Strategic Financial Risk Management and Organizational Effectiveness in NEM Insurance Plc Lagos Nigeria

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ABSTRACT

This study explores how strategic financial risk management influences organizational effectiveness in NEM Insurance Plc, Lagos, Nigeria. Focusing on five core components risk identification, risk assessment and analysis, risk control and mitigation, risk monitoring and reporting, and integration into corporate strategy; the research assesses their collective impact on key indicators of organizational effectiveness, including operational efficiency, financial performance (profitability and return on assets), adaptability and resilience, customer satisfaction, market share, and regulatory compliance. Adopting a quantitative descriptive survey design, the study collected data from 150 employees across three Lagos offices using structured questionnaires. The data were analyzed using SPSS Version 25, applying descriptive statistics, correlation matrix, and multiple regression techniques to examine the relationships between strategic financial risk management and organizational outcomes. The results reveal that all five components of financial risk management significantly and positively affect organizational effectiveness. Among them, risk assessment and analysis emerged as the most influential factor, while risk monitoring and reporting, though significant, had the least impact suggesting a potential area for improvement. The regression model accounted for 67% of the variance in organizational effectiveness, underscoring the strength of strategic financial risk management in shaping performance outcomes. The study emphasizes the need to enhance continuous risk monitoring, align risk practices with strategic objectives, and build organizational capacity through staff training and technology adoption. These findings contribute to the limited empirical literature on financial risk management in Nigeria's insurance sector and provide actionable insights for insurers, regulators, and policymakers aiming to foster resilience, efficiency, and competitiveness in a dynamic business environment.

Keywords: Organizational Effectiveness, Risk Assessment, Risk Control, Risk Identification, Risk Monitoring.

INTRODUCTION

In today's dynamic and unpredictable financial environment, insurance companies face a growing array of financial risks that can severely impact their operational and strategic objectives. As financial intermediaries that assume and manage risks on behalf of policyholders, insurers are uniquely vulnerable to market fluctuations, credit defaults, liquidity shortages, and underwriting uncertainties. To ensure long-term survival and competitiveness, these organizations must adopt strategic financial risk management systems that go beyond regulatory compliance and actively support organizational effectiveness (Zhang & Wen, 2020).

Globally, the insurance industry has witnessed a significant transformation in risk management practices. Sophisticated tools such as predictive modelling, scenario analysis, and enterprise risk management (ERM) frameworks have become standard in leading markets. These innovations have enabled insurers to navigate financial shocks and recognized performance indicators such as profitability, capital efficiency, and customer trust (PwC, 2020). Strategic financial risk management is now recognized as a key driver of organizational effectiveness, shaping decision-making, resource allocation, and overall resilience.

In Africa, however, many insurance markets are still developing their risk management capacities. While the continent is increasingly vulnerable to economic volatility, political instability, and climate-related events, the integration of financial risk systems into corporate strategy remains uneven. Nevertheless, regional bodies and regulators are pushing for more robust frameworks to ensure insurers can perform sustainably and maintain public confidence (Munemo, 2021).

In Nigeria, the largest insurance market in West Africa, the move toward a more resilient and performance-driven insurance sector is gaining momentum. The National Insurance Commission (NAICOM) has introduced the Risk-Based Supervision (RBS) framework, which lays emphasis on the need for strategic alignment between risk management and business performance. Despite this, many insurance firms still struggle with outdated systems, insufficient data infrastructure, and weak internal controls—factors that limit their ability to translate risk management into measurable performance outcomes (Obalola & Aluko, 2021).

Given these challenges and opportunities, this study focuses on strategic financial risk management as a crucial mechanism for enhancing organizational effectiveness in the Nigerian insurance industry. Understanding how well-designed and proactively implemented risk management systems influence performance can help insurers, regulators, and policymakers seeking to build a stronger, more competitive sector.

Stating the problem, it is clear to note that in an era of heightened financial volatility and regulatory demands, insurance companies in Nigeria are increasingly expected to manage risks strategically to maintain operational stability and deliver value to stakeholders. While financial risk management systems are being gradually adopted across the sector, their integration into broader corporate strategies remains weak and inconsistent. Many firms continue to view risk management primarily as a compliance obligation rather than a performance-enhancing tool. This limited strategic orientation undermines organizational effectiveness, seen in areas such as profitability, service delivery, capital adequacy, and responsiveness to market dynamics. Despite the introduction of risk-based supervision by the National Insurance Commission (NAICOM), empirical evidence linking strategic financial risk management systems to organizational performance in Nigerian insurance companies remains scarce. This gap calls for an in-depth examination of how strategic risk practices contribute to organizational effectiveness in the insurance sector.

