



Volume 5, Issue3, 2020

Enugu State University of Science & Technology

Journal of Social Sciences & Humanities



Journal of Social Sciences

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published by

Faculty of Social Sciences

Enugu State University of Science & Technology

www.esutjss.com

Place of Nigerian Insurance Industry in Cryptocurrency Insurance as an Emerging Market: Evidence from Selected Insurance Firms in Nigeria.

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Abstract

The growth in awareness and popularity of cryptocurrency as a financial instrument has, in various ways, improved faster than infrastructures that have been built to complement and support its existence, even though cryptocurrencies are backed up by numerous blockchains which are designed to reduce risks, a sizable amount of risk is unavoidable. Cryptocurrency seems to be here to stay for the primary time, and so does the risk inherent in investing in such an instrument. It is expected that firms and individuals investing in such consider obtaining an insurance policy that will safeguard their interest during interacting with such currency. This study examines the place of the Nigerian insurance industry in cryptocurrency insurance as an emerging market. The study sample population was drawn from Lagos state, the commercial Centre hub of Nigeria and a platform for many insurance companies in Nigeria. 75 respondents were drawn from the 15 insurance companies quoted on the Nigerian Stock Exchange Commission. The principal statistical technique employed for this study was a Kolmogorov–Smirnov test. The study concluded that the insurance firms within the Nigerian insurance industry are financially ready to provide cryptocurrency insurance for the numerous risks encountered during holding cryptocurrencies by organizations and individuals.

Keywords: *cryptocurrency, Insurance, cryptocurrency insurance, Nigeria, risk.*

Introduction

Technology by nature is dynamic, and organizations that fail to flow with modern-day changes will most likely fall out. A real-life case of technological dynamism in this modern 21st century is that of cryptocurrency. Cryptocurrency is fast becoming a key instrument in the world of currency. According to (Raj & Manoj, 2020), cryptocurrency in recent times is a widely accepted means of investment in all spheres of businesses and has created a close and harmonious relationship among many world economies. It is the future wave as more organizations and countries worldwide accept them as a valid form of currency. However, the growth, awareness, and popularity of cryptocurrency as a financial instrument is in various ways improving faster than infrastructures that have been built to complement and support its existence (Shawdador, 2019). According to the report (Coinmarketcap, 2020), the total value of the cryptocurrency market as of October, 26th 2020, is estimated at \$386,546,429,659, and still gaining daily traction. The size of the market has attracted a very high level of cybercrime risk and various other forms of risks.

Along with this growth in cryptocurrency, there is an increasing concern over the control of risk present therein. Although cryptocurrencies are backed up by numerous blockchains designed to reduce risks, a sizable amount of risk is unavoidable, but this is not unusual with any new technology; however, the risk and error are widespread nature (Rossiter,

2017). Kauflin, (2019) posited that where assets exist, there is bound to be Insurance. Since the primary function of Insurance is the provision of financial protection of the insured against unforeseen losses. Cryptocurrency seems to be here to stay for the primary time, and so does the risk inherent in investing in such an instrument. It is expected that firms and individuals investing in such consider obtaining an insurance policy that will safeguard their interest during interacting with such an instrument. The presence of insurance industries across the world in cryptocurrency is becoming increasingly popular, and some insurance firms are already rising to the challenge by providing adequate insurance cover for investors and such an instrument and tapping into the existing market, however, with caution (Grensing, 2019).

