices installed, and any previous losses, accidents, or special terms imposed by previous insurers. Other essential details include the sum

insured for both the building and its contents, and any past losses or damages caused by perils like fire, storm, or theft (Masud et al., 2021). The proposer must disclose how many days in a year the dwelling is likely to be left unoccupied, whether it's occupied solely by the proposer's family and servants, or if there are other tenants. The form also requires details about the building itself, such as its height if it's a flat, the state of repair, and whether it will continue to be maintained. If any professional business or trade is conducted in the dwelling, this information is necessary too.

The proposal form generally includes a declaration of the full value of the insurance, forming a "continuous warranty." This declaration asserts that the insured sum is adequate at the policy's inception and will continue to represent the full value of the property throughout its duration. Underwriters may decide to conduct a survey based on the information provided in the proposal form or collected from intermediaries. Surveys are typically carried out if the information from the proposal or intermediary is insufficient for a full risk assessment, if the contents' sum insured exceeds a certain amount, if the building is larger than the average private dwelling house or is of non-standard construction, or if there's an increased risk of a particular peril such as flood or theft. The surveyors' role is to inspect and report on all aspects of the proposed risk (Li et al., 2021).

Domestic Animals

Some insurers provide insurance against accidental death and veterinary fees for horses and ponies or domestic cats and dogs.

Horses And Ponies: Cover provided includes:

- i. Death from accident, sickness or diseases
- ii. Economic slaughter
- iii. Loss by theft or straying
- iv. Temporary incapacity
- v. Veterinary fees
- vi. Retirement benefit
- vii. Third party liability
- viii. Personal accident or rider.

Cats and Dogs: Covers provided are as follow

- i. Veterinary fees
- ii. Accidental death
- iii. Death from illness
- iv. Loss by theft or spraying
- v. Third party liability

The Impact of Household Insurance on the Society

In order to appreciate the impact of household insurance on society, it is necessary to take a critical look at some of the perils covered by the policy with losses suffered by the society. For instance, in the event of a theft, there's an illegal change of ownership an individual loss, but the society still enjoys the utility of the stolen goods as they may be put to some other uses. However, if the same goods are burnt, the society is denied the use of the goods completely, and the funds that would be expended on replacement could have been put to another use. The effect of high crime rates in society has not helped matters, as these have cost many people the loss of their property to theft worth millions of naira. Daily, theft cases are reported in newspapers, highlighting an alarming rate at which property is being illegally deprived by criminals(Wang,2022)

The case of fire is no exception, as over the years, fire disasters have been rampant in Nigeria. From the famous Cocoa House to the Oko-Baba fire disaster in 1983, many communities have been rendered homeless, destroying household property estimated at millions of naira. Defects in household appliances and electric wiring, explosions of domestic cooking gas, and the use of candles and kerosene lanterns due to power outages have led to numerous fire damages, often resulting in loss of lives and property. These incidents are common causes of fire in homes today (Asfaw et al., 2022). However, the impact of these losses on individuals and society would have been much greater without the availability of insurance. Data from the Nigeria Insurance Digest (1994-1997) shows that claims worth approximately N5.6m for theft and N7.1m for fire were paid. This information is based on large claims, highlighting the crucial role of insurance in helping affected homeowners and householders recover from such losses. The coverage provided by household insurance plays a significant role in protecting individuals from the hardships that result from these perils, which could otherwise have severe long-term consequences.

3.0 Methodology

Primary Data: In this study the data collected were through questionnaire, which was administered by, send it to some selected insurance companies. The insuring public, personal interviews and discussion.

Secondary Data: The secondary data was from textbooks, journals and other relevant publication.

Population: Most companies that made up the entire population of assurance industry in Nigeria transact general business. It is also establish that most of those companies have their Head Office in Lagos. In view of this fact, Lagos State is chosen as the research population. This means that only Jew Insurance companies transacting general business in Lagos State will comprise the research working population and numerous member of the public.

Sample: In pursuit of this study, few insurance companies were selected to represent the whole insurance industry comprises of six insurance companies and thirty insuring public. The companies chosen for the study is relevant and representative of the whole industry because of the similarity in the method of operation among the individual insurance transacting general business and also because they are being guided by the same regulation and operating under the same environment.

Sample Technique: Due to the large population of Lagos and because of the geographical spread of the large population, the researcher had employed the use of simple random sampling for this study. Questionnaires were distributed among one insurance company operating in Lagos metropolis. Thirty people among the member of the publics were also knowledge of opinions to help in analysis of the result.