The study aims to assess the influence of strategic financial risk management systems on organizational effectiveness in NEM Insurance Plc. Specific objectives include:

1. To examine the relationship between strategic risk identification practices and operational efficiency in insurance firms.

2. To evaluate the impact of risk assessment and analysis techniques on financial performance indicators.

3. To determine how risk control and mitigation strategies affect organizational adaptability and resilience.

4. To investigate the roles of risk monitoring and reporting systems in enhancing decision-making and regulatory compliance.

5 To explore the extent to which the integration of risk management into corporate strategy influences the overall organizational effectiveness.

The Alternate Hypotheses are (H_1):

1. Strategic risk identification practice has a significant relationship with operational efficiency in NEM insurance Plc.
2. Risk assessment and analysis techniques significantly impact financial performance indicators in NEM insurance Plc.
3. Risk control and mitigation strategies significantly affect the adaptability and resilience of NEM insurance Plc.
4. Risk monitoring and reporting systems enhance significantly decision-making and regulatory compliance in NEM insurance Plc.

5. Integration of risk management into corporate strategy significantly influences the overall organizational effectiveness in NEM insurance Plc.

This study will aid in advancing knowledge on how insurance companies can better leverage financial risk management to sustain competitiveness and promote long-term growth in a complex business environment to governments, policymakers, regulators, and investors, and serve as a reference point for future researchers to form the basis of their work as well as provide necessary information to the general populace on the subject matter.

LITERATURE REVIEW

Components and measures of Strategic Financial Risk Management include;

Independent Variables

Risk Identification

Effective risk identification enables firms to foresee disruptions. ISO. (2019).

Risk Assessment and Analysis

Quantitative and qualitative assessments are vital for prioritizing risks.
Bromiley, P., McShane, M. K., Nair, A., & Rustambekov, E. (2020).

Risk Control & Mitigation

Risk mitigation strategies improve stability in volatile sectors.
Frigo, M. L., & Anderson, R. J. (2020).

Risk Monitoring and Reporting

Continuous monitoring is central to adaptive risk response systems.
Beasley, M., Branson, B., & Hancock, B. (2021).

Integration into Corporate Strategy

Aligning risk management with strategic objectives strengthens resilience.
Arena, M., Azzone, G., & Mapelli, F. (2022).

Organizational Effectiveness as the dependent variable describes how well the insurance company achieves its goals and can be measured through:

Operational Efficiency

Operational excellence is influenced by process innovation and risk alignment.
Afriyie, S., Du, J., & Musah, M. (2020).

Financial Performance

Effective risk strategies correlate positively with profitability and ROA.
Al-Shbail, M. O., & Al-Mahamid, S. M. (2020).

Customer Satisfaction and Market Share

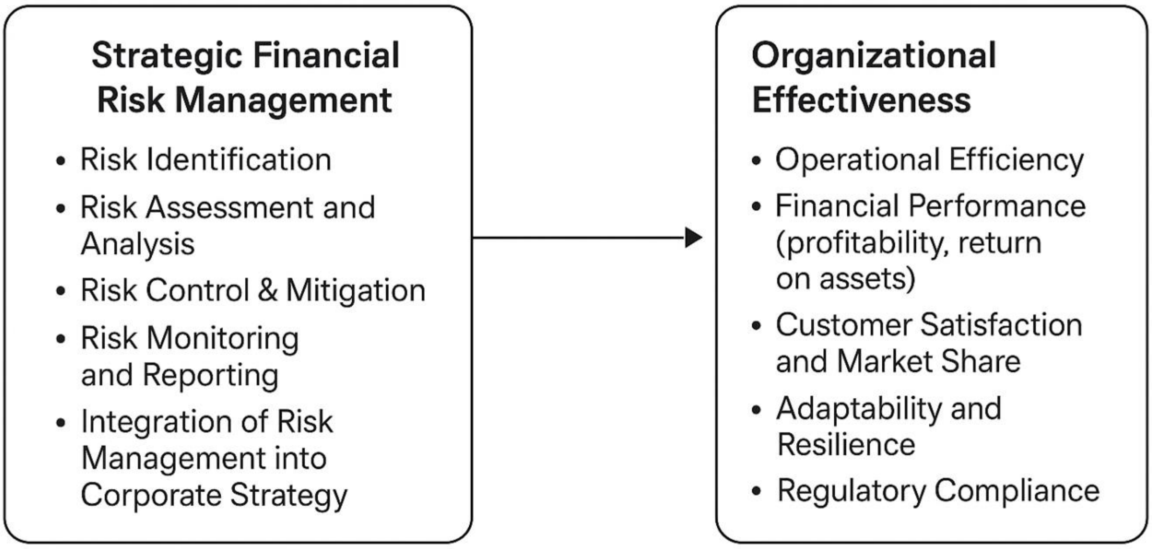
Managing financial risks improves product delivery and customer trust.
Hazaea, A. N., Zhu, J., & Aslam, F. (2021).