There is a growing body of literature that recognizes the importance of Insurance in the world of cryptocurrency. Research on cryptocurrency insurance is currently receiving considerable attention across all academic and non-academic spheres due to the market value and risk inherent in cryptocurrency. Cryptocurrency insurance and its usefulness are essential but understudied, and this is a cause for concern. Previous studies have failed to show any convincing evidence of insurance firms' willingness to underwrite risk involved in cryptocurrency; likewise, they have failed to demonstrate the financial readiness of insurance firms for such risks and, lastly, failed to establish if cryptocurrency risk underwriting is a profitable business. A large number of studies that have been conducted on cryptocurrency insurance lacks empirical support. Drawing upon this fact, this study attempts to:

- Find out if Insurance firms within the Nigerian insurance industry are willing to underwrite such risks involved in holding cryptocurrency as a form asset.
- Examine if the insurance firms within the Nigerian insurance industry are financially ready to handle cryptocurrency risks.
- Determine if cryptocurrency risk underwriting is a profitable avenue for insurance firms within the Nigerian insurance industry.

The hypotheses tested are:

- Insurance firms within the Nigerian insurance industry are not willing to underwrite such risks involved in holding cryptocurrency as a form asset.
- Insurance firms within the Nigerian insurance industry are not financially ready to handle cryptocurrency risks.
- Cryptocurrency risk underwriting is not a profitable avenue for insurance firms within the Nigerian insurance industry.

Review of Related Literature

Cryptocurrency

Cryptocurrency is a way of transaction that uses robust cryptography to secure the financial transactions of assets and verify the asset transfer between the parties involved (Raj & Manoj, 2020; Eli & Jerry, 2014). By using a cryptocurrency, parties in a transaction can make financial transactions without the knowledge or over the sight of a third party (Peter, 2016). Cryptocurrency is a popular way of financial transactions, and it has proven to be robust and highly confidential, which has attracted lots of investors with massive investment in the virtual currency. (Jacob, Henry & Aaron, 2019; Eli & Jerry, 2014) argued that digital scarcity is a significant element of cryptocurrency, else the data which tend to represent the currency could be copied unlimitedly, and these copies will ultimately make the cryptocurrency worthless. The generally accepted method must effectively and efficiently ensure that digital currency cannot be spent twice, which prevents the cryptocurrency version of counterfeit money. According to (Jacob, Henry, & Aaron, 2019), Cryptocurrencies are the combination of critical variables such as financial instruments, supporting technology, and a Web-enabled network that cannot be separated from each other. Ultimately, when cryptocurrency is mentioned, one cannot but think about the inherent risks since cryptocurrencies' financial risks cannot easily be distinguished from the technological risks. The cryptocurrency market requires a sound financial risk management program to avoid cryptocurrencies that are not a going concern, properly diversify portfolios, avoid asset bubbles, and manage liquidity. The cryptocurrency market requires technology risk management to protect private keys adequately and to sustain cybersecurity. Cryptocurrency markets also require managing the risks associated with emerging financial markets such as uncertain legal status, undefined protocols for estate planning, and custody best practices, among many others.

The majority of all cryptocurrencies use a kind of technology mostly known as a "blockchain" to track the ownership of digital currency and create digital unavailability of currency and further prevent the currency from being double-spent (Jacob, Henry, & Aaron, 2019). Blockchain is a modern technology that offers a different way of designing and constructing a very high level of secured distributed systems. It was designed at the beginning as a kind of system to identify double spending of cryptocurrency in a cryptocurrency system. Blockchain is generally applicable to all forms of business applications where there is a significant trust requirement among distributed parties involved (Mayank et al., 2018). At another form of high level, a blockchain is a form of the book of account was multiple participants in a transaction store a local copy of the ledger. The book of account consistency is achieved by specific consensus protocols involving all participants in the transactions.

Laura (2020) points out that the whole list of cryptocurrency is conditionally divided into three main types, namely; (i) Bitcoin; (ii) Altcoins, and (iii) Token, and further clarified that the price of cryptocurrency is regulated by the supply and demand, meaning that the value people themselves put into it determine the price.

