AN OVERVIEW OF THE CLOGS IN THE EFFECTIVE ENFORCEMENT OF THIRD-PARTY INSURANCE POLICY IN NIGERIA

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Abstract

In February, 2025, a novel step was taken by the Nigerian government through the Nigerian police to compulsorily enforced third party insurance policy in the country. Surprisingly during the enforcement, the numbers of arrest were astronomical. Using doctrinal research method this paper x-rays the necessity for insurance, legal framework of same in Nigeria, and why many Nigerians neglect to key into the third-party insurance policy despite its numerous benefits. The clogs to effective enforcement of the policy in Nigeria are carefully highlighted and analysed. Through the analysis, the paper discovers that, generally in Nigeria, Insurance culture in the recent past has taken a nose dive; many people do not count or recognize insurance as essential contract of necessity. To many, God insured! This negative and uncared attitude is greatly negating the beneficial opium in insurance policy and the third-party insurance policy being the worst hit. Based on the findings, the paper recommends among others that, there should be a more aggressive public sensitisation on the benefits of third party insurance policy, the insurance companies should be ready to pay/settle claim swiftly once it is filled and verified and that; section 86 (2)(3) of the Nigerian Insurance Industry Reform Act, 2025that exempt military and diplomatic personnel from liability be amended to make military and diplomatic vehicle drivers personally liable for any accidence they cause while on the road.

Keywords: Third Party; insurance policy, enforcement; panacea

Introduction

Since loss, danger and casualties are inevitable in the day-to-day activities of man, there is every tendency for man to look for ways to mitigate such risks and casualties. To combat risks, the statutory institution established to actualise this is an insurance company. An insurance Institution and or organisation are the one establish to reimburse losses. Insurance in law is a form of contractual obligation which must be executed in good faith because any element of fraud in Insurance contract either from the side of the insured or the insurer vitiates the entire contract. In the words of Yerokun[1]'insurance is a legal contract to give protection to people who have insurance or invest in

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[1]Y. Olushegun, *Insurance Law in Nigeria* (Princeton Publishing Company, 2013), For further definition, see ibid, pp. 1-11

insurance business. In the case of Tabs *Assurance v. Akwuzie (Nig.) Ltd.*[2]the court held that, an insurance contract should be one of utmost good faith *'uberrimae fidel',* requiring full disclosure of all material facts by both parties. This position was further affirmed in *Lucena v. Crauford.*[3]Insurance is a financial product that provides protection against financial loss or risk.[4] For insurance to be effective there must be an insurable interest.[5]

Despite the significant of insurance policy, the nonchalant attitude of Nigerians to key into policy is of major concern. For many Nigerians, God is the protector to them no insurance company can offer adequate protection. As astonishing and surprising as this belief is, this is the situation in Nigeria. Some of the reasons for the negative attitude towards insurance policy by Nigerians are that, insurance company don not execute their own part of the contract and that once it is time to receive the benefit of such policy, the insurance companies would create various artificial barrier in form of bureaucratic clogs to the collection of the benefit.[6]

The issue of third-party insurance in Nigeria gained momentum on the 1st February 2025 when all stakeholders through the combined effort of the Nigeria police and the Federal Road Safety Commission commenced what we can call an aggressive enforcement of the policy through which many motorists were arrested on the offence of not having a third-party insurance policy in their vehicles. This aggressive enforcement actually awakened Nigerians to the compulsory nature of the policy as well as its benefits. Despite this however, there are some clogs in the effective enforcement of this policy which makes it more of jamboree rather than an effective enforcement.

Divided into six sections, what insurance entails, parties and reasons for insurance policy is the point of discussion in the second section of this paper. The section also touches on what the principle of indemnity entails in the contract of insurance. In section three, the main discussion centers on the regulatory frameworks of insurance policy in Nigeria. The chapter also talks about what third party insurance is and how it is regulated in Nigeria. Section four constitutes the nucleus of discussion in this paper. It is in the section that the paper discusses the enforcement procedure of the third-party insurance, issue of jurisdiction as well as relevant sections that has to do with third part insurance. The procedural steps for the claiming of benefit under the third insurance policy in Nigeria are also highlighted and discussed in this section. Various clogs to the effective enforcement of the third-party insurance policy in Nigeria are the pin of discussion in section five. The paper ends in section six with conclusion and recommendations.

