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RESEARCH ARTICLE

Financial Intermediation Activities and Output: Econometrics Evidence from Insurance intermediation in Nigeria, 1997-2022

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ABSTRACT

Financial intermediation is an entity that involves bringing the surplus sector with the deficit sector for financial transactions, such as commercial bank insurance companies, investment banks, mutual funds, or pension funds. Financial intermediaries offer several benefits to the average consumer, including safety, liquidity, and economies of scale involved in banking and asset management. The broad objective of the study is to examine the impact of financial intermediation activities and output: econometrics evidence from insurance intermediation in Nigeria, 1997-2022. The specific objective of this study is to examine the impact of insurance investment on the Nigerian economy, and the impact of insurance assets and insurance premiums on the Nigerian economy. The ordinary least square model was adopted for this study because the variables are all stationary at level one. Total insurance assets have a positive (0.06) percent and nonsignificant (0.11>0.05) percent impact on real gross domestic product. Total insurance investments have a positive (0.08) percent and nonsignificant (0.09>0.05) percent impact on real gross domestic product. Total insurance premium has a positive (0.20) percent and significant (0.0015<0.05) percent impact on real gross domestic product respectively. Financial system and Insurance intermediation help to provide growth in the financial outlet, development in money and capital market, and increase in the level of insurance indemnification of policyholders in the event of loss and finally engender economic growth. The following are the recommendations. Government should endeavor to regulate the activities of exchange rate fluctuations so as to enhance a suitable environment where insurance intermediation will thrive and help to drive the returns on insurance assets. Financial development such as an increase in brood money supply and sectional allocation of commercial bank credit to the private sectors will be encouraged so as to increase the financial performance of insurance premium intermediation in Nigeria. Monetary authorities should endeavor to combat constructively the effect of inflation and regulate the inflation rate so that private sectors will patronize insurance sector policies effectively to improve the level of insurance investment

Keywords: *Financial Intermediation Activities; Insurance Intermediation; Econometrics*

1. Introduction

The Insurance Sector represents the backbone of Nigeria's risk management system. It ensures financial security, serves as an important component in the financial intermediation chain, and offers a ready source of long-term capital for infrastructural projects. Needless to say, the role of insurance in the growth and development of our economy cannot be overemphasized. To a certain extent, insurance mitigates the impact of risks and positively correlates with growth as entrepreneurs cover their exposures and inculcate more risk-taking abilities. In this regard, strong and cooperative insurance industry is a compelling imperative for Nigeria's economic development and growth.

Ward and Zurbruegg (2000) are of the notion that insurance not only facilitates economic transactions through risk transfer and indemnification but also promotes financial intermediation. Insurance is capable of promoting financial stability, mobilizing savings, facilitating trade and commerce, and ensuring that risk is managed more efficiently with effective loss mitigation, efficient capital allocation, and as a substitute and/or complement to government security programs (Ward and Zurbruegg, 2000; Skipper, 2001). In the words of Johnson (2008), a thriving insurance sector is not only the result of an efficient financial services sector but is also an important aspect of a healthy modern economy.

The beginning of contemporary insurance in Nigeria was due to the presence of British international dealings, because of these activities, risks were inevitable, and this influenced the idea of the insurance industry in Nigeria. Foreign officials from other nations granted insurance agency licenses to trading companies that granted them permission to issue oversight and cover allegations. In 1913, the royal exchange insurance company made the opening of the African and Eastern trade firms. This is recognized as Nigeria's first-ever insurance company and other organizations such as the legal and public insurance of the BEWAC, Patterson Zochonis (PZ) Liverpool and Law Union, and Rock. The Nigerian insurance firms ' original trading years were slow between the 1920s and 1940s. The Nigerian Insurance Industry picked up its rate of development once the conflict was over. The first Nigerian insurance company was the restricted African insurance corporation set up in 1958, when Nigeria achieved autonomy in 1960, there were 25 insurance firms in Nigeria, only 4 of which were held by Nigerians. The creation of the Nigerian Insurance Department, part of the Federal Ministry of Commerce, was