Conceptual Meaning of Risk and Cryptocurrency Risk

Generally, everyone has some understanding of the meaning of the word 'risk.' Individuals and organizations all take risks every day; they do things knowing that there is a risk involved. They all accept the level of risk in their individual and organizational minds, although the potential consequences can be theft, loss, death, or severe injury in some other cases. Therefore, when risk is evaluated, the probability of something happening that an individual does not want, and the consequences, if it does, are taken into account (Akinjobi, 2016). There are risks at the other end of the spectrum where the probability is very high, but the consequences are relatively low. Therefore, whether an individual or an organization chooses to accept or decline a risk depends on the mix of two factors: probability and consequence; identifying, evaluating, and understanding risky situations or circumstances are crucial aspects of business management. Businesses during investments can also suffer dreadful consequences if risks are not appropriately managed. Most people generally associate the word 'risk' with injury, health risks, and death, but any business faces many other risk types.

The different types of risks include numerous potentials for losses; the impacts of such losses can undermine operational objectives, such as productivity and development of an organization. As the assortment and seriousness of potential losses heighten, it is progressively significant that organizations make successful and productive game plans for dealing with their vulnerabilities and the related outcomes of losses in case they happen. Furthermore, risk is a natural phenomenon that is ever-present in the operations of daily human activities (Rejda, 2002). To survive as an individual or make a profit as an organization, one must take the risk. This ultimately translates to the existence of risk in every aspect of our lives or business activity. Risk in economics and finance is often used in situations where possible outcomes can be estimated with some accuracy. Series of authors have attempted to define risk. While various definitions of the term risk have been suggested, (Rejda & McNamara, 2014) defined risk as uncertainty concerning the occurrence of a loss. Likewise, (Akinjobi, 2012) stated that risk is a condition in which there is a possibility of an adverse deviation from the desired outcome that is expected or hoped for".

According to (Thackeray, 2018; Serah, 2019), a unique feature of cryptocurrency is that any central authority does not issue it, thereby making it immune to the governments' influence or manipulation. Thackeray (2018) further clarified that the characteristics of the system which includes irreversible transaction; anonymous transactions; global speed; security and no-gatekeeper are part of the factors that significantly contribute to the various risks inherent in owning or trading cryptocurrencies either by an individual or corporate organizations all over the world. The issue of risks faced by cryptocurrency traders is many, however, (Biditex, 2019; Jacob, Henry & Aaron, 2019; Thackeray, 2018) claims they are not limited to the following; Cyber/Fraud risk; Operational risk; Regulatory/compliance risk; Market risks; while Dan (2018) also indicated that Consumer Protection risk; Exiting the Markets risks and Human Error risk are some of the risks faced by cryptocurrency investors. These risks have led cryptocurrency investors and users to seek out ways to protect their assets, and firms are increasingly seeing crypto-insurance as a lucrative business line (Olga, Brians, Julie & Katherine, 2018)

Cryptocurrency in Nigeria

The case of cryptocurrency as a virtual currency for trading and invest in Nigeria has been on a steady rise since its inception in Nigeria, and it is legal since no government laws as made it illegal. Domestic traders/merchants/organizations now accept cryptocurrencies in tandem with domestic currency or even in its place in certain circumstances since cryptocurrencies provide another way people can invest and keep their money or assets. According to Tomiwa (2020), More people are now making transactions, investing, and transferring funds it leading to Arcade Research ranking Nigeria fifth globally, with about 11% of its internet subscribers owning or using cryptocurrencies. The monthly cryptocurrency transfers to and from Africa of under \$10,000 - typically made by individuals and small businesses - jumped more than 55% in a year to reach \$316 million in June 2020 (Akwagyiram & Wilson, 2020; Jeffery, 2020). The number of monthly transfers also rose by almost half, surpassing 600,700. Much of the activity in Nigeria, the continent's biggest economy, and South Africa and Kenya (Akwagyiram & Wilson, 2020).

