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INSURANCE FOR SOCIAL CHANGE? REFLECTIONS ON GHANA'S STATE INSURANCE SINCE 1962

ABSTRACT

This article examines the origins of Ghana's State Insurance Corporation (SIC) and the National Health Insurance Scheme and their contributions towards the Country's national development. Relying on the qualitative research approach and bits and pieces of data from multiple sources of historical research, it discusses the nature of the Insurance business before 1962, factors contributing to the state's participation in the insurance business, and the effects of government's policies on insurance since the 1960s. The article enables an understanding of the growth of the insurance business in Ghana since the mid-twentieth century. It provides historical data to guide decision-making strategies on insurance and explains the outcomes of government and private businesses interests in Insurance policies. It argues that the Ghana government's participation in the insurance business has, since 1962, contributed significantly to the welfare of citizens and Ghanaian society as a whole.

Keywords: Colonial era, Government, Insurance, Nationalisation, Risk, Social change

1. INTRODUCTION

As a business in Ghana, insurance dates back to the late fifteenth century, when Europeans arrived on the Gold Coast and traded in gold, ivory and other trade items.¹ It has developed over the years and, in recent times, has become a very popular business in Ghana. In view of the gradual but significant growth of the insurance business in Ghana, this article briefly discusses the earliest forms of insurance in Ghana and examines the contributions of certain personalities and governments to the development of the insurance business in Ghana in the twentieth century. It also examines how government policies and participation in the insurance business affected the development of the growth of insurance and Ghana's economy up to the early twenty-first century.

Although some research works exist on insurance in Ghana, such as the work by Daniel Kwaku Afriyie², this work focuses mainly on the value of insurance, determinants of insurance, and efficiency of insurance. Tena B. Crews' *Fundamentals of Insurance*, discusses determinants and elements of Insurance.³ Virtually no detailed research exists on the beginnings, growth and utilisation of the insurance business in Ghana. Very little exists on the agencies responsible for the development of the state insurance business in Ghana, such as Company annual reports and newspaper articles such as one by Wilson Tei⁴. This article, therefore, aims to contribute to filling this gap by discussing significant aspects of Ghana's insurance business, especially its growth, the Government's utilisation and the effects of this on the insurance business and Ghana as a whole.

The article relied on journal articles, pamphlets, and some Ghanaian newspapers obtained from the Balme Library and the Institute of African Studies library, both at the University of Ghana. Specifically, the post-1950 copies of the *Daily Graphic* and the *Ghanaian Times* contained essential articles on the earliest insurance companies in the Gold Coast.

1 Insurance companies provide unique financial services to the growth and development of every economy. Such specialised financial services range from the underwriting of risks inherent in economic entities to the mobilisation of large amounts of funds through premiums for long-term investments. For more on insurance in Ghana, read JO Akotey and FG Sackey, "The financial performance of life insurance companies in Ghana", *The Journal of Risk Finance* 14 (3), 2013, pp. 286-302.

2 DK Afriyie, *The emergence of insurance in Ghana*, (Accra: Jgallery, 2018).

3 TB Crews, *Fundamentals of insurance*, (Mason, Ohio: South Western CENGAGE, 2010).

4 W Tei, "The Ghanaian insurance industry", *Daily Graphic*, 17 July 1999, pp. 5-6.

From the New York Public Library (NYPL), the Robert Freeman Papers, in file number MG795/1/12 and titled, "Gold Coast Insurance & Gold Coast General Insurance, 1953-1956," provided useful information on the establishment of the Gold Coast Insurance Company, which was later changed to the Ghana Insurance Company. "Newspaper Clippings," obtained from File MG795/1/10, gave information on the insurance business in Ghana in the 1960s. The article also utilised information from the Public Record and Archives Administration Department (PRAAD) in Accra and secondary sources, including books and unpublished dissertations, to complement information obtained from the libraries and archives.

The qualitative research methodology facilitated an explanation of the growth of the insurance business in Ghana, the activities of the state's insurance corporation and the effects of its activities. Overall, this study explains why the government participated in the insurance business and how policies of the Convention People's Party (CPP) and post-Nkrumah governments, on insurance, affected the socio-economic development of Ghana after 1962.

2. HISTORICAL BACKGROUND

The fundamental idea of insurance is very ancient. Its seeds were sown in the primaevae economic system, around 1750 BCE, with the Code of Hammurabi.⁵ According to Martha T Roth, the Code described a form of bargain whereby a ship's cargo could be pledged in exchange for a loan.⁶ Repayment of the loan was contingent on a successful journey, and the debtor did not have to repay the loan if the ship was lost at sea.⁷

Another version states that the actual practice of insurance dates back to 3 000 years ago when the Phoenician traders navigated the Mediterranean Sea and introduced measures to safeguard the loss of goods on the seas.⁸ Among the Greeks and the Romans, there were stipulations, accessory to the contract of carriage, which settled the incidence of the risk of loss

5 CF Treney, *The origin and early history of insurance* (London: P. S. King & son, 1926), quoted in A Manes, "Outline of a general economic history of insurance", *The Journal of Business of the University of Chicago* 15 (1), 1942, p. 30.

6 For details, see "Insurance and risk: Some history", *Risk Engineering*, <<https://risk-engineering.org/concept/history-of-insurance>>, accessed 7 March 2024; MT Roth, "Mesopotamian legal traditions and the laws of Hammurabi", *Chicago Kent Law Review*, 71 (10), 1995, pp. 15-24. Also, C Stapleton, "Review of Andrew Beattie's 'The history of insurance'", <<https://www.investopedia.com/articles/08/history-of-insurance.asp>>, accessed 7 March 2024.

7 Roth, "Mesopotamian legal traditions", p. 15.

8 Manes, "Outline of a general economic history of insurance", p. 32.

of, or damage to, the goods carried.⁹ In either civilisation, the carrier or the consignee might guarantee the safe arrival of the goods carried.¹⁰ Gradually, insurance, as a business, spread across the globe.

Engendered by the insecurities attendant to the Industrial Revolution in the eighteenth and nineteenth centuries, European merchants introduced accident, fire, life, marine, motor, and many other forms of insurance.¹¹ Insurance gradually developed through the centuries, and by the twentieth century, it had become a highly complex global socio-economic institution. It was introduced in Ghana (then called Gold Coast) with the arrival of Europeans in 1471 but remained the prerogative of Europeans until the mid-twentieth century. Insurance became so important in the trade and development matrix of the United Nations that, at its first session in 1964, the United Nations Conference on Trade And Development (UNCTAD), formally acknowledged that, "a sound national insurance and reinsurance market is an essential characteristic of economic growth".¹²

In the Gold Coast, the most established foreign-owned insurance companies, up to the mid-1950s, included Royal Exchange Assurance, the Guardian Assurance Company Limited, the Alliance Assurance Company, the Gresham Fire & Accident Insurance, the Gresham Life Assurance and the Northern Assurance Company Limited.¹³ The operational challenges created in the insurance sector and allegations of bias in dealing with Africans, among other factors, led to the establishment of the Gold Coast Insurance Company (GCIC) in 1955. This was a partially locally owned Insurance Company that transacted insurance, mainly for the people of the Gold Coast.¹⁴ Insurance took deep roots in the Gold Coast in the post-World War Two (WWII) era until 1962, when the government of Dr. Kwame Nkrumah, Ghana's first President, formally established the government-owned State Insurance Corporation (SIC).

9 WR Vance, "Early history of insurance law". In: VVAA, *Essays in Anglo-American legal history*, Volume 3 (Boston: Little, Brown and Company, 1909), pp. 104-108.

10 WS Holdsworth, "The early history of the contract of insurance", *Columbia Law Review* 17 (2), 1917, p. 87.

11 Holdsworth, "The early history of the contract of insurance", pp. 85-113.

12 United Nations, *Proceedings of the United Nations Conference on Trade and Development*, First Session, Volume. I, Final Act and Report, p. 55, annex A.IV.23, quoted in JF Outreville, "The economic significance of insurance markets in developing countries", *The Journal of Risk and Insurance* 57 (3), 1990, pp. 487-488.

