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ASYMMETRIC INFORMATION IN THE INSURANCE MARKET OF NIGERIA

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Abstract

The paper reviews two fundamental paradigms commonly linked with information asymmetry i.e. moral hazard and adverse selection, which has a substantial effect on activities in the insurance market. The study concentrates on concepts, empirical reviews guiding the phenomena behind asymmetry information (A.I.), with theories such as mechanism design theory, market efficiency theory, signaling theory, agency theory, information asymmetry theory which basically deals with inaccurate information, moral hazard risk and uncertainty as well as principal-agent problem. These focal points would articulate a framework for research purposes. Qualitative suggestions will be the main feature, with the objective of accelerating investment opportunities as a prerequisite to manacle demeaning constituents that threatens the growth and development of the insurance market in the Nigeria economy.

Keywords: *Adverse selection, Moral hazard and Insurance.*