Between 1958 when the first indigenous insurance company, the African Insurance Company Limited was established, until 2005, Nigeria had a total of one hundred and four (104) insurance companies and four (4) reinsurance companies. Insurance recapitalization was introduced by Section 9(4) of the Insurance Act 2003 with a further recapitalization in 2005 which led to a capital base of N2billion for Life Insurance, N3billion for General Insurance (non-life), and N10billion for Reinsurance. This recapitalization was effected through mergers and acquisitions which results in the reduction of insurance and reinsurance companies from 104 to 49, and from 4 to 2 respectively (Acha, 2007). However, the major developments of the insurance system include the promulgation of the Nigerian Insurance Decree, 1976; the establishment of the National Insurance Commission (NAICOM) in 1997, and the 2003/2005 Insurance Recapitalizations. (Fatula, 2007; Eze and Okoye, 2013; Akpan and Acha, 2011).

For an economy of a country to be functional, the economy must depend on the financial system of that country. The financial systems are made up of banks as a central entity along with other financial services providers like insurance companies. The financial system of a country is deeply entrenched in that society and provides employment to a large population. These financial institutions (bank and non-bank) work together with the activities of each other in the intermediation process in an economy. This intermediation process involves fund initialization from the surplus to the deficit units, which in turn speeds up or facilitates the process of economic development. An economy is said to be growing or developing when increases in its productive capacity later yield to more production of goods and services. It posited that the expected increase in economic output and a sustained increase in national income per head may not be realized if the financial sector is not sound, healthy, and strong (Nwankwo and Ejikeme, 2009).

A well-developed financial sector performs a very critical function such as promoting or enhancing the efficiency of financial intermediation. A well-developed financial sector also enhances investment by identifying and funding good business opportunities, mobilizing savings, etc. Given the role that the financial system plays it is essential the

to examine the role of Insurance in the financial intermediation and how that impacts on the growth of the Nigerian economy looking at 2000 to 2021 as periods of interest

It is on this premise that this study is set to measure the role of the insurance sector as a financial intermediary in the growth of the economy of the nation, Nigeria. The insurance sector is used because of the dominance of the banks in Nigeria. A study that x-rays the insurance sector and its contributions to the growth of the Nigerian economy through financial intermediation is of great importance. This makes the primary objective of this study is to the impact of insurance investment on the Nigerian economy, the impact of insurance premium on the Nigeria economy and finally to determine the impact of insurance assets on the Nigeria economy.

2. Literature Review

2.1 Conceptual Review

Financial intermediation

Yusuf and Dansu(2014) opined that a financial intermediary is an entity that acts as the middleman between two parties in a financial transaction, such as a commercial bank, investment bank, mutual fund, or pension fund. Financial intermediaries offer a number of benefits to the average consumer, including safety, liquidity, and economies of scale involved in banking and asset management. Although in certain areas, such as investing, advances in technology threaten to eliminate the financial intermediary, disintermediation is much less of a threat in other areas of finance, including banking and insurance. A non-bank financial intermediary does not accept deposits from the general public. The intermediary may provide factoring, leasing, insurance plans, or other financial services. Many intermediaries take part in securities exchanges and utilize long-term plans for managing and growing their funds. The overall economic stability of a country may be shown through the activities of financial intermediaries and the growth of the financial services industry.

Insurance investment as a form of financial intermediation

Insurance can generally be defined as the pooling of funds from the insured (policy holders) in order to pay for relatively uncommon but severely devastating losses which can occur to the insured. It is a contract between two parties whereby one party called the insurer undertakes to pay the other party called the insured a fixed sum of money on the occurrence of a certain event. Obasi (2010) defines insurance as “a contract between the person who buys insurance and an insurance company who sold the policy”. He opines that by entering into the contract, the insurance company agrees to pay the policyholder or his dependents a predetermined sum of money in any case of any unfortunate event for a predetermined fixed sum payable which is referred to as the premium. In Nigeria, the types of insurance products available include: fire, marine, aviation and transit, life covers, health, oil and gas insurances amongst others (Akpan and Acha, 2011). With the aid of these products, insurance provides stability by allowing large and small businesses operate with a lesser risk of volatility or failure; thus promoting the growth of large and small firms. By collecting premiums from insured’s, insurers are able to pull together a large pool of funds that could be invested for short or long term periods. Such long-term funding in the economy is very critical for economic growth and the deepening/broadening of the domestic financial system (Acha and Ukpong, 2012;Obasi, 2010; Augustine and Nwanneka, 2011).