The increase in cryptocurrency usage has led to an increase in cryptocurrency theft and scam across Nigeria and Africa as a continent. The rapid increase in cryptocurrency theft/fraud across Nigeria is due to the little or no risk of been caught since cryptocurrency transactions are untraceable (Tomiwa, 2020). the fraudsters mostly capitalize on crypto investments with company their company and promising investors huge returns within a short period; also, other losses their cryptocurrencies to theft from their cryptocurrency wallet by professional hackers. Having Insurance in place will go a long way in saving the financial interests of cryptocurrency holders.

Conceptual Meaning of Insurance and Cryptocurrency Insurance

Irrespective of how stable or financially buoyant an organization or an individual may be, it is impossible to foresee all the calamities and provide necessities for them to advance. Many viable individuals and organizations have been ruined either by an unsuitable investment of their corporate funds or other disastrous calamities such as theft, fraud among many others vices that may take a heavy toll on an organization or individual. Akinjobi (2012) explained that these risks in most cases could not be known in advance as to when they will happen, and it is physically impossible for an individual or organization to be immune totally to them. Insurance is a device meant not for averting these risks but to mitigate these risks' impact on individuals and organizations'. Every risk involves a kind of loss or another; the function of Insurance is to spread these losses over many persons who agree to cooperate at the happening of a contingent event insured against. The risk cannot be averted, but loss occurring due to a particular risk can be distributed amongst the agreed parties. Anyone of the party may suffer a loss to an insured risk, so the rest of the agreed parties will share the loss. The larger the number of such parties, the easier the process of distribution of loss. The parties share the loss by payment of premium, which is calculated on the probability of loss (Raji, 2005).

Different authors have attempted to define Insurance from their various fields; however, Khan (2014) holds that Insurance is a risk transfer mechanism whereby the individual and the business enterprise can shift some of the uncertainties of life on the other's shoulders. Insurance protects trade and industry. This will lead to innovation and inventions, which ultimately contribute to human progress, economies, social and technological progress. The above will allow the industry to look for new and more high-tech machines, robots and gadgets, atomic technology, and other sophisticated modern equipment that will boost the manufacturing and production activities of the economy. (Akinjobi, 2016; Khan, 2014) both concluded that all

industrial, economic, and social activity would come to a grinding halt without the required insurance cover.

(Sharma, 2019) argues Insurance for cryptocurrencies becomes imperative when the instability of the cryptocurrency ecosystem is thoroughly considered. The increase in the value of cryptocurrencies has resulted in massive thefts of online wallets and exchanges. Jinia (2019) explained that with millions at stake, not to mention a growing cryptocurrency market capitalization, the insurance industry could provide a safety net for crypto investors. Traditional insurers can restore investor confidence in cryptocurrencies as a store of value. (Raj & Manoj, 2020; Yogita, 2020) posited that cryptocurrency investors are usually interested in insuring it against loss, theft, and common cryptocurrency capital loss; the cryptocurrency holders can take a cryptocurrency policy according to the level of assets in which they possess in their wallet. This is due to the instability of the ecosystem of cryptocurrency. At any time, the value of the cryptocurrency may come down, and there might be a loss to be undertaken by the investor; lastly, there are some cases in which the cryptocurrency is hacked stolen in a huge sum.

Therefore, cryptocurrency insurance is an insurance policy that pays for all amounts that the insured (cryptocurrency owner) inherit during trading/holding cryptocurrencies through theft, fraud, and other insurable risks. According to Jeff (2019), the market for crypto insurance to grow faster than the 20% to 25% pace at which the more massive cyber-security insurance sector is currently expanding. The market would likely grow even faster if the U.S.A regulators provided more clarity on questions like which digital assets will be deemed securities and are bound by the same laws that govern public companies.

