Innovations

Forensic Accounting and Fraud Mitigation in Selected Insurance Firms in South West Nigeria

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Abstract: *This study investigates the role of forensic accounting in mitigating fraud within selected insurance firms in South West Nigeria. Specifically, the research examines the effectiveness of forensic accounting in reducing fraud. The study underscores the critical role forensic accounting plays in addressing fraudulent practices and strengthening corporate governance frameworks in the Nigerian insurance industry. A descriptive research design was adopted, utilizing primary data collected through structured questionnaires distributed to 50 key personnel in insurance firms. The data were analyzed using descriptive statistics and regression analysis via the Statistical Package for Social Sciences (SPSS). The model assessed the relationship between forensic accounting practices and fraud mitigation, focusing on fraud reduction and the enhancement of internal controls. The findings revealed that forensic accounting significantly reduces fraud and strengthens internal control systems in Nigerian insurance firms. The regression analysis indicated that forensic accounting practices positively influence fraud mitigation, with robust statistical support for the hypothesis tested. Respondents agreed that forensic accounting improves fraud detection, enhances governance, and provides a vital mechanism for managing financial crimes. In conclusion, the study highlights the indispensable role of forensic accounting in fraud prevention and internal control enhancement. It recommends mandatory integration of forensic accounting into corporate governance frameworks for insurance firms in Nigeria. Furthermore, continuous training of staff on forensic techniques and collaboration with regulatory bodies are advocated to ensure sustainability and effectiveness in fraud mitigation efforts.*

Key Words*: Forensic Accounting, Corporate Crime, Insurance firms, Internal Control*

Introduction

Fraud, a pervasive global phenomenon, has endured through the ages and continues to proliferate unabated (Inaya & Isito, 2016). Particularly concerning is its escalating prevalence in developing nations, where it has reached alarming proportions. The ramifications of fraud extend beyond mere financial losses, permeating society in the form of heightened customer inconvenience, forgone opportunities, inflated prices of goods and services, and the sustenance of criminal enterprises fueled by ill-gotten gains (Ijeoma & Aronu, 2013). Despite being intertwined with human organization since antiquity, efforts to eradicate fraud have proven elusive across various societies and civilizations.Fraud constitutes a broad category of criminal behavior involving the use of dishonest or deceitful methods to gain an unjust advantage over others (Okoye, Maimako, Jugu, & Jat, 2017).

Modugu and Ayaduba (2013) provided a definition of forensic accounting as the combined practice of utilizing accounting, auditing, and investigative skills to aid in legal proceedings. Forensic accounting entails the application of analytical, arithmetic, auditing, and investigative skills acquired by an accountant to gather evidence and support legal adjudication without causing harm or harassment to the accused (Saidu, 2015). It represents a specialized sub-discipline within accounting that requires expertise in finance, fraud detection, a deep understanding of business operations, and familiarity with the legal system. Proactive implementation of forensic accounting methods can serve to prevent fraud, mitigate financial losses, and ultimately restore confidence in the accounting profession while safeguarding financial institutions from recurrent fraudulent activities. Forensic auditing, on the other hand, involves the diligent investigation of fraudulent activities through the application of auditing, accounting, and investigative techniques to uncover sufficient evidence suitable for court proceedings (Albrecht & Albrecht, 2001).

Statement of the Problem

The insurance industry in Nigeria faces a formidable challenge in the form of rampant fraud, a menace that not only undermines financial stability but also erodes trust among investors and stakeholders. Consequently, there is an urgent imperative to explore more proactive and robust strategies to combat fraud within the Nigerian insurance sector.

One promising avenue for addressing this challenge is the utilization of forensic accounting techniques, which offer a specialized approach to fraud detection, investigation, and prosecution (Saidu, 2015). However, while there is growing recognition of the potential of forensic accounting to mitigate fraud risks, there remains a dearth of comprehensive understanding regarding its precise role, effectiveness, and challenges within the Nigerian banking context. Thus, there is a critical need for empirical research to delve deeper into the application of forensic

accounting in combating fraud within Nigerian insurance firms, with a view to uncovering its true efficacy and potential impediments to its adoption and utilization.