Adaptability and Resilience

Strategic risk management fosters agility in times of crisis.
Sheffi, Y. (2021).

Regulatory Compliance

Proactive risk governance enhances regulatory alignment. KPMG. (2023).



The theory reviewed and hinged to this study is the Enterprise Risk Management (ERM) Theory. It was proposed by Beasley, Clune & Hermanson in 2005. It lays emphasis on a holistic, integrated approach to risk management that aligns risk practices with organizational strategy and objectives. ERM theory posits that by systematically identifying, assessing, and mitigating risks across all departments and operations, firms can enhance value creation and ensure long-term sustainability (Hoyt & Liebenberg, 2011). ERM supports the development of a risk-aware culture, promotes efficient capital allocation, and facilitates better decision-making which are all critical elements of organizational effectiveness. ERM is important in insurance companies where diverse financial risks, including credit, liquidity, and operational risks, can significantly affect organizational stability and effectiveness.

Financial risk management has become an essential function within insurance companies, particularly as these firms navigate complex and volatile economic environments. Several empirical studies have examined different facets of financial risk management and its influence on organizational effectiveness, providing valuable insights that inform this research.

Smith and Patel (2019): Smith and Patel provided empirical evidence on how aligning financial risk management (FRM) with corporate strategy enhances market share growth and customer satisfaction in the insurance sector. Their hierarchical regression analysis, based on data from 150 insurance firms across North America and Europe, showed that firms with strategically integrated FRM functions outperformed those with obsolete approaches. Key strategic enablers included scenario analysis, capital stress testing, and strategic risk mapping. Grounded in strategic alignment theory and stakeholder theory, the study emphasized that a coherent relationship between risk management and strategic planning leads to more informed decision-making and increased stakeholder trust. Nevertheless, the study did not delve into qualitative organizational factors such as leadership support, organizational culture, or change management practices, which are critical for sustaining strategic alignment. Additionally, the cross-industry generalization may mask sector-specific nuances, suggesting the value of sector-focused case studies or mixed-method approaches to provide deeper insights.

Zhang and Wen (2020): Zhang and Wen analyzed the strategic use of reinsurance arrangements and investment portfolio diversification in the financial risk management of Chinese insurance companies. Drawing from a sample of 200 publicly listed insurers between 2005 and 2018, the authors applied dynamic stochastic modeling and GARCH techniques to examine the relationship between financial risk instruments and earnings stability. Their results showed that reinsurance reduced underwriting risk exposure, while diversified investments stabilized cash flows and improved risk-adjusted returns. Anchored in modern portfolio theory and risk transfer principles, the study contributed to the understanding of how insurers manage volatility in highly uncertain environments. However, the study focused almost exclusively on external financial strategies, overlooking internal organizational capabilities, such as risk culture, governance structures, or managerial expertise, which are integral to a comprehensive risk management framework. Future investigations could integrate behavioral finance and organizational capability theory to explore how firms internally operationalize these external tools.