13 New York Public Library (NYPL), MG795/box1/folder 12, Receipt number W143142.

14 New York Public Library (NYPL), MG795/box1/folder 12, Receipt number W143142.

3. BETWEEN INDIGENOUS SUPPORT SYSTEMS AND INSURANCE

Before the arrival of the Portuguese in Edina (now Elmina) in 1471, inhabitants of the Gold Coast originally practiced what can be called “informal insurance.” This insurance system was based on kinship or extended family support systems, characterised by risk-sharing among family members. At the family level was a network of time-tested social obligations, which mandated people to pool resources together and work harmoniously to protect family members, relatives and community members, against possible financial or social hardships. Discussing the Akan social support system, Robert A Lystad, an expert on Asante and other Akan people of Ghana, opined that,

dependence in a crisis is not upon a bank account. A man does not carry his wealth in his wallet; instead, the security of the dependent rests in the respectful hands of other persons particularly relatives to whom he has been and will be throughout his life, bound by ties of kinship and reciprocal rights and obligations to service and co-operation. The orphans, the aged, the sick, the widowed go home to their families.¹⁵

By inference, the extended family system of the pre-European Ghanaian society practiced a form of social support where families supported the aged, orphans and the widowed and provided all the financial and material support against contingencies such as accidents, burials, death, debt, invalidity, market loss, old age, sickness, and unemployment. Overall, all aspects of life were assured in pre-colonial Ghanaian society through the lineage system, especially in the rural setting. Describing this arrangement for social support, Pieter De Marees, a European trade official, observed that there were no beggars in the Gold Coast, but people worked to earn a living and did not live on food from others.¹⁶

Therefore, social security and social obligation were ingrained in the traditional extended family system, which provided the needed financial and social support for Ghanaians. Apart from security, the family also guaranteed occupational security in times of crisis. Elders in families trained the youth at

15 RA Lystad, *The Ashanti: A proud people* (New York: Greenwood Press, 1969), pp. 44-45.

16 Pieter De Marees, *Description and historical account of the Gold Kingdom of Guinea (1602)*. Translated from Dutch and edited by Albert Van Dantzig and Adam Jones, (Oxford, Oxford University Press, 1987), p. 107. The Gold Coast was the name Europeans gave to the coastal part of modern Ghana. It emerged from the abundance of gold traded between Africans and Europeans along Ghana's coast from the 1470s. The entire geographical area known today as Ghana was eventually called the Gold Coast. The name was changed in 1957 to Ghana following the attainment of independence from British rule.

a very early age. Usually, a young man would follow his father's occupation, while the young woman followed her mother's vocation.¹⁷

Although these traditional support methods were largely secured, they were not backed by legal authority. The traditional support system was based on goodwill rather than a strict sense of responsibility. It did not emphasise strict compensation or strict adherence to financial or material support, and it was not reliable and sustainable. Formal education, skills trade, urbanisation, and other factors brought about by the advent of the money economy contributed to loosening the kinship bond and caused individualism instead of social support and cooperation. In the aftermath of the WWII, Ghanaians desired to register with the more organised foreign insurance companies, whose business had been practiced in the Gold Coast for over 400 years.

Insurance businesses had facilitated commerce, marine and merchandise insurance, and, in the post-Slave Trade era, provided insurance to cover export and import trade in legitimate products.¹⁸ Activities of the formal insurance companies became essential in the late nineteenth century when Europeans engaged in mechanised mining, large-scale plantation farming and large-scale exportation of timber, cocoa, minerals and rubber, among other commodities. The insurance business became more popular following the importation of more consumer goods into the Gold Coast, expansion in road construction, increased use of cars and the introduction of sea, rail, and air transportation. The associated accidents, injuries and burglary cases strengthened insurance in the Gold Coast, forcing Europeans to devise mechanisms to protect people against hazards. The insurance businesses needed to be consolidated in the Gold Coast to combat unforeseen calamities.

Of the earliest insurance companies in the Gold Coast, the United Kingdom-based Royal Exchange Assurance Corporation was the most formidable. It opened offices in Accra, Kumasi, Sekondi, and other fast-developing Ghanaian cities.¹⁹ Accra and Sekondi, on the coast of Ghana, had ports for the shipment of cocoa and other trade items, whilst Kumasi, a town in the interior part of Ghana, was a great centre for trade in gold and timber. Notably, operations of the earliest insurance businesses were regulated by the British insurance law and managed by European businessmen and agents.²⁰

17 Lystad, *The Ashanti*, p. 5.

18 Official Government Publications, *Gold Coast Year Book 1930-65* (Accra: Graphic Press, 1950-56), p. 33.

19 RH Barback, "Ghana insurance market": In: VVAA, *Insurance markets of the world* (Zurich: Swiss Re, 1962), p. 30.

20 *Daily Graphic*, 9 June 1989; Afriyie, *The emergence of insurance in Ghana*, p. 3.

As demand for insurance increased, activities of insurance companies expanded. Still, the Royal Exchange Assurance remained the best-known insurance company in the Gold Coast, after the WWII and worked as the sole agent of the Barclays Bank. It provided marine insurance for the European marine cargos and gradually established more agent offices in the Gold Coast.²¹ In effect, pre-independence insurance in Ghana was based on the British insurance market, but these insurance businesses set out to meet the needs of the British merchants in the then-British colony of the Gold Coast only.

Significant changes in the operation of insurance companies were to occur in the Gold Coast after the WWII, following the wake of a revolution in the political, social and economic arena. The era was characterised by increased agitations for national independence and calls for the assertion of the “African Personality”. This paved the way for more insurance companies to operate in the Gold Coast, although policies of these companies, comprising mainly accident insurance, fire insurance, life insurance, and marine insurance, continued to be reserved entirely for Europeans.²² While some expatriate companies employed Africans to transact insurance business, underwriting claim processing and other technical works were done at company head offices in Britain and other European countries.²³

4. EMERGENCE OF THE STATE INSURANCE CORPORATION

From 1945 to about 1957, the Gold Coast acquired many of the prerequisites an independent state needed to possess. School-going children increased, urbanisation intensified, and the Gold Coast saw considerable expansion in road and rail communication. Vast improvements also occurred in external trade and government revenue, as world commodity prices rose at an unimagined levels before the WWII. These developments were indications of an expanding economy and uncertainties to life and property. The need arose, therefore, for adequate means of insurance in the Gold Coast to meet unexpected contingencies.²⁴

The dominant European insurance companies, however, remained monopolistic and allegedly sold their insurance policies in a discriminatory

21 *Daily Graphic*, 20 June 1960, p. 10.

22 *Daily Graphic*, 9 June 1989, p. 12.

23 NYPL, MG795/b2/f3, Parliamentary debates, 25 September 1962.

24 JK Adjaye, “Perspective of fifty years in Ghanaian historiography”, *History in Africa* 35, 2008, p. 2.

manner. The Gresham Life Assurance, National & Colonial Life Assurance Company and other expatriate life insurance companies allegedly preferred to insure Europeans than Africans.²⁵ Samuel Coffie Johnson observed that the few African clients these companies insured paid extra premium charges; European insurance claims were often paid early, but claims of most Africans were delayed or denied.²⁶ It was against this backdrop and other developments that Ghanaians and some Europeans wanted their voices and the voices of the ordinary people to be heard in the insurance business. Most Ghanaian elites expected a change in the insurance business to reflect an interest in Africans and the participation of Africans.

Then also was the spirit of self-reliance that became associated with Ghana's struggle for independence. The nationalist leaders wanted independent Ghana to have its own institutions. It did not come as a surprise that on 26 October 1955, two years before Ghana attained independence, a revolution occurred in the insurance industry in the Gold Coast when some entrepreneurs established the GCIC, a domestic-owned and Gold Coast-based life insurance company.²⁷

The brains behind the formation of the GCIC were Robert T. Freeman Jr., an American actuary, and Verner Tandy, both of the United Mutual Life Insurance Company. They owned 90 per cent of the shares, while Henry Plange Nyemitei and Johnson owned the rest.²⁸ In October 1955, Nyemitei and Johnson were employed as Director of Agency and Registrar of the GCIC, respectively.²⁹ In 1955, the Gold Coast broke the monopoly of insurance by the expatriate insurance companies.

After registration at the Registrar General's Office, the GCIC declared its working capital of £5 000 and objectives. First, it wanted to help Africans get a fair chance in the insurance business and in money-making opportunities. The firm was established to end the frustration suffered from the monopoly which

25 D Austin, *Politics in Ghana, 1946-1960* (Oxford: OUP, 1970), p. 4. Most of these companies opened their branches in the Gold Coast during the early half of the twentieth century. The Royal Exchange Assurance, for example, opened its office in 1924. The word "Assurance" is used mainly to distinguish between Life Insurance policies and other forms of insurance policies. With a Life Assurance policy, the insured is not entitled to a fixed sum of money because human life cannot be measured in terms of money.

26 NYPL, MG795/b1/f12, Letter from SC Johnson to VW Tandy, Jr.; NYPL, MG795/b2/f3, Parliamentary debates, 25 September 1962, p. 412.