Objective of the Study

The primary objective of this study is to explore forensic accounting and its role in mitigating fraud within the Nigerian insurance firms. The specific objectives of the study is to examine the effectiveness of forensic accounting in reducing fraud in the insurance firms within southwest Nigeria.

Statement of Hypothesis

The hypothesis to be tested in the study is:

$H0_1$: Forensic accounting does not significantly reduce fraud in Nigeria insurance firms in Southwest Nigeria

Scope of Study

The geographical scope of this study is confined to Ekiti and Ondo State, situated in Southwestern Nigeria. It will encompass both historical data and current insights, drawing from a range of sources including literature reviews, case studies, and empirical evidence. By concentrating on this specific region, the study aims to provide a nuanced understanding of forensic accounting's role in combating fraud within the insurance firms.

Significance of the Study

The significance of this study lies in its contribution to both academic understanding and practical applications within the field of accounting, particularly in relation to fraud detection and prevention in the insurance firms. These include pressing issue of fraud within the Nigerian insurance industry which has significant implications for financial stability, investor confidence and economic development. Furthermore findings from the studycan inform policy decisions and regulatory frameworks aimed at enhancing fraud prevention measures within the insurance firms. Finally, the study contributes to the body of knowledge in forensic accounting by providing insights into the effectiveness of forensic accounting practices in the context of Nigerian insurance firms.

Literature Review

Conceptual Framework

Fraud encompasses inducing a course of action through deceit or dishonest conduct, including acts or omissions, and making false statements, orally or in writing, with the intention of gaining money or other benefits or evading liabilities from another party (Okoye et al, 2017). It involves any practice that utilizes deceit or

dishonest means to obtain benefits from another individual, encompassing actions calculated to deceive, whether through a single act, combination, suppression of truth, or suggestion of falsehood, whether by direct falsehood, speech, silence, gesture, or expression (Saidu, 2015).

Adegbie and Fakile (2015) characterize forensic accounting as the application of investigative and analytical skills in a manner that meets the standards required by courts of law. Manning (2020) similarly defines forensic accounting as the application of financial accounting and investigative skills, meeting the court's acceptable standards, to address issues in dispute within civil and criminal litigation contexts. Damilola and Olofinsola (2017) elaborate that forensic accounting involves applying criminal investigative methods and integrating accounting investigative activities with legal procedures to detect and investigate financial crimes and related economic misdeeds.

Bhasin (2017) outlines the objectives of forensic accounting, which include assessing damages resulting from auditor negligence, investigating potential embezzlement, determining the extent of losses, initiating criminal proceedings if necessary, collecting evidence for criminal proceedings, and evaluating asset values in divorce proceedings.

Theoretical Framework

Fraud Triangle Theory

According to Albrecht et al. (2019), fraud comprises three key elements, collectively known as the fraud triangle: perceived pressure, perceived opportunity, and rationalization of the fraudulent act. Cressey (2015) originally introduced this three-step process to explain trust violations, arguing that when all three elements are present, a trust violation is likely to occur, whereas the absence of any one element would prevent such a violation. These elements are identified as common components across all fraud cases (Albrecht et al., 2022). Perceived opportunity, the first element of the fraud triangle, involves the belief that there is an opportunity to commit fraud without being caught or punished. Cressey (1950) suggests that fraudsters perceive an opportunity to exploit their position of trust to address financial difficulties, knowing that detection is unlikely. Examples of perceived opportunities include weak board oversight, inadequate controls that fail to prevent or detect fraudulent activities, leniency towards fraud perpetrators, restricted access to information, and the absence of an audit trail (Albrecht et al., 2022).

Several extant literatures on fraud theories exist, among these are the Fraud Triangle Theory (FTT), Fraud Diamond Theory (FDT), Fraud Box Key Model (FBKM), Differential Opportunity Theory (DOT), Theory of Concealment, Cultural Transmission/Differential Association Theory, Anomie Theory of deviant Behaviour

and so on. The Fraud Triangle Theory (FTT) appear to explain the preponderance of fraud in the insurance industry.

