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IMPACT OF ENDSARS DEMONSTRATION ON INSURANCE BUSINESS IN NIGERIA.

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Abstract
The Endsars demonstration in Nigeria had a significant level of impact on the economic activities in *Nigeria. This study examined the Impact of Endsar's demonstration on the insurance* business *in Nigeria. Ex-post research was adopted with data sourced from the Nigeria Insurers Association (NIA) website majorly focusing on the claims attributed to the EndSars demonstration in 2020. The observations employed in the research included claims paid and premiums generated from 8 classes of insurance within the period of our investigation. Ordinary least square regression was employed to aid the findings followed by other diagnostics analysis. The results showed that despite EndSar's demonstration having a causal effect on the insurance firms' reserves and premiums, the regression result showed that the impact of the claims settled was negative but had no significant impact on the insurance industry's reserves and premiums. This is an indication that the reserves and premiums were adequately managed and written to ensure that the insurance industry is not interrupted by happenings of insured risks. The post-loss measure implemented by the industry is commendable. It was recommended that Insurers should strive to promptly pay all verified claims and ensure the safety of lives and property and strive to provide necessary security to protect the lives and properties of Nigerians especially when there is a civil crisis, riots or violent demonstrations like the endears demonstration in Nigeria.*

Keywords: Claims, Premium, Reserve, Endsars, Demonstration, Insurance

1.0 INTRODUCTION

Businesses are employed as instruments for addressing the country's poverty issues, strengthening the economy, and creating job opportunities. Businesses are increasingly exposed to political risks of all types from riots and civil unrest to strikes, and not forgetting, terrorism attacks, which can all cause severe disruption. Several developing countries are no exception to Nigeria's enormous issues in ensuring the living standards of its citizens. Hence, the utmost concern is facilitating sustainable speedy growth of the economy adequately closing the gap in low living standards and thus, linking her economy to other economies all over the globe. (Ajakaiye and Adeyeye, 2019)

The purpose of insurance is to reduce risk and exposures associated with business activities, protect business financial assets, intellectual and physical property from lawsuits, damage, thief vandalism and loss of income, injury, illness, and death exposure. Over the years, incidences of unsatisfactory responses to the settlement of claims by underwriters seem to have contributed to the poor public perception of insurance as a financing option. The overriding perception of insurance companies is that they're needed but not trusted. With the pandemic, this negative perception of the insurance industry only intensified. A financially distressed policyholder looking for more flexible billing and payment options were frustrated and quick to switch carriers. Insurance companies have not made adequate reserves for the nationwide upheaval of the #EndSARS protests.

Given the scale of the losses and damage, some insurance companies fear they won't be able to afford to settle claims for assets destroyed as a result of the protests. The impact of endears demonstration was a big test to the integrity and image of insurance companies in Nigeria as everyone was anticipating how these companies will respond to various claims. The losses and damages attributed to the protest became a concern for the intergrowth of the insurance industry toward the End of October 2020 revealing that its performance had reduced by 0.59%. Noting that the Insurance industry in Nigeria has been bedeviled by several challenges and threats to its good image ever since the occurrence of the Endsars demonstration which lead to several claim requests by policyholders who were victims of vandalism, theft, and so on. 2020). These claims arose at a very crucial and delicate moment for insurance companies because of the proposed recapitalization exercise and the covid 19 outbreak. The insuring public feared that the Endsars demonstration in Nigeria may have had a significant level of impact on the Insurance companies in Nigeria as most companies were forced to cough out millions from their reserve in other to settle genuine claims.

The damage caused during Nigeria's recent protests has left many insurance companies overexposed to claims, but the need for cover against future disturbances could strengthen the sector. The destruction of assets has further deepened what may have been a crisis in the insurance sector in terms of claims because the sector had been struggling with making people know that claims are being settled. (Eke rete Gam-Ikon, 2020). Hence, the broad objectives of the study were to examine the impact of Endsar's on the Insurance business in Nigeria. The study is limited to Nigeria The independent variables are the endsars demonstration while the dependent variable insurance business (premium/reserves). The content and variables were settled claims on vandalization, looting; theft, cash, malicious damage, burglary attacks, business interruptions, and fire insurance claims paid and premium/reserves in 2021.

