ANALYSES BETWEEN RISK AWARENESS AND ATTITUDE TOWARDS INSURANCE PERCEPTION OF CIVIL SERVANT IN RIVERS STATE

BENIBO, EMMANUEL DIEPRIYE; **PROF. A. A. OBAFEMI & DR. O. LAWAL**

DEPARTMENT OF GEOGRAPHY AND ENVIRONMENTAL MANAGEMENT

FACULTY OF SOCIAL SCIENCES

UNIVERSITY OF PORT HARCOURT

Abstract

This study examined the risk attitude and insurance perception by Rivers State Civil Servants and identifying factors influencing their awareness of potential hazards and emergencies. Additionally, it investigated the patterns of insurance uptake, revealing variations in participation rates for different insurance products. This study employed a primary source of data collection. The instrument used in the collection of data is a well-structured questionnaire. The findings revealed that the majority of Civil Servants in the region exhibit a high level of risk awareness, with approximately 62.6% recognizing the possibility of health, flood, fire incidents, and other emergencies impacting their households and communities. Life insurance demonstrated a relatively higher uptake, with approximately 37.4% of participants securing this coverage. However, health insurance and property insurance had lower participation rates, with 20.1% and 26.2%, respectively. Regarding the diverse attitudes towards insurance among Civil Servants, and the drivers behind positive and negative perceptions of insurance as a risk management tool. This study contributes significantly to the body of knowledge on insurance and risk management within the Civil Servant community in Rivers State. The insights garnered from this research lay the groundwork for policymakers, insurers, and other stakeholders to design effective initiatives aimed at promoting insurance awareness, uptake, and overall risk management practices. Additionally, the findings highlight areas for further exploration, guiding future research endeavors to improve insurance coverage and financial security in the region.
Keywords: Insurance, Risk perception, Rivers State, Risk Awareness, Civil Servants.

1.0 Introduction

2.0 Insurance has been in existence and practiced in many ways in our society ever before the colonialists in such co-operative and thrift with group as grades, town unions, Esusu, etc., with the sole aim of spreading the loss of few amongst many. It is believed that in about the 20th century the British merchants introduced insurance into Nigeria and laid down the pattern of insurance practice in the country. Before Nigerian independence and the arrival of the British, Nigeria had lots of unorganized s in its territories. They had in place some forms of traditional social schemes to protect themselves like the 'age-grade' association's, family systems, Isusu, akawo, adashi societies and other systems where people belonged upon the maintenance of regular form of a contribution to a common fund against unknown future events. The funds were put together periodically and whenever there was an eventuality, like the death of members, the fund contributed were used to meet the expenses of burying that member or caring for a member dependent. If a member of a particular 'age-grade' association dies without making some material provision for his dependents as is usually the case, immediately following his death, the age-grade association comes readily handy to assist by offering to cater to them. This was the form of insurance that existed in primitive Nigeria. These primitive age-grade associations are still in existence today in minute forms; though most of their insurance functions have been taken over by modem insurance the age-grade still plays an important role in rural development and social life of members of its community date. The Ibos still have what is called the "August Meeting for their female folks which is widely acclaimed to be a very strong and organized society that

caters to one another and keeps them closely knit year in year out in Nigeria and abroad. This exists as a form of indirect insurance `Enhancing Financial Innovation and Access' (April 2018) https://www.efina.org.np/wp. Modern insurance, however, was introduced into Nigeria as late as 20th century by the British Merchants who had established trading parts on the west coast of Africa. The first insurance company to have full branch office in Nigeria was Royal Exchange Assurance Company Limited, which opened its office in Lagos in 1921. Until the time of independence in 1960, there was virtually indigenous insurance company in the country. Prior to the incorporation of the first set of indigenous insurance companies, insurance business in the country had been underwritten by offices, which were primarily branch office of European Insurance companies. Between the year 1960 and 1975 a large number of wholly indigenous Nigerian insurance companies commenced operation and these companies now under write a substantial volume of the total insurance business in the country. The insurance industry or market in Nigeria has experienced a tremendous growth and development from what it was in the early days of its establishment by the British colonialists. The government and individuals have become more aware of the need for insurance in our society and now patronize the insurance industry. The history of insurance has its roots in merchant activities on the West African coast of Europe. In this case, it was a combination of two factors. Increased cash crop production for exports and economic activity took place in the 1890s. Second, the British wish to protect their colonial interests and possessions in West Africa. Increasing