The Nigerian Insurance Industry in Brief

According to Businessday (2020), the Nigerian insurance industry being one of the most robust insurance industries in Africa, consists of 57 registered insurance companies, out of which 14 are into life insurance business underwriting, while 28 companies are into the non-life insurance business and 13 are into composite businesses. There are also two reinsurance companies whose sole responsibilities are to provide technical security and capacity for the insurance companies. According to NAICOM(2020), the minimum capital base was reviewed as follows: from ₦3Billion to ₦10Billion for general insurance business), while life business capital base was raised from ₦2Billion to ₦8Billion), and composite insurance businesses capital base was raised from ₦5Billion to ₦18Billion, and Reinsurance capital base was raised from ₦10Billion to ₦20Billion with a deadline of December 2020. Iweala (2015) and Yusuf, Ajemunigbohun, and Alli (2017) reported that the Nigerian insurance industry is an essential component of the country's financial system needed to drive economic development and industrialization. Also, Cleric & Deller (2012) reported that the real value that Insurance offers individual, institutions, and the economy is by providing a sense of security and peace of mind, encouraging loss mitigation, increasing prosperity, and generally making people more aware of the reality of risks and their consequences through information and pricing signals.

The National Insurance Commission (NAICOM) is rested with the supervisory and administrative capacity of the protection business in Nigeria. Some way or another, the advancements in the business are, for the most part, supported by the NAICOM through her yearly rules and mandates to protection administrators, and according to it, there are 460 registered insurance brokers and about 15,000 insurance agents. The Nigerian insurance market has been described as a brokers' market because presently, brokers control over 90% of the premium income, with less than 10 percent for insurance agents and even direct marketing channels by insurers (NAICOM, 2020).

Methodology

Research Design

Research design is a framework of various methods and ways chosen by a researcher to infuse different parts of a research work reasonably and coherently so that the study's problem is expeditiously handled. Asika (2008) reported that it provides insights regarding "how" to conduct analysis employing an explicit and specific methodology. For this study, a descriptive research design was engaged by the researcher. The rationale for its engagement was that a descriptive research design mainly focuses on describing the situation under study, and it is a design created by gathering, analyzing, and presenting collected information.

Research Instrument

A research questionnaire was adopted to collect data during this study. The questionnaire was designed to support Likert-type scaling measurement, which was anchored on "Disagree," "Undecided" and "Agree". For effective and efficient distribution and collection of the research instruments, research assistants were adopted.

Reliability and Validity of the Research Instrument

A pilot study was conducted by the researcher to test the research instrument's reliability measures in an attempt to determine if the questionnaire was fit for the purpose for which it was designed. The reliability test result shows that the instrument was valid due to the Cronbach Alpha level of 0.811, which indicated that the alpha level is well above the minimum acceptable threshold of Cronbach alpha level of 0.70. Theoretical validity was designed through a measure of understudied variables from well taught out works of literature in relevant studies. In contrast, the construct validity, on the other hand, was designed by giving out a set of questionnaires to few selected senior insurance employees well-grounded in underwriting and human resource management as well as to some members in the academic community with expertise in Insurance. These experts understudied the research instrument and gave remarks that helped the researcher present the questionnaire in a more simplified, understanding, and acceptable manner to the various respondents of this study.

Sample Population and Sample Size

The Nigerian insurance industry consists of 57 insurance companies operating both life business and non-life (general business) while 14 are into life insurance business underwriting, while 28 companies are into the non-life insurance business, and 13 are into composite businesses. However, since the study's policy is classified as a non-life policy, the employees of insurance companies operating non-life businesses are our main population for this study.

The sample population was drawn from Lagos state, the commercial Centre hub of Nigeria and a platform for many insurance companies in Nigeria. A total of 5 questionnaires was distributed to 15 insurance companies, each amounting to 75 distributed questionnaires. Out of the 75 distributed questionnaires, only 69 were returned to the research assistants purposely employed for this study, which amount to 92% of the total questionnaire. However, upon adequate scrutiny of the returned questionnaire, only 64 out of the 69 returned were found fit for analysis. The selected insurance firms are part of those quoted on the Nigerian Stock Exchange Commission.