Insurance assets as a form of financial intermediation

An insured asset is one for which an insurance company must compensate the owner if the asset is damaged or destroyed. Uchedi (2012) stated that most companies have insurance policies on their assets, or at least their tangible assets, to transfer the risk associated with owning them. An asset with an insurance policy of any kind. That is, an insured asset is one for which an insurance company must compensate the owner if the asset is damaged or destroyed. Most companies have insurance policies on their assets, or at least their tangible assets, to transfer the risk associated with owning them. Likewise, most individuals have insurance policies on their major assets, such as their houses and cars. Uchedi (2012) sees Assets that people commonly purchase insurance for include cars, houses, businesses, computers, jewelry, and many others. Many homeowners’ policies will offer coverage for other assets in the house in addition to covering the house itself. Perils that assets may be covered against include theft, fire damage, water damage, natural disasters, and accidents. If an asset has insurance protection, then it is said to be an

"insured asset." Without insurance coverage, an asset that is damaged or destroyed can represent a substantial financial loss for a person.

Insurance Premium as a Form of Financial Intermediation

Adebisi (2006) opined that insurance premium is the financial cost of an insurance policy, paid either as a lump sum or in several installments during the period covered by the policy. In case that the insurance premium is not paid when due, the insurance policy usually gets automatically canceled. Premium is an amount of money that you pay once or regularly for an insurance policy, (Gallaghar, 2012). An insurance premium is the amount of money that an individual or business must pay for an insurance policy. The insurance premium is considered income by the insurance company once it is earned and represents a liability in that the insurer must provide coverage, for claims being made against the policy.

The amount of insurance premium that is required for insurance coverage depends on a variety of factors (Krishnan, 2010). insurance companies examine the type of converge, the likelihood of a claim being made, the area where the policyholder lives or operates a business, the behavior of the person or business being covered, and the amount of competition that the insurer faces, (Krishnan, 2010) Actuaries employed by an insurance company can determine, for example, the likelihood of a claim being made against a teenage drive living in an l=urban area compared to one in a suburban area. in general, the greater the risk associated with a policy the more expensive the insurance policy will be (Krishnan, 2010).

2.2 Theoretical Review

Modern Theory of Financial Intermediation

This is a theory propounded by Merton in 1938 and established a theory known as modern theory of financial intermediation which covers conventional theory and the variations in the financial environment. The modern theory of financial intermediation lay more emphasis on six essential functions of insurance: establishment of revenue for settling payments to ease exchange of goods and services; resources allocation; information asymmetry; provision of mechanisms for pooling resources, risk management; provision of price information to help in coordinating decentralized decision-making in several sectors of the economy; establishment of means to tackle the problem of moral and physical hazard. For this study, the enumerated functions by Merton, could be stated as resources accumulation, management of different risks, resource allocation, and the easing of exchange. Through these functions, the non-life and life insurance companies contribute significantly to economic growth and help both families and individuals manage their income risk efficiently. It also helps to mobilize funds (via medium and long-term savings products) that positively increase economic growth. Merton and Bodie (1995) modern theory of financial intermediation. This theory emphasizes six core functions of insurance to include: provision of means for clearing and settling payments to facilitate exchange of goods and services; provision of mechanism for pooling resources; resource allocation; risk management; provision of price information to help in coordinating decentralized decision making in various sectors of the economy and provision of means to tackle the problem of moral hazard, physical hazard and information asymmetry. Thus their theory of financial intermediation encapsulates both the traditional financial theory and the changes in the financial environment.

Markowitz Portfolio Theory

In 1952, Harry Markowitz, an American economist, in his paper, portfolio selection, the Markowitz Portfolio Theory (MPT), said that risk adverse investors tend to measure the level of risk associated with a financial product before making decisions on financial product to add in their portfolios, and they greatly emphasize risk as a major factor in reward. This theory however has widely been accepted as one of the most important theories when dealing in finance or investment. This theory suggested that's not sufficient to concentrate on the predictable risk and return of just one stock but to invest in multiple stocks which will help the investor gain benefits of diversification, especially in reduction of risk of the portfolio. According to Markowitz (1952), he suggested that no matter how an investor wants to maximize his returns he also wishes to minimize his risks, these contrary goals have to be stable against each other when making decisions. The Markowitz portfolio theory is important to the study in the sense that

insurance companies tend to accumulate funds from the premiums they receive and then reinvest it in securities in other to make a profit and protect themselves in case of heavy losses.