trade in Nigeria led to a growth in shipping and banking activities, which necessitated that foreign firms handle some of their risks locally. The Company started operations in Nigeria represented by Barclays Bank DCO in 1918. A branch of the then parent Company, Royal Exchange Assurance, London, (REA), was established in Lagos on February 28, 1921. REA was founded in 1720 and was one of the first two insurance companies to receive legal status by Royal Charter. Originally established for marine business, REA expanded within a year to include fire and life insurance as well, (https://royalexchangeinsurance.com/) After a branch of the Royal Exchange Assurance was established on the Nigerian shores in 1921, modern insurance was born. In order to protect their interests, the British insurers had set up a branch in Nigeria. After a while,

these agencies were supplanted by full-fledged branches representing several British insurers. Several factors made it difficult for private Nigerian investors who entered the insurance sector later to compete effectively with foreign-owned enterprises, including a lack of sufficient funds, a lack of vital technical knowledge, and a lack of suitable training facilities, among others. In both the domestic and international markets, insurance is essential. Insurance premiums are a source of capital that can be used for economic growth. According Marafa et al. (2019) insurance has made a substantial contribution to the global economy. As a source of financial security for both individuals and businesses, the insurance industry serves as an engine for growth. The availability of insurance coverage has enabled the majority of large-scale projects now being performed in the country. An

additional benefit is that it ensures that management may devote their time to more productive endeavors in the event of loss, which is essential if progress is to be accomplished

2.0 Literature

Orimoogunje et al. (2016) investigated flood vulnerability in part of Southwestern Nigeria. The study integrated the use of satellites imageries (Landsat Thematic Mapper (TM) 1991), Landsat Enhanced Thematic Mapper (ETM+) 2002 and SPOT 5 2009), rainfall data (1986 to 2010), and fieldwork coupled with socio-economic survey for the investigation. The images were processed, and analyzed using ArcGIS 9.3 for the landuse / landcover change analysis. The results were subsequently coupled with the climate and socio-economic survey data for the flood impact assessment. A Digital Elevation Model was used for terrain analysis while findings from the fieldwork were used to ground- truth the

results from the analysis of the satellite data. The study showed significant correlation ($p<0.05$) between land use dynamics and risk disaster in the study area. Low lying (225 to 270 m) areas with high population density were vulnerable to flood hazards because of poor environmental practices. About 30.62% of the study area is vulnerable to flood disaster. The study concluded that vulnerability to flooding in the study area was more related to unsustainable environmental practices, including poor sanitation, poor drainage and unplanned settlements, rather than excess rainfall. Vulnerability to the effect of flood disaster will be significantly reduced by sustainable sanitation practices and efficient urban planning.

At the community level, Afolabi et al., (2022) identified flood vulnerability levels of communities in Isoko North LGA based on physical environmental domains such as land use, elevation, and proximity to river

channel (drainage) using geospatial techniques. Also, attributes that could contribute to the resilience capacity building of the communities were assessed. From the study, 73.93% of the entire area is moderately and highly vulnerable to flood, while among the communities, seventeen (17) are categorized as moderately vulnerable, and four (4) are lowly vulnerable. The overall resilience capacity of the communities indicated can build a substantial capacity towards community resilience (3.02, 0.06). However, there is a need to encourage collaboration with stakeholders to improve mitigation action and enhance various shortcomings toward resilience capacity building.

Berezi et al. (2019) examined the flood vulnerability levels of communities in Bayelsa State, Nigeria witha view to employing Analytical Hierarchical Process (AHP) techniques. The analysis showed that the areas that have low vulnerability to flood were 2020.40 km2 (12.9%) of the entire area. The moderate vulnerability areas covered a spatial extent of 9342.04 km2 (59.8%), while high vulnerability areas covered 4248.95 km2 (27.3%) in the overlay of communities on the flood vulnerability levels of Bayelsa State. Findings revealed that 43 (14.98%) communities had low flood vulnerability levels while communities with moderate vulnerability feature were about 287 (73.78%). However, 59 (15.17%) of the entire communities were highly vulnerable to flood in Bayelsa State. The study concluded that higher proportion parts of Bayelsa State are vulnerable to flood and it is recommended that regular flood assessment should be encouraged in Bayelsa State; and the communities with high and moderate vulnerability to flood should be provided with adequate preparedness in case of any flood disaster.