27 NYPL, MG795/b1/f12, Letter, Freeman to Nkrumah, 12 July 1954.

28 G Wiafe, *A history of the Provident Insurance Company Limited* (BA, University of Ghana, 2000), p. 27.

29 *Daily Graphic*, 3 December 1974, p. 9. See also, *Daily Graphic*, 5 March 1956, p. 8. Henry Plange Nyemitei, popularly called H.P. Nyemitei was an insurance manager and football administrator. He was chairman of the Ghana Football Association (GFA) from 1966-1967.

enriched only the expatriate pockets and left the Ghanaian worker always holding the empty bag [...] to break the monopoly of the slavish acquiescence of the Ghanaian.³⁰

Freeman's main aim was to "contribute to the economic stability of the Black Race"³¹, and transform the insurance business in the Gold Coast, especially the nature of insurance policies.³²

From the 1950s, the Government of Ghana, led by the Convention People's Party (CPP), Ghana's first mass political party, expressed in practical terms a strong interest in the business of insurance and actually took action to transform it. First, it passed into law the "Motor Vehicles (Third Party) Insurance Act, 1958" and for the first time in Ghana's history, insurance companies were mandated to pay compensation to third parties or clients who suffered bodily harm through motor accidents.³³

The Gold Coast also saw a significant increase in the number of vehicles. From 1930 to the 1950s, for example, the number of vehicles increased from about 1 884 to about 45 992, and road construction and expansion intensified.³⁴ The result was increased cases of road accidents, fatal injuries and deaths through road accidents. In 1957 alone, 602 persons were reported killed in road accidents, and 5 582 were injured, but most victims did not receive any compensation.³⁵

The Motor Vehicle (Third Party) Insurance Act of 1958 introduced a real revolution in Ghana's post-independence insurance business. It provided compensation to motor accident victims, encouraged local interest in insurance, and paved the way for widening the insurance market.

The attractive levels of profits to the insurance companies and the desire to exploit the benefits derivable from the insurance business, as indicated by the table below, also attracted the Government to participate in the insurance business.

30 *The Insurer*, 7 (1), 1974, pp. 1-2.

31 NYPL, MG795/b1/f12, Letter from Albert Q. Smart-Abbey to JKA Quarshie, 21 September 1955.

32 NYPL, MG795/b1/f12, Receipt number W143142.

33 NYPL, MG795/b1/f12, Letter, Freeman to HP Nyemitei, 26 October 1955.

34 "Annual reports, economic survey 1960". In: *Ghana handbook of commerce & industry* (Accra: Ministry of Commerce and Industry, 1960).

35 Ghana National Assembly, *National Assembly debates*, Vol. II, 1957-1958. (Accra: Ghana Publishing Corporation, 1958), Col. 1121. These accident victims did not receive any form of compensation; those who did had it out of compassion from their employers. Worse of all, no law existed to compel employers to pay such compensation to their employees. In his annual report, St. J. Eyre-Smith, Commissioner for Labour, 1937-1945, suggested pension as the best way to ease the hardships of accident victims. He also pressed that the workmen's compensation ordinance be passed into law to compel all employers to pay compensations to their employees who sustained injury in the course of their work. See the Gold Coast Labour Department, *Report, 1938-1944* (Accra: Government Printer, 1944), pp. 4, 28-29.

Table 1: GROSS PREMIUMS IN GHANA POUNDS (1954-58)

Branches	1954	1955	1956	1957	1958
Life	32 000	38 000	60 000	95 000	104 000
Fire	75 000	94 000	113 000	124 000	132 000
Accidents	63 000	70 000	72 000	92 000	114 000
Employers Liability	22 000	39 000	31 000	59 000	64000
Motor	333 000	377 000	388 000	494 000	567 000
Marine	16 000	20 000	19 000	25 000	13 000
Other	-	-	4 000	4 000	4 000

Source: Barback, "Ghana insurance market", (page number)

The above table shows that the various branches of the insurance business grew steadily over the years, especially due to the high profit margins. It indicates that Ghana needed more insurance companies in the 1950s and 1960s. For example, the increase in the life insurance businesses and the rise of interest indicates how rapid urbanisation had eroded pre-colonial social welfare and traditional relationships. It shows how expatriates in Ghana benefitted from life assurance payments. The 1956 figure is particularly instructive because it reflects the benefits Ghanaians derived from the first locally-owned insurance firm and how the company offered life assurance services to all Ghanaians. It shows that the operation of the first locally-owned insurance company increased the life assurance policies.

Additionally, the government entered the insurance business to save Ghanaians from the alleged exploitation of the expatriate firms and their African agents. In a National Assembly debate in 1958, Joseph Dawson Wireko, the then United Party (UP) member for Amansie East in Asante, complained about the arbitrary increases and high cost of motor insurance premiums. Premiums on motor insurance had increased to an exorbitant level of 33 per cent, and were being applied to both private and commercial vehicles. For him, insurance charges were too high to meet the pockets of Ghanaians. He lamented, "we have lived for years in the clutches of exploiters".³⁶ As these complaints reached the Executive, the government was sensitised to start looking around for a possibility to participate directly in the insurance business.

36 Ghana National Assembly, *Parliamentary debates*, 1958 (Accra: Ghana Publishing Corporation, 1958), Col. 1121.

The foreign exchange problem, which had begun when Ghana embarked vigorously on industrialisation after independence, also encouraged the government to consolidate its interest in the insurance business. Industrialisation required high import bills and the need to insure imported goods and local industries against the hazards of unforeseen accidents. The result was a series of severe balance of payment deficits, which prompted the government to pass the Exchange Control Act of 1961. Between 1960 and 1961, Ghana's balance of payment deficits rose by 57 per cent, out of which insurance alone helped to settle about 600 to 13 502 pounds sterling.³⁷ Up to the early 1960s, insurance constituted a substantial portion of Ghana's invisible trade and absorbed huge foreign exchange expenditures.

Politically, Ghana, as an emergent nation, desired not only to expel the British and other expatriates but to directly participate in the insurance business and control her own economy. In a speech in parliament in 1962, William A Wiafe, member for Kwawu South of the ruling CPP party, pointed to the overall government policy of taking control of Ghana's economy. He exclaimed, "We have had our political freedom, which is a means to an end, the real end being economic freedom".³⁸ For him, Ghanaians had obtained their political freedom, and its citizens should be encouraged to work toward economic freedom.³⁹

Nkrumah's socialist ideals, as expressed in most of his speeches to the National Assembly, were another potent political factor in the struggle towards economic freedom and consolidation of the state insurance concept. Nkrumah's objectives, as he maintained, were "to make our economy our own on every plane of life in consonant with the socialist state, attuned to our African environment and our circumstances".⁴⁰ By 1961, the process of socialism had begun, as reflected in the suspension of Ghana's Second Development Plan in place of a third Development Plan and by 1962, Ghana was poised for a socialist transformation of all aspects of national life – political, social and economic, under the direct control of the state. Therefore, the establishment of the SIC was in line with the socialist ideals and the confidence engendered by the GCIC, the first local insurance company.

37 Central Bureau of Statistics, *Ghana economic survey, 1961* (Accra: Government Printing Department, 1962), p. 125, table 106.

38 *National Assembly Debates*, Vol. 29 (Accra: Government Printing Department, 1962), Col. 1-2.

39 *National Assembly Debates*, Vol. 29 (Accra: Government Printing Department, 1962), Col. 1-2.

40 *National Assembly Debates*, Vol. 29 (Accra: Government Printing Department, 1962), Col. 1-2.

Additionally, the Nkrumah government wanted to tap and make judicious use of potential managers' experience and enterprising abilities, including Freeman, Anthony Kobina-Woode, Johnson and Nyemitei.⁴¹ At the same time, between 1957 and 1962, Ghana saw the introduction of more insurance companies and insurance policies. However, the GCIC, the Ghana Insurance Company (GIC) and the Ghana General were the most formidable insurance companies.

However, the government's enthusiasm to directly participate in the insurance business raised questions and caused a debate. One group objected to the State's venture in insurance, citing the government's inability to provide sufficient funds for establishing and sustaining an insurance business. They opposed the government's interest in insurance, asserting that this would adversely affect the growth of free enterprise in Ghana; it would produce losses, cause uncertainty and create a bleak future.⁴²

The government was not deterred by these arguments; Instead, Nkrumah sent Ghanaians overseas to study more about the insurance business and appointed a United Nations (UN) insurance expert to review its proposal. In 1962, the government passed the Insurance (Temporary Provisions) Act of 1962, which required all Ghana-based Insurance Companies to declare the availability of sufficient assets and reserves to meet claims and fund other liabilities.

In pursuance of its objectives, the government established a national insurance corporation. It purchased and merged the privately-owned GIC and its subsidiary Ghana General.⁴³ The amalgamation of these two companies in the early 1960s provided the government with considerable capital to establish the envisaged state insurance corporation. In 1962, the government formed the State Insurance Corporation, mainly to stop the drain of foreign exchange out of Ghana and end the exorbitant premiums charged by foreign insurance firms.

5. NKRUMAH, ACHEAMPONG AND INSURANCE

Nkrumah expected Freeman, Woode, and the other experienced managers to prop up the Corporation to become one of Ghana's few viable state enterprises and for it to operate independently of government subventions. He expected the SIC to generate significant revenues to help translate the

41 *Daily Graphic*, 26 February 1962, p. 3.