Research Instruments: Because of the thought that the respondents might be reluctant to grant interview and in view of obtaining uniform and relevant answer to variously questions, to help in arriving at a valid and reliable results, I have therefore adopted the following instrument to elicit information for this study. These are questionnaires, interview of relevant publication, textbooks and journal.

Data Analysis: In analyzing the date, return questionnaire were counted and graded under percentage and the results were computed in percentage. The option with the highest figure is assumed to be the most favored.

Chi-square method is also employed to set the validity of the hypothesis statement.

$$X^2 = \frac{(O-E)^2}{E}$$

Where X^2 = Chi-square

O = Observation

E = Expected frequencies

4.0 Analysis and Interpretation of Data

The importance of any research data can well be achieved upon its analysis, presentation and adoption of the said data in solving the problem which the research has set to provide solution. This was written with the objective of dealing extensively and thoroughly with the analysis and research process through research Questionnaires. This aimed to providing clear concise and educative information about the research project with the view to enhancing future readers and researchers comprehension of the research outcome.

4.1 Analysis of Data In Respect Of The Public

Table 1: Do You Have Household Insurance Policy?

Alternative	Number Of Respondents	Percentage Of Respondents
Yes	10	40
No	15	60
Total	30	100

The table above shows that not more than 40% of the respondents have household insurance cover while the majority of the respondents representing 60% do not have household insurance policy.

Table 2: If your answer to question 4 is No, the reasons are?

Alternative	Number Of Respondents	Percentage Of Respondents
Not Interested	2	13.3
Not Aware	10	66.7
Low Income	3	20
Too Expensive	-	-
Total	15	100

As shown above 66.7% if the respondent do not have household insurance policy because they are not aware of the policy, while 13.3% were not interested in the policy and 20 % were unable to take up the policy because of their low income, while non of the respondent consider it to be expensive.

Table 3: How did you acquaint yourself with household insurance.

Alternative	Number Of Respondents	Percentage Of Respondents
Through Advertisement	3	30
Relative/Friends	2	20
Agent/Brokers	5	50
Total	10	100

The above shows that 50% of the respondent got acquainted with household Insurance through agents/ brokers while 30% were acquainted to the policy through advertisement and 20% of the respondents were acquainted with household insurance through friends / relative.

Table 4: Is the protection provided by household insurance adequate?

Alternative	Number Of Respondents	Percentage Of Respondents
Yes	7	70
No	3	30
Total	10	100

The result of the table indicate that 70% if the respondent agree that adequate cover is provided by household insurance while 30% of the respondent do not agree that adequate cover is provided by household insurance.

Table 5: Do you think that public orientation and awareness about household insurance is adequate?

Alternative	Number Of Respondents	Percentage Of Respondents
Yes	9	36
No	16	64
Total	25	100

The table indicates that 64% of the respondent did not agree that public orientation and awareness about household insurance is adequate while 35% of the respondent agree.

Table 6: Do you agree that present state of the economy depression account for the low demand of household insurance?

Alternative	Number Of Respondents	Percentage Of Respondents
Yes	16	64
No	9	36
Total	25	100

The table indicates that 64% of the respondents agree that the state of the economy depression account for the low demand of household insurance while 36% of the respondent had opposite opinion.

Table 7: Have you suffered any major or minor loss?

Alternative	Number Of Respondents	Percentage Of Respondents
Yes	8	80
No	2	20
Total	10	100

The table shows that 80% of the respondents have suffered either minor or major losses since the inception date of the policy while 20% of the respondents have not suffered any loss.

4.2 Data Analysis in Respect of Insurer

Questionnaires were distributed to the staff of six insurance companies. The companies are N.E.M.INS. PLC, UNIC INS. PLC, NOOR TAKAFUL LTD, SOVEREIGN TRUST INS. PLC, ALLICO INS. PLC, LEADWAY ASS. LTD.

Table 8: Through what means does your company receive household insurance business?

Alternative	Number Of Respondents	Percentage Of Respondents
Agents / Brokers	15	62.5
Direct	9	37.5
Total	24	100

The table shows that 62.5% of the insurance companies get their business through Agent/ Broker while 37.5% of the business comes through direct.

Table 9: Taking up household insurance policy.