Obalola and Aluko (2021): Obalola and Aluko conducted a comprehensive empirical analysis to assess the impact of Risk-Based Supervision (RBS) on the financial soundness of Nigerian insurance companies. Utilizing panel data from regulatory filings and annual reports between 2010 and 2020, their study employed regression analysis and financial ratio metrics such as capital adequacy ratio (CAR), return on equity (ROE), and underwriting profit margins. Their findings confirmed a statistically significant positive relationship between the implementation of robust regulatory risk frameworks and improvements in both capital adequacy and profitability. The authors argued that RBS enhances supervisory efficiency by shifting regulatory focus from compliance-based models to risk-sensitive approaches. Theoretically grounded in agency theory and prudential regulation theory, the study highlighted the essential role of external oversight in mitigating systemic risk and enhancing firm-level solvency. However, it largely neglected internal organizational dynamics, such as leadership commitment, risk culture, and employee engagement, which could moderate the effectiveness of regulatory mechanisms. This limitation calls for future research adopting a multilevel approach that combines external regulation with internal risk governance factors.

Munemo (2021): Munemo's research explored the strategic impact of Enterprise Risk Management (ERM) adoption on African insurance companies, emphasizing its role in enhancing operational efficiency and organizational resilience. Using a structural equation modeling (SEM) approach on survey data from 310 respondents across 12 countries, the study found that robust ERM practices were significantly associated with improved strategic alignment, resource optimization, and crisis responsiveness. The study was framed within the Resource-Based view (RBV) and contingency theory, suggesting that ERM acts as a strategic resource that strengthens firms' adaptive capabilities in uncertain environments. Despite these strengths, the research relied on cross-sectional data and self-reported measures, which may introduce bias and limit causal inference. Furthermore, the study did not assess temporal variations in ERM effectiveness, highlighting the need for longitudinal studies to examine how risk management practices evolve over time and whether their benefits are sustainable in the long run.

Adebayo and Ojo (2022): Adebayo and Ojo examined the relationship between proactive risk identification and firm performance, focusing on insurance companies in Nigeria. They collected survey responses from 150 risk managers and executives, analyzing the data using descriptive statistics, correlation analysis, and multiple regression techniques. Their results indicated a positive correlation between early-stage risk identification and performance indicators such as operational efficiency, cost control, and profitability. The authors emphasized the role of anticipatory governance and early warning systems in enhancing strategic decision-making. The study was underpinned by systems theory, which posits that effective functioning depends on timely information flows and feedback mechanisms. However, the narrow focus on the risk identification phase excluded critical follow-up stages such as risk analysis, mitigation, response, and monitoring. Moreover, the study did not examine the tools and technologies used in the identification process, which may influence outcomes. Future research should consider integrated risk management models that encompass the entire risk lifecycle.

Oluwafemi and Eze (2023): Oluwafemi and Eze investigated the importance of quality risk reporting in supporting managerial decision-making in Nigerian insurance firms. Using both quantitative content analysis of internal risk reports and semi-structured interviews with risk officers, the study demonstrated that transparent, timely, and standardized reporting facilitates more effective risk response and enhances organizational accountability. Their findings, supported by information asymmetry theory and decision-usefulness theory, showed that well-structured reports lead to better prioritization of strategic objectives and more robust compliance with regulatory requirements. However, the study's exclusive focus on reporting mechanisms overlooked other critical dimensions of risk management, such as technological infrastructure, risk culture, staff training, and automation of reporting processes. The authors recommended that future research explore how digital transformation and business intelligence systems can further enhance risk communication effectiveness.

Nguyen and Tran (2020): Nguyen and Tran examined how comprehensive financial risk controls enable insurance firms in Southeast Asia to remain profitable and adaptive during economic downturns. Employing a dynamic panel data model using the System GMM estimator on financial data from 180 insurers across six countries from 2007 to 2018, their findings affirmed that robust internal controls, capital adequacy policies, and real-time risk monitoring systems substantially improve firms' capacity to withstand external shocks. Their research, grounded in institutional theory and dynamic capabilities theory, demonstrated that internal controls must evolve alongside changing market dynamics to remain effective. However, the regional focus limits generalizability to other developing contexts, such as sub-Saharan Africa. Moreover, the study emphasized financial mechanisms while paying less attention to behavioral, cultural, and cognitive factors—such as employee risk awareness, ethical leadership, and organizational learning—that are essential for sustainable adaptability. Future work could integrate organizational psychology and cultural dimension theory to provide a more holistic understanding of adaptability.