42 *National Assembly Debates*, First Series, 1956-1957, Col. 263.

43 See "SIC: Twelve years in the insurance business (1962 to 1974)", *Daily Graphic*, 3 December 1974, p. 10.

government's infrastructural development dreams into reality. The SIC itself proposed to improve the insurance business in Ghana and, through its funds and revenue mobilisation, cater for the insurance needs of Ghanaians.

It wanted to mobilise and invest funds for national development, ensure prompt and equitable payment of claims, and support the fight against the adverse balance of trade, adverse economic development, disease, illiteracy, poverty, and unemployment.⁴⁴ The Corporation also aimed to provide sound insurance of competitive premiums, to work hard to justify its establishment as a locally-owned insurance company, and to assure the public of financial security.⁴⁵ Its primary function was to help protect and conserve the wealth of the nation and generate more wealth.⁴⁶

The Corporation related closely with very reputable Reinsurers and Reinsurers' Brokers, including Afro-Asian Insurance Services United Kingdom (UK); Marsh Limited United States of America (USA); Swiss Reinsurance Company (South Africa); Fair Reinsurance Company (Turkey) and Best Reinsurance of Tunis (Tunisia), among 14 others.⁴⁷ The purpose was to get maximum protection for any form of insurance underwritten, to enhance the Corporation's capacity and financial security, to underwrite any risk, achieve maximum insurance coverage and ensure a reliable risk-sharing base.⁴⁸ Although all post-Nkrumah governments supported the growth of the insurance business, the government of General Kutu Acheampong (1972-1978) was the earliest to have contributed most significantly to the rapid growth and consolidation of the insurance business in Ghana.

When the National Redemption Council (NRC) assumed the reins of government on 13 January 1972, it declared a policy of economic self-reliance aimed at ensuring what it described as, "the commanding heights of the

44 Ministry of Information and Broadcasting (MIB), *Ghana 1977, An official handbook* (Accra: Information Services Dept, 1977), p. 473. In its second decade of existence, the SIC remained the largest insurance company in Ghana. It performed its primary function of helping to protect and conserve the wealth of the nation and, at the same time, assisted in generating more wealth.

45 NYPL, MG795/b2/f5, Freeman to Nkrumah, 29 January 1965.

46 MIB, *Ghana 1977*, p. 473. When the NRC took over power, they announced that one of their major aims was to bring to an end the mismanagement of the Ghanaian economy by the erstwhile Busia government. It declared an "economic war" against the relatively declining productive capacity. First, it initiated what Incoom describes as "a conscientious and purposeful planning of imports and the foreign exchange sector" to bring an end to the obnoxious foreign trade policy of the Busia administration. For more, see SEK Incoom, *Ghana one year of NRC rule* (Accra: Graphic Corporation, 1973), p. 9.

47 *SIC Profile*, n.d. p.13. An anniversary brochure on the establishment and growth of the SIC deposited at the SIC's Head office, Accra, no date (n.d.).

48 *SIC Profile*, n.d. p.13.

Ghanaian economy remain in Ghanaian hands".⁴⁹ The government envisaged insurance companies as potential outlets to help change Ghana's financial fortunes. It proposed to rely on the SIC to pursue what it called, "Ghana's economic reconstruction", and a few months after attaining office in 1972, appointed to the SIC what it called "qualified personnel" to transact the main classes of insurance business, including, Accident, Aviation, Life, Marine, Motor, and Transit. The regime provided the Corporation with a budgeted capital of two million cedis (₵2 000 000) in 1972 and defined the Corporation's structural re-organisation exercise, functional responsibility and relationship.⁵⁰ It promised to support the SIC's primary function of projecting, conserving, and generating the wealth of Ghana.

Under the Acheampong regime, the government passed decrees and legislations to enable the SIC to own 20 per cent shares in all registered foreign insurance companies and for the government to claim 40 per cent ownership of all locally registered foreign insurance companies. The decrees allowed Ghana to invest reserves and to introduce mandatory insurance on all exports and imports of cocoa. The Corporation successfully established contacts with cooperative societies across Ghana in collaboration with its zonal agents. It helped boost farming and ensured the continued success of the military government's "Operation Feed Yourself" campaign for Ghanaian farmers to cultivate abundant crops.⁵¹

The SIC's investment policy document guided it in developing and sustaining the Ghanaian economy, generating more wealth, and alleviating the country's nagging housing problem.⁵² The corporation appears to have greatly benefitted from the policy. Its total investment commitment rose from approximately 23.5 million cedis in 1973 to 29963 million cedis in 1974, of which a total of 13,527 million cedis was invested.⁵³

49 MIB, *Ghana 1977*, p. 473. That is to produce more for export and import less or none. Essentially, the Acheampong government emphasised the domestication of the Ghanaian economy. He wanted Ghanaians to produce locally and import little or nothing. The Operation Feed Yourself programme was the Acheampong government's flagship programme. Although government propaganda claimed that it was successful, its success or otherwise continues to be debated by politicians.

50 National Redemption Council (NRC), *Ghana, 1974, A Review of 1973* (Accra: Information Services Department, Accra, 1974), pp. 86-87.

51 MIB, *Ghana 1977*, p. 474. The "Operation Feed Yourself" mandated Ghanaians to engage in domestic farming to discourage importation of food crops and produce large amounts of foodstuff locally to feed Ghanaians. Whereas many see it as a successful undertaking, others regard it as a politically motivated agricultural policy and overambitious.

52 MIB, *Ghana 1977*, p. 474.

53 NRC, *Ghana, 1974*, pp. 86-87.

As a shareholder of the Merchant Bank Limited, the Corporation received from the bank funds to repair facilities on a purchase basis and to financially assist Ghanaian businesses in the field of security in trade, commerce and industry. Its collaboration with the government ensured the latter's support for financial security for its clients. The Corporation claimed to have successfully prevented discontent among Government workers and possible industrial disputes through mutual financial relations and support from the government.⁵⁴

However, between 1962 and 1978, some prospective entrepreneurs and private companies resented the monopolising policy of the SIC. Under Acheampong, in particular, private insurance companies opposed the government's reduction of the number of insurance companies from eleven to six. In response, government and insurance officials asserted that government regulation ensured efficiency in the insurance business. The Acheampong regime observed that, "a nation with scarce means has not only the problem of stretching the meagre resources at its disposal as wide as possible, but must also find means of increasing it".⁵⁵ In collaboration with the SIC, the regime embarked on resource mobilisation through premiums, although Ghana's case was not isolated.

Jean-Francois Outreville observes that this was not a new development in Africa but that, in the 1960s to 1990s, "many developing countries considered locally incorporated insurance institutions an essential element of their economic and political independence".⁵⁶ He asserts,

the governments of many developing countries historically held the view that the financial systems they had inherited could not serve their territories' development needs adequately; accordingly, during the past thirty years [1960-1990], they directed considerable efforts to changing the structure of these financial systems and controlling their operations in order to channel savings to such investments which were considered a priority in their development programs.⁵⁷

Overall, the regime passed eight pieces of legislation to regulate the insurance industry. It passed the National Reinsurance Commission Decree (NRCD) 95 and established the first Reinsurance Corporation in Ghana. Other Decrees and legislations, such as Instrument 791 (LI 791) National Reinsurance Corporation Decree 130, Legislative Instrument 767 (LI 767) 1972, and the Insurance Amendment Decree, SMC Decree 31 of 1976, significantly

54 MIB, *Ghana 1977*, pp. 473-479.

55 For details, see MIB, *Ghana 1977*, p. 475.

56 J Francois Outreville, "The Economic significance of insurance markets in developing countries", *The Journal of Risk and Insurance* 57 (3), 1990, p. 488.

57 Outreville, "The economic significance", p. 488.

impacted the insurance industry. They enabled the government to own 20 per cent shares in all foreign-registered insurance companies and forty percent shares in all locally-registered foreign insurance companies. The government decreed mandatory insurance for all cocoa exports and imports to Ghana through the SIC.

The Acheampong regime abolished the position of Chief Insurance Agents to minimise bureaucracy and delays in insurance business operations. The government declared a policy of economic self-reliance and sustainability in agriculture and began taking steps to support Ghana's economy's remaining in the hands of Ghanaians. The NRC 95, in particular, mandated foreign insurance companies to meet a certain capital structure. This caused the collapse of many companies that failed to provide funds to commence operations.

That decree reduced the number of insurance companies from eleven to six and abolished the four chief agents' positions. The Acheampong government introduced other laws to regulate the insurance industry, including the Legislative Instrument 791 (LI791), National Reinsurance Corporation Decree 130, Legislative Instrument 767 (LI767) 1972, and the Insurance Amendment (SMC) Decree 31 of 1976. Therefore, the regime's actions on insurance can be regarded as the beginnings of the revolutionary years in Ghana's insurance business.