Samuel et al. (2014) proposed a GIS-based model for identifying flood-prone areas for

the purpose of planning for disaster mitigation and preparedness, using a river basin as a unit of analysis. This model uses a number of physical, demographic and landuse data to identify areas and settlements that are vulnerable to flooding. Based on this multi-criteria model, areas, settlements and populations with varying degrees of vulnerability to flooding were identified and mapped. The model results showed that over 1,200 settlements harbouring over 13 million people are at grave risk of flooding. These vulnerable settlements and populations are mostly located within the coastal stretch, river valleys and urbanized parts of the study area. While the model proves to be usable for planning purposes, inclusion of population data at a finer level (Enumeration Areas) would improve the performance of this model by providing a near accurate estimation of population at risk as well as their spatial spread.

Nkeki et al., (2013) assessed the spatial impact of the October 2012 flooding of the Niger-Benue basin on the surrounding areas using the moderate resolution imaging Spectroradiometre (MODIS) data of NASA Terra satellite and developed a geospatial methodology for detecting and extracting the flood risk areas and the vulnerable population to flooding within the basin. The integration of remotely sensed data and other spatial and non-spatial data within the GIS platform was able to produce series of thematic maps which was used to generate a geospatial database for flood risk analysis and assessment. The result of the analysis effectively demonstrated the contribution of geospatial methods in mitigating and monitoring the effect of flooding along the Niger-Benue basin. It was therefore, suggested that government agencies and policy makers should adopt this powerful technique for reliable and well synthesized

information which is a vital component of flood risk assessment and planning.

Chigbu et al., (2018) assessed the flood risk vulnerability of Cross-River State of Nigeria using geospatial technologies. The findings demonstrated that flood hazard and vulnerability maps are used for improved communication about risk and what it threatens. It showed that it is possible to monitor and control urban growth /expansion, deforestation and loss of biodiversity that always lead to flooding. The study concluded that GIS technology should be employed for effective and efficient flood management, hence, proved GIS/RS technology as tools which can be deployed in the assessment of flood risk in the study area.

Onuigbo et al. (2017) applied GiS Techniques to produce flood vulnerability map of Lokoja metropolis due to its confluence nature and its potential to cause devastating effect to the surrounding communities. Satellites imageries MODIS of 2011and 2012, SPOT 5 of 2011, location map of Lokoja Metropolis, SRTM DEM, rainfall data, water discharge/gauge data, and GPS coordinates; acquired during field survey were integrated to map areas vulnerable to flooding. In this study Rank Sum method alongside Principal Component Analysis (PCA) was used to calculate the weight of factors that contributed to flooding within Lokoja metropolis. The study is limited to environmental factors such as hydrology, slope, soil type, drainage density, landform and landuse/landcover. Different maps were generated; composite map of the study area, flood extent map, flood plain map, slope map, flow direction map, flow accumulation map, Triangular irregular network, flood vulnerability map and also pie chart showing percentage area impacted, histogram showing the pattern of rainfall within Lokoja metropolis was generated. The approach resulted in four classes of

flood vulnerability ranging from not vulnerable, less vulnerable, more vulnerable and most vulnerable areas. The area not vulnerable accounted for 20.25%, less vulnerable area accounted for 34.57%, more vulnerable area accounted for 28.57%, and the most vulnerable area accounted for 16.61%.

Flood is among the most devastating natural hazards in the world claiming lives and properties. Nigeria has lost a lot of lives and properties worth millions of naira in the last three (Eguaroje et al., 2015) decades, directly or indirectly to flood. However, flood protection systems need continuous improvement which requires a reassessment of the existing risks and an evaluation of the hazards depending on the newest information available on new boundary conditions, due to change in land use. A good risk analysis process yields hazard or vulnerability maps, which today are drawn by the means of Geographic information systems (GIS) based on extensive surveys of vulnerability combined with topographic maps and images (Eguaroje *et al.,* 2015). Such maps serve to identify weak areas or a need for action. Prioritization of flooding hazards need to take into account risks and vulnerabilities in order to determine which hazard present the greatest threat to people, property and essential services.

