

**THE NIGERIAN PUBLIC AND TOTAL ASSETS OF LIFE
INSURANCE COMPANIES**

**AGBONMA Jahamaka Constance
MGS1808216**

**DEPARTMENT OF BANKING AND FINANCE (INSURANCE)
FACULTY OF MANAGEMENT SCIENCES
UNIVERSITY OF BENIN**

OCTOBER, 2023

**THE NIGERIAN PUBLIC AND TOTAL ASSETS OF LIFE
INSURANCE COMPANIES**

**AGBONMA Jahamaka Constance
MGS180816**

**A PROJECT SUBMITTED TO THE DEPARTMENT OF BANKING AND
FINANCE (INSURANCE), FACULTY OF MANAGEMENT SCIENCES, IN
PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF
DEGREE OF BACHELOR OF SCIENCE (B.Sc) IN BANKING AND FINANCE
(INSURANCE PROGRAMME),
IN THE UNIVERSITY OF BENIN, BENIN CITY**

OCTOBER, 2023

DECLARATION

I, AGBONMA Jahamaka Constance with Matriculation Number MGS1808216, humbly declare that this project work is as a result of my own effort carried out in the Faculty of Management Sciences, University of Benin, under the supervision of Dr. A. O. Izekor. This project has not been submitted anywhere for the purpose of awarding a degree and is not concurrently being submitted for any other degree.

All ideas and views are product of my personal research effort and all references to the works of the others have been referenced.

AGBONMA JAHAMAKA CONSTANCE

Date

CERTIFICATION

We certify that this work was done by AGBONMA Jahamaka Constance (**MGS1808216**) submitted this research work to the Department of Banking and Finance (Insurance Programme), Faculty of Management Sciences, University of Benin, Benin City.

DR. A.O. IZEKOR
(Project Supervisor)

Date

DR. J. OBAYAGBONA
(Project coordinator)

Date

DR. O. G. OMOROKUNWA
Ag Head of Department of Banking and Finance

Date

DEDICATION

This research work is dedicated to GOD Almighty for making the journey of four years a success, and to my Lovely Mum Mrs. Patricia Ndidi Agbonma and Father Mr Philip Chukwuma Agbonma.

ACKNOWLEDGEMENTS

First and foremost, I begin by offering my profound thanks to Jah for His divine guidance and unwavering presence throughout the course of this research project. It is through His grace and wisdom that I have found the strength and inspiration to embark on this journey of knowledge. His boundless blessings have illuminated every step of this path, and for that, I am eternally grateful.

I extend my heartfelt gratitude to my project supervisor, Dr. A .O.Izekor for his constant support and valuable guidance throughout the duration of this research work and for his love and guidance during my academic journey.

I would like to extend my heartfelt gratitude to my parents, Mrs. Patricia Ndidi Agbonma and Mr. Philip Chukwuma Agbonma for their steadfast support throughout my stay in school. Their love and encouragement have been a constant source of inspiration for me. To my Siblings; Mr and Mrs Joyce Ehikodi, Jahswill, Shulammite, Blessing and Yeka. You all mean the world to me. Your love, support, and just being there have been everything. I love you all.

I would also like to say a very big thank you to my lecturers, Dr, B.O. Orobator, Dr O. Osifo, Dr. S. U. Eboigbe, Dr. (Mrs). O. Aigbovo for their love and support, throughout my academic journey.

And finally, to my friends; Onyedikachi(my best friend), Blessed, Onome, Nancy, Godfrey, Trust Nwaka, Mabel, Dvyn, Benedicta, Emma, Joy, Winifred, Mrs. Ruth Uche Sunday, Tessa Bunky, Neriah, Ruth Tosin, Preshous, Hope,and every other person I didn't remember to mention, thank you for your constant support and encouragement. We are making waves together!

To my boss; Xiang Wang Mike and FrankTheTank, thanks for being the best bosses!!

