



Impact of Insurance Service Indicators on Economic Growth of Nigeria, 1997-2022

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Abstract

This paper focused on impact of insurance service indicators on economic growth of Nigeria, 1997-2022. The specific objectives include to: examine the impact of insurance premium on economic growth of Nigeria and ascertain the impact of insurance investment on economic growth of Nigeria. Ex-post facto design was applied. Preliminary tests were conducted using Augmented Dickey-Fuller, together with normality test (descriptive statistics) that proved how well distributed the variables were. Autoregressive Distributed Lag (ARDL) method was used to estimate the variables. Empirical decisions were based on a 5% level of significance. This study revealed that insurance premium had a negative and non-significant impact on economic growth of Nigeria measured by GDP and insurance investment had a positive and non-significant impact on economic growth of Nigeria measured by GDP. In the light of findings, the study concluded that insurance service indicators had non-significant impact on economic growth of Nigeria. The study recommended that the regulation of the Nigeria insurance sector should be enhanced to improve the sector's performance and ensure increased total insurance premium in Nigeria economy and the insurance sector investment guidelines should be reviewed to ensure viable insurance investment portfolios.

Keywords *Insurance Service Indicators; Economic Growth; Insurance Premium; Insurance Investment*

Citation Ugwuanyi, W., Agbaji, B., Ezema, C. A. & Agbaji, B. I. (2023). Impact of Insurance Service Indicators on Economic Growth of Nigeria, 1997-2022. *International Journal of Advanced Finance and Accounting*, 4(3), 38-49 <https://doi.org/10.5281/zenodo.10402173>



Introduction

Insurance is recognized as one of the modern-day financial services sector indicators in Nigeria (PwC, 2020). It is obvious that the traditional role of insurance service activity, both as an intermediary and as a provider of risk transfer and indemnification, may promote the growth of different risks to be managed more efficiently, promoting long term savings and encouraging the accumulation of capital with insurance firms across countries (Skipper, 2021).

Importantly, the role of insurance in trade and development was recognized in the first conference of UNCTAD (1964) where a statement that "a sound national insurance and reinsurance market is an essential characteristic of economic growth" was made. The importance of insurance services has been well recognized and emphasized in the field of economic development or growth (Yousuf, 1998). Since the 1990s, insurance companies have become increasingly prominent in international capital markets (IMF, 2018). Over the years, life insurance companies accounted for 6% and 10% of the equity and commercial mortgage markets, respectively (Ernst, *et al.*, 2019). The identity of insurance services was to enjoy different advantages from other related financial institutions (Catalan, *et al.*, 2020), The investment of insurance companies has stimulated healthy competition among financial institutions, reduced transaction costs, and improved the contribution of the financial sector to economic growth (Bosworth, *et al.*, 2022), and life insurance companies contribute to capital optimization through investment in a special reserve fund (Millo, *et al.*, 2019).

African countries' economic growth has grown steadily in parallel with the insurance industry's growth since 2000. However, Africa takes a hit when the global crisis happens, and its real economic growth slows down but remains positive. Compared to Africa, the growth in Asian, insurance services starts earlier than 1980. During the Asian Financial Crisis of 1997, both insurance and economic growth slowed down. The Global Financial Crisis of 2008 affected economic growth in Asian countries but not insurance growth. After 2010, the life insurance growth in Asia fluctuates while the non-life insurance growth stagnates and the economic growth remains steady at 5%.

For Europe, insurance growth and economic growth are mostly aligned with each other. The decrease in insurance growth from 1988 until 1990 caused the economic growth slowdown in 1992. In 2001, the growth in both categories dropped properly due to the dot-com bubble burst and the 911 terrorist attack, but the growth in non-life insurance went against the trend as it continued to grow. For 2008 – 2009 till date, both growth and productivity have slowed down because of the global financial crisis and the European debt crisis (Akinlo & Apanisile, 2020; HuiShan, Zhen-Jiang, & Qiao-Ming, 2018).