According to Adelekan (2015), successful flood risk management requires that city governments develop a clear, robust and forward-looking strategic plan that is informed by rigorous research, administrative data gathering, dialogue with the public, evaluation and learning. There is a need to prepare at the local and citywide levels for larger floods and the disasters that may ensue in the context of climate change and increasing frequency of floods. Although much attention is being directed at structural measures in flood management, non-structural measures of public education

and warning as well as social support systems pre- and post-disaster need to be integrated in managing flood risks (Castillo-Rodríguez *et al*., 2014; Adelekan, 2015).

3.0 Methodology

The descriptive survey design was adopted in the study. The area of study is Rivers State civil service, with a focus on the Ministries in the State. The Rivers State Civil Service is a body of professional Civil Servants entrusted with the responsibility of carrying out the policies of the Rivers State government in relation to infrastructural development and social service delivery. The structured questionnaire and interview instrument was created with the goal of gathering data.
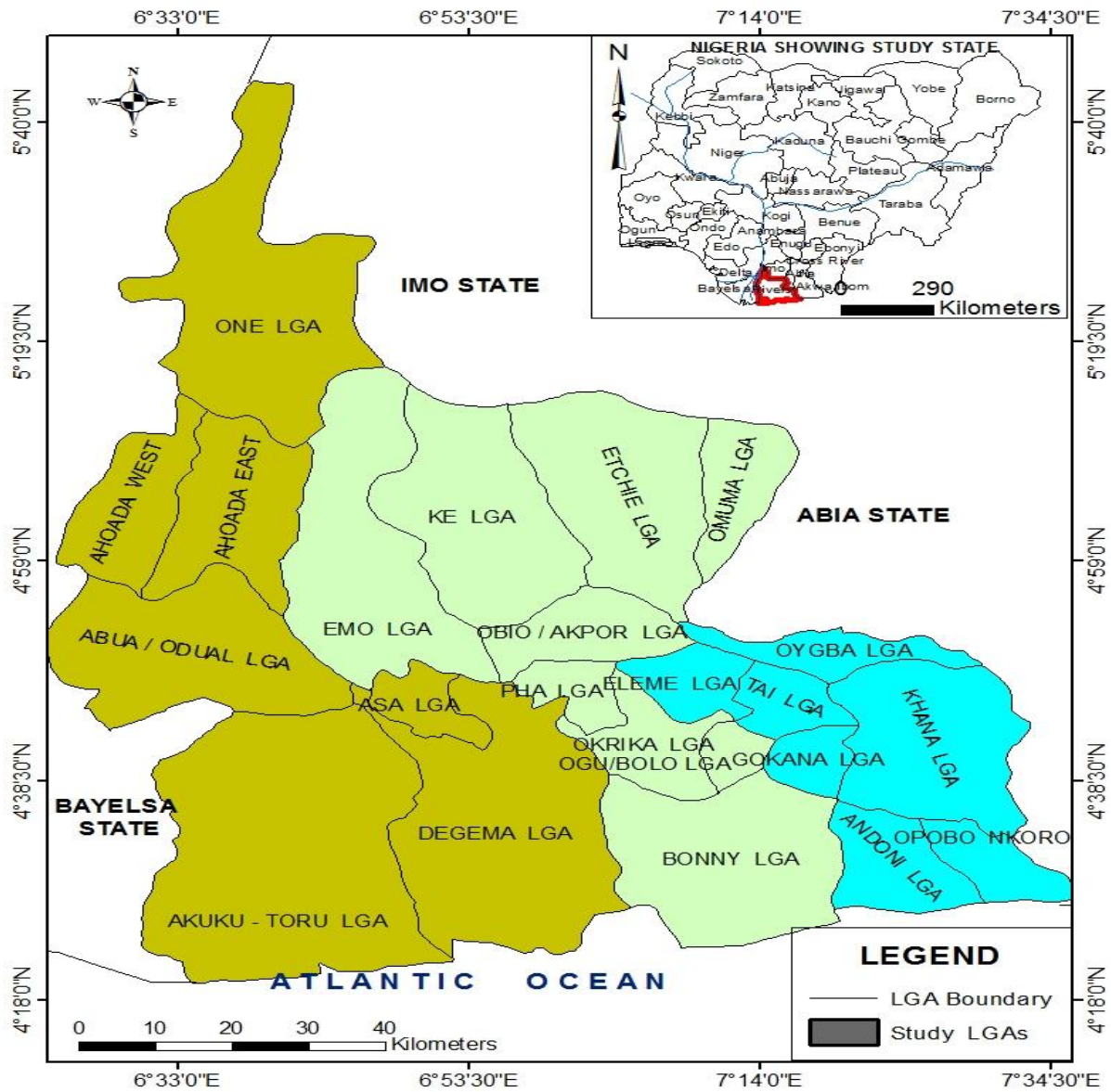
Figure 3.1: Study Area Map.