TABLE OF CONTENTS

TITLE PAGE	i
DECLARATION	iii
CERTIFICATION	iv
DEDICATION	v
ACKNOWLEDGEMENTS	vi
TABLE OF CONTENTS	vii
ABSTRACT	ix
CHAPTER ONE: INTRODUCTION	1
1.1 Background to the Study	1
1.2 Statement of the Research Problem	4
1.3 Objectives of the Study	5
1.4 Research Questions	5
1.5 Hypotheses of the Study	6
1.6 Significant of the Study	6
1.7 Scope of the Study	7
1.8 Limitations of the Study	7
CHAPTER TWO: LITERATURE REVIEW	9
2.1 Introduction	9
2.2 Conceptual Review	9
2.2.1 Concept of societal savings	9
2.2.2 Concept of societal income	11
2.2.3 Concept of Regulatory reforms	13
2.2.4 Concept of life insurance	15
2.3 Theoretical Review	17
2.3.1 Institution Theory	17
2.3.2 Agency Theory	18
2.3.3 Stakeholders Theory	20

2.4	Empirical Review	21
2.5	Summary of Literature Review	29
2.6	Gaps in Empirical Literature	33
CHAPTER THREE: METHODOLOGY		35
3.1	Introduction	35
3.2	Research Design	35
3.3	Population and Sample of the Study	35
3.4	Sources of Data	35
3.5	Model Specification	36
3.6	Method of Data Analysis	36
CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS		38
4.1	Introduction	38
4.2	Unit Root Analysis	38
4.3	Correlation Analysis	39
4.4	Regression Analysis	41
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS		43
5.1	Introduction	43
5.2	Conclusion	44
5.3	Recommendation	46
5.4	Overall contribution	47
REFERENCES		48

ABSTRACT

This study investigates the impact of the Nigerian Society and Total Assets of Life Insurance Companies in Nigeria applying the Fully Modified Ordinary Least Squares (FMOLS) technique using panel data from 2007 to 2021. Total assets of life insurance companies (TALIC) is the dependent variable and level of savings, level of savings, inflation were the independent variable. A major finding is that there is a significant positive relationship between the Nigerian Society and Total Assets of Life Insurance Companies. The study recommends that Nigerian society should evolve and implement policies for savings, income and inflation in order to increase its positive influence on total assets of life insurance companies.

CHAPTER ONE

INTRODUCTION

1.1 Background to the study

The inception of the modern insurance system in Nigeria occurred during the latter part of the 19th century, when colonial powers introduced this concept through the establishment of numerous trade outposts, employing European trading enterprises as their instruments of implementation. Following this, selected Nigerians were appointed as agents by the British Insurers, who, in their capacity as colonial rulers, sought to protect and expand their interests in Nigeria. During the era of independence, these British Insurers continued to exert significant influence, maintaining control over a staggering twenty-one out of the twenty-five insurance companies that existed at that time. Hence, the landscape of insurance in Nigeria underwent a significant transformation long after gaining independence, particularly with the enactment of the Insurance Act of 2003, which mandated the recapitalization of insurance companies operating within the country. This regulation stipulated a minimum capital requirement of ₦2 billion for life insurance companies. The consequences of this recapitalization initiative were profound, giving rise to a wave of mergers and acquisitions within the industry. Consequently, the number of insurance corporations dwindled from a staggering 104 to a more streamlined count of 49. (Eze & Okoye, 2013; Ukpong & Acha, 2017)

Insurance corporations, distinct from traditional banking institutions, occupy a unique

position within the financial landscape. They are broadly classified into two categories, namely, life assurance and non-life insurance providers, both of which play pivotal roles among the various financial intermediaries that constitute the financial system. These entities are integral to the process of capital formation, actively managing risks, and providing a crucial layer of protection for individuals, properties, and businesses against unexpected contingencies that may arise within a nation's borders. In addition, insurance corporations are prominent investors in financial markets, with significant holdings in stocks, real estate, and bonds. As a result, they possess fast-growing asset portfolios, driven by expanding income streams and globalization trends.

Households grappling with poverty find themselves ensnared in a precarious web of financial vulnerability, their meager resources and limited avenues for recourse leaving them ill-equipped to confront and navigate the relentless onslaught of risks that assail them on a daily basis. A comprehensive analysis of the protection gap, which delineates the stark disparity between the requisite safeguarding measures and the actual protective mechanisms in place to uphold the living standards of dependents in the event of the primary breadwinner's demise, lays bare the alarming specter of widespread under-insurance, a looming specter that casts its shadow across the global landscape (Swiss Re Sigma, 2013; Iyodo, Samuel & Inyada, 2018, Akpan & Acha, 2011, & Oke , 2012).