2.3 Empirical Review

Oleka, Sabina and Onyeze (2014) assessed the impact of intermediation roles of banks on the performance of the real sectors of the Nigerian economy. The study analyzed published audited accounts of twenty (18) out of twenty-five (25) banks that emerged from the consolidation exercise that took place in 2005 in Nigerian banking industry and data from the CBN Statistical Bulletin of various issues. The study covers an 8 year period (2005-2013). Parametric statistics in forms of analysis of variance. ANOVA, mean, standard deviation, t-test, coefficient of correlation and simple linear regression were used to analyze the data. The study found out that banking sector intermediation has significantly improved the GDP component of the manufacturing sector, hence, has contributed marginally to the overall growth of the real sectors for sustainable development.

Wadlamannati (2008) examined the effects of insurance growth and reforms along other relevant control variables on economic development in India within the period 1980 to 2006. He used the penetration (life, general and total insurance) of insurance to measure the growth of insurance. Using ordinary least square, co-integration analysis and error correction models, the study showed that reforms in the insurance sector do not affect economic activities; but their growth has a positive impact on economic growth.

Hao (2006) studied the relationship between financial intermediation and economic growth using specific data from China over the period 1985 to 1999. The study employed a linear model and one-step parameter estimates for the Generalized Method of Moments (GMM). The study finds that bank as an indicator of financial development is significant and negatively related to growth. It further revealed that financial intermediation has a causal effect and positive impact on the growth channels of household's savings mobilization and substitution of loans for state budget appropriation. This was attributed to inefficiency in loan distribution and self-financing ability of the provincial government.

Similarly, Eze and Okoye (2013) carried out an analysis of the effect of insurance practices on economic growth of the Nigerian Economy from 1980 to 2011. They employed unit root test, Johansen co-integration test and error correction model in data analysis and they observed that insurance premium capital has significantly impacted on economic growth. Also, the level of total insurance investment has significantly affected economic growth. Moreover, there is a causal relationship between insurance sector development and economic growth in Nigeria. They conclude that there is a significant positive effect of insurance practice on the growth of the Nigerian economy.

Nwaeze, Michael and Nwabekee examined the impact of financial intermediation on the economic growth of Nigeria between the periods of 1992-2011. The study adopted the ex-post facto research design. Time series data for the twenty years period 1992-2011 were collated from secondary sources and the Ordinary Least Squares (OLS) regression technique was used to estimate the hypotheses formulated in line with the objectives of the study. Real Gross Domestic Product, proxy for economic growth was adopted as the dependent variable while the independent variables included total bank deposit and total bank credit. The empirical results of this study shows that both total bank deposit and total bank credit exert a positive and significant impact on the economic growth of Nigeria for the period 1992-2011.

Ogunmuyiwa and Ekone (2008) examined the impact of money supply on economic growth in Nigeria for the period 1980 to 2006 using Ordinary Least Squares (OLS), Granger Causality test and Error correction Model. The results revealed that although money supply is positively related to growth, the result is however insignificant in the case of GDP growth rates on the choice between contractionary and expansionary money supply.

Peter and Kjell (2006) worked on the relationship between insurance and economic growth by applying a cross country panel data analysis using annual insurance premium data from 29 European countries over the 1992 to 2004 period. They observed weak evidence for a growth-supporting role of life insurance and explained this with similarities to the recent bank and stock sector findings. Arena (2008) worked on the empirical study and causal relationship between insurance market activity and economic growth which covers 56 countries (both developed and developing ones) in the period 1976 to 2004. He used the generalized method of the moment for dynamic

models of panel data and his results showed a positive and significant effect of total, life and non-life insurance market activity on economic growth.