Insurance in Nigeria dates back to the 1960s, and since then more insurance companies have sprung up. The insurance company's strength lies in the fact that huge amounts come in the way of premiums. Every premium represents a risk that is covered by that premium, in effect, therefore, risks attract benefits to the insurance policy holders. The management of insurance companies is required to keep this aspect in mind and make all its decisions in ways that benefit the community and also its investment. This is why successful insurance companies cannot provide investment benefits to society at large (Anchanvinay, 2019).

According to the Nigerian Insurance Report (2010), recapitalization of the insurance industry in Nigeria has no doubt recorded a huge volume of business; for instance, the sector was able to pull in an aggregate gross premium income of ₦90,000 million in 2007, over 18% more than was obtained in 2005. Growth in premium maintained an upward trend of 25% in 2008 and 30% in 2009. Insurance density stood at 6.9%, industry global ranking was 61 and the gross premium income was ₦180,000 million in 2008 (NAICOM, 2010). A recent CBN (2017) report shows the industry delivered ₦ 1,837,822.4 million in gross premium in 2016 and ₦ 2129810.5536 million in 2017. This represented increased insurance penetration from 6% in 2008 to 56% in 2017, growth in insurance contribution to GDP from 0.7% in 2008 to 1.6% and 1.87% in 2021 and 2022 respectively, and growth in insurance density from ₦1,200 per individual in 2008 to about ₦9,400 in 2022.

Economic growth as a proxy for gross domestic product (GDP) is one of the primary indicators used to gauge insurance services in any developing country. It represents the total dollar value of all goods and services produced

over a specific time period, looking at the size of the economy. Usually, GDP is expressed as a comparison to the previous quarter or year. For example, if the year-to-year GDP is up 3%, this is thought to mean that the economy has grown by 3% over the last year. The GDP value of Nigeria represents 0.39 percent of the world economy. The GDP in Nigeria is reported by the World Bank. The gross domestic product (GDP) measures the national income and output for a given country's economy. Despite this, the study deemed it necessary to examine the impact of insurance service indicators on economic growth in Nigeria from 1997-2022.

Statement of the Problem

For decades, the insurance sector has been growing steadily. In 1980, the total premiums and investment accounted for 0.8% for emerging markets while 5.2% for advanced markets. In 2015, both percentages rose to 2.9% and 8.1% for emerging markets and advanced markets respectively. Insurer compensates insured whenever the insured is harmed or experienced losses while the insured paying the insurance premiums. The insurers, in turn, accumulate new capital (insurance premiums) and invest for the purpose of eventual repayment of claims. Insurance sector identifies and measures risks levels, discerns the costs of riskier activities and the efficiency of resources allocation to enhance productivity and risk-coverage. By acting as a provider of risk transfer and institutional investor, insurance activities promote financial stability, mitigate financial losses and transfer domestic savings into investment efficiently.

From the previous studies, different from long and rich studies on relationship between insurance services and economic growth, docking analysis of insurance services separated from economic growth lasts only two or three decades, and developing countries have an even later start. Seen from the domestic research results, previous studies not only lack consistent findings, but also lack variable selection giving consideration to insurance services category, and moreover, lack economic growth model building in line with Nigeria situations. Most studies arrived at same or related findings; mainly that insurance service is positively affected by economic growth. However, a seeming gap is in the proxies used to identify insurance services such as insurance premium, insurance investment and insurance density was being measured to the researchers' best of knowledge, few studies were known to us, but this present study deemed it necessary to examine impact of insurance service indicators on economic growth of Nigeria from 1997-2022.

Objectives of the Study

The main objective of the study was to examine the impact of insurance service indicators on economic growth of Nigeria with a period of 1997-2022. The specific objectives were to:

- i. Examine the impact of insurance premium on economic growth of Nigeria.
- ii. Ascertain the impact of insurance investment on economic growth of Nigeria.

In other words, research questions and research hypotheses are contended with objectives of the study, meanwhile other organizational part of the study are scope of the study, limitations of the study, review of related literature, conceptual review, theoretical framework, empirical review and gaps in literature empirical review from previous authors.