Defining insurance in legal context

Insurance: Insurance is a financial product that provides protection against financial loss or risks. Insurance involves an agreement between an individual or entity (the policy holder) and an insurance company (the insurer), where the policy holder pays regular premiums[7]. In return, the insurance company agrees to cover certain types of financial losses or risk, such as damage to property, health issues, or accidents, depending on the terms of the policy.[8] Insurance according to Bola Rasaq[9] 'is a form of or an example of specific contract governed by the prerequisites of ordinary common law on contract'. He stated further that, the only exception lies in the fact that, the doctrine

[2] (1995) 4 NWLR (Pt. 388) 2.23 CA
[3] (1806) 127 E.R.858.
[4] Saliu S. 'Insurance claim: Lack of awareness on insured right and regulatory gaps in Nigeria ' in Adebayo A. SAN ed. *Insurance claim: Lack of awareness on insured right and regulatory gaps in Nigeria*, 5th Quarterly Round Table, 21st June, 2025, p. 1.
[5]*C.C.B ltd v. Nwokocha* (1998)8 NWLR 98
[6] Olokooba S.M. 'Third Party Insurance in Nigeria' 6th Adebayo A. SAN Quarterly Round Table 2025, p6
[7] Saliu S *op.cit* (n.4) p. 1
[8] ibid
[9] Bola R G ''Insurance claim: Lack of awareness on insured right and regulatory gaps in Nigeria ' in Adebayo A. SAN ed. *Insurance claim: Lack of awareness on insured right and regulatory gaps in Nigeria*, 5th Quarterly Round Table, 21st June, 2025, p. 30

of frustration in contract under the common law is inapplicable to a contract of insurance; and that, unlike a wagering contract, insurance contract is an aleatory one which depends on contingencies.[10]

According to Black Law Dictionary,[11] Insurance is a contract by which one party undertakes to indemnify another party against risk of loss, damage, or liability arising from the occurrence of some specified contingency. In insurance, an insured party pays a premium to the insurer in exchange for the insurer's assumption of the insured's risk. Although indemnification provisions are most common in insurance policies, parties to any type of contract may agree on indemnification arrangements[12]. Insurance is a legal arrangement in which the insured pays periodic premiums to the insurer, who undertakes to assume the risk of specified contingencies, including death, illness, or other losses, in accordance with the terms of the policy.[13]A claim is the formal request made by the insured to the insurer for compensation. The Supreme Court in *Jombo United Company Ltd v Leadway Assurance & Co Ltd*[14] defined an insurance claim to be a formal request made by the insured to the insurer for compensation as may be stipulated in the insurance policy.

From the foregoing, insurance is an act of contributing a specific amount of money to secure, minimise and guard against loss and damages. Insurance is a way of mitigating personal loss. Insurance can also be viewed as a product from a services provider known as insurance company. Thus, the main features of effective insurance policy are, presence of insurer (the Company), the insured (Client), payment of Premium (Insurance broker or underwriter to guarantee payment) and the regulatory authorities to enforce compliance.

Parties in Insurance Policy: The main parties in an insurance policy are the **Insurer** which is the Insurance Company (Service Provider). This is the organisation that agrees to pay for covered losses. The organisation may at times be operating through a Licensed Insurance Broker Company which must followed the laid down code of conduct for insurance operation. The other main party is the Insured who happens to be the policy holder that pays premiums for coverage. The other parties are those that receive the payout; amongst them are the beneficiary (life insurance) and the Third party (The Other Persons' liabilities); he's the one who is owed damages, such as in an auto accident or event covered by the policy. For instance, in a car accident where the insured is at fault, the other driver is the third party.[15]