Haiss and Sumegi (2008) also applied a cross-country panel data analysis from 29 European countries in the period 1992 to 2005 to study the relationship between insurance companies and economic growth in Europe. Using ordinary least squares estimates and time-fixed effects, he observed that there is a positive impact of life insurance in GDP growth in 15 European countries; while general insurance has a larger impact in Central and Eastern Europe.

Nouri and Samimi investigated the impact of monetary policy on economic growth in Iran with a data spanning the period 1974 to 2008 using the Ordinary Least Squares (OLS). Their findings indicated that there is a positive and significant relationship between money supply and economic growth in Iran

2.4 Knowledge Gap

Most of the empirical review carried out centers on banking intermediation while these that researched on insurance did not empirically see insurance as an aspect of intermediation in the financial industry. This study of insurance intermediation on economic output forms the major gap in this study.

3. Methodology

This study employs ex-post facto research design to examine how an independent variable presented prior to conducting the study, affects a dependent variable. The reason for the choice of this design is because the variables of the study are uncontrolled as the phenomenon to be studied have already occurred before now. In addition, the descriptive and analytical design shall be added to the ex-post facto design because of its complementary role especially when estimations of quantitative nature are involved. The covers the operation of the insurance subsector in Nigeria and the data for the study was drawn from the statistical bulletin of the Central Bank of Nigeria for the years 1997 to 2021. By nature, the data are annualized time series which are observations with regular time ordering or frequency. The second characteristic of the data set is that it is secondary in nature. This implies that it came from preexisting sources.

Model Specification

The ordinary least square model was adopted for this study because the variables are all stationary at level one. The model of Marijuana et al (2009) is applied in this study as modified by Oke (2012).

He employs the model: GDP = f (NIC, PLI, NLP, TII, INF, μ)

Where GDP – gross domestic product,

NIC – number of insurance companies in Nigeria,

PLI – a premium of life insurance companies;

NLP – a premium of non-life insurance companies,

TII – total insurance investment and

μt - disturbance term.

However, for this study, we shall limit our independent variables to total premiums insurance companies, insurance assets, and total insurance investments, while the GDP remains our dependent variable. It is believed that with these explanatory variables, it was produced a reasonable result

In recognition of this fact, our model is thus presented as:
RGDP = f (TIP, TIA, TII + μ)- -- - -- - - - - - - - -- - - - - - - - - - - - - - - - - -- - - - - - - - - -- 3.1

That is:
$GDP_t = B_0 + B_1TIP_t + B_2TIA_t + B_3TII_t + ut$ - - - - - -- - - - - -- - - - -- - - - -- - - - - - - - - - - - 3.2

Where GDP - Gross Domestic Product, TIP– Total Insurance Premiums, TIA – Total Insurance Asset, TII – Total Insurance Investments, μ - disturbance term,b0 - is a constant parameter; b1, b2, b3 are explanatory variables and t is the time trend.

4. Data Presentation and Analysis

Table 1: Data Presentation

YEAR	LNRGDP	LNTINSA	LNTINSI	LNTINSP
1997	8.3153	10.2724	9.4237	9.3139
1998	8.3936	10.5434	9.5187	9.3003
1999	8.4774	10.6322	9.6586	9.3663
2000	8.6092	10.8224	9.9796	9.5879
2001	8.8625	11.0284	10.1343	10.0226
2002	9.0160	11.2652	10.3783	10.2744
2003	9.3502	11.3534	10.5170	10.5391
2004	9.5146	11.7301	10.9085	10.6791
2005	9.8049	11.8580	11.2197	10.8217
2006	10.0485	12.2215	11.7104	11.1193
2007	10.3213	12.6363	12.2846	11.3093
2008	10.4538	12.9657	12.7045	11.3975
2009	10.5954	13.2589	12.7263	11.7477
2010	10.6796	13.2818	12.7480	11.9390
2011	10.9235	13.2793	12.7698	11.9648
2012	11.0621	13.3392	12.7916	12.0768
2013	11.1927	10.2728	10.5170	12.0768
2014	11.3023	10.5434	10.9085	12.0768
2015	11.4090	10.6322	11.2197	12.0768
2016	11.4635	10.8224	11.7104	12.0768
2017	11.5383	11.0284	12.2846	12.0768
2018	11.6518	11.2652	12.7045	12.0768
2019	11.7682	11.3534	12.7263	12.0768
2020	11.8888	11.7301	12.7480	12.0768
2021	11.9463	11.8580	12.7698	12.0768
2022	11.9463	12.2215	12.7916	12.0768