MATERIALS AND METHODS

Research Design: The study adopted a quantitative descriptive survey design, allowing for statistical analysis of relationships between strategic financial risk management variables with respect to risk identification, risk assessment and analysis, risk control and mitigation, risk monitoring and reporting, and weaving risk management into corporate strategy on Operational Efficiency (Financial Performance (profitability and return on assets), Adaptability and Resilience, Customer Satisfaction and Market Share as well as Regulatory Compliance)

Study Area: The study focused on the employees of NEM insurance Plc spread across their three offices in Lagos State Nigeria.

Study population: As of the end of march 2025, the data from the human resources department showed that the total number of employees was 258 persons.

Sampling size:157 employees were got as the sample size using the Taro Yamane formula.

$n=N/1+N(e^2)$. The margin error is 0.05

Sampling technique: The convenience sampling technique was used because it is quicker and easier to access, although it might limit how broadly we can apply the findings.

Data Collection: Data was collected using a structured questionnaire administered to 157 employees of NEM insurance Plc in three of their offices in Lagos state. However, only 150 received responses were valid.

Data Analysis: The Statistical Package for the Social Sciences (SPSS) Version: Version 25 was used for both descriptive and inferential statistical analyses to test hypotheses.

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RESULTS AND DISCUSSION

This section explicitly shows how respondents rated Strategic Financial Risk Management with respect to; Risk Identification, Risk Assessment and Analysis, Risk Control and Mitigation, Risk Monitoring and Reporting, Integration of Risk management, on Organizational Effectiveness (Operational Efficiency, Financial Performance (profitability and return on assets), Adaptability and Resilience, Customer Satisfaction and Market Share) using their variables for statistical measurements. The analysis of respondents provided a comprehensive understanding, thus helping to guide future strategies and interventions.

1. Descriptive Statistics

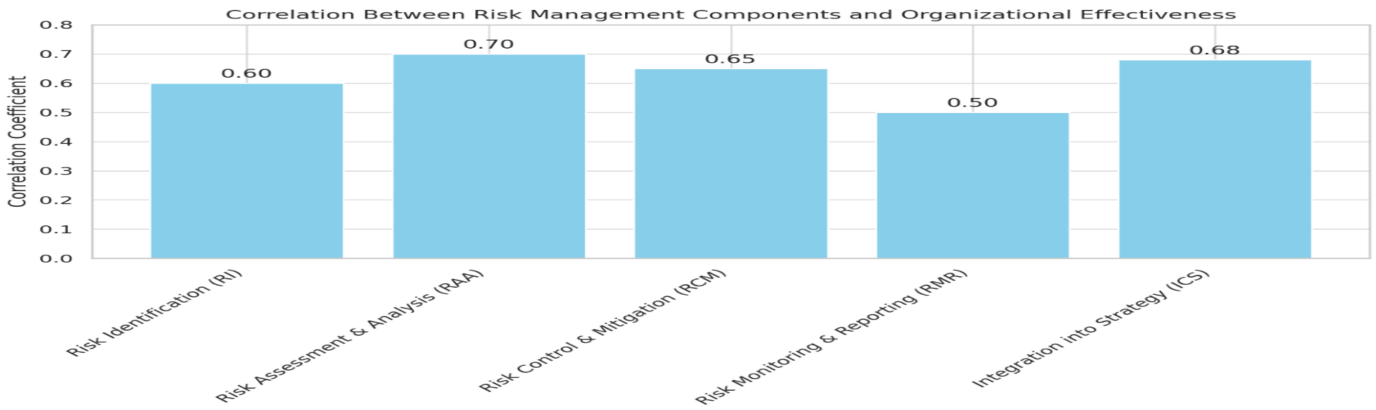
To summarize demographic data.

Table 1

Variable	Mean	Std. Dvtn	Min	Max
Risk Identification (RI)	4.20	0.60	2	5
Risk Assessment and Analysis (RAA)	4.35	0.55	3	5
Risk Control and Mitigation (RCM)	4.10	0.65	2	5
Risk Monitoring and Reporting (RMR)	3.85	0.70	1	5
Integration into Corporate Strategy (ICS)	4.05	0.60	2	5
Organizational Effectiveness (OE)	4.25	0.50	3	5

- Risk Assessment and analysis scored the highest mean of 4.35, indicating that respondents generally agree that their company actively and effectively assess and analyze financial risks.
- Risk Identification follows closely with a mean of 4.20, suggesting strong implementation of strategies to manage identified risks.
- Integration into Strategy and Risk Control & Mitigation have close scores around 4.05 and 4.10, also showing strong engagement in integrating strategies and embedding control into the company's broader action plans.
- Risk Monitoring & Reporting has the lowest mean score of 3.85, which may indicate some room for improvement in continuous tracking and reporting of risks.