Empirical Review

Research on the Nigerian public sector indicates that the incidence of fraud can be mitigated through the application of forensic accounting skills (Igweonyia, 2016; Ozuomba, Ofor, & Okoye, 2016). Moreover, trained forensic accountants are deemed necessary to combat economic crimes and corruption effectively (Okolie, 2016). Forensic accountants play a crucial role in providing litigation support services within the public sector, contributing significantly to the prevention of crime and corrupt practices by establishing mechanisms for accountability and minimizing undetected abuses (Mukoro, Yamusa, & Aboyede, 2023). It is recommended that governments prioritize the utilization of forensic accounting techniques for investigating and scrutinizing alleged incidents of fraud (Kamal & Tanim, 2016).

Previous studies have shown that fraud reduction is significantly and positively related to fraud investigation and detection through forensic accounting (Dada, Owolabi, & Okwu, 2023; Madumere & Onumah, 2016). Ehioghiren and Atu (2016) found that forensic accounting significantly influences fraud detection and control. Forensic accountants have significant higher levels of capability and competence (Knowledge, Skills and Task performance fraud risk assessment) than auditor in respect of fraud prevention, detection and response (Popoola, Ahmad, & Samsudin, 2016). The study confirms significant positive relationship of skill requirement on task performance, fraud risk assessment and Knowledge Requirement on Task performance fraud risk assessment. There is a significant positive association between forensic accounting and financial reporting (Madumere & Onumah, 2016). Forensic accounting skills have some significant impact on forensic audit and fraud investigations in Nigeria (Saidu, 2015). There is significant agreement amongst stakeholders on the effectiveness of forensic accounting in fraud control, financial reporting and internal control quality (Modugu & Anyaduba, 2023).

Gaps in the Literature:

While existing research provides valuable insights into various aspects of forensic accounting, fraud detection, and prevention in different contexts,many studies concentrate on the banking sector, neglecting other industries where fraud may also be prevalent, such as insurance,healthcare, manufacturing, or government agencies. There is a need for research that explores the application of forensic accounting across diverse sectors to understand sector-specific challenges and opportunities.

Research Methodology

For this research on forensic accounting and fraud mitigation in selected insurance firms in South West Nigeria, thestudy adopts a descriptive research design.

Population of the Study

The population for this study consists of insurance firms in South West Nigeria, specifically focusing on Ekiti and Ondo States.

Sample Size and Sampling Technique

A stratified random sampling technique will be employed to select a sample of insurance firms from the population. This method ensures that the sample is representative of various categories within the insurance industry, such as large, medium, and small-scale firms. The sample size will be determined using Taro Yamane's formula, with a confidence level of 95%, ensuring that the findings are generalizable to the entire population of insurance firms in South West Nigeria.

The sampled insurance companies from the two states of the South West Nigeria were:

Ekiti State:

1. Sterling Assurance Plc (AdoEkiti)
2. Leadway Assurance Company Limited (AdoEkiti)
3. Heir's Insurance Uba Plc (AdoEkiti)

Ondo State:

1. Gold link Insurance Plc (Akure)
2. Leadway Assurance Company Limited (Akure)

Research Instrument

For this study, primary data were collected using a structured questionnaire designed to obtain relevant information from key personnel in selected insurance firms, including chief financial officers, auditors, and forensic accountants.

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Validity of Research Instrument

To ensure the validity of the questionnaire, a draft version was reviewed by experts in forensic accounting and academic professionals to evaluate its content, structure, and relevance to the study objectives. The feedback from these reviewers was

incorporated into the final version of the questionnaire to enhance its accuracy and appropriateness in addressing the research question.

Reliability of Research Instrument

To test the reliability of the research instrument, a pilot study was conducted with a small sample of insurance firms in Ekiti State. The results were analyzed using Cronbach's alpha to assess the internal consistency and reliability of the questionnaire. A reliability coefficient of 0.80 was obtained ensuring that the instrument can produce consistent results when administered to different samples from the population.