4.0 Results

Table 1: Attitude of Civil Servants in Rivers State Towards Insurance

No	Statements	Agree	Disagree	Neutral
1	Insurance is mostly a waste of money	203(51.7%)	80(20.4%)	110(28.0%)
2	I do not consider insurance products of any form to be necessary	172(43.8%)	48(22.4%)	133(33.8%)
3	I believe that there is nothing insurance can do to limit the impact of disasters and emergencies in my family	175(44.5%)	132(33.6%)	86(21.9%)
4	We are exposed to so many hazards and dangers as such insurance products are irrelevant	221(56.2%)	80(20.4%)	92(23.4%)
5	I think it is better to wait for government help or support than take insurance	192(48.9%)	117(29.8%)	84(21.4%)
6	Family and well-wishers' support is much better than insurance in the case of emergencies	232(59.0%)	89(22.6%)	72(18.3%)
7	The insurance industry in Nigeria is not well-regulated, so I do not trust it	224(57.0%)	104(26.5%)	65(16.5%)
8	My household is not vulnerable therefore I do not need any insurance product	185(47.1%)	164(41.7%)	44(11.2%)
9	Insurance is only necessary for those in high-risk jobs	124(31.6%)	172(47.8%)	97(24.7%)
10	Insurance is important only for those with high income	124(31.6%)	172(43.8%)	97(24.7%)
11	If not because it is mandatory I do not see the point of vehicle insurance	189(48.1%)	96(24.4%)	108(27.5%)
12	When many do not enrol in insurance programmes, the burden of disasters or emergencies on society remains the same	196(49.9%)	104(26.5%)	93(23.7%)

Source: Researchers Analysis 2023

Results from Table 1 reveal that over half of the respondents (51.7%) believe that insurance is mostly a waste of money. Additionally, 43.8% do not consider insurance products of any form to be necessary. These responses indicate a lack of confidence in the value of insurance, potentially stemming from a perception that insurance premiums are an unnecessary financial burden. Also, many respondents express doubts about insurance's effectiveness in mitigating the impact of disasters and emergencies. For instance, 44.5% believe that insurance cannot limit the impact of disasters in their families. Similarly, 56.2% think that insurance products are irrelevant due to the perception of exposure to numerous hazards and

dangers. These beliefs may result from a lack of understanding about how insurance works and its ability to provide financial protection during crises.

A significant portion of respondents (48.9%) prefer to wait for government help or support rather than taking insurance. Additionally, 59.0% believe that family and well-wishers' support is superior to insurance during emergencies. These responses suggest that some Civil Servants have a strong reliance on government assistance and social networks in times of need. In the same vein, a majority of respondents (57.0%) express distrust in the Nigerian insurance industry due to perceived inadequate regulation.

Furthermore, result indicates that some respondents have misunderstandings about the applicability of insurance; 47.1% believe that their households are not vulnerable and, therefore, do not need insurance. Similarly, 47.8% disagree with the idea that insurance is necessary only for those in high-risk jobs. In addition, nearly half of the respondents (48.1%) question the necessity of vehicle insurance if it is not mandatory. Additionally, 49.9% believe that when many do not enroll in insurance programs, the societal burden of disasters or emergencies remains unchanged.