Reasons for Insurance Policy: One of the reasons for an insurance policy is to help reduce the financial burden caused by unforeseen events by spreading the risk across a larger group of people. In other words, protection against potential future losses or risks is the main function of insurance[16]. Going by the provision of the Insurance Act, it is a policy that provides crucial financial safety-net it also offers protection against unexpected and potentially catastrophic losses such as accident, illnesses, or property damages. Insurance policy also guaranteed business and family stability. In the words of Saliu[17]'the purpose of insurance is to help reduce the financial burden caused by unforeseen events by spreading the risk across a larger group of people'. In a nut shell, amongst the benefits of insurance policy are asset protection, health and medical loss mitigation, risk management, legal protection, financial loss protection, tax protection, income protection etcetera. Although insurance provides significant financial and legal protection, the Nigerian public has generally demonstrated a lukewarm attitude towards its adoption, with third-party insurance being the most neglected. It is therefore necessary to examine the nature and scope of third-party insurance under Nigerian law.

Principle of Indemnity in Contract of Insurance: Basically, the insured pays a premium in order for him or her to be indemnify when an incident occur. The viability and functionality of insurance contract therefore center squarely on the principle of indemnity. A principle of indemnity

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[10] Ibid, p.31
[11] Bryan A.G, et al *Black's Law Dictionary* 11th ed. (Thomson Reuters, 2019), p.953
[12] Ibid
[13] Horby A. S. *Oxford Advanced Learner's Dictionary of Current English* (10th ed. Oxford University Press, 2020), p.824.
[14] (2017) All FWLR (pt. 886) 2125
[15] Bryan A.G, *op.cit* (n.11) pp.953-954
[16] Bola R G*, op. cit* (n.9), p. 30.
[17] Saliu, *op.cit* (n.4) p.2

is a compelling principle that makes the insurance company to indemnify an insured in the event of eventuality and or occurrence of an accident. In general, any contract of insurance imports an indemnification that is when the insured events occur, the estimate of the loss is computed and the insured is paid accordingly[18]. In *M'creagh v Freason*[19], An indemnity principle is said to be a general guiding rule which does not include specific direction, which vary according to the subject-matter. By the nature of insurance, insurance contract postulates that a sum of money will be paid on the happening of the insured event by the insurers.[20] However, for such circumstances to occur, the event must be unpredicted and uncertain. Premeditation negates and voids indemnification.[21]

It is of importance that before the principle of indemnity becomes effective in insurance activities, the assured must prove the presence of insurable interest in the contract. In other words, an insured must prove that the event insured against is prima facie adverse to his interests.[22] As succinctly captured in Yerokun[23] "the rule of indemnity is aimed at restoring the insured who has suffered a loss within the contemplation of the parties, to the financial position which he occupied before the loss in relation to the subject-matter." It is of importance to also know that, in indemnifying, there is no general principle to follow in determining the market value or cost of reinstatement. According to the court in *Leppard v. Excess Insurance Co Ltd*[24] held that, reimbursement less than the amount sum insured is not offensive. Indemnity is a question of fact and all the relevant fact including surrounding circumstances of the particular case must be examined in order to ascertain the actual value of the loss to be indemnified.

Regulatory Framework of Insurance Policy in Nigeria

Generally, the Insurance Act is the principal legislation governing insurance policies in Nigeria. Heavy reliance was placed on Insurance Decree no 2 of 1997 (Federal Republic of Nigeria Official Gazette, 1997) before Insurance Act 2003. The Insurance Decree no 2 of 1997 was later repealed by the Insurance Act 2023. This Act introduces several new provisions in the Act. In fact, the Insurance Act 2023 serves as the main Act that expatiate the framework for the regulation and supervision of the insurance industry in Nigeria. Established in 1997, the National Insurance Commission (NAICOM) became the main regulatory authority for overseeing the activities of Insurance industry in Nigeria. Amongst the function of National Insurance Commission (NAICOM) are to issue licenses to qualified insurance Companies,[25] Approving the premium rates and commissions,[26] Establishes standards to be followed by the insurance companies[27], Regulation of Assets of the insurance Companies,[28] Advising the Government concerning Insurance policy in Nigeria,[29] Protecting the insured[30]*etcetera*.