Data Analysis Technique

To analyze the three (3) hypotheses formulated for this study, the Kolmogorov-Smirnov (KS) test was employed by the researcher. This test is used as a goodness of fit test, and it compares the cumulative distribution function for a variable with a specified distribution. The KS test is given as:

$$D = \text{Maximum}|F_o(X) - F_r(X)|$$

Where:

F_o(X)= Observed cumulative frequency distribution.

F_r(X)= Theoretical cumulative frequency distribution

The procedural steps for testing the formulated hypotheses go thus: state the null hypothesis, state the level of significance, and state the decision rule. The degree of freedom is measured at a 0.05 level of significance. The criteria for acceptance or rejection goes thus: Acceptance Criteria: If the calculated value is less than the tabulated value ($D_{cal} < D_{tab}$), accept the null hypothesis, while the Rejection Criteria: If the calculated value is greater than the table value ($D_{cal} > D_{tab}$) reject the null hypothesis. The tabulated D from the Kolmogorov-Smirnov test table is always represented by $(\alpha \div \sqrt{N})$, where $\alpha = 1.36$ and N = the number of observations. The critical value of D for a sample size of N must be greater than thirty-five (i.e., $N > 35$ for large samples).

Test of Hypotheses

Hypothesis 1

Insurance firms within the Nigerian insurance industry are not willing to underwrite such risks involved in holding cryptocurrency as a form asset.

Table 1: Frequency table for the question relating to Hypothesis 1

Alternatives	Responses	Percentage (%)
Disagree	44	69
Undecided	11	17
Agree	9	14
Total	64	100

Source: Authors Field Survey, 2020.

Table 2: Kolmogorov-Smirnov Frequency table for Hypothesis 1

Hypothesis	Disagree	Undecided	Agree
F = Insurance firms within the Nigerian insurance industry are not willing to underwrite such risks involved in holding cryptocurrency as a form asset.	44	11	9
$F_o(X)$ = Observed cumulative frequency distribution	0.6875	0.8593	1
$F_r(X)$ = Theoretical cumulative frequency distribution.	0.3333	0.6666	1
$ F_o(X) - F_r(X) $	0.3542	0.1927	0

The above table shows that the D value is the point of divergence between the observed frequency cumulative distribution and theoretical cumulative frequency distribution, which was determined to be **0.3542**. The tabulated D from Kolmogorov-Smirnov one sample table at $(\alpha / \sqrt{N} = 1.36 / \sqrt{64})$ is given as:

$$(\alpha / \sqrt{N} = 1.36 / \sqrt{64}) = 0.17$$

In this instance, our D_{cal} (**0.3542**) exceeds the critical value of **0.17**. Hence, the null hypothesis (H_0), which states that Insurance firms within the Nigerian insurance industry are not willing to underwrite such risks involved in holding cryptocurrency as a form asset, is rejected $\alpha = 0.05$. Therefore, this indicates that Insurance firms within the Nigerian insurance industry are willing to underwrite such risks involved in cryptocurrency trading.

Hypothesis 2.

Insurance firms within the Nigerian insurance industry are not financially ready to handle cryptocurrency risks underwriting.

Table 3: Frequency table for a question relating to hypothesis 2

Alternatives	Responses	Percentage (%)
Disagree	58	90.7
Undecided	4	6.2
Agree	2	3.1
Total	64	100

Source: Authors Field Survey, 2020.