Overall, the scores reveal that NEM insurance has a fairly robust approach to financial risk management, with the greatest strengths in risk assessment and analysis, while monitoring and reporting might benefit from further enhancements in the nearest future.



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2. Correlation Matrix Analysis:

To examine the strength and direction of relationships between independent variables (risk management components) and the dependent variable (organizational effectiveness).

Table 2

Variable	RI	RAA	RCM	RMR	ICS	OE
RI	1	.65	.58	.40	.55	.60
RAA	.65	1	.62	.45	.60	.70
RCM	.58	.62	1	.42	.50	.65
RMR	.40	.45	.42	1	.48	.50
ICS	.55	.60	.50	.48	1	.68
OE	.60	.70	.65	.50	.68	1

All correlations are significant at $p < 0.05$

A bar chart showing the correlation coefficients between each strategic financial risk management component and organizational effectiveness (OE):

The correlation matrix shows relationships between all strategic financial risk management components (Risk Identification, Risk Assessment & Analysis, Risk Control & Mitigation, Risk Monitoring & Reporting, Integration into Strategy) and organizational effectiveness.

1. All correlation coefficients range from 0.40 to 0.70, indicating moderate to strong positive associations.
2. The highest correlation is between Risk Assessment & Analysis (0.70) and organizational effectiveness, suggesting effective risk assessment and analysis is closely linked to better organizational outcomes.
3. These results imply that improvements in any aspect of financial risk management are likely associated with enhanced organizational effectiveness in NEM insurance Plc.

3. Multiple Regression Analysis

To determine the impact of each financial risk management dimension on organizational effectiveness while controlling for other variables.

Table 3

Predictor Variable	Beta (β)	t-value	p-value
Risk Identification (RI)	0.25	3.50	0.001
Risk Assessment & Analysis (RAA)	0.30	4.10	0.000
Risk Control & Mitigation (RCM)	0.28	3.85	0.000
Risk Monitoring & Reporting (RMR)	0.15	2.10	0.038
Integration into Strategy (ICS)	0.20	2.95	0.004

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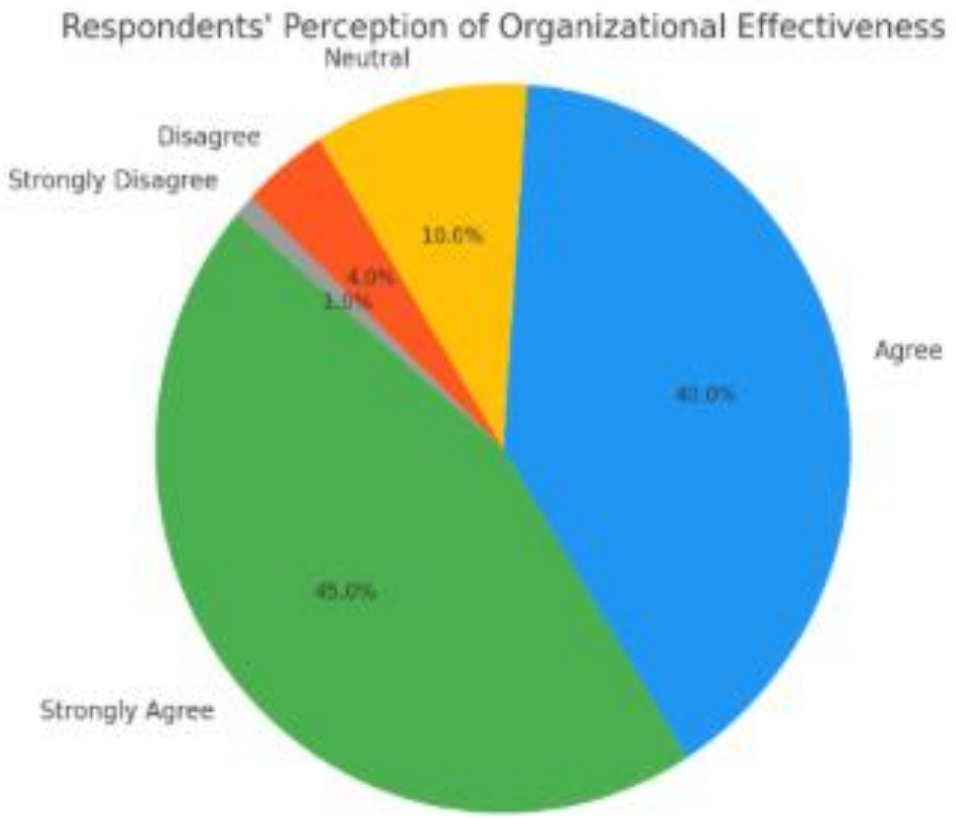
Model Summary:
$R = 0.82$, $R^2 = 0.67$, Adjusted $R^2 = 0.65$, $F(5,144) = 56.98$, $p < 0.001$