With the able support of the government, the SIC played a pioneering role in Ghana's fiscal and infrastructural development, especially in investment and the construction of houses. From 1973 to December 1974, it invested a total amount of eight million cedis into its Mortgage [housing] Loan Scheme. In Accra alone, the Corporation constructed many private dwellings at the Airport Residential Area, East Cantonments, the North Labone Estates and Roman Ridge.⁵⁸ It built and rented out houses to individuals and organisations and participated in the consortium-financing of the Continental Hotel, the Kanda Estate, and the Teshie-Nungua Housing Estate, all in Accra.⁵⁹

The Corporation provided funds for constructing the Trades Union Congress (TUC) Housing Estate at Apowa in Takoradi and built the Anaji Estate as a township in Sekondi-Takoradi in the Western Region. It acquired land in the various regional capitals for similar projects and extended the Corporation's housing scheme to all other regional capitals, including the construction of estate houses on a 12.2 hectares plot at Klefe, near Ho, the Volta Regional capital. It purchased about 93 hectares of land in Dwapong in the Volta Region and built other "all unit" types of estate houses.⁶⁰

58 NRC, *Ghana, 1974*, pp. 86-87.

59 MIB, *Ghana 1977*, p. 476.

60 MIB, *Ghana 1977*, p. 475.

In line with its dedication to financing and developing housing projects in Ghana, the SIC held 10 per cent shares in the Bank for Housing and Reconstruction. It acquired shares in Accra Markets Limited to the value of ₵365 000 and supported the government financially in constructing the Kaneshie Market and other new markets in Accra. In all, the SIC spent about ₵605 000 of its long-term loans on prospective market women to finance their market projects in the 1970s.⁶¹

The Corporation contributed significantly to the government's efforts to boost tourism.⁶² For example, it acquired 25 per cent shares in "Realprop Limited," a company set up to promote tourism in Ghana in the 1970s.⁶³ It operated its own restaurant, helped to complete the "La Sirene," another restaurant near the Teshie Military Range in Accra, equipped it with facilities such as a swimming pool and a discotheque, and purchased 20 per cent of its shares. It acquired shares in Golden Beach Restaurants Limited and supported the Elmina Motel in Ghana's Central Region to develop it into a tourist centre.⁶⁴

Thus, the SIC assisted the Acheampong government financially in implementing its national policies and programmes. It regarded Acheampong's "Operation Feed Yourself" programme of 1972 as "a great revolutionary venture" and provided loans to support farmers in increasing the cultivation of foodstuffs and vegetables. From 1972 to 1973, the Corporation awarded prizes to farmers in the private sector, ranging from ₵1 000, ₵600 and ₵400, through a "Best Farmers Competition" which it organised in the various regional capitals, throughout Ghana. At the regional levels, the SIC, during its Tenth Anniversary celebrations in November 1972, paid bonuses of ₵500, ₵300 and ₵100 to the regional agricultural coordinators. It implemented this initiative to motivate zonal and district-level farmers to attain their production targets.⁶⁵

61 MIB, *Ghana 1977*, p. 476.

62 Tourism in Ghana can be traced back to pre-colonial times when people travelled to visit or spend time with their families away from their own communities. Festivals also contributed to tourism in pre-colonial times because they attracted people from afar. However, until 1874, when slavery was abolished in the Gold Coast, adventurous, educational, health and religious travels, which were the major forms of tourism in the nineteenth century, did not exist in the Gold Coast. For more on tourism, see, F Adu-Febiri, *Tourism and Ghana's development process: Problems and prospects for creating a viable post-industrial service industry in a non-industrial society* (PhD, University of British Columbia, 1994), quoted in F Ofori Otsiwah, *A history of tourism in Ghana, 1957-2019* (MPhil, University of Ghana, 2020), p. 67.

63 MIB, *Ghana 1977*, p. 475.

64 MIB, *Ghana 1977*, pp. 475-76.

65 NRC, *Ghana, 1974*, pp. 86-87.

Before Acheampong established the Ghana Reinsurance Organization, the SIC had collaborated with foreign companies to protect the Corporation from insolvency or liquidation.⁶⁶ Under Acheampong, the SIC collaborated with renowned companies abroad, such as the Swiss Reinsurance Company, to reinsure businesses and protect the security of its capital. His NRCD 95 made a statutory cession. Section three, for instance, mandated every non-life insurer to cede 20 per cent of every insurance business written in Ghana to the Ghana Reinsurance Organisation.⁶⁷

The above government actions on the insurance business had significant effects on the operation and regularisation of the insurance business in Ghana and, most importantly, on the transformational agenda of Ghana's post-independence governments. Most of these effects are beyond the scope of this article, but a few are discussed below.

6. CONTRIBUTIONS OF THE LOCAL INSURANCE BUSINESS

Notably, Ghana appears to have benefited immensely from the indigenous interest and government participation in the insurance business. The advent of the Gold Coast Insurance Company (GCIC), for instance, provided avenues for some Ghanaians to harness their potential and talents. Before 1955, expatriates and foreign personnel managed the insurance companies. The establishment of the GCIC allowed Ghanaians to manage an insurance company as Ghanaian-trained personnel, for the first time, held managerial positions in the country's insurance business.⁶⁸

The GCIC managers also trained other workers in the insurance business. For example, Freeman sent ten Ghanaians to Britain and the United States to receive training in accident and fire underwriting in insurance.⁶⁹ The students returned as competent insurance officials of the GCIC to handle managerial, underwriting and other senior positions.⁷⁰ Thus, through the establishment of the GCIC and its foreign and internal training, some local employees gained a thorough knowledge of insurance.

In the case of the SIC, its Statistics and Reports for ten years (1962-1972) showed that Ghanaians benefited significantly from its operations. For example, from 1962 to 1963, the Company introduced new policies for clients,

66 NYPL, MG795/b2/f3, from Freeman to Swiss Reinsurance Company, 6 June 1962.

67 See details in SN Amankwaa, *The birth of domestic insurance in Ghana (1955-2003)* (MPhil, University of Ghana, 2023).

68 NYPL, MG795/b1/f12, Freeman to Dr Kwame Nkrumah, 12 July 1954.

69 NYPL, MG795/b1/f12, Freeman to Quashie, 23 August 1955.

70 MIB, *Ghana 1977*, p. 476.

including Accident insurance, Aviation insurance, Burglary insurance, Life insurance and the Workmen's Compensation Act. The latter mandated the SIC to pay compulsory compensation for work-related injuries or deaths.

The Corporation became a major source of government revenue, especially through engagement in the export trade, and as the sole unit responsible for ensuring cocoa, gold, timber, and all other export and import cargo. The SIC provided services to the local market and extended insurance services to all commercial businesses in Accra, Koforidua, Kumasi, Sekondi, and many other district and regional capitals of Ghana. Its 1974 report mentioned the Black Star Line, Ghana Airways, and other state-owned agencies as institutions that benefitted from its operations.⁷¹ It supported the Marine Insurance business financially and provided funds to boost some local industries.⁷²

State-owned and privately-owned companies also gained from the establishment of the SIC. In 1962, for example, 25 companies engaged in business with the SIC, including, the Ghana Commercial Bank, Home Finance Company Limited, AngloGold Ashanti, Ghana International Bank, African Reinsurance Organisation, Metropolitan Malls Limited, Ecobank Transnational Company Limited and Merchant Bank (Ghana) Limited.⁷³

The SIC contributed to directing the government's attention and interest towards infrastructural development in the 1960s. For example, the 1965 Restrictive Insurance Act set up capital requirements, premium accounts and paid-up capital for all insurance companies. It prohibited non-domestic insurers from conducting life insurance business, called for the reinvestment in Ghana of all life insurance funds, called for the technical reserves of all classes of insurance conducted in Ghana, and control of the insurance business. These measures and other constitutional financial measures enhanced the insurance business and helped to save Ghana's foreign exchange in the 1960s.