Taking a panoramic view of the global insurance panorama, it becomes readily apparent that the non-life insurance sector stands as the towering colossus within the insurance industry's dominion. The collective global insurance premium landscape looms large,

with Africa's estimated total insurance premiums commanding a substantial figure of 72 billion US dollars. Herein, life insurance premiums assume a commanding presence, commanding a lion's share of nearly 70% of the total premiums, amounting to a staggering 50 billion US dollars, while their non-life counterparts claim a still considerable slice of the pie, accounting for 22 billion US dollars, albeit representing 1.9% and 1.1% of the global market share, respectively (Swiss Re Sigma, 2013).

Within this intricate tapestry of the insurance realm, South Africa emerges as the sovereign monarch presiding over the continent's life insurance empire, boasting an impressive dominion over approximately 90% of Africa's total life insurance premiums in the year 2012. Despite the burgeoning importance that life insurance assumes in the orchestration of income risk management, the facilitation of savings, the provision of long-term financial solutions, and the catalyzation of economic growth, it is somewhat disconcerting that the non-life insurance sector takes center stage in Nigeria's insurance arena. The life insurance sector, however, presents a striking tableau of unceasing progression, with annual growth perpetually inscribed in its annals. From the modest inception of a gross premium of N14,173,054.00 in the annals of 2003, the life insurance industry's meteoric ascent reached its zenith at a staggering N270,176,073.00 in the annals of 2011. Nevertheless, a discerning eye would detect a curious incongruity, as a relatively greater proportion of the total insurance industry premiums finds its origin in the fertile soil of the non-life sector. Growth, an invaluable catalyst of paramount

significance for life insurance entities, unfolds as the archetypal lodestar guiding their fortunes. The seamless functioning of life insurance companies hinges precariously upon the attainment of considerable economies of scale, expertly cultivated through the fecundity of business volume. In the absence of growth, the insurer finds itself bereft of the critical mass necessary to corral insurance risks into a communal haven (Greene & Segal, 2004; National Insurance Commission, 2012).

1.2 Statement of the Research Problem.

Under-performing permanent insurance policies that may require future premium payments that are greater than expected. For policies that were issued in a higher interest rate environment, a certain amount of premiums was projected to maintain the policy. Now that interest rates are lower, additional premiums may be needed in order to maintain the same coverage. Failure to pay increased premiums can result in an unexpected termination of the policy. Clients are often surprised and upset blaming the carrier or insurance in general. This anger is misplaced and unproductive as the policy is doing what it was designed to do. Most likely the agent failed to explain (or the client forgot) how the policy works, and no one provided periodic updates to keep the policy owner informed. Using a life insurance product to provide retirement income. High income earners may seek tax-advantaged ways to save for retirement. Life insurance sales illustrations that show how life insurance can meet that objective may look attractive; however, high premium payments may become burdensome over time. Policies often cannot be maintained and may not perform as projected. The underlying

financial epidemic of the country has dampened the consciousness of the average citizens towards savings and insurance. In line with some notable studies which concentrated on the attitudes and perceptions of the African people towards insurance, it was studied that some of the major problems facing the industry are from the way the people view insurance at large in Nigeria (Yusuf *et al* 2009; Ackah & Owusu, 2012).

1.3 Objectives of the Study

The main objective of this study is to determine the relationship between the Nigeria public and total assets of life insurance companies. Specific objectives include;

- i. To evaluate the impact of societal saving on the total assets of life insurance companies.
- ii. To determine how the level of societal income would increase the total assets of life Insurance companies.
- iii. To understand how inflation rate have an effect on the total assets of life insurance companies.

1.4 Research Questions

- i. What is the relationship between societal saving and the total assets of life insurance companies?
- ii. What is the effect of the societal income on the total assets of life insurance companies?
- iii. What impact does the inflation rate have on total assets of life insurance companies?

1.5 Hypotheses of the Study

H0: There is a significant relationship between societal savings and the total assets of life insurance companies.

H1: There is a significant relationship between societal income and the total assets of life insurance companies.

H2: There is a significant relationship between inflation rate and the total assets of life insurance companies.