What is Third Insurance Policy: A third-party insurance policy is a type of liability coverage that protects the insured person against claims for damage or injury they cause to another person or another person's property. In the third-party insurance, it typically covers the financial and legal liabilities that arise if the policyholder is at fault in an accident. Talking in the Nigerian context, a third-party insurance is a mandatory car insurance that protects a third party from liability caused to

[18] Yerokun, *op.cit* (n.1), p. 243
[19] (1922) W.N.37
[20] *Prudential Insurance Co v. T.R.C* (1904)2 KB 658
[21] Yerokun, op.cit (n.1), p. 243
[22] *Gould v. Curtis* (1913) 3 KB.84 (CA), see also Olusegun Y. *Insurance Law in Nigeria* (Princeton Publishing Company, 2013), 242
[23] *ibid*, p.245
[24] (1979) 2 All E.R 668
[25] See section of the National Insurance Commission (NAICOM)
[26] See section of the National Insurance Commission (NAICOM)
[27] See section of the National Insurance Commission (NAICOM)
[28] See section of the National Insurance Commission (NAICOM)
[29] See section of the National Insurance Commission (NAICOM)
[30] See section of the National Insurance Commission (NAICOM), see also the case of *FBN Insurance Ltd. v. Onukogu* (2008)7 NWLR(Pt.1087)31 @52

his car or property by another person but does not cover the liable persons' car. In Nigeria, the dominant and most commonly known form of third-party insurance is motor insurance commencing with the motor vehicle (Third Party Insurance) Act, 1950 which was based on English Road Traffic Act, 1930 and which was later consolidated to English Road Traffic Act, 1960.[31]

Third party insurance is the minimum legal requirement for all drivers and covers the third party in an accident, who is the other person involved, not you. Third party insurance covers damage to another person's vehicle or property, bodily injury or death to a third party as well as the legal fees of the third party. Third party insurance is a compulsory insurance policy that covers losses against vehicle and property caused to the third party as well as the legal fee and medical treatment incurred in the cause of the accident.[32]

A third-party insurance in summary is mandatory minimum level vehicle insurance that protects you from liabilities for damages to another person's vehicle, property and for death or bodily injury to a third party if you are at fault in an accident. This type of insurance is 'the other persons' liabilities accidental damage that you cause on other people's car or property while driving. This type of insurance is the minimum legal requirement in Nigeria. This type of insurance excludes damage to your own vehicle and it is compulsory enforcement started since 1st February 2025.[33]

Third Party Insurance Regulations in the Nigerian Law: Before the enactment of the Nigerian Insurance Industry Reform Act (NIIRA) 2005, the issue of the third-party insurance policy was in Section 68[34]of the Insurance Act, and the Act stipulated that, all vehicles on Public Road must have 3rd party insurance coverage. Similarly, prior to NIIRA 2025, third party insurance was also governed by Motor Vehicles (Third –Party Insurance) Act) 1950 and various NAICOM regulatory guidelines. Contemporarily however, the provision on third party insurance is succinctly captured in Part X Section 84-102 of the new Nigerian Insurance Industry Reform Act (NIIRA) 2005. The new Act was enacted for Higher Capitalisation, Consumer Protection, Mandatory compliance and Consolidation of all laws relating to third party Insurance Policy in Nigeria. The integration of the Nigerian Insurance Database (NIID) enables real-time verification of insurance certificates, reduced incidence of fake certificates and streamlined enforcement at checkpoints by FRSC and the police.

Enforcement Of Third-Party Insurance Policy in Nigeria

Jurisdiction for enforcement: On the issue of jurisdiction, the courts that can entertain and enforce third-party claim in Nigeria, are the Federal and State High Courts? However, the National Insurance Commission (NAICOM), the Road Safety Corps, the Nigeria Police Force and various Insurance Companies Brokers are all stakeholders in the third-party insurance affairs in Nigeria.