Review of Related Literature

Conceptual Review

Insurance

Insurance is often defined as the act of pooling funds from many insured entities in order to pay for relatively uncommon but severely devastating losses which can occur to these entities (Omoke, 2012; Robert, 2020). Agbaje (2005) defines insurance as the business of pooling resources together to pay compensation to the insured or assured on the happening of a specified event in return for a periodic consideration known as premium, therefore, an insurance contract is usually evidenced by a document called the insurance policy which is usually signed at the foot by the insurer or assurer or his agent.

Insurance Service Indicators

Most insurance indicators comprised premium and investment according to this study. Insurance companies' success depends on their power in providing consumers' needs in the target market. E-commerce insurance will not only increase performance transparency and improve sale services but also provides other features for customers including: Continuous service (24 hours) - comprehensive information about comparing prices and products - transparency and speed in the field of damage assessment - quick response and reduction of national barriers, in many cases customers will be able to compare and evaluate performance of insurance companies in areas such as damage payment, insurance right, service quality and then buys insurance right (Bender *et.al*, 2019).

Insurance Premium

The insurance premium is the price a person pays for the insurance protection. It is the price payable by the insured to the insurers for the financial guarantees. The amount of premium charged for an insurance cover is expected to make economic sense. In other words, it should be high enough to cover future claims on the pool of risks and expenses including commissions to the insurance intermediaries while still making a profit. It ought to be an amount the insured is willing to pay and must be substantially below the sum insured (Okonkwo, 2002; Okonkwo, 2004 cited by Victor, 2019).

Irukwu (1990) cited by Brainard (2018) defined insurance premium as the consideration which the insured pays to the insurer in return for the insurer's promise to pay the sum insured (or its equivalent) in the event of a loss or damage within the terms of the insurance contract. It, therefore, represents the monetary value paid by the insured for the financial guarantee accepted by the insurer (Brainard, 2018).

Insurance Investment

Insurance investment is regarded as one of independent variables. Meanwhile, in view of Philippa (2015) who defines insurance investment as a commitment of certain amount of money, in the present year, whose returns is increased earnings in the future. Trujillo (2014), opines that insurance investment in fixed assets like buildings, motor vehicles, bank equipment and so on determines the operational effectiveness of most industries.

Economic Growth

Economic growth refers only to the quantity of goods and services produced; it says nothing about the way in which they are produced (Mackinnon, 2017). The performance of an economy is usually assessed in terms of the achievement of economic objectives. Economic growth can be measured in nominal terms, which include inflation, or in real terms, which are adjusted for inflation i.e., by the percent rate of increase in the gross domestic product (GDP). Economic growth measures growth in monetary terms and looks at no other aspects of development (Ayres, Robert, Warr, & Benjamin, 2016)

Conceptual Framework

The indication of conceptual framework is to show link between dependent and independent variables across insurance service indicators and economic growth of Nigeria. The variables are listed below:

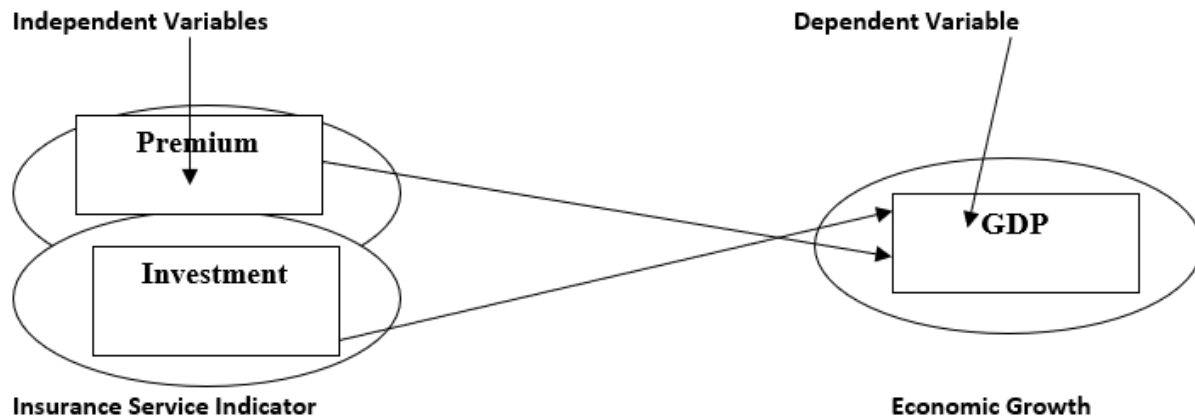


Figure 1: Model of Insurance Service Indicators and Economic Growth

Source: Adapted from Uruakpa (2019)

Theoretical Framework

This study was anchored on risk management theory which was propounded by Wenk in 2005. Risk management theory applies in the assessment, identification and prioritizing of risks followed by economical and coordinated resources to monitor; control and minimize the impact of unsuccessful measures. Effective business risk management has beneficial implications to organizations; these benefits include improved innovation, better management of contingent, superior financial performance, and better value for money, waste reduction, minimize fraud, greater competitive advantage among other benefits (Wenk, 2005).

This helps the firm to balance the most significant business pressure, responsibility to succeed and risks associated and generated by the firm itself in a commercial achievable way. This action will enable risk managers to be aware of the risks they face and therefore monitor and if need be, they will be able to change strategy. The theory is fundamental to this study in logic that insurance firm's functions at an efficient level, then all this institution products to have optimally priced and this in turn reduces discriminating competition in the market (Salvatore, 2013; Mishkin, 2010).

By mobilizing long-term savings, these companies provide financial security to the nation's citizens. Further, they enhance the government's accumulation of productive capital, which is primarily invested in long term investment instruments that can be used for infrastructural development. As the dominant segment in the insurance market, the sustainability of the life insurance business is crucial for developing nations. This theory thus provides us the foundation to find out how insurance has contributed to Nigeria's economic growth since they are the second largest financial institution after banks in Nigeria.

Empirical Review

Insurance Premium and Economic Growth

Uruakpa (2019) examined insurance premium and economic performance In Nigeria. This study assessed insurance premium and Nigeria's economic performance. Findings revealed that all the series are significant and but not normally distributed. The correlation matrix shows that there is high and positive correlation between the independent variables. Eze and Okoye (2018) explored the impact of insurance practice on the growth of Nigerian economy. The study observed that the insurance premium capital has significantly impacted on economic growth in Nigeria; that the level of total insurance investment has significantly affected on economic growth in Nigeria; and that there is causal relationship between insurance sector development and economic growth in Nigeria.

Insurance Investment and Economic Growth

Yusoff, *et al* (2022) carried out a study on factors that affect the investment performance of Takaful Industry in Malaysia. The main objective of the study was to examine factors that affect the investment performance. Survey research design was adopted. The result reveals size (CS), liquidity (LIQ) and equity return (EQUIR) are significant in relation with the investment performance of Islamic insurance company in Malaysia.

Szüle (2021) studied relationship between investment risk and insurance solvency optimum. The main aim of the study was to investigate relationship between investment risk and insurance solvency optimum. The study employed survey research design. Theoretical results suggest that if insurance risk and investment risk are uncorrelated, solvency optimizing investment portfolios with non-risk-free components may exist, and the level of optimal investment risk may inversely depend on the insurance portfolio size.

Insurance Service Indicators and Economic Growth

Igwebuiké, Nwannebuiké and Okonkwo (2017) conducted a study on the effects of insurance financial deepening on the economic growth of Nigeria (1981 to 2016) through two of the basic arms of the financial industry (Insurance companies and Banking Industry). It was found that insurance industry premium to GDP has positive but no significant effect while credit to private sector by commercial banks to GDP has positive and significant effect on economic growth in Nigeria. Fapetu, *et al* (2021) examined insurance capital market performance and macroeconomic dynamics in Nigeria. The study examined the relationship between capital market performance and the macroeconomic dynamics in Nigeria, the result revealed a significant long-run relationship between capital market performance and macroeconomic dynamics in Nigeria.