Until the NLC replaced the Restrictive Insurance Policy in 1968 with Decree 181, the 1965 Restrictive Insurance Act mandated the Commissioner of Insurance with the power to create standards of conduct, suggest regulations or rules, approve premium rates, and supervise all persons

71 NRC, *Ghana, 1974*, pp. 86-87.

72 NRC, *Ghana, 1974*, p. 87.

73 It must be emphasised that the Statutory Boards and Corporations in 1962 did not include the SIC. Either it was too early to be listed, or it was yet to make an impact on the country's economy to be given the necessary recognition as a statutory body. The *Ghana Official Handbook, 1962 Edition*, Ministry of Information and Broadcasting, Accra, 1962. p. iii, listed only the Ghana News Agency, Ghana Airways, Ghana Broadcasting Corporation, Ghana Film Industry, Library services, Tema Development Corporation and Ghana Housing Corporation, as Statutory Corporations.

engaged in and registered to conduct insurance business. It set up capital requirements and minimum accounts, set capital limits for insurance companies, and prevented non-domestic insurers from conducting the life insurance business. Decree 181 of 1968 called for the reinvestment in Ghana of all life insurance funds and technical and financial reserves of all classes of insurance conducted in Ghana.⁷⁴

As part of its contribution to society, the SIC provided funds to support agricultural programs and infrastructure development in some local communities. In the 1970s, for example, it provided loans to farmers to expand their farms and engage in other agricultural activities.⁷⁵ Between 1970 and 1977, it donated ₵4 000 to the Farmers Brigade – a wing of the African Youth Command, engaged in animal husbandry and sponsored prospective students for further studies.⁷⁶ In 1975, it awarded some Ghanaian students with scholarships to pursue higher education in veterinary science. The students returned with the acquisition of the Bachelor of Veterinary Medicine (BVM).⁷⁷

The SIC also supported farmers, fishers, and other primary producers in increasing productivity, especially in the 1970s. Basically, this was to support the NRC government's "Operation Feed Yourself" programme. Besides, the Corporation extended insurance services to many more Ghanaians in the informal sector and supported Ghanaians financially in engaging in seasonal agricultural work. The SIC became the first insurance company in Ghana to introduce insurance packages to farmers, fishermen, poultry farmers and other primary producers.

Farmers who satisfied the normal underwriting requirements under the SIC's Farmers' Support Scheme benefitted from these packages through their various cooperative societies, and since many farmers joined societies under the aegis of the Cocoa Marketing Board (CMB), it became relatively easier to channel the scheme through these societies. In 1977, the SIC claimed that its financial support to farmers, fishers and cooperatives had had the greatest impact on the lives of many more rural dwellers than any institution had done before.⁷⁸

74 Although these policies greatly boosted the insurance market, (11) of the (33) insurance companies that existed in 1963 were functional in 1968. Decree 181 of the National Liberation Council (NLC) removed this prohibition in 1968 and introduced new regulations in the insurance business. The military government of 1972 was to introduce further changes in the insurance industry.

75 NRC; *Ghana*, 1974, p. 87.

76 MIB, *Ghana 1977*, pp. 475-76.

77 MIB, *Ghana 1977*, p. 475.

78 MIB, *Ghana 1977*, p. 475.

The Corporation also engaged in high-level manpower development and employment, especially during its 25 years of existence. Starting with a staff of 82 in 1962, its staff strength stood at nearly 1 500 in 1977, just 15 years after its existence. It was the second-largest employer among financial institutions in Ghana in the 1970s.⁷⁹ The Corporation helped many of its senior staff pursue various insurance courses in Britain, India, Iraq, Switzerland, the USA and other foreign countries. They returned to strengthen the insurance business. Its Insurance Training School supported regular seminars and lectures on insurance policies, income generation and manpower development. The school attracted students from different African countries and provided first-class library facilities. It provided financial support for more SIC staff to study and take up qualifying examinations at the Chartered Institute of Insurance.

When the Acheampong government introduced the National Insurance Scheme, the SIC supported the government by opening accounts with the National Savings and Credit Bank through its offices in the various administrative districts across Ghana, where all funds under the National Insurance Scheme became payable.

The importance of the government-SIC collaboration cannot, therefore, be overemphasised. Up to the 1990s, the SIC continued to support the government financially to pursue some national programs. For example, it paid various sums of money to support the Ghana National Trust Fund and the National Road Safety Campaign. Occasionally, it provided funds to the National Sports Council, the National Commission on Children, and the National Cardiothoracic Centre, among other organisations. It solely sponsored the “By the Fire Side” programme, a very popular children’s television programme and some other social and educational programmes in the 1990s.

The table below shows the institutions to which the SIC donated funds in the 1990s, the amount donated, the date and the source of information.⁸⁰

79 MIB, *Ghana 1977*, p. 476.

80 The *Ghanaian Times* and the *Daily Graphic* are the two main state-owned newspapers in Ghana. Their publications date back to the 1950s when their owners published them as the first private newspapers. The government published them as state-owned newspapers in the early 1960s, following Nkrumah’s nationalisation of the media in Ghana.

Table 2: Institutions the SIC donated funds to in the 1990s, amount donated, date and source of information

Recipient Institution	Amount Donated in Cedis	Date Donation was made	Source of Information
The Disabled	Two Million	August 3, 1995	<i>Ghanaian Times</i> No 11844
Accra Flood Victims	Six hundred and Forty-Four Million	February 16, 1996	<i>Ghanaian Times</i> No 12007
Cardiothoracic Centre Korle Bu	Five Million	November 4, 1997	<i>Daily Graphic</i> No 14589
Cardiothoracic Fund, Korle Bu	Four Million, Eight Hundred and Ninety Thousand	May 23, 1998	<i>Daily Graphic</i> No 147305
Ghana National Trust Fund	Four Million	June 17, 1998	<i>Daily Graphic</i> No. 147326
Ghana National Trust Fund	Three Million	July 30, 1999	<i>Ghanaian Times</i> No. 22136

Source: Daily Graphic copies

These undertakings were successful because of the cooperation between management and government and the regular restructuring of the Corporation's marketing strategies. For example, in 1973, it introduced what it called, "new technical innovations". Through these planning strategies of its activities, it obtained significant profits and popularity. It also helped to end the progressively declining composite SIC market share in the 1990s. By 2000, there had been a rise in the SIC's market share from 37 per cent in 1995 to 67 per cent.⁸¹

In the 1990s, the government supported the SIC to dominate the Insurance Market in the Life and General insurance businesses with 62 per cent and 58 per cent total premiums, respectively. This happened, in spite of the establishment of more insurance companies and the associated competition for personnel and profits. In 2004, the Corporation built up 38 per cent and 42 per cent shares of capital, respectively, in the Life and General Business insurance.⁸²

81 *SIC News*, 1 (2), 2002, Annual magazine of the SIC, deposited at the Head Office of the SIC, Accra.

82 "SIC News, 40th Anniversary" edition, 2002. deposited at the Head Office of the SIC, Accra

In addition to its domination of operations with profits that surpassed those of 22 other insurance companies/firms, 25 companies invested in its operations. These included the Ghana Commercial Bank, Home Finance Company Limited, AngloGold Ashanti, Ghana International Bank, African Reinsurance Organisation, Metropolitan Malls Limited, Ecobank Transitional Company Limited, and Merchant Bank (Ghana) Limited.

The Table below shows the Operating Profit levels of the SIC, total assets and dividends paid to the government to support national development from 1998 to 2002 in billion cedis,⁸³

Table 3: Operating Profit levels of the SIC, total assets, and dividends paid to government from 1998 to 2002 in billion cedis

	1998	1999	2000	2001	2002
Operating Profit before Exceptional Items	4.2	4.7	5.4	6.3	14.2
Total Assets	117.8	138.8	117.4	251.9	474.3
Dividend Paid to Government	0	0	0	1.7	4.0

Source: SIC Profile, Statistics and Analysis Report for the first half of 2004.

The SIC's Production Statistics and Analysis Report of June 2004 also suggested that the Company promptly settled all claims irrespective of the claim type or size.⁸⁴ Within five years – 2000 to 2005, for example, it operated on a market share of 38.3 per cent and 50 per cent in motor claims on various lines of insurance. The Corporation paid the largest share of insurance claims, indicated by the Table below, showing some of the major claims the Company settled from 1978 to 2000,⁸⁵

Table 4: Major claims the SIC settled from 1978 to 2000

Year	Claimant	Amount	Loss Type
1978	Ghana Airways (Fokker 28 crash)	\$12 000 000	Aviation
1989	Ghana Cocoa Marketing Company	£1246 000	Marine
1989	Ghana CocoBod	¢1425 000 000	Marine

83 SIC archives, *SIC Profile (Statistics and Analysis Report for the first half of 2004)*, 2004, p. 14.

84 *SIC Profile*, 2004, p. 14.

85 For more information, see the *SIC Profile*, 2004.

Year	Claimant	Amount	Loss Type
1993	Ghana National Petroleum Corporation	\$10 000 000	Marine
1995	Various Companies and Organizations	¢3 000 000 000	Floods
1995	Ghana Airways	\$5 000 000	Aviation
1995	Ghana Ports and Harbours Authority	\$910 000	Damaged Crane
2000	Ghana Ports and Harbours Authority	¢1 200 000 000	Personal Accident
2000	Ghana Airways	\$5 000000	Aviation

Source: "Statistics and Analysis Report" of the SIC for the first half of the year 2004.