Table 4: Kolmogorov–Smirnov frequency table for Hypothesis 2

Hypothesis	DISAGREE	UNDECIDED	AGREE
F = Insurance firms within the Nigerian insurance industry are not financially ready to handle cryptocurrency risks underwriting.	58	4	2
F_o(X) = Observed cumulative frequency distribution	0.9062	0.9687	1
F_r(X) = Theoretical cumulative frequency distribution.	0.3333	0.6666	1
 F_o(X) – F_r(X) 	0.5729	0.3021	0

The above table shows that the **D** value is the point of divergence between the observed frequency cumulative distribution and theoretical cumulative frequency distribution, which was determined to be **0.5729**. The tabulated **D** from Kolmogorov-Smirnov one sample table at ($\alpha / \sqrt{N} = 1.36 / \sqrt{64}$) is given as:

$$(\alpha / \sqrt{N} = 1.36 / \sqrt{64}) = 0.17$$

In this instance, our **D_{cal} (0.5729)** exceeds the critical value of **0.17**. Hence, the null hypothesis (**H₀**), which states that Insurance firms within the Nigerian insurance industry are not financially ready to handle cryptocurrency risks underwriting, is thereby rejected at $\alpha = 0.05$. Therefore, this indicates that insurance firms within the Nigerian insurance industry are financially ready to handle cryptocurrency risks underwriting.

Hypothesis 3

Table 5: Frequency table for question relating to hypothesis 3

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Alternatives	Response	Percentage (%)
Disagree	62	97
Undecided	1	1.5
Agree	1	1.5
Total	64	100

Source: authors field survey, 2020

Table 6: Kolmogorov–Smirnov frequency table for Hypothesis 3

Hypothesis	DISAGREE	UNDECIDED	AGREE
F = cryptocurrency risk underwriting is not a profitable avenue for insurance firms within the Nigerian insurance industry.	62	1	1
F_o(X) = Observed cumulative frequency distribution	0.9687	0.9843	1
F_r(X) = Theoretical cumulative frequency distribution.	0.3333	0.6666	1
 F_o(X) – F_r(X) 	0.6354	0.3177	0

The above table shows that the **D** value is the point of divergence between the observed frequency cumulative distribution and theoretical cumulative frequency distribution, which was determined to be **0.6354**. The tabulated **D** from Kolmogorov-Smirnov one sample table at ($\alpha / \sqrt{N} = 1.36 / \sqrt{64}$) is given as:

$$(\alpha / \sqrt{N} = 1.36 / \sqrt{64}) = 0.17$$

In this instance, our **D_{cal} (0.6354)** exceeds the critical value of **0.17**. Hence, the null hypothesis (**H₀**), which states that Cryptocurrency risk underwriting is not a profitable avenue for insurance firms within the Nigerian insurance industry, is rejected at $\alpha = 0.054$. Therefore, this indicates that Cryptocurrency risk underwriting is a profitable avenue for insurance firms within the Nigerian insurance industry.

Conclusion

This study attempts to examine the Nigerian insurance industry as a research base for its empirical assessment. The findings of the study have significantly shown the stand of Nigerian insurance firms in cryptocurrency insurance. The study also affirmed that the insurance firms within the Nigerian insurance industry are financially ready to provide cryptocurrency insurance for the numerous risks encountered during holding cryptocurrencies as assets by organizations and individuals. Furthermore, the study affirms that Insurance firms within the Nigerian insurance industry are willing to underwrite such risks involved in cryptocurrency trading. Lastly, the study has attested that Cryptocurrency risk underwriting is a profitable avenue for insurance firms within the Nigerian insurance industry, as it will further boost the premium income generation and contribution to the nation's Gross Domestic Product.

On recommendations, the NAICOM should endeavor to increase further the minimum capital base of the Nigerian insurance industry to allow for further acceptance of unusual risks that its foreign counterparts accept and provide cover for, as this further will put the Nigerian insurance industry at par with its foreign counterparts. Secondly, since the insurance firms within the industry are willing to accept such risks in cryptocurrency, it is recommended that the insurance firms sponsor their underwriters for workshops and seminars to enable them to garner the required knowledge required for adequate and proper cryptocurrency underwriting. The government should harmonize their resources and technical know-how with the Nigerian insurance industry in ensuring that adequate cover is well designed to curtail any future regulatory issues that may arise during cryptocurrency insurance underwriting.

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