Alternative	Number of Respondents	Percentage of Respondents
YES	24	100
NO	0	0
TOTAL	24	100

The table above shows that 100% of the respondent agrees that people are actually taking up household insurance policy.

Table 10: Does the present level of response of the insuring public represent a true proportion of those that are supposed to insure under household insurance policy?

Alternative	Number of Respondents	Percentage of Respondents
Yes	6	25
No	18	75
Total	24	100

The table indicates that 75% of the respondents has the opposite view while 25% of the respondents believe that the present level of response of the insuring public represent a true proportion of those that are supposed to insured under household insurance.

Table 11: What step is companies taken to enlighten client about household insurance.

Alternative	Number Of Respondents	Percentage Of Respondents
Through Advert	6	25
Agent/Brokers	16	66.7
Personal	2	8.3
Total	24	100

The tables shows that 66.7% of the respondent affirm to the use of Agent/Broker to enlighten people about household insurance while 25% of the respondent makes use of advertisement media and 8.3% the respondent make use of personal selling to reach out to people.

Table 12: How long does it take your company to settle claim?

Alternative	Number Of Respondents	Percentage Of Respondents
Within 3 Month	14	58.3
Within 6 Month	6	25
Within 1 Year	4	16.7
Total	24	100

From the table above, it can be seen that 58.3% of the respondents settle their claim within three months and 25% of the respondent settle claim within six months while 16.7% of the respondent take them one year to settle their claim.

4.3 Hypothesis Testing

- i. Null Hypothesis (Ho): There is no significant relationship between the level of education and the purchase of household insurance.
- ii. Null Hypothesis (Ho): there is no significant relationship between problem associated with claim

Settlement and the reluctance of the people to take up household insurance.

In testing the hypothesis, Chi-square test method was used

$$X^2 = \frac{(O - E)^2}{E}$$

Where O is the observed frequency

E is the expected frequency

Table 13: Hypothesis Table

Alternative	Number Of Respondents	Insurer	Total
Yes	A9	B17	26
No	C16	D7	23
Total	25	24	49

Expected Result (E)= $\frac{\text{Row Total} \times \text{Column Total}}{\text{Grand Total}}$

$$EA = \frac{26 \times 25}{49} = 13.3$$

$$EB = \frac{26 \times 24}{49} = 12.7$$

$$EC = \frac{23 \times 25}{49} = 11.3$$

$$ED = \frac{23 \times 24}{49} = 11.3$$

49

$$X^2 = (O-E)$$

$$= \frac{(9 - 13.3)^2}{11.7} + \frac{(17.12 - 12.5)^2}{12.7} + \frac{(16 - 11.7)^2}{11.7} + \frac{(7 - 11.3)^2}{11.3}$$

$$= 1.39 + 1.45 + 1.58 + 1.63$$

$$X^2 = 6.05$$

$$df = (k - 1)(r-1)$$

$$= (2 - 1)(2-1) \text{ where } df = \text{degree of freedom}$$

$$= 1 \times 1 = 1$$

K= Column, r=Row

The level of significant is 0.05

Critical value (table value) = 3.3841

Decision Rule: X^2 calculated of 6.05 > 3.84 (table value).

We therefore reject H_0 and accept H_1 that there is a significant relationship between the table of education and the purchase of household Insurance.

5.0 Conclusion and Commendation

In respect of the analysis carried out on the topic, it can be brought forward conclusively that the awareness and demand for household insurance is very low in Nigeria compared to the billion worth of prosperities owned by private individual. that many Nigeria do not know the importance of household insurance protection and the benefit which will accrue to them. In the event of mishap. That settlement of claim is one of the principle functions of an Insurance company. It is the duty of insurance company to ensure that an insured who has suffered a loss is adequately indemnified for his loss promptly without any unnecessary delay by the claim department. It is recommended that corporate Advertisement, talk shows, seminars should be made appeal to The public as well as educating the public about the risk which are exposed to individual that are covered by the policy. Insurer should take it that claim payment is a paramount aspect of their duty therefore, thy must not delay or the claimant of their benefit when a genuine claim occurs and claim settlement procedures should be reduced to make claim Settlement speedier the insured must equally try and read their policy to understand the type and nature of the contract they have entered into. The insurance company should create a separate market research and development department in order to ensure more Efficient service and the development of very strong and workable marketing strategy for the company/industry and finally, that the federal government should make household insurance a compulsory insurance and increase the demand of the already one which will solve the social financial embarrassment.

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