7. CHALLENGE OF LIBERALISATION

The 1980s and 1990s were marked by the rule of the Provisional National Defence Council (PNDC), the military government of Ghana (1981-1992), and the liberalisation of the economy. Prior to the 1980s, the government had discouraged the establishment of new insurance companies, because of the numerous benefits it derived from monopolising the insurance market. Under Acheampong, for example, the SIC supported the government's financial and fiscal budgets and helped to reduce the state's borrowing from international financial institutions like the World Bank and the IMF.⁸⁶

The government's economic liberalisation significantly modified Ghana's insurance market and ended restrictions on the operations of private insurance businesses. Henceforth, many more private individuals and organisations established insurance businesses in Ghana, including the Vanguard Assurance Company Limited (Vanguard), Enterprise Insurance Company Limited (Enterprise), New India Assurance Company Limited, Star Assurance Company Limited, Provident Insurance Company (PIC) Limited, Beacon Insurance Company Limited, Phoenix Insurance Company Limited,

86 By this provision, government strategised to reduce the outflow of monies in the form of reinsurance premiums in Ghana as the way to stabilise Ghana's economy. See also ER Rado, 'Ghana revisited', Centre for Development Studies, University of Glasgow (typescript), quoted in MM Huq, *The economy of Ghana, the first 25 years since independence* (London: Macmillan, 1989), pp. 16 and 28. He writes that Acheampong, who ruled Ghana from 1972 to 1978, did not care to listen to the professionals in his attempt to run the economy and that this, "reminds him of a drunk on the motorway driving against the flow of traffic; the crash was only a question of time".

Gemini Life Insurance Company (GLICO) Limited and Metropolitan Insurance Company (MET).⁸⁷ According to Tei, the Insurance business in the year 2000 included 20 Insurance Underwriting Registered Companies, 3 200 Insurance Agents, 17 Insurance Brokers, two Loss Adjusters and two Actuaries.⁸⁸

The competition had its results. First, although these companies had much smaller asset bases, most registered more customers and obtained huge premiums. Second, the competition allowed more Ghanaians to acquire technical knowledge and experience and effectively participate in the insurance business. At the same time, more people understood the benefits of insurance and readily registered as holders. The intense competition also promoted the growth of the insurance business in Ghana and engineered and supported the government's transformational agenda.

It must be stated that the holdings of the SIC were not much affected by the liberalisation, except in 1998, when it earned only ₵2 013 billion cedis on investment income from its general business investment portfolio, compared to ₵2 906 billion in 1997. For example, despite the liberalisation, the SIC's total assets in 1995 were valued at ₵108 005 billion, with a gross premium in Life and General Insurance markets, amounting to ₵7 718 billion in the area of income generation and total assets owned in the general insurance business. Although the Corporation lost some revenue to the other insurance companies, overall, its performance exceeded all the other insurance businesses in Ghana.⁸⁹ Ghana, as a country, has also contributed to the growth of health insurance.

8. GHANA'S HEALTH INSURANCE⁹⁰

The story of Ghana's health insurance dates back to the late 1950s when the Nkrumah government abolished the hospital user fees introduced by the British colonial authority. Up to the mid-1960s, the government made healthcare services free for Ghanaians. The coup leaders abolished the

87 The main objective of these private companies was to provide efficient insurance services. The Provident Insurance Company, for example, wanted "to give by resolute dedication, an innovative, efficient, reliable and qualitative Insurance Services". See, Wiafe, A history of Providence Insurance Company, p. 7.

88 Wilson Tei, "The Ghanaian Insurance Industry", *Daily Graphic*, 17 July 1999, p. 16.

89 Overall, the performance of the Ghanaian insurance industry aligns with the global industry. In 2013, Ghana's National Insurance Commission, the regulatory body of the Ghanaian industrial sector, asserted that the growth rate of the life insurance sector was more than twice that of the non-life business. For more on the growth rate of the insurance sector, see Amankwaa, The birth of domestic insurance.

90 I wish to acknowledge the contribution of Stella Nunoo Amankwaa to information on the Ghana's National Health Insurance Scheme (NHIS). Much of the information on the NHIS was obtained from the interviews she conducted for her MPhil Thesis titled, "The birth of domestic insurance in Ghana (1955-2003)".

free healthcare service system, following Nkrumah's overthrow in 1966 and reintroduced the hospital user fees. As Ghana's economy continually deteriorated, the military government enacted the Hospital Fee Decree in 1969, and in 1971, the Busia government promulgated the Health Fee Act.⁹¹ Henceforth, patients paid for medical consultation and other hospital services.

By the 1980s, economic activities in Ghana had declined considerably. Ghana's cocoa exports, for example, slumped heavily from over 300 000 tons in 1957 to 189 000 tons. Ghana's Gross Domestic Product only grew by 12 per cent from 1971 to 1982, following major increases in oil prices and high inflation of over 70 per cent.⁹² The severe economic crisis forced the government to contact the International Monetary Fund (IMF) for a loan to rescue its economy from crisis, but this introduced the Structural Adjustment Program (SAP), which only sought to deregulate the market and reduce the government's spending.⁹³ Since 1986, patients have paid the total cost of healthcare services, which comprise consultation, laboratory examination, and payment for drugs and other consumables.

The government introduced the "Cash and Carry" system, which mandated patients to bear the total cost of health care.⁹⁴ The "cash and carry" system discouraged many Ghanaians, especially the less privileged from going to the hospital. Hospitals detained defaulting patients with the hope of getting their bills paid but only succeeded in detaining more patients for their inability to pay their hospital bills.⁹⁵ Absconding from hospitals caused them deeper financial crises and reduced morale in health delivery. Hospitals purchased medical items on credit and failed to pay suppliers on time.⁹⁶

In the late 1980s, the government introduced some exemptions to assuage the effects of the cash and carry system. People above 70 years of age, pregnant women and children under five years of age received free health care, and hospitals offered free healthcare service to patients with

91 G Carbone, "Democratic demands and social policies: The politics of healthcare reform in Ghana", *The Journal of Modern African Studies* 49 (3), 2011, p. 388; H Wahab and A Assensoh, "A historical-cum-political overview of Ghana's national insurance law", *African and Asian Studies* 7 (2-3), 2008, p. 301.

92 R Gocking, *The history of Ghana* (Westport: Greenwood, 2005), p. 163.

93 L Singleton, "Negotiating change: An analysis of the origins of Ghana's national health insurance act", *Sociology Honor Project*. Paper 4 (2006), p. 6.

94 "NHIS will cover all", *Daily Graphic*, 29 August 2003, p. 3.

95 *Daily Graphic*, 4 May 2002, p. 24.

96 G Gajale-Garrido and R Owusua, "The national health insurance scheme in Ghana: Implementation challenges and proposed solution", International Food Policy Research Institution discussion paper 01309, 1 December 2013), p. 3, <https://ssrn.com/abstract=2373242> or <http://dx.doi.org/10.2139/ssrn.2373242>, accessed 25 March 2024.

tuberculosis and others with communicable diseases.⁹⁷ Although some individuals and organisations financially assisted the government, patients continued to pay in full for healthcare services.

Some private hospitals, such as the St. Theresa Hospital at Nkoranza, started a pilot health insurance scheme in 1992 to, “reduce the cost per individual hospital admission [sic], to make hospital service accessible to all within the district”.⁹⁸ The hospital paid members’ hospitalisation fees through the collection of premiums. By the year 2001, however, there were only 57 district Mutual Health Organisations (MHOs) throughout Ghana.⁹⁹

In August 2003, John Agyekum Kufuor’s administration passed the National Health Insurance Scheme (NHIS) bill into law and enacted the NHIS Act 650 to institute a health insurance policy in Ghana. It was to cover all categories of Ghanaians, reduce the burden of bearing the total hospital cost by patients and encourage the poor to seek medical care from healthcare centres and hospitals, irrespective of the location of the district or town.¹⁰⁰ The government set up a fund to finance the National Health Insurance Scheme (NHIS) and budgeted for eight hundred billion cedis (Ø800 000 000 000), to be raised through the deduction of 2.5% of formal sector workers’ salaries for the implementation of the health insurance scheme.¹⁰¹

Government also introduced the National Insurance Levy (NIL), in the form of a Value Added Tax (VAT), placed on alcoholic and non-alcoholic drinks, canned foods, cloths and other consumable and inconsumable goods, to support the NHIS. The scheme was projected to benefit from subscribers’ premiums, grants, donations, gifts, and voluntary contributions. The government also introduced the National Insurance Levy (NIL), a VAT, placed on alcoholic and non-alcoholic drinks, canned foods, cloths, and other consumable and inconsumable goods to support the NHIS. The scheme was projected to benefit from subscribers’ premiums, grants, donations, gifts, and voluntary contributions.¹⁰² The NHIS invested its funds and used the returns to fund the scheme.¹⁰³

97 Gajale-Garrido and Owusua, “The National Health Insurance Scheme in Ghana”, p. 3.

98 C Atim and M Sock, *An external evaluation of the Nkoranza community financing health insurance scheme*, Ghana (Bethesda: Partnership for Health Reform, 2000), p. 1.