Administration of Instrument

The questionnaire was administered using the drop-and-pick method, whereby questionnaires will be distributed to key respondents in each selected insurance firm, and collected at a later agreed time. This approach is practical as it accommodates the busy schedules of top-level management staff, ensuring higher response rates.

Model Specification

To test the hypotheses and measure the relationship between forensic accounting practices and fraud mitigation, the study employed regression analysis. The model for the study is specified as follows:

$Y = \beta0 + \beta1X1 + \beta2X2 + \beta3X3 + \varepsilon$

Where:

- Y represents the dependent variable (Fraud Mitigation).
- X1 represents the independent variable (Forensic Accounting Practices).
- X2 represents the control variable (Corporate Governance Mechanisms).
- X3 represents other mitigating factors (e.g., internal controls, external audits).
- $\beta0$ is the intercept, while $\beta1$, $\beta2$, and $\beta3$ are the coefficients of the independent variables.
- ε represents the error term.

The model helped in analyzing the extent to which forensic accounting influences the mitigation of fraud in the selected insurance firms.

Data Analysis Techniques

Data collected from the field were processed using the Statistical Package for Social Sciences (SPSS). Descriptive statistics, including frequencies, percentages, and means, were used to summarize the data. Additionally, inferential statistics, such as

regression analysis, was employed to test the hypotheses and determine the relationship between forensic accounting and fraud mitigation.

Analysis/Interpretation of Results

Table 1: Descriptive Statistics on effectiveness of forensic accounting in reducing fraud

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Forensic accounting, when combined with auditing, can help mitigate corporate crime in Nigeria.	50	1.00	4.00	3.2400	.91607
Forensic accounting improves the detection and prevention of fraudulent activities in insurance firms.	50	2.00	4.00	3.3600	.56279
Strengthening corporate governance through forensic accounting can mitigate corporate crime.	50	1.00	4.00	3.2200	.76372
Forensic accounting should be an integral part of fraud risk management in insurance firms.	50	1.00	4.00	3.2600	.87622
Forensic accountants contribute to reducing corruption in Nigerian insurance firms.	50	1.00	4.00	3.1800	.91896
Forensic accounting should be mandatory for insurance firms to mitigate corporate crime.	50	1.00	4.00	3.3200	.74066
Forensic accounting helps identify, expose, and prevent weaknesses in corporate governance structures.	50	1.00	4.00	3.2600	.77749
Adoption of forensic accounting practices increases investor confidence in Nigerian insurance firms.	50	1.00	4.00	3.3400	.71742
Corporate crime mitigation can be enhanced through the continuous involvement of forensic accountants in auditing processes.	50	1.00	4.00	3.2800	.85809

Forensic accounting tools provide a better approach to managing risks in insurance firms than traditional auditing practices.	50	1.00	4.00	3.3600	.74942
Forensic accounting services are more effective in detecting fraud than conventional auditing in insurance firms.	50	1.00	4.00	3.0600	.89008
The presence of forensic accountants in an insurance firm reduces the likelihood of financial crimes occurring.	50	1.00	4.00	3.2400	.65652
Training insurance staff on forensic accounting techniques can help in fraud prevention.	50	1.00	4.00	3.2000	.85714
Lack of forensic accounting professionals within an insurance firm leads to higher susceptibility to fraud.	50	1.00	4.00	3.0200	1.03982
Forensic accounting practices ensure accountability and transparency in financial reporting in insurance firms.	50	1.00	4.00	3.2400	.77090
Forensic accounting plays a crucial role in mitigating money laundering activities in insurance firms.	50	1.00	4.00	3.4400	.67491
Valid N (listwise)	50				

Source: Authors' Computation (2024)