Gaps in Empirical Review

While a lot of studies were carried out in other part of the world, only few studies have been carried out in Nigeria. Surprisingly, the few studies carried out in Nigeria were particular only on Nemat, *et al* (2016) who studied successful implementation effect of insurance services in money and capital financial markets and Igwebuiké, *et al* (2017) did a study on the effects of insurance financial deepening on the economic growth of Nigeria, thereby leaving out insurance service as if has no impact on the economic growth of Nigeria. In the same vein, available studies in Nigeria were limited to 2022 and the findings reported were disaggregated. These gaps in literature paved way for this present study to push forward the frontier of knowledge on the impact of insurance service indicators on economic growth proxied by GDP of Nigeria.

Methodology

Research Design

The study adopted an *ex-post* facto research design; because the data for the study are secondary data that already exist in the publications of well acclaimed financial institutions such as the Central Bank of Nigeria.

Nature and Sources of Data

Secondary data were sourced from Central Bank of Nigeria, Statistical Bulletin and Statement of Accounts, National Bureau of Statistics (NBS) for the period under review. The data covered a period of 25 years from 1997 to 2022.

Model Specification

This study is mainly quantitative and builds on existing studies and methodologies. The analytical procedures adopted in this study to test the hypothesis are as follows: multiple regression models, descriptive statistics, unit root test and ordinary least squares. The above methods are used mainly to avoid some challenges which include the issue of subjecting and bias of responses and relationships between variables.

In this study, the model is detailed in line with the works of Oke (2012), Curak, Loncar and Poposki (2009), ward and Zurbruegg (2000), Kugler and Ofoghi (2005). In the analysis of insurance sector development and economic growth in Nigeria by Oke (2012), using a modified model used by Curak, Loncar and Poposki (2009), the study used the Gross domestic product growth rate (GDPGR) at the market price as the dependent variable and for the explanatory variables, Oke (2012) added a number of Insurance Companies in Nigeria (NIC) and Total Insurance Investment (TII) into the modified model.

The model is however modified in this study by using the Gross Domestic Product (GDP) as dependable variable and by adding the following to the explanatory variables: Insurance premium and insurance investment of the insurance industry with their time series data covering the period between 1997 and 2022. Therefore, the model for this study, given the stated hypothesis can be specified as thus:

$$\log GDP_{t-1} = \beta_0 + \beta_1 \log IP_{t-1} + \beta_2 \log IV_{t-1} + \epsilon_{t-1} \dots\dots\dots (1)$$

β_0 and μ are the constant and error term respectively while β_1 and β_2 are the coefficient of insurance service indicators on economic growth in Nigeria.

Hypothesis One

There is no significant positive impact of insurance premium on economic growth of Nigeria.

$$LGDP_t = f (IP)_{t-i} \dots\dots\dots (2)$$

Where:

LGDP = Annual Growth of Gross Domestic Product

IP = Insurance Premium

log = Log of the variables

_{t-1} = Lag values of the variables

A priori expectation: $\beta_1 > 0$; $\beta_2 > 0$

Hypothesis Two

There is no significant positive impact of insurance investment on economic growth of Nigeria.

$$LGDP_t = f (IV)_{t-i} \dots\dots\dots (3)$$

Where:

LGDP = Annual Growth of Gross Domestic Product

IV = Insurance Investment

log = Log of the variables

t_{-1} =Lag values of the variables
A priori expectation: $\beta_1 > 0$; $\beta_2 > 0$

Method of Data Analysis

This seminar paper applied descriptive statistics and ARDL estimation method. The analytical procedures involved were as follows: first, unit root test was carried out for each of the variables so as to ascertain the time series properties of the data set and obtain the stationary status. This test was used in this study to measure the normality distribution of the variables using Jarque–Bera normality of skewness and kurtosis tending towards 3. The null hypotheses are set for no co-integration among variables of interest.