Table 2. Relationship Between Risk Awareness and Attitude Towards Insurance

	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2689.939[a]	594	.000
Likelihood Ratio	1296.099	594	.000
Linear-by-Linear Association	50.404	1	.000
N of Valid Cases	393		

Researcher's Analysis 2023

Table 2 provides valuable insights into the relationship between risk awareness and the attitudes of a surveyed group toward insurance. First, the Chi-Square statistic, which stands at an impressive 2689.939 with 594 degrees of freedom, signifies a substantial association between risk awareness and attitudes toward insurance. Similarly, the Likelihood Ratio statistic, with a value of 1296.099 and the same degree of freedom, also highlights a significant connection between these two variables.

The Linear-by-Linear Association statistic, with a value of 50.404 and 1 degree of freedom, takes it a step further by assessing a linear trend in the association. Here, the p-value is effectively zero, suggesting a clear linear relationship between increasing levels of risk awareness and shifts in attitude toward insurance. This implies that individuals who demonstrate higher levels of risk awareness tend to have more favourable attitudes towards insurance. Conversely, those with lower risk awareness may exhibit fewer positive attitudes towards insurance.

Discussion

The findings from this study reveals a substantial correlation between the level of risk awareness and individuals' attitudes towards insurance perception. This correlation is supported by the high values observed in the Pearson Chi-Square statistic, signifying a robust connection between these two variables. Similarly, the Likelihood Ratio statistic also shows a significant association, further emphasizing the presence of a noteworthy relationship.

Moreover, delving deeper into the analysis, the Linear-by-Linear Association statistic is employed to assess the existence of a linear trend in the relationship between risk awareness and attitudes towards insurance. The remarkably low p-value, practically zero, strongly indicates a clear linear connection between the increasing levels of risk awareness and the corresponding shifts in attitudes towards insurance. In simpler terms, this linear relationship implies that individuals who possess higher levels of risk awareness tend to hold more favorable attitudes regarding the significance and necessity of insurance as a tool for financial protection. As one becomes more cognizant of potential risks and hazards, they are increasingly likely to perceive insurance as a valuable and indispensable resource for managing these risks and securing their financial well-being.Conversely, individuals with lower levels of risk awareness may exhibit less positive attitudes towards insurance, potentially due to a limited understanding or recognition of the pivotal role that insurance plays in mitigating risks and providing crucial financial security.

In essence, these findings underscore the existence of a substantial and linear connection between risk awareness and attitudes towards insurance perception. This suggests that initiatives aimed at enhancing risk awareness among individuals have the potential to positively influence their

attitudes and perceptions regarding the importance and value of insurance as an effective strategy for risk mitigation.

5.0 Conclusion

In conclusion, the assessment of Civil Servants' Level of Risk Awareness in Rivers State reveals a moderate level of concern about potential emergencies such as health, flood, and fire incidents, emphasizing the need for proactive disaster preparedness. Diverse perceptions regarding regional risk levels suggest the influence of various factors, warranting further investigation to inform disaster planning. Personal concerns regarding hazards and worries about property vulnerability underscore the importance of promoting disaster preparedness at both individual and community levels. While some respondents occasionally doubt the inevitability of emergencies, the majority express heightened concerns about disasters' impact on families and communities. However,

concerning trends show scepticism about risk reduction, highlighting the necessity for targeted education on its significance. There's also a reduced awareness of practical risk reduction strategies, suggesting a need for community-level education. Despite these trends, the majority believe in human agency, offering a positive foundation for future disaster risk reduction efforts, ultimately emphasizing the need for comprehensive disaster preparedness and risk reduction initiatives in Rivers State.

6.0 Recommendation

The study therefore recommended based on the findings of this study

1. There should be development and implementation comprehensive risk awareness programs targeting Civil Servants in Rivers State. These programs should focus on educating individuals about various potential risks, including health, property, and disaster-related

risks, to increase their awareness and preparedness.

2. There should be collaborations with insurance providers, government agencies, and educational institutions to create educational campaigns that highlight the benefits of insurance. These campaigns should emphasize how insurance can provide financial security and mitigate the impact of unforeseen events.

7.0 References

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