From the table presented, the responses indicate a generally positive perception of the role of forensic accounting in mitigating crime and fraud within Nigerian insurance firms. The descriptive statistics provide key insights into the level of agreement among respondents: The mean scores for all variables are above 3.00 on a 4-point scale, indicating overall agreement with the statements. The highest mean score is 3.36 for the statement, Forensic accounting improves the detection and prevention of fraudulent activities in insurance firms. This suggests strong consensus among respondents about the effectiveness of forensic accounting in fraud detection and prevention, further supported by its relatively low standard deviation (0.56279), indicating less variability in responses. The statement, Forensic accounting should be an integral part of fraud risk management in insurance firms, has a mean score of 3.26, reflecting agreement on its strategic importance. Similarly, Strengthening corporate governance through forensic accounting can mitigate corporate crime (mean = 3.22) and Forensic accounting, when combined with auditing, can help

mitigate corporate crime in Nigeria (mean = 3.24) demonstrate strong support for forensic accounting as a tool for improving governance and reducing crime. The statement, Forensic accountants contribute to reducing corruption in Nigerian insurance firms, has the lowest mean score of 3.18, but it still reflects a positive perception. The higher standard deviations for some items, such as 0.91896 for this statement, suggest slightly more diverse views among respondents, possibly indicating areas requiring further clarification or enhancement. The data underscores the importance of forensic accounting in improving governance, mitigating corporate crime, and enhancing fraud prevention within Nigerian insurance firms. These findings reinforce its value as an integral tool in addressing systemic challenges within the sector. The additional variables further reinforce the positive perception of forensic accounting's role in mitigating corporate crime and improving governance within Nigerian insurance firms. The mean scores for all the listed variables remain above 3.00, indicating a general agreement among respondents. The statement, Forensic accounting tools provide a better approach to managing risks in insurance firms than traditional auditing practices, has a mean score of 3.36, reflecting strong agreement and suggesting that respondents recognize the superiority of forensic accounting tools in risk management. Similarly, Adoption of forensic accounting practices increases investor confidence in Nigerian insurance firms has a mean score of 3.34, highlighting the perceived value of these practices in building trust and improving investor relations. The relatively low standard deviation (0.71742) for this item indicates consensus among respondents. The variable, Forensic accounting should be mandatory for insurance firms to mitigate corporate crime, with a mean score of 3.32, suggests strong agreement on the need to institutionalize forensic accounting as a standard practice. This is complemented by the mean score of 3.28 for the statement, Corporate crime mitigation can be enhanced through the continuous involvement of forensic accountants in auditing processes, further supporting the importance of integrating forensic accountants into regular auditing workflows. The statement, Forensic accounting helps identify, expose, and prevent weaknesses in corporate governance structures, has a mean score of 3.26, which underscores its perceived importance in addressing governance challenges. The variability in responses, as indicated by the standard deviation of 0.77749, suggests a slight divergence of views, potentially due to differing levels of familiarity or experience with forensic accounting in governance contexts. The additional variables continue to highlight the significance of forensic accounting in addressing fraud and improving financial practices in Nigerian insurance firms. The majority of the mean scores are above 3.00, demonstrating agreement among respondents about the importance and benefits of forensic accounting. However, some variability and slightly lower mean scores suggest areas where perceptions may vary or where there could be

opportunities for improvement or increased emphasis. The statement, Forensic accounting plays a crucial role in mitigating money laundering activities in insurance firms, has the highest mean score of 3.44 and a relatively low standard deviation (0.67491), indicating strong agreement and a high level of consensus on the critical role of forensic accounting in combating money laundering. Forensic accounting services are more effective in detecting fraud than conventional auditing in insurance firms has a mean score of 3.06, the lowest among the listed variables. Although it still reflects agreement, the standard deviation (0.89008) suggests some divergence in respondents' views, potentially due to differences in experiences or expectations regarding the comparative effectiveness of forensic and conventional auditing. The mean score for Lack of forensic accounting professionals within an insurance firm leads to higher susceptibility to fraud is 3.02, with the highest standard deviation of 1.03982 among the variables. This indicates a wider range of opinions, suggesting that respondents may have mixed experiences or views on this topic, possibly influenced by varying levels of exposure to forensic accounting practices. The statement, Training insurance staff on forensic accounting techniques can help in fraud prevention, has a mean score of 3.20, reflecting a positive perception of the potential for training to contribute to fraud prevention. The standard deviation (0.85714) shows a moderate level of agreement among respondents. Both Forensic accounting practices ensure accountability and transparency in financial reporting in insurance firms and The presence of forensic accountants in an insurance firm reduces the likelihood of financial crimes occurring have mean scores of 3.24, indicating strong support for the role of forensic accounting in fostering transparency and reducing financial crimes. The relatively low standard deviations (0.77090 and 0.65652, respectively) indicate a good level of agreement.