Interpretation

The multiple regression analysis assesses how each strategic financial risk management component predicts organizational effectiveness while controlling for the influence of others.

1. The overall model is statistically significant ($F(5,144) = 56.98$, $p < 0.001$) and explains about 67% of the variance in organizational effectiveness ($R^2 = 0.67$), which indicates a strong model fit.
2. All predictor variables have significant positive effects ($p < 0.05$), meaning each component contributes uniquely to improving organizational effectiveness.
3. Risk Assessment & Analysis ($\beta = 0.30$) has the strongest influence.
4. Risk Control & Mitigation ($\beta = 0.28$) and Risk Identification ($\beta = 0.25$). This suggests that accurately assessing risks and implementing controls are critical drivers of organizational success.
5. Risk Monitoring & Reporting ($\beta = 0.15$), although significant, has a relatively smaller impact, consistent with its lower mean score in the descriptive analysis.
6. Integration into Strategy ($\beta = 0.20$) also plays a meaningful role, highlighting the importance of embedding risk management within the company's strategic framework.

In summary, this analysis confirms that comprehensive and strategic financial risk management significantly enhances organizational effectiveness in NEM insurance.



The bar chart presents the average ratings (on a scale of 1 to 5) of five key components of strategic financial risk management as perceived by 150 respondents in NEM insurance.

The findings of this study measure the impact of strategic financial risk management in enhancing organizational effectiveness in NEM insurance Plc Lagos state.

1. Risk Identification significantly improves organizational effectiveness by enabling early detection of potential financial threats.
2. Risk Assessment and Analysis is the strongest predictor, showing that thorough evaluation and analysis of risks informs better decision-making and resource allocation.
3. Risk Control and Mitigation effectively reduce risk exposure, directly contributing to improved organizational performance.
4. Risk Monitoring and Reporting also positively influence effectiveness, though to a lesser extent, highlighting the importance of continuous oversight.
5. Integration of Risk Management into Strategy enhances organizational resilience by aligning risk practices with strategic objectives.

The findings support all hypotheses. The descriptive statistics revealed that respondents perceive their companies as relatively strong in risk Assessment and Analyses, while monitoring and reporting lag slightly behind. This suggests that while foundational risk management activities are well established, continuous oversight and communication of risk status may require further development.

The correlation analysis indicated significant positive relationships between all components of financial risk management and organizational effectiveness. Risk Assessment and analysis demonstrated the strongest association with effectiveness, highlighting that managing, assessing and analyzing risks proactively is central to organizational success. These results align with prior studies (e.g., Adeyemi & Akinlabi, 2020; Smith et al., 2019) emphasizing the need for robust risk control mechanisms in insurance firms.

Regression analysis further established that all facets of strategic financial risk management significantly predict organizational effectiveness, explaining a substantial 67% of the variance. Among these, risk assessment and analysis also emerged as the most influential predictor, reinforcing the importance of accurate evaluation of financial risks in strategic decision-making. Integration of risk management into corporate strategy also showed a meaningful impact, affirming that embedding risk considerations within the overall business plan enhances performance and resilience.

Despite these positive outcomes, the relatively lower influence and mean scores for risk monitoring and reporting suggest a potential area for improvement. This may reflect limitations on the adoption of technology or resource allocation for continuous risk tracking, which is consistent with research by Nwogugu (2021) on Nigerian insurance firms.