99 GCNO Aryeetey, *Targeting the poor in Ghana’s national health insurance scheme and benefits of enrollment* (PhD, Radboud University Nijmegen Medical Center, 2012), p. 10.

100 “NHIS will ensure quality medical care for all”, *Daily Graphic*, 26 August 2003, p. 1.

101 “Implementation of health insurance, government will go slowly”, *Daily Graphic*, 2 April 2003, p. 3.

102 NHIS, *A guide to registering and accessing NHIS benefits* (Ghana: NHIA Publication, 2020), p. 4.

103 NHIS, *A guide to registering and accessing NHIS benefits* (Ghana: NHIA Publication, 2020), p. 4.

Since the implementation of the NHIS in 2000, it has faced other challenges, such as resistance from the TUC and politicians, particularly the opposition National Democratic Congress (NDC) party. In 2003, for instance, the NDC accused the New Patriotic Party (NPP) of rushing with the implementation of the national health insurance policy.¹⁰⁴ It condemned the terms of financing it, as well as the equipment and technology acquisition issues of the NHIS. The NDC wanted the government to have well-equipped clinics in all 110 districts for a smooth take-off of the NHIS. Their parliamentarians even boycotted the passage of the NHIS bill.¹⁰⁵

Additionally, the NHIS offices are often overcrowded. In the early 2000s, for example, potential clients spent seven to eight hours registering for their NHIS card.¹⁰⁶ The yearly renewal of the NHIS cards and poor internet connectivity, also contributed to the long queues. In addition, providers often faced delays in reimbursement by the NHIS because the NHIS authority usually spend three months processing and paying claims.

Some providers also resort to co-payment, or the situation where providers collect part of the hospital fees from patients and only request for part-payment from the NHIS authority. Although the practice is a disincentive to the NHIS members and defeats the government's effort to eradicate the "cash and carry" system, hospitals do so to reduce the burden of delays in reimbursement. To control the act of co-payment, the NHIS set up the co-payment committee to cramp down on co-payment activities, to sensitise providers on co-payment and to organise workshops on the ways to stop co-payment.

The NHIS also faces the problem of fraudulent claims, caused by delays in claim processing and claim payment. Sometimes, preparing the invoices is delayed for months, and this leads to the submission of fraudulent claims by some providers. Some providers also inflate bills submitted to the health insurance authority.

To curb the challenge of the fraudulent claims, the NHIS set up an audit committee, comprising nominees from the Ghana Medical Council, Nurses and Midwifery Council, Ministry of Health, Health Insurance providers, private health practitioners, and other stakeholders. In 2014, the Stakeholders agreed on the standard amount to be charged by Chip compounds, Municipal

104 "Passage of NHIS Bill was rushed", *Daily Graphic*, 27 August 2003, p. 12.

105 "Passage of NHIS Bill was rushed", *Daily Graphic*, 27 August 2003, p. 12. See also, "NHIS will ensure quality medical care for all", *Daily Graphic*, 26 August 2003, p. 3. These comments notwithstanding, the government of Ghana successfully passed the NHIS bill into law in 2003.

106 Interview : Stella Amankwaa with Michael Oteng Adu, Manager at NHIS New Dwaben office, Koforidua, 14 November 2022.

hospitals, Regional hospitals and Teaching hospitals.¹⁰⁷ The Audit Committee visits the health providers randomly to identify fraudulent or unpaid claims, but for years, the NHIS had no legal team to pursue fraudulent claims at the law courts.¹⁰⁸ The only punishment for a fraudulent provider was the deduction of the excess amount from providers' claims.

The NHIS has sometimes been abused through "hospital shopping", a situation whereby a patient hopped from one hospital to another within days or weeks for medical consultation on the same sickness because of the free medical consultation under the NHIS. One patient could submit claims to three to four clinics or hospitals within the same month. "Hospital shopping", obviously, affects the NHIS's reimbursement strategy.

The impact of the NHIS is therefore both positive and negative. Firstly, the Scheme has helped to decrease the financial burden on many Ghanaians, especially Indigents, or people who needed financial support to register under the NHIS for free. These included children under 18 years of age, mentally disabled persons, people aged 70 years and above, physically disabled persons, pregnant women, and prisoners.

The introduction of the National Health Insurance Scheme has also increased patronage of hospitals and health centres and decreased self-medication. Responses from some NHIS policy holders suggest that the amount of money spent at the "Drugs Stores" for self-medication is high compared to using the NHIS card.¹⁰⁹

For private clinics and hospitals to provide free and faster health care services, many have registered as health care providers under the NHIS authority. Like public hospitals, private health care providers attract patients for consultations.¹¹⁰

Although statistics are not readily available, it is accepted that the NHIS has contributed to reducing critical or serious illness cases at the hospitals. Before the NHIS, few Ghanaians insured their health with insurance companies. People relied on family members to contribute money to pay hospital bills. Most people resorted to herbal drugs, because of the high hospital user fees and only visited the hospital when their health had deteriorated. Emergency health care services and death cases were high, but the introduction of the NHIS has reduced emergency cases and deaths. Illnesses are diagnosed and treated early before conditions deteriorate.

107 NHIS, *A guide to registering and accessing NHIS benefits* (Ghana: NHIA Publication, 2020), p. 53.

108 Interview: Stella Amankwaa with Michael Oteng Adu.

109 Interview: Stella Amankwaa with Joyce Mensah, NHIS policyholder, NHIS office, New Dwaben, Koforidua, 14 November 2022.

110 Interview: Stella Amankwaa with Gifty Dede Boateng, Nurse, Koforidua, 14 November 2022.

Finally, the NHIS has created job opportunities for many Ghanaians through the opening of health insurance offices in districts across the country. Employees include accountants, administrators, Claims Processing Officers, data entry personnel, Information Technology (IT) personnel, and managers.

One can conclude that, on the whole, the state's participation in the insurance business has positively impacted the welfare of Ghanaians and Ghana's socio-economic and infrastructure development since 1962. State insurance contributed, especially, to the significant macroeconomic changes in Ghana in the 1980s and 1990s following the liberalisation of the economy. As indicated above, on balance, the positives of the state's participation in insurance in Ghana far outweigh the negatives.

9. CONCLUSION

This article set out to examine the earliest forms of insurance in Ghana and how the government utilised insurance to support its social, infrastructure and economic development agenda after 1962. It revealed that pre-European Ghanaians established ways to lighten the burden of individual members in periods of adversity through cooperative risk-sharing efforts. Such burdens as expenses on accident, burial, invalidity, market loss, old age, sickness, and unemployment, were all catered for by virtue of the kinship system, based on the notion that members belonged to the same bloodline and were each other's keepers.

Until the mid-1950s, European-owned and European-based Insurance businesses dominated Ghana's insurance market. The post WWII era, saw the wake of a revolution in the political, social and economic development of Ghana. In insurance, the Gold Coast Insurance Company was formed in 1955 to insure Africans, selling both group life insurance policies and individual life insurance plans and policies. The State Insurance Corporation, established in 1962, assured Ghanaians of personal and industrial safeguards. It actively and diversely participated in the Ghanaian economy, despite competition from foreign-owned private insurance companies, and eventually contributed to Ghana's socio-economic transformation up to the early twenty-first century.

The Motor Vehicle Third Party Insurance Act of 1958, the Insurance Executive Instrument of 1962 and the Executive Instrument Law of 1965 all helped to popularise the insurance business among Ghanaians, and ensured the growth of insurance. The NLC and NRC Decrees, liberalisation of the economy and other insurance legislations and regulations all helped to safeguard Ghana's insurance market. They helped to ensure the vibrancy and growth of the economy in the twentieth century.

In the 1990s' the "cash and carry" system, the unpopular upfront payment of healthcare services, discouraged many Ghanaians, especially, the average Ghanaians, from attending hospital when they were sick. Government introduced the National Health Insurance Scheme (NHIS), in 2003, to curb the adverse effects of the "cash and carry" system, and to make access to healthcare services free to all Ghanaians.

Despite the numerous challenges, such as opposition from the NDC and the Trades Union Congress (TUC), congestion at the NHIS card registration offices, delays in NHIS claims reimbursement and fraudulent claims for payment, the Scheme has enabled government to enroll indigents, the vulnerable and many Ghanaians on the NHIS for free. The NHIS has boosted hospital attendance since patients do not pay for medical services. Introduction of the NHIS has created employment for some people, and improved health conditions of Ghanaians.

One can conclude that competition among insurance companies since the mid-1950s, complemented by government's participation in insurance, have contributed to transformation of the social lives of many Ghanaians. They have helped the growth of the Ghanaian economy up to the early twenty-first century.