Enforcement Procedures: The procedural steps in the enforcement of third-party insurance claims are:

1. Filling of claims with third party Act Insurance
2. Report accident to the police and insurance company promptly
3. Provide detail evidence of such accident; attached evidence such as
    i. Photo of the accident; and
    ii. Police report
    iii. Medical reports
    iv. Verified repair estimates

Contact of the third-party involved, after this, your insurance company will assess the level of coverage amount for verification/payment.

Analysis of the relevant sections with regard to the enforcement of third-party insurance claim in Nigeria

[31] The provisions of the Act were made part of the general traffic laws which were applicable throughout the Federation.
[32] Olokooba S.M. *op.cit* (n.6) p.13
[33] *ibid*
[34] Nigerian insurance Act, 2003

Not all provisions in the Insurance Act have direct bearing to the enforcement of third-part insurance claim; however, some sections in the Act clearly state the procedural requirement and steps to follow. One of such sections is section 84: (1) [35] which provides that:

> Subject to the provision of this part, a person shall not use, cause or permit any other person to use a motor vehicle or be in effective control of such a vehicle unless there is in effect in relation to the use of that motor vehicle by such person or such other person as the case may be, a policy of insurance in respect of the third-party risks in compliance with the provision of this part.

The simple implication of the above provision is that, every vehicle on the Nigerian road must by law have third party insurance. Failure to do this and still put a motor vehicle on the road attracts the punishment/*fine of at least N250,000 or imprison for maximum of 12 months or both*.[36] By this provision, the minimum fine for third party insurance offender is N250,000.00; but it can be more.

Similarly, it is also required for the passenger carrying, or hire vehicle to have third party insurance policy against death or bodily injury. If by any eventuality, an accident occurred and death or permanent disability occurred, the affected passengers are entitled to cost of treatment/compensation to the tune of N2,000,000 or such higher sum as Commission may specify in regulations.[37]

Going by the provision of Section 87(ii),[38]the amount of compensation as treatment for out-patient in case of accident is N100,000,00 while in-patient is N250,000, while the compensation to the damaged property of the third party would not exceed N3,000,000 or as Commission may specify in regulations.[39] When talking about public property in third party insurance policy, it includes all fixtures in our highways, i.e. Solar panel, lights, transformers etcetera. Any money paid by the insurer toward the discharge of the liability of an insured shall be recovered by the insurer from the insured.[40]

We should also note that, the new Insurance Act further allows for the use of reasonability test in determining the payment for injured person as out-patient or as in-patient on behalf of the insured for the use of his motor. The prescribed amount to be paid by the insurer shall not exceed N1,500.000.00 for in-patient, while that of out-patient is N500,000, to be paid directly to the hospital. In a motor insurance policy, it is the current value of the car in the market immediately before the accident occurs which becomes the subject matter of claim.[41]

Section 88 (1)[42] states that, any liability so arising shall cease in the event the third party failed or omitted to do the needful after the happening of events giving rise to a claim under the policy. By implication, failure to do the needful as required by the Act on time after the incidence may debar the third party from getting compensation.

Legal Proceeding

To institute any legal proceeding concerning the third-party insurance claim in Nigeria, section 85 (a) (b) states that such proceeding must be instituted 12 months from the date of the commission of offence (by private individual); or not exceeding 12 months from the date the prosecutor is aware or 1 year from the date of commission of the offence, which ever period is longer.

Clogs to Effective Enforcement of Third- Party Insurance in Nigeria

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[35] The Nigerian Insurance Industry Reform Act, 2025
[36] See section 84(2) of the Nigerian Insurance Industry Reform Act, 2025
[37] See section 84(5) of the Nigerian Insurance Industry Reform Act, 2025
[38] The Nigerian Insurance Industry Reform Act, 2025
[39] See section 87 (iii) of the Nigerian Insurance Industry Reform Act, 2025
[40] See section 89(2) of the Nigerian Insurance Industry Reform Act, 2025
[41] See section 89(1) of the Nigerian Insurance Industry Reform Act, 2025
[42] The Nigerian Insurance Industry Reform Act, 2025