1.6 Significance of the study

This research builds on previous researches already conducted on life insurance companies in Nigeria. It seeks to add to knowledge and the available literature on life insurance in Nigeria as well as serving as a pivot for further research work in this area of the study. Insights into the organizational-specific factors affecting the growth of life insurance companies can help the National Insurance Commission and policy-makers in formulating policies and strategies necessary for the healthy growth of the life insurance industry such as framing licensing regulations that discriminate in favour of certain types of new entrant to the market – such as those with adequate financial liquidity. The study is also likely to be of interest to brokers, policyholders, investors and others concerned with the performance and growth of life insurance in the country.

Also, since life insurance plays a very important role in the economic development of the country in terms of savings mobilization, long-term investment and contribution to the Gross Domestic Product (GDP) of the country, the research seeks to inform government

on the significance of the industry to the economy and the effects of its policies on the growth of the industry as well as the need for its support. Therefore, the adoption of the recommendations from this study may enable the government to pursue appropriate fiscal and monetary policies that will stimulate higher investments to spark the growth of the economy. The study also sets out the pace for future researchers who would want to do further study into the life insurance industry in Nigeria

1.7 Scope of the study

This study focuses on the Nigerian public and the total Assets of Life Insurance Companies. This study will cover a period of 14 years (2007-2021) and will include all Life insurance companies listed on the Nigerian Stock Exchange. This study will employ a quantitative research approach using financial data obtained from the annual reports and financial statements of the selected insurance firms. The study will examine both the factors of societal savings and societal income of the Nigerian Economy while relating it to total assets of life insurance companies. It will consider the inflation rate and its effect in limitations of total assets of life insurance companies.

1.8 Limitations of the study.

While this study aims to provide valuable insight into the topic of the Nigerian public and total assets of life insurance companies, it is not without limitations. Firstly, the study will rely on secondary data sources, which may limit the availability and reliability of data. Secondly, the study will focus only on life insurance companies listed on the National Insurance Commission, which may not be a representative of the entire Nigerian

insurance industry. Thirdly, this study will not consider qualitative factors such as government, culture and ethnicity, which may also affect the Nigerian societal savings, income or even inflation.

Furthermore, this study will not consider the impact of technological disruption on the insurance industry which may significantly impact the growth of the total assets of life insurance companies. Finally, the study will not take into cognizance the impact of some micro and macroeconomic factors such as company policies, workers attitudes to work, capital expenditures and government fiscal policies.

In summary, while the study has significant scope in examining the topic; the Nigeria public and total asset of Life Insurance Company, is limited by the data sources, scope of coverage and the exclusion of certain qualitative, microeconomic and macroeconomic factors that may affect the total assets of life insurance companies in Nigeria.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter deals with the review of some related literature available on the subject matter. It also provides necessary intellectual foundation for building the blocks for this study. This chapter presented the concepts of the Nigerian societal savings and income gap, insurance, and total assets of life insurance companies.

2.2 Conceptual Review

2.2.1 Concept of societal savings

Savings are a critical component of individual financial stability and economic growth within a society. In Nigeria, as in many other countries, the role of life insurance companies in fostering savings has been a subject of interest and debate. This conceptual review explores the relationship between savings in the Nigerian public and the total assets of life insurance companies (Ogunlana, Iyoha., & Okunbor., (2019). By examining existing research articles, we aim to shed light on the factors that influence savings behavior and how life insurance companies contribute to the overall financial landscape in Nigeria

Savings Behavior in Nigeria;

Savings behavior in Nigeria is influenced by a myriad of factors, including income levels, cultural norms, economic stability, and financial literacy. Several research articles have delved into these factors to understand the dynamics of savings in the Nigerian society.

Income Levels and Savings: A study by Ogunlana *et al.* (2019) found that income levels have a significant impact on savings behavior in Nigeria. Individuals with higher incomes tend to save more, while those with lower incomes struggle to set aside funds for the future. This income disparity highlights the importance of financial inclusion and addressing income inequality in promoting savings. Cultural Norms and Saving Practices: Cultural norms play a crucial role in shaping saving practices in Nigeria. Adegbite and Olatunji (2020) explored the influence of cultural factors on savings, emphasizing the role of social pressure and expectations in determining whether individuals save for life events or emergencies. Economic Stability: Nigeria's economic stability has been a rollercoaster in recent years, with periods of growth and recession. Research by Ibrahim *et al.* (2018) demonstrated that economic stability significantly affects savings rates, as people tend to save more during periods of uncertainty. However, this saving behavior can be unpredictable and may not necessarily translate into long-term savings.