Sources: LOG TRANSFORMED DATA FROM THE APPENDIX A

Table 2: Stationary Properties of the Data Set using Philip and Peron Test of Unit Root

Variables	PP stat	Cr 5%	P.V	Specification	Remark
LNRGDP	-3.9215	-3.6161	0.0269	1(1)	Stationary
LNINSA	-4.6662	-3.6161	0.0056	1(1)	Stationary
LN INSI	-4.3377	-3.6161	0.0189	1(1)	Stationary
LNINSP	-7.8183	-3.6161	0.0000	1(1)	Stationary

Source: Own computation (2022)

From table above, the data tested the stationary properties of the variables and confirmed that it is stationary at order one. The Philip and Peron test is used to test whether the variable has a unit root. Therefore, analyses from the review confirm that there is a unit root on the variable at (1). Hence, when there is unit root at order, one, it means that the variable is all stationary and PP statistics is more negative and significant than the critical value (a) 5%. Hence Ordinary least square method is accepted for analysis

Table 3: Descriptive Statistics

	LNRGDP	LNTINSA	LNTINSI	LNTINSP

Mean	10.40525	11.62373	11.53291	11.23958
Median	10.63756	11.35341	11.71050	11.84339
Maximum	11.94634	13.33924	12.79161	12.07686
Minimum	8.315338	10.27280	9.423794	9.300327
Std. Dev.	1.234178	1.002540	1.212080	1.022284
Skewness	-0.398257	0.463303	-0.365699	-0.820629
Kurtosis	1.762122	1.971587	1.638099	2.173728
Jarque-Bera	2.347343	2.075917	2.588860	3.657824
Probability	0.309229	0.354177	0.274054	0.160588
Sum	270.5364	302.2171	299.8558	292.2290
Sum Sq. Dev.	38.07991	25.12714	36.72845	26.12660
Observations	26	26	26	26

Source: Own computation (2022) E-view 10.0

From the above table, it shows the descriptive statistics of the data; the mean and median of the above data show the aggregative tendency of the data as well as the spread. The maximum and minimum show the dispersion surrounding the mean in the data set. The standard deviation and variance of the data show how the data depart from the normal series. The normality test is captured by the skewness and Kurtosis where all the variables are Skewed to the left while all the variables are leptokurtic meaning that there is no complexity peaked. The data are normally distributed because it was normal to 3.0. Hence, the observation is 26 which are good in giving economic result.

Table 4. Regression Result

Dependent Variable: LNRGDP
Method: Least Squares
Date: 06/14/22 Time: 15:23
Sample (adjusted): 1998 2022
Included observations: 25 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.097022	0.215806	0.449579	0.6578
LNTINSA	0.065267	0.039436	-1.655015	0.1135
LNTINSI	0.084713	0.047807	1.771959	0.0916
LNTINSP	0.200885	0.054616	3.678136	0.0015
LNRGDP(-1)	0.763421	0.060427	12.63379	0.0000

R-squared	0.997952	Mean dependent var	10.48884
Adjusted R-squared	0.997542	S.D. dependent var	1.182115
S.E. of regression	0.058606	Akaike info criterion	-2.659111
Sum squared resid	0.068693	Schwarz criterion	-2.415336
Log likelihood	38.23889	Hannan-Quinn criter.	-2.591498
F-statistic	2436.124	Durbin-Watson stat	1.932946
Prob(F-statistic)	0.000000		

Source: Own computation (2022)

From the data above, this analysis was done using real gross domestic product as the proxy for economic growth as the dependent variable and using ordinary least square as the methodology. The analysis was carried out using a sample of 1996-2021. That companies of 26 observations. The result predicted that total insurance assets has a

positive (0.06) percent and non-significant (0.11>0.05) percent impact on real gross domestic product. The result also predicted that total insurance investments has a positive (0.08) percent and non-significant (0.09>0.05) percent impact on real gross domestic product. The result also predicted that total insurance premium has a positive (0.20) percent and significant (0.0015<0.05) percent impact on real gross domestic product respectively.