Test of Hypothesis H0: Forensic accounting does not significantly reduce fraud in Nigeria insurance firms in southwest.

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.895[a]	.801	.788	.25886

Source: Authors' Computation (2024)

a. Predictors (Constant), forensic accounting

Table 3: ANOVA[a]						
Model		Sum of uares	Df	Mean Square	F	Sig.
1	Regressio n	12.438	3	4.146	61.870	.000[b]
	Residual	3.082	46	.067		
	Total	15.520	49			

Source: Authors' Computation (2024)

a. Dependent variable: Reduction; b. Predictors: (Constant), forensic accounting

Table 4: Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.022	.191		5.338	.000
	presence of forensic accountants	.552	.085	.644	6.517	.000
	Training insurance staff	.034	.116	.052	.297	.768
	Lack of forensic accounting	.145	.086	.269	1.683	.099

Source: Authors' Computation (2024)

a. Dependent variable: Reduction

Dependent Variable: Fraud Reduction, at 5% level of significance

Correlation and multiple regression analysis were conducted to examine the relationship between forensic accounting practices and the reduction of fraud in Nigerian insurance firms in Southwest. The R value of 0.895 in Table 2 indicates a very strong positive relationship between the predictors (forensic accounting practices) and the dependent variable (fraud reduction). This suggests a high level of prediction and a strong link between the variables in the model. The R Square value of 0.801 shows that the independent variables explain 80.1% of the variability in the reduction of fraud within the firms. This indicates that forensic accounting practices are highly effective in reducing fraud, accounting for a large proportion of the variance in fraud reduction. The Adjusted R Square value of 0.788 confirms that 78.8% of the variation in fraud reduction is explained by the predictors in the model, taking into account the number of predictors included. The F-ratio in the ANOVA table tests whether the regression model is a good fit for the data. The F value of 61.870 and the p-value of 0.000 ($p < 0.05$) indicate that the regression model is

statistically significant. This suggests that forensic accounting practices are effective in predicting fraud reduction in the firms studied. The unstandardized coefficients provide insights into the impact of each independent variable. The presence of forensic accountants has an unstandardized coefficient of 0.552 and a p-value of 0.000 ($p < 0.05$), which indicates that the presence of forensic accountants significantly reduces fraud in Nigerian insurance firms. This predictor has a positive and statistically significant effect on fraud reduction, showing that the presence of forensic accountants plays a crucial role in mitigating fraud. The training of insurance staff in forensic accounting techniques has an unstandardized coefficient of 0.034, but with a p-value of 0.768 ($p > 0.05$), suggesting that training insurance staff in forensic accounting does not have a statistically significant effect on fraud reduction. Despite its potential, it is not significant enough to contribute meaningfully to the reduction of fraud when other predictors are considered. The lack of forensic accounting has an unstandardized coefficient of 0.145 with a p-value of 0.099 ($p > 0.05$), indicating that the lack of forensic accounting shows a positive effect on fraud reduction but is marginally significant. This suggests that the relationship is not strong enough to be considered statistically significant at the 5% level. The hypothesis (Forensic accounting does not significantly reduce fraud in Nigeria insurance firms in Southwest) is rejected. The analysis reveals that the presence of forensic accountants significantly contributes to fraud reduction, with a p-value of 0.000 indicating statistical significance. On the other hand, training insurance staff and lack of forensic accounting do not have a significant effect at the 5% level. Therefore, the findings support the effectiveness of forensic accounting practices, particularly the active involvement of forensic accountants, in reducing fraud in Nigerian insurance firms. This significant finding conforms with prior studies by Dhar and Sakar (2022) who found that forensic accounting has assisted in fraud reduction.