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2.0 LITERATURE REVIEW

Concept of Special Anti-Robbery Squad (SARS) in Nigeria

The establishment of the Special Anti-Robbery Squad (SARS) a division in the Nigeria Police Force dated back to 1992 empowered to prosecute culprits involved in crimes such as kidnapping, robbery, and other forceful crimes. The squad as a police unit had powers to perform undercover activities against violent crimes such as car snatching, armed robbery, Kidnapping, and use/possession of unauthorized weapons. The atrocities of SARS were disclosed by Nigerians on social media in 2020 and subsequently called for its disbandment. (Chukwu 2020). The Endsars protest began as a peaceful demonstration by thousands of young people but quickly devolved into mayhem when the protests were hijacked by hoodlums, resulting in mob attacks on security officials, protester deaths, and vandalism and looting of public and private property and businesses which expanded to other Nigerian states.

As posited by Uwazuruike (2021), the formation of SARS in 1992 was a measure to respond to violent crime, mainly armed. However, on the contrary, it is now popularly opinionated as a violator of human rights in Nigeria by its populace mostly among its teeming youths. Amnesty International (2016 & 2020) charged SARS with human rights violations, cruelty, degrading treatment of Nigerians held in their custody, and other widespread torture with about 82 SARS-related unlawful murders and violations recorded. Similar fashion led to the widespread online and offline campaign of EndSARS on social media. It was recorded that more than 10,000 Nigerians signed a petition for the disbandment of EndSARS as a result of its unbearable abuse mostly against Nigerian youths. Despite the intervention of several government parastatals and authorities, no significant changes were noticed, as footage of SARS officers shooting a young Nigerian driving away with his motor vehicle surfaced online on October 3rd, 2020. Oshinnaike, (2020) also revealed that despite the non-violent demonstration, the Nigerian Police embarked on shooting and firing tear gas leading to bodily injury and death of some young Nigerians involved in the demonstration in several locations all over the country. The main aim of the peaceful demonstration was to draw the attention of the relevant authorities to scrape the SARS for its unending abuse of Nigerians, in a similar fashion ensuring accountable governance all over the country (Okon, 2020). According to Eno-Abasi S. and Otaru A. (2020), Except for the Nigerian Civil War, the country has never witnessed the massive destruction that it did during October 2020 #EndSARS protests, which set several Nigerian cities on edge, with property worth billions of naira either razed down or vandalized.

Impact of Endsars Demonstration on Businesses in Nigeria

Financial System Strategy (FSS), a publication of the Central Bank of Nigeria, noted that 96 percent of Nigerian businesses are small and medium-sized enterprises (SMEs), compared to 53 percent in the United States and 65 percent in Europe. According to studies conducted in Nigeria, they provide approximately 10% of GDP, compared to 40% in Asian countries and 50% in the United States and Europe (Eniola 2020). The Endsars protest's impact on the Nigerian economy is massive, unexpected, and thus unfathomable. Toki Mabogunje, president of the Lagos Chamber

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of Commerce and Industry on October 20, 2020, estimated that Nigeria had misplaced extended than N700bn ($1.8bn) in economic fees because the #EndSARS protests started. The authorities estimated claims for losses as a result of the protests at a trillion naira in Lagos alone. Mutiu Yekeen, the Head of Corporate Communications at Primero Transport Services (PTS) Ltd, carriers of BRT Buses, misplaced over N100 million in six days ensuing from the protest, ravaging the nation's monetary capital ravaged. A total of N3.9 billion in losses were attributed to BRT motors. Other small retail outlets were among the properties damaged in Lagos as revealed. (Abuede,2020), The huge damage to private and public properties triggered concern about the capacity of insurance firms operating in Nigerian to adequately claims arising from the EndSARS demonstration, the insurance industry faced losses amounting to several billions of naira which could in turn cause a catastrophic effect on the operations of the insurance industry precluding its recent recapitalization exercises except the intervention of government. Thus, as a proactive measure by the Nigerian Stock Exchange, the performance of the insurance sector closed its index by 0.59% for the week. How much of the #EndSARS losses covered by different existing policies were not highlighted?

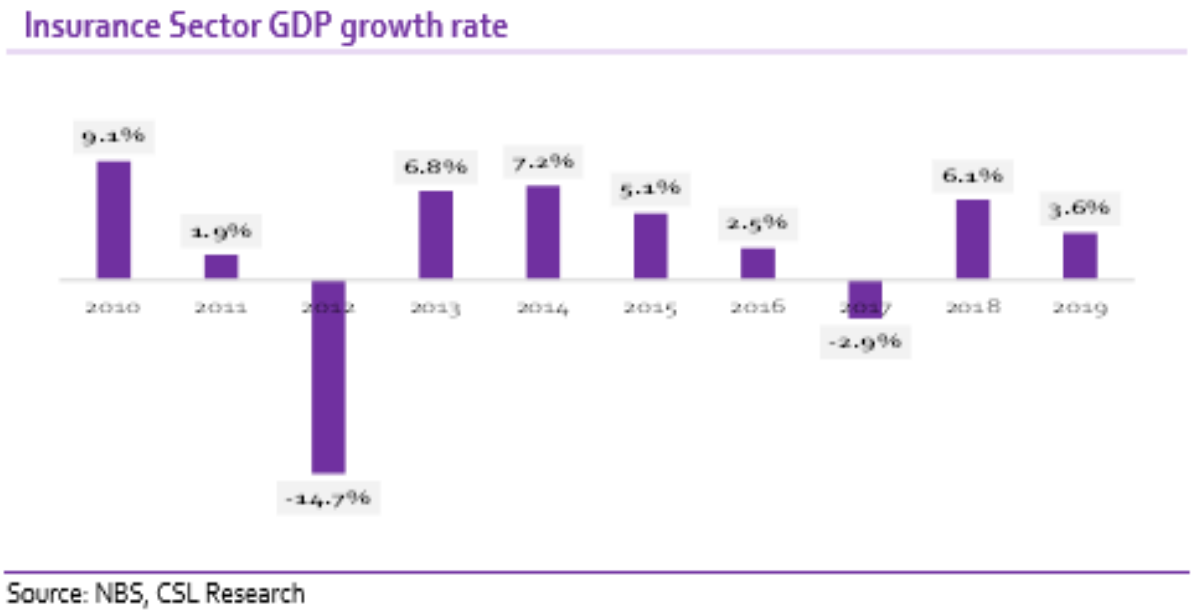


Figure 1. Insurance Sector GDP growth rate, 2022

With the Nigerian insurance sector penetration at 0.2% and its contribution to GDP at 0.5%, the sector is still deemed underdeveloped. Insurance firms were seriously affected as a result of hiked claims in travel, health, and business interruption insurance linked to the Covid-19 pandemic outbreak, players in the market were impacted negatively by capital requirement demands from

NAICOM and the pressure to meet all claims reported for settlement (Proshare, 2020). Notwithstanding, Yetunde LLori, the Director General of NIA made it clear that all claims accrued to the EndSARS demonstration are in concomitance with the primary aim of insurance in providing compensation and as such swift measures taken to restore those with insurance policies in force.

Theoretical Review

Trigger Theory

Some specific events must occur to trigger insurance coverage under any given type of insurance policy. The word "trigger" is used in the insurance context as a term of art, meaning the event that activates coverage under one or more insurance policies. The trigger of coverage arises in determining exactly what must take place within the policy's effective dates to trigger coverage. For example, property damage must occur during the policy period to trigger property coverage under most homeowners' policies. *Allstate ins. Co. Vs Hunter* evidences the complexities of determining the application of trigger theories in progressive or continuous property damage claims. The Texas appellate court made the logical conclusion that the manifestation trigger requires that the damage be "capable of being easily perceived, recognized, and understood" for the insured to have the requisite knowledge of the damage to provide notice of claim to the homeowner's insurer. According to the court, speculation of damage based on smell or other senses may not be enough to trigger coverage. However, any insurance policy that does not have an element of this theory or is related to the theory is likely to limit the prompt settlement of the claim.

Empirical Review

Akhimien, (2022) Akhimien, (2022) investigated how Endsars' demonstration affected businesses in Lagoinvestigated how Endsars' demonstration affected businesses in Lagos. Objectively centering on the propelling factors of the Endars protest carried out by youths in Lagos. Thus, investigating how such demonstration impacted small and medium scale outlets in Lagos. To aid further findings three hypotheses were formulated and questionnaires were administered to 350 business owners in Ikeja Lagos. With the Pearson Product Moment Correlation Analysis, there were noticeable elements of correlation between Endars activities and business outlets (SME) in Lagos. Conclusively Endsars protest affects small and medium business outlets in Lagos. Therefore, it was recommended that government scrutinize the cause of the protest and proffer solutions to SARS brutality in Nigeria.

Similarly, Ochi and Mark (2021), the study examined the Effect of the EndSars Protest on the Nigerian economy; with specific set objectives to find out the causes of the EndSars protest in Nigeria; ascertain the effect of the EndSars protest in Nigeria, and proffer possible solutions to the causes of the EndSars protest in Nigeria. The study adopted the structural-functionalist theory and used the survey research method given the work coverage. Thus, the method of study was qualitative. Data were generated from secondary sources which included journal articles, newspapers, and other online sources. Literature review however shows that SARS is notorious

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for its brutality and human rights abuses and the lack of accountability for their actions while the Nigerian economy suffered huge losses of billions of naira resulting from the protest. The Police Act, which was adopted in 1943, has broad discretionary powers in the hands of police officers, making the abuse of power possible. The study concludes that EndSar's protest has left memories not just on the Nigerian people and her economy but on the global community on issues of police brutality in Nigeria. The study, therefore, recommends that state governments, in collaboration with security agencies and other stakeholders (Civil Society Organizations and traditional/religious institutions)should create avenues for interaction with the general populace and listen to the millions of voices calling for police reform; there should be great transformations in relationships between the police and communities and the Federal and State Governments should invest in youth employment to create sustainable economic opportunities for young people in the country thereby, growing the economy.

Shittu Ahmed and (Giwa, (2022) also investigated EndSar's impact on business in Nigeria's Kwara State unlike similar research done in Lagos. Their study was also centered on the effect of the Endsars protest on small and medium-scale enterprises. With the aid of descriptive survey data were sourced primarily using questionnaires. Out of 500 distributed 480 were returned and adequately utilized for its investigation. Haven used the SPSS for the multiple regression result analysis showed that Endars impacted significantly on Micro businesses in Kwara State. Thus, effective recommendations were made in line with the results.

3.0 METHODOLOGY

To further facilitate the research process of the aforementioned topic the ex-post research was adopted with data sourced from the NIA website majorly focusing on the claims attributed to the EndSars demonstration in 2020. Data were sourced from the NIA website majorly focusing on the claims attributed to the EndSars demonstration in 2020. The observations included paid premiums generated from 8 classes of insurance within the period of investigation. Least square regression was employed to aid the findings followed by other diagnostics analysis.

Thus, our model was generated as:

$$IRP = F(ESC) \quad \ldots\ldots (1)$$

$$IRP = \beta_0 + \beta_1 ESC + \varepsilon \quad \ldots\ldots (2)$$

Where IRP means insurance reserves and premiums
ESC means EndSars Settled Claims

Decision criteria were based 5% level of significance in agreement with the apriori expectation to find out the level of impact (negative/positive or significant/insignificant) impact of EndSars demonstration on the operation of insurance firms in Nigeria.

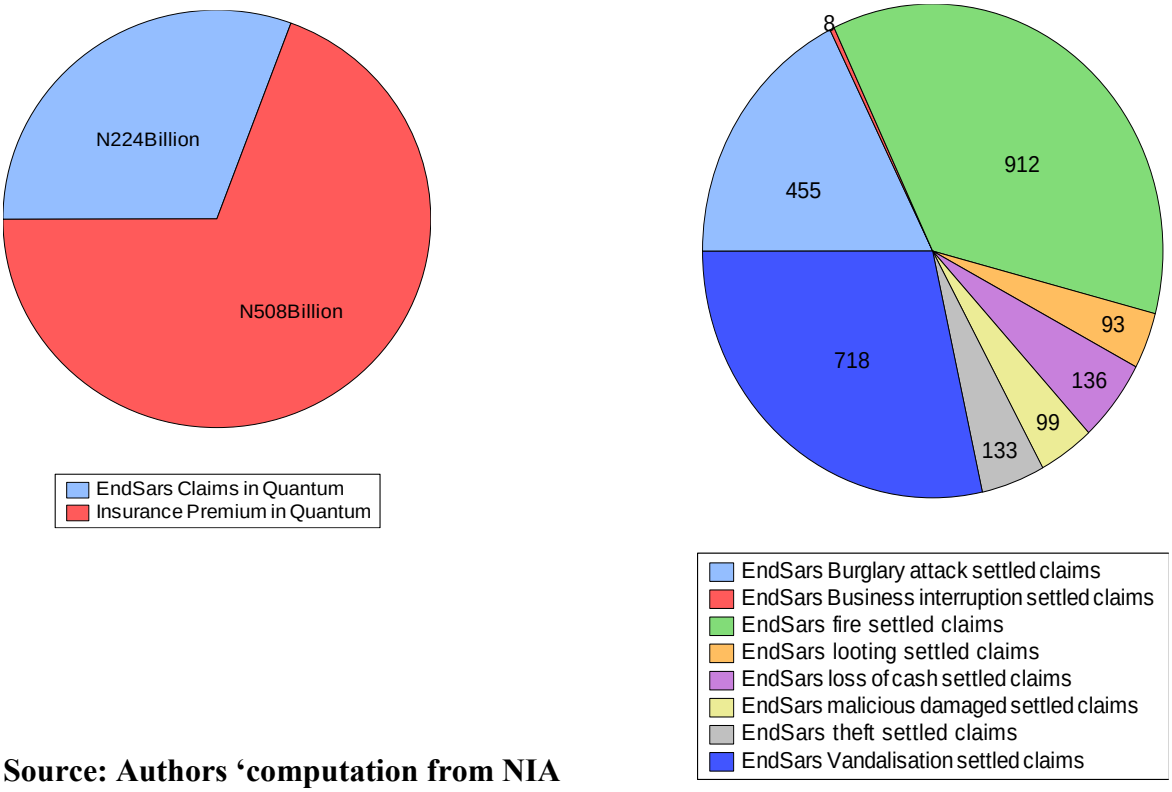
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4.0 RESULTS

Data Analysis

Figure 4.2: Total claims/premiums and several claims attributed to the EndSars demonstration in 2020.

Displays the total claims/premiums in the quantum of the insurance industry and several claims incurred attributed to the EndSars demonstration in 2020.



Source: Authors 'computation from NIA report 2022.

Insurance companies settled claims on 718 cases of vandalization 93 cases of looting; 113 cases of theft; and 136 cases of loss of cash. Also, 99 claims were settled on malicious damage; eight on business interruptions; 455 on burglary attacks; and 912 on fire and burnt sites. Hence, the industry claims paid in the 2021 financial year amounted to about N224 billion while Gross Premium Written stood at about N508 billion.

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Granger Causality Test

Table 4.1 Pairwise Granger Causality Tests
Date: 07/09/22 Time: 08:22
Sample: 8
Lags: 2

Null Hypothesis:	Obs	F-Statistic	Prob.
ESC does not Granger Cause IRP	8	2.E-151	0.0000
IRP does not Granger Cause ESC		0.00000	0.0000

Source: Eviews computation

Table 4.2 Descriptive Result of the Number of Claims

Displays the descriptive result of the number of claims settled by the insurance industry as a result of the EndSars demonstration in 2020.

	EndSars Claims
Mean	315.5000
Median	124.5000
Maximum	912.0000
Minimum	8.000000
Std. Dev.	337.7975
Skewness	0.853026
Kurtosis	2.124610
Jarque-Bera	1.225642
Probability	0.541820
Sum	2524.000
Sum Sq. Dev.	798750.0
Observations	8

Source: Author

Regression Result

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Table 4.3
Dependent Variable: IRP
Method: Least Squares
Date: 07/11/22 Time: 11:29
Sample: 1 8
Included observations: 8

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	125.2017	90.12943	1.389133	0.2142
EndSars Claims	-0.195568	0.201847	-0.968894	0.3700

R-squared	0.535292	Mean dependent var	63.50000
Adjusted R-squared	0.608826	S.D. dependent var	179.6051
S.E. of regression	180.3960	Akaike info criterion	13.44050
Sum squared resid	195256.3	Schwarz criterion	13.46036
Log likelihood	-51.76202	Hannan-Quinn criter.	13.30655
F-statistic	0.938757	Durbin-Watson stat	1.704949
Prob(F-statistic)	0.000016		

Source: Author

Diangonistic test for reliability of Result
Table 4.3 Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	1.458440	Prob. F(1,6)	0.2726
Obs*R-squared	1.564338	Prob. Chi-Square(1)	0.2110
Scaled explained SS	1.618790	Prob. Chi-Square(1)	0.2033

Source: Author

Discussion of Result

The Granger causality result above indicates that claims settled by the insurance industry as a result of the EndSars demonstration caused a very strong positive impact on the insurance firms' reserve and premiums as earlier reported by Nigerian Insurance Association (NIA) in 2021. Having recorded a total number of 8 different categories of claims, the insurance industry recorded an average of 315.50 claims during the EndSars demonstration in Lagos in 2020. The lowest number of claims was that of business interruption claims with eight (8) whereas the highest number of

claims concerning the EndSars demonstration was that of fire claims with nine hundred and twelve (912) cases.

Despite EndSar's demonstration having a causal effect on the insurance firms' reserves and premiums, our regression result shows that the impact of the claims settled was negative but had no significant impact on the insurance industry's reserves and premiums. This is an indication that the reserves and premiums were adequately managed and written to ensure that the insurance industry is interrupted by happenings of insured risks. Hence, the post-loss measures implemented by the industry are commendable.

To ensure that the results given above are unbiased the justification is carried out using the Heteroskedasticity Test: Breusch-Pagan-Godfrey which concluded that with probability values higher than 0.05 level of significance, the result is reliable and stable. In comparison with the empirical studies, the result had no significant impact on the insurance premium and reserve contrary to that of Akhimien, (2022) focusing on how Endsars demonstration affected businesses in Lagos.

Similarly, Shittu, Ahmed. and Giwa, (2022) used the SPSS multiple regression result analysis to show that Endars impacted significantly on Micro businesses in Kwara State which is not in agreement with the findings of this study. However, there exist some element of agreement with the findings of Mark and Ochi (2021) where huge sums of money were lost due to the Endsars protest with negative repercussion on the economy at large. The findings show negative but insignificant effects on the insurance sector in Nigeria as revealed in our regression result above

5.0 CONCLUSION

Following huge losses suffered by businesses in the aftermath of the EndSARS violence, the insurance industry, in line with its role of providing financial intermediation and restoring businesses quickly, moved in to provide the necessary compensation for those that have insurance coverage and others who suffered losses to their businesses.

The findings above that insurance companies responded professionally and there was less litigation on this issue. The Endsars demonstration in Nigeria also had a negative but insignificant impact on the insurance business as it encourages more government patronage and recognition; strengthens regulatory and capital requirements to ensure solvency and sustainability; introduces reforms that will help deepen insurance penetration as well as its very crucial to building consumer trust and public awareness, even as it will challenge the operators to act more ethically among others.

Recommendations

In line with the findings and conclusion of the study, the following recommendations were made:

1. We need to have more micro insurance companies coming through to address the needs of the MSMEs' insurance."

2. The industry has suffered negative perceptions in the past, which has affected investment in the sector, it is time to explore available opportunities, surmount its numerous challenges, and strategize for the future thus; the Nigerian insurance industry should strive to increase the insurance penetration rate and image building through prompt of valid claims.
3. The government should provide the basic need of its populace, ensure the safety of lives and properties and strive to provide security to protect the lives and properties of Nigerians especially when there is a civil crisis, riots, or violent demonstrations like the Endears demonstration in Nigeria.

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