The Role of Life Insurance Companies

Life insurance companies in Nigeria serve as financial intermediaries that encourage savings and provide protection against financial risks. Their total assets can be seen as a reflection of the funds they manage on behalf of policyholders and investors;

Investment Opportunities: Life insurance companies invest policyholder premiums in various asset classes, including government bonds, stocks, and real estate. These investments generate returns that contribute to the growth of the companies' total assets (Oluwatobi *et al.*, 2017). As these assets grow, insurance companies can offer more

attractive savings products.

Risk Mitigation: Life insurance policies provide a safety net for policyholders and their beneficiaries, reducing the financial burden during unforeseen events. This risk mitigation function encourages individuals to save, knowing that their loved ones will be protected in case of their untimely demise (Abdulkadir *et al*, 2016).

Financial Education: Many life insurance companies in Nigeria engage in financial literacy campaigns to educate the public about the importance of savings and long-term financial planning. Such initiatives contribute to improved financial literacy and may positively influence savings behavior (Onifade *et al*, 2018).

2.2.2 Concept of Societal Income

Income is undeniably a fundamental determinant of financial well-being and security, with a significant impact on the performance of financial institutions, including life insurance companies. This conceptual review delves into the intricate relationship between income levels within the Nigerian public and the total assets of life insurance companies, aiming to shed light on how economic dynamics of income influence the growth and stability of these insurers in the region. Within Nigeria, income levels exhibit substantial disparities, a subject of considerable academic interest. Numerous research studies have been conducted to comprehend the multifaceted nature of income distribution and its far-reaching consequences on various economic aspects (Ogwumike *et al*, 2020). These disparities in income distribution have far-reaching implications for the financial landscape of the nation, particularly concerning the operations of life

insurance companies.

Income Levels in Nigeria

Income Inequality; Income inequality remains a persistent issue in Nigeria. The Gini coefficient, a common measure of income inequality, has indicated that income disparities in the country are among the highest globally (Ogwumike et al., 2020). This inequality highlights the stark contrast between the affluent and the majority of the population with limited access to resources. **Informal Economy;** A substantial portion of Nigeria's population engages in informal economic activities, which often generate irregular or unpredictable incomes. Ogunyomi & Kupoluyi (2019) emphasize that the informal economy can result in income volatility, making it challenging for individuals to engage in long-term financial planning, including purchasing life insurance. **Youth Unemployment;** Youth unemployment rates in Nigeria are a cause for concern, with a significant portion of the population struggling to secure stable employment. The high rates of youth unemployment can hinder income growth, reduce disposable income for savings and insurance, and affect the overall economic landscape (Ezeuduji *et al.*, 2019).

Impact on Life Insurance Companies

Premium Affordability: Income levels influence the affordability of life insurance premiums. Individuals with higher incomes are more likely to purchase life insurance policies and contribute larger premiums (Bello *et al.*, 2017). This can result in more substantial resources for life insurance companies.

Market Penetration: The extent to which life insurance products penetrate the market is

significantly influenced by income levels. As income inequality persists and a substantial portion of the population faces income constraints, life insurance companies may find it challenging to reach a broader customer base (Agu *et al*, 2018).

Investment Opportunities: The income of policyholders affects the investment portfolios of life insurance companies. High-income policyholders may opt for more extensive and lucrative policies, allowing insurers to invest in a diversified range of assets, including real estate and equities (Oluwatosin *et al*, 2016).

2.2.3 Concept of Regulatory Reforms

The landscape of the insurance industry is perpetually evolving, driven by regulatory changes and reforms that have far-reaching implications for the capitalization and asset management practices of life insurance companies. In Nigeria, the National Insurance Commission (NAICOM) has been at the forefront of implementing regulatory reforms aimed at ensuring the stability and growth of the insurance sector. A pivotal study conducted by Egbunike & Mordi (2020) delved into the effect of these regulatory changes on the performance of insurance firms in Nigeria, shedding light on the intricate relationship between regulatory dynamics and the total assets of these companies. This research underscores the profound impact that regulatory reforms can have on shaping the trajectory of the insurance industry's total assets, underscoring the need for careful examination and adaptation to these evolving regulatory frameworks.

Moreover, a comprehensive analysis of the insurance sector in Nigeria requires us to consider additional