Data Presentation and Analyses

Descriptive Statistics

Table 1: Descriptive Statistics

<i>Variable</i>	<i>Mean</i>	<i>Maximum</i>	<i>Skewness</i>	<i>Kurtosis</i>	<i>Ob</i>
<i>LGDP</i>	65441.76	176075.5	0.63	2.14	26
<i>LIP</i>	54.391	233.75	1.49	3.89	26
<i>LIV</i>	1.879	4.622	-0.409	2.312	26

Source: Extracted from E-View Package 10

Descriptive statistics was also carried out on the variables. The descriptive statistics are employed to address the issue of normality of the variables. The selected statistics for the analyses are means, maximum, and the Jarque-Bera. Mean is the average value of the series in the series. However, the Jarque-Bera statistics was basically used for the test of normality of the variables. The Jarque-Bera test was used to test for the normality of the variables employed in the study. The Jarque-Bera test uses skewness and kurtosis measurements. Also, the values for their respectively skewness and kurtosis are close to 0 and 3 respectively indicating presence of normal distribution in the series. Graph is presented below:

Unit Root Test

Table 2: Unit Root Test Result

<i>Variable</i>	<i>ADF</i>	<i>5%</i>	<i>Prob</i>	<i>Order of Integration</i>	<i>References</i>
<i>LGDP</i>	-4.70	-3.67	0.0071	1(1)	2 nd Def
<i>LIP</i>	-3.19	-3.62	1.0000	1(0)	Levels
<i>LIV</i>	-4.39	-3.60	0.009	1(0)	Levels

Source: Extracted from E-View Package 10

The Augmented Dickey-Fuller (ADF) tests were conducted on the variables, to determine whether they are stationary or non-stationary series. The ADF tests were employed to reinforce one another, to ensure their robustness and boost confidence in their reliability. The tested null hypotheses for the unit root tests are to determine the presence of a unit root. Since the results appear combination of 1(0) and 1(1) attract the use of ARDL Model.

Test of Hypotheses

Test of Hypothesis One

H₀₁: There is no significant positive impact of insurance premium on economic growth of Nigeria.

H₀₁: There is significant positive impact of insurance premium on economic growth of Nigeria.

Table 3: ARDL Regression Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
LGDP(-1)	0.068036	0.258101	0.263603	0.7997
LGDP(-2)	1.892706	0.323116	5.857665	0.0006
<i>LIP</i>	<i>-11.05724</i>	<i>66.59016</i>	<i>-0.166049</i>	<i>0.8728</i>
C	3701.807	1754.150	2.110313	0.0728
R-squared	0.999245	Mean dependent var		72836.29
Adjusted R-squared	0.998274	S.D. dependent var		61583.97
S.E. of regression	2558.315	Akaike info criterion		18.82125
Sum squared reside	45814812	Schwarz criterion		19.31138
Log likelihood	-149.9806	Hannan-Quinn criter.		18.86997
F-statistic	1029.383	Durbin-Watson stat		2.483222
Prob(F-statistic)	0.000000			

Source: Extracted from E-View Package 10

As revealed that the lag of insurance premium shows negative and statistically non-significant impact on economic growth of Nigeria (coefficient = -11.05724 t-value = -0.166049). This indicates that one percent increase in GDP in Nigeria is due to 11% decrease in insurance premium, while the remaining 89% happened outside the model. The probability value of 0.87 > 0.05 confirms non significance of the result. Given the t-statistics of -0.166049 and the probability of t-statistics 0.87 > 0.05 being non-significant, we reject the null hypothesis and conclude that insurance premium had a negative and non-significant impact on economic growth of Nigeria measured by GDP at current market price in Billion. Meanwhile, DW show there is no autocorrelation with output of 2.4.

Test of Hypothesis Two

H₀₂: There is no significant positive impact of insurance investment on economic growth of Nigeria.

H₀₂: There is significant positive impact of insurance investment on economic growth of Nigeria.