Discussion and Findings:

The findings of this study highlight the significant role that forensic accounting practices play in reducing fraud within Nigerian insurance firms in the Southwest region. The results of the regression analysis and the correlation between forensic accounting practices and fraud reduction support the hypothesis that forensic accounting is a key factor in mitigating fraudulent activities in these firms. The R value of 0.895 and R Square value of 0.801 demonstrate that forensic accounting practices explain a substantial portion of the variation in fraud reduction, accounting for 80.1% of the observed variability. This suggests a strong and reliable relationship between forensic accounting and the reduction of fraud, underlining the importance of implementing forensic accounting practices in insurance firms. The F-ratio of 61.870 with a p-value of 0.000indicates that the overall regression model is

statistically significant and provides a good fit for the data. This confirms that the predictors, namely the presence of forensic accountants, training of insurance staff, and the lack of forensic accounting, collectively contribute to reducing fraud in the firms studied. Breaking down the specific predictors, the presence of forensic accountants emerged as the most significant factor in fraud reduction. The unstandardized coefficient of 0.552 and the p-value of 0.000 show that the active involvement of forensic accountants in insurance firms has a strong and positive effect on reducing fraud. This aligns with previous research which emphasizes the value of having skilled forensic accountants to detect, investigate, and prevent fraudulent activities. Conversely, the training of insurance staff in forensic accounting techniques did not show a statistically significant impact on fraud reduction. The p-value of 0.768 suggests that, although training may play a role in fraud prevention, it is not as significant when other factors, such as the presence of forensic accountants, are accounted for. This finding may indicate that training alone is not enough to significantly reduce fraud without the active presence of forensic accountants to oversee and manage the implementation of these practices.Thelack of forensic accounting also showed a marginally significant effect on fraud reduction with a p-value of 0.099. While it is not statistically significant at the 5% level, this finding suggests that the absence of forensic accounting in firms may lead to a greater susceptibility to fraud, underlining the importance of having forensic accounting practices in place to mitigate fraudulent activities. The findings of this study confirm that forensic accounting plays a critical role in reducing fraud in Nigerian insurance firms. The presence of forensic accountants is the most significant predictor of fraud reduction, while the training of insurance staff and the lack of forensic accounting practices are less significant but still relevant in the broader context of fraud prevention. These results suggest that insurance firms in Southwest Nigeria would benefit from adopting robust forensic accounting practices, including the hiring of skilled forensic accountants, to more effectively combat fraud and improve financial integrity within the industry.

Conclusion:

The findings of this research provide compelling evidence that forensic accounting practices are indispensable for fraud reduction and the enhancement of internal controls in insurance firms. The presence of forensic accountants significantly reduces fraudulent activities, emphasizing the need for their integration into the governance and auditing frameworks of insurance firms. Training programs for insurance staff, while important, require a structured approach to maximize their effectiveness. Additionally, the absence of forensic accounting practices correlates with higher susceptibility to fraud, further underscoring the importance of their

adoption. This study concludes that forensic accounting is a vital tool for ensuring accountability, transparency, and financial integrity in Nigeria's insurance sector.

Recommendations

1. Insurance firms should prioritize the recruitment and retention of skilled forensic accountants as part of their fraud risk management strategy.
2. Organizations should implement comprehensive training programs on forensic accounting practices for their staff to build capacity and reinforce internal controls.
3. Regulatory bodies should mandate forensic accounting practices for insurance firms to ensure compliance and strengthen governance frameworks.
4. Firms should invest in modern forensic accounting tools and technologies to enhance fraud detection and prevention capabilities.
5. Insurance firms should partner with external forensic experts for periodic audits and investigations to identify vulnerabilities and strengthen their control systems.

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