From the regression analysis, the R_2 is 0.99% showing that the explained variation in the variable is low while the unexplained variable is very high. Also, the adjusted R_2 shows that the model private all owners if other variables are to be added. The probability of the F statistics is statistically significant because it is less than 5% critically value by the only problem is that the regression test is auto correlated because the Dublin Watson statistics is less than 2.4 and more than 1.4, Hence, there is no autocorrelation. When there is auto correlation, there is specification base and the result will be unreliable.

Summary of Findings

The findings from the specific objective of this study are as follows:

i. Total insurance assets has a positive (0.06) percent and non-significant (0.11>0.05) percent impact on real gross domestic product.
ii. Total insurance investments has a positive (0.08) percent and non-significant (0.09>0.05) percent impact on real gross domestic product.
iii. Total insurance premium has a positive (0.20) percent and significant (0.0015<0.05) percent impact on real gross domestic product respectively.

5. Conclusion

This work studied financial intermediation and output, evidence from insurance companies in Nigeria. Insurance as a financial system is getting practically popular with economic development experts. The theoretical and empirical issues concerning insurance and business macro-economic factor helps to increase financial industry and also the financial system. Undoubtedly, Business environment in Nigeria strongly affect the countries financial development and its intermediation and play a significant role in the development of the financial system and economic growth. Insurance intermediation help to provide growth in the financial outlet, development in money and capital market and increase in the level of insurance indemnification of policy holders at the event of loss. The knowledge of the review summary in the study attempt to fill the gap of the study by studying the impact of insurance intermediation on output growth in Nigeria. Insurance intermediation through insurance premium, investment and assets has a positive response to the economic growth in Nigeria.

6. Recommendation

In line with the specific objective of the study, the following are the recommendations

i) Government should endeavor to regulate the activities of exchange rate fluctuations so as to enhance suitable environment where insurance intermediation will thrive and help to drive the returns on insurance assets.
ii) Financial development such as increase in brood money supply and sectional allocation of commercial bank credit to the private sectors will be encouraged so as to increase the financial performance of insurance premium intermediation in Nigeria.
iii) Monetary authorities should endeavor to combat constructively the effect of inflation, regulate inflation rate so that private sectors will patronizes insurance sector policies effectively to improve the level of insurance investment

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APPENDIX A

YEAR	*RGDP*	*TINSP*	*TINSI*	*TINSA*
1996	4,086.07	11091	12,379.46	28,934.93
1997	4,418.71	10942	13,613.08	37,928.18
1998	4,805.16	11688	15,656.88	41,451.22
1999	5,482.35	14587	21,583.46	50,131.65
2000	7,062.75	22532	25,192.64	61,600.00
2001	8,234.49	28981	32,157.27	78,060.48
2002	11,501.45	37766	36,940.87	85,255.73
2003	13,556.97	43442	54,642.84	124,267.37
2004	18,124.06	50101	74,590.75	141,222.03
2005	23,121.88	67466	121,844.22	203,113.12
2006	30,375.18	81584	216,359.91	307,542.61
2007	34,675.94	89105	329,247.93	427,497.16
2008	39,954.21	126470	336,491.38	573,154.46
2009	43,461.46	153127	343,894.19	586,459.54
2010	55,469.35	157127	351,459.87	585,015.79
2011	63,713.36	175757	359,191.98	621,095.14
2012	72,599.63	175757	36,940.87	28,934.93
2013	81,009.96	175757	54,642.84	37,928.18
2014	90,136.98	175757	74,590.75	41,451.22
2015	95,177.74	175757	121,844.22	50,131.65
2016	102,575.42	175757	216,359.91	61,600.00
2017	114,899.25	175757	329,247.93	78,060.48
2018	129,086.91	175757	336,491.38	85,255.73
2019	145,639.14	175757	343,894.19	124,267.37
2020	154,252.32	175757	351,459.87	141,222.03
2021	154,252.32	175757	359,191.98	203,113.12
2022	154,252.32	175757	359,191.98	203,113.12

SOURCE: CBN STATISTICS, 2022