Table 4: ARDL Regression Result

E	Coefficient	Std. Error	t-Statistic	Prob.*
LGDP(-1)	0.488401	0.288319	1.693959	0.1096
LGDP(-2)	1.238291	0.418404	2.959562	0.0092
LGDP(-3)	-1.272182	0.557675	-2.281227	0.0366
LGDP(-4)	0.657292	0.404030	1.626841	0.1233
<i>LIV</i>	<i>67.75427</i>	<i>1083.656</i>	<i>0.062524</i>	<i>0.9509</i>
C	4736.133	1850.537	2.559329	0.0210
R-squared	0.996216	Mean dependent var		76350.76
Adjusted R-squared	0.995033	S.D. dependent var		54405.61
S.E. of regression	3834.251	Akaike info criterion		19.56834
Sum squared resid	2.35E+08	Schwarz criterion		19.86589
Log likelihood	-209.2517	Hannan-Quinn criter.		19.63843
F-statistic	842.4205	Durbin-Watson stat		1.974739
Prob(F-statistic)	0.000000			

Source: Extracted from E-View Package 10

As revealed that the lag of insurance investment shows positive and statistically non-significant impact on economic growth of Nigeria (coefficient = 67.75427 t-value = 0.062524). This indicates that one percent increase in GDP in Nigeria is due to 67% decrease in insurance investment, while the remaining 33% happened outside the model. The probability value of $0.95 > 0.05$ confirms non significance of the result. Given the t-statistics of 0.062524 and the probability of t-statistics $0.95 > 0.05$ being non-significant, we reject the null hypothesis and conclude that insurance investment had a positive and non-significant impact on economic growth of Nigeria measured by GDP at current market price in Billion. Meanwhile, DW show there is no autocorrelation with output of 1.9.

Discussion of Findings

The study show that insurance premium had a negative and non-significant impact on economic growth of Nigeria measured by GDP at current market price in view of hypothesis one. This is not agreement with study of Uruakpa (2019) examined insurance premium and economic performance in Nigeria. Findings revealed that all the series are significant and but not normally distributed. Even study of Eze and Okoye (2018) explored the impact of insurance practice on the growth of Nigerian economy. Insurance premium income, total insurance investment and income of insurance development were used as determinants of insurance practice. The study observed that the insurance premium capital has significantly impacted on economic growth in Nigeria; that the level of total insurance investment has significantly affected on economic growth in Nigeria; and that there is causal relationship between insurance sector development and economic growth in Nigeria.

This study shows that insurance investment had a positive and non-significant impact on economic growth of Nigeria measured by GDP at current market price in Billion. This is in agreement with the study of Szüle (2021) studied relationship between investment risk and insurance solvency optimum. Theoretical results suggest that if insurance risk and investment risk are uncorrelated, solvency optimizing investment portfolios with non-risk-free components may exist, and the level of optimal investment risk may inversely depend on the insurance portfolio size. Agwuegbo *et al.* (2019) used factor analysis approach to predict insurance investment and its implication for Nigerian economic growth; their results showed that, in the short run, insurance investment in stock and bonds are positively and significantly correlated with Nigerians GDP.

Summary of Findings

- i. Insurance premium had a negative and non-significant impact on economic growth of Nigeria measured by GDP. This implies that insurance premium is not making positive impact due to the claims that go to individuals.
- ii. Insurance investment had a positive and non-significant impact on economic growth of Nigeria measured by GDP. This confirms that insurance investment impact on economic growth is not making high positive impact.

Conclusion

Based on the findings of the study, we conclude that insurance service indicators had non-significant impact on economic growth of Nigeria. Also, it concluded that insurance premium had a negative and non-significant impact on economic growth of Nigeria measured by GDP. This implies that insurance premium is not making positive impact due to the indemnity goes to individuals and insurance investment had a positive and non-significant impact on economic growth of Nigeria measured by GDP. This confirms that insurance investment impact on economic growth is not making high positive impact.

Recommendations

The following recommendations were made:

- i. The regulation of the Nigeria insurance sector should be enhanced to improve the sector's performance and ensure increased total insurance premium in Nigeria economy.
- ii. The insurance sector investment guidelines should be reviewed to ensure viable insurance investment portfolios. This would enhance the insurance sector investment returns and improve the public confidence in insurance sector.

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