CONCLUSION

Overall, the study contributes valuable empirical evidence to the limited literature on strategic financial risk management in the Nigerian insurance context using NEM insurance Plc. It sheds more light on the multifaceted nature of risk management and its comprehensive impact on organizational effectiveness, including Operational Efficiency, Financial Performance (profitability, return on assets), Customer Satisfaction and Market Share, Adaptability and Resilience as well as Regulatory Compliance. This study has demonstrated that strategic financial risk management significantly influences organizational effectiveness. Each component; risk identification, risk assessment and analysis, risk control and mitigation, risk monitoring and reporting, and integration of risk management into corporate strategy plays a vital role and confirms that a comprehensive and strategic approach to financial risk management is essential for optimizing and enhancing overall organizational performance and effectiveness in the Nigerian insurance sector.

RECOMMENDATIONS

1. Enhance Risk Identification, Assessment, and Analysis Practices

To strengthen its financial resilience, NEM Insurance Plc should enhance its risk identification and assessment capabilities by adopting data-driven tools and industry-relevant methodologies. Leveraging advanced analytics and actuarial modeling can help the company anticipate emerging threats, such as currency fluctuations, macroeconomic instability, or regulatory shifts in Nigeria's insurance landscape. Recruiting and developing professionals with deep knowledge of local market conditions, financial risk modeling, and NAICOM regulatory compliance is critical. By establishing cross-departmental risk identification protocols and integrating customer, market, and operational data, NEM Insurance can achieve a more comprehensive and forward-looking risk profile, enabling early intervention and strategic agility.

2. Strengthen Risk Control and Mitigation Strategies

Given Nigeria's dynamic economic climate, NEM Insurance Plc should prioritize the development of adaptive and layered risk control strategies. This includes strengthening internal controls around underwriting, claims processing, and investment management. The company should also ensure adequate capital reserves to cushion against unforeseen losses and comply with NAICOM's solvency standards. Mitigation strategies such as portfolio diversification, strategic reinsurance agreements, and contingency planning for political and environmental risks are especially vital. Additionally, NEM should conduct routine scenario planning and stress testing, particularly in light of Nigeria's exposure to foreign exchange volatility and inflationary pressures, to validate the effectiveness of its risk controls under adverse conditions.

3. Improve Risk Monitoring and Reporting Systems

To maintain a proactive approach to financial risk, NEM Insurance Plc should invest in real-time risk monitoring technologies and integrated reporting systems. These tools can enable faster identification of risk trends and anomalies across business lines. Automated systems should be linked to the company's core insurance software and financial management platforms, providing a unified dashboard for tracking key risk indicators (KRIs). Internally, risk reports must be clear, timely, and action-oriented to support strategic decisions. Externally, transparent and standardized reporting will enhance regulatory compliance with NAICOM, improve investor confidence, and reinforce the firm's reputation for governance and accountability.

4. Integrate Risk Management into Corporate Strategy

For NEM Insurance Plc to thrive in Nigeria's competitive insurance market, risk management must be fully embedded in its strategic planning and operational execution. This means involving risk professionals in decisions related to product innovation, market expansion, capital investment, and digital transformation. Risk considerations should be factored into boardroom deliberations and strategy sessions to ensure that the company's objectives align with its risk appetite. By adopting a formal Enterprise Risk Management (ERM) framework, NEM can create an integrated risk culture that supports strategic consistency, improves resource allocation, and enhances its ability to respond swiftly to economic or regulatory shocks.

5. Continuous Training and Capacity Building

To build a risk-aware culture, NEM Insurance Plc should implement comprehensive and continuous training programs targeting all staff levels. Topics should include financial risk management, compliance with NAICOM guidelines, cybersecurity awareness, and customer-centric risk handling. Specialized training should be provided to risk officers, actuaries, and underwriters to keep them abreast of global best practices and evolving threats such as climate risk and digital fraud. Encouraging staff participation in certifications from recognized bodies like the Chartered Insurance Institute of Nigeria (CIIN) or PRMIA can deepen organizational capacity. Regular workshops, simulations, and peer learning forums can also strengthen internal expertise and foster a collaborative approach to enterprise risk.

By implementing these recommendations, NEM insurance Plc can better manage financial risks and enhance their organizational effectiveness, thereby improving competitiveness and long-term sustainability.

Limitation and Suggestion for Future studies: While the study focused on strategic financial risk management in the Nigerian insurance context using NEM insurance Plc. shedding more light on the multifaceted nature of risk management and its comprehensive impact on organizational effectiveness, there is still room for future studies especially on more insurance companies or other public sector organizations in Nigeria.

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