The third-party insurance scheme, though a noble effort to mitigate the third- party losses, unfortunately, due to some bottleneck, shortcoming and clogs, the effectiveness of the scheme is still at low ebb. Amongst the reasons that constitutes clogs in the effective enforcement of the third-party insurance policy in Nigeria are; issues of fake insurance certificate, weak inter-agency enforcement, low public awareness, string and high bureaucracy to receive claim, week penalties for breach; and capacity constraints discussed hereunder:

Issues of fake insurance certificate: Despite the vigor and efforts put in the enforcement of the third-party insurance policy, incidence of fake insurance certificate always serve as a clog to the effective claim of benefits. The third-party insurance policy can be procured from or through only licensed insurance entities authorized by the National Insurance Commission to transact Motor Insurance business in Nigeria[43]. However, it is now a common practice for most motorists to, instead of insured their vehicle with recognised insurance company by paying the actual statutory amount, prefers cheapness or reduction in premium thereby purchasing counterfeit policies and securing a certificate that offers no coverage. To check and prevent this fraudulent activity, the National Insurance Commission circulated the list of insurance companies licensed and authorized by the commission to sell or underwrite the mandatory third-party motor insurance in Nigeria.[44]

Weak inter-agency enforcement: For effective enforcement, a cooperative and solid synergy in operation is a *sinqua non*. Therefore, cooperation between NAICOM, FRSC, the police and state government plays a significant role in effective third- party insurance policy enforcement. Doing this will certainly guard against duplication of efforts, inconsistent enforcement and wastage of data sharing. Unfortunately, the egocentric treatment of issues by most agencies that serve as the stakeholders in the third-party insurance police is greatly affecting the effectiveness of the policy. In short, if all the enforcement agencies in the realm of insurance matter sees themselves as partners in progress; if road safety sees police as partners, and police sees traffic warders as partners just as traffic warder see insurance companies as partners; and all of them share vital information among themselves, the enforcement process will surely be seamless.

Low public awareness: Significant portions of Nigerian are having poor insurance culture. In fact, until when the Nigeria policy practically came out to enforce the third-party insurance policy, a significant portion of the public remains unaware that the third-party insurance policy is compulsory. Both the rights of accident victims as well as process to claim the benefit are also not in the known for many. This attitudinal ignorance is also affecting the effectiveness of the policy.

String and high bureaucracy to receive claim: The string and bureaucratic bottleneck that most insured persons always encounter also serve as a discouraging factor for many in keying in to third party insurance policy in Nigeria. Some insurers in Nigeria take prolong periods of time to conduct investigation, verification and to process claims due in-house bureaucracy. This time-wasting procedure usually discourages victims and same easily erodes public confidence in the policy.

Week penalties for breach: If not for the latest NIIRA, the low fine under the earlier legislation actually discourages people in subscribing to the policy. The reason being that, the amount of processing couple with the trouble does not commensurate with what the insurance would pay at the end of the day. However, with the latest efforts both the claim for minor and major accident could be said to be more reasonable. Also, the penalties for failure to key into the policy is now substantial and reasonable enough to encourage enforcement; the penalty is***N250,000 or imprison for maximum of 12 months or both***.[45]

Capacity constraints: When there is insufficient funding and or inadequate monitoring mechanism, the effectiveness of a policy will surely suffer. In Nigerian these capacity constraints couple with absence of modern training in traffic management for those involved in road affairs partly constitutes a great clog in the effective enforcement of third-party insurance policy in Nigeria.

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[43] See, National Insurance Commission Press release available at <www.naicom.gov.ng>access on 11th November, 2025

[44] For the detail list, see ibid. genuineness of third-party insurance policy could also be verified either by typing *7292 and follow instructions or click *mycar.naicom.gov.ng* and follow instructions

[45] See section 84(2)

Absence of good corporate governance system in the activities of most regulatory bodies: Analysing most if not all the above clogs, it is clear that most of the shortcoming spring mainly from the absence of good corporate governance system in the activities of most regulatory bodies in Nigeria. It is a fact that an insurer will only be able to issue fake certificate when there is absence of thorough supervision and lack of transparent channel of issuance. According to Gbenga[46], A well control organisation with a distinct operational manual will certainly achieve a seamless issuance strategy that will check fraudulent practice in the organisation. In short, according to Adewole[47], for effective regulation, compliance and enforcement to be achieved in any organisation, adherence to corporate governance principles is inevitable.

Conclusion

Third party insurance policy enforcement in Nigeria with effect from 1st February, 2025 is real and compulsory. However, from the foregoing, it is certain that, the enforcement of the policy is facing some challenges which now account for low enforcement as well as effectiveness. As discussed in the paper, Issues of fake insurance certificate, Weak inter-agency enforcement, Low public awareness, String and high bureaucracy to receive claim, Week penalties for breach, Capacity constraints, as well as Absence of good corporate governance system in the activities of most regulatory bodies accounted for ineffective enforcement of the policy in Nigeria. Similarly, the paper discovered that section 86 (2)(3) of the Nigerian Insurance Industry Reform Act, 2025exempt the user/driver of some categories of vehicles from direct liability in case of accident. Amongst these categories of people are those driving the Military Vehicles and the drivers of the Diplomatic vehicle. In the event a military vehicle is involved in an accident, it is not the driver, rather, the Minister of defence or such body responsible for defence matters that are liable for all third-party risks. And in the case of the diplomatic vehicle, the Diplomatic mission shall be liable for all third-party risks. On this exemption, it is the argument of this paper that, such exception is unfair, biased and same will make some categories of people to fill they are above the law.

Considering the sensitive role insurance plays in both human and material safety, the following recommendations are made to achieve the seamless enforcement of the third-party insurance policy in Nigeria.

- ***Aggressive public sensitisation***: All vehicle owners should key in to the third-party insurance policy in Nigeria for the benefit of it. To achieve this, aggressive public sensitisation on the benefits of the policy should be embarked upon by the government.
- ***Upgrading of the NIID platform***: The NIID platform should also be upgraded to accommodate on the spot vehicle verification, on the spot assessment of vehicles and owner's data base, doing this will strengthen the digital verification system of the road managers as well as ease the bureaucratic bottleneck in getting claims.
- ***Carefulness while driving on the road to reduce road accident***: Road users should be more careful while driving on the road to reduce road accident and the insurance companies too should be ready to pay/settle claim swiftly once it is filled and verified. Any affected individuals or relations (in case of death) should always take step by filling claims promptly as required by the Act so that they can be compensated appropriately.
- ***Enactment of a strict punishment for fake insurance company***: Government should intensify their effort in checking the menace of fake insurance brokers/companies by enacting a strict punishment for any insurance company found to be fake and fraudulent.
- ***Amendment of section 86 (2)(3) of the Nigerian Insurance Industry Reform Act, 2025***: Though the road users should always be willing to give way to the Military and Diplomatic

[46] Gbenga Aderibigbe 'An Overview of Corporate Governance Codes in Nigeria' *Lead City University Law Journal*, vol.2(1), 2016, p. 147-178

[47] Adewole Stephen Asonibare 'Enhancing Corporate Governance Through the Financial Reporting Council of Nigeria: A Comprehensive Analysis of FRCN'S Role and Impact under the FRCN (Amendment) Act 2023', *Alhikmah University Law Journal* Vol. 5(1) 2024, p. 1-2

vehicles since any accident caused by their driver may not be compensated easily, since the provision of the insurance Act has indirectly made them to be above the law since they are not personally liable or actionable. However, it is the recommendation of this paper that, section 86 (2)(3) of the Nigerian Insurance Industry Reform Act, 2025 be amended to make military and diplomatic vehicle drivers personally liable for any accident they cause on the road.

- ***There should be a good corporate governance system in the activities of most regulatory bodies in Nigeria*:** Even though the corporate governance Code is not intended to be rigid or strict set of rules, but organisation are to use them as minimum standards in formulating appropriate corporate governance principle; that is, the ogranisation are encouraged where appropriate to formulate higher standards of corporate governance than in achieving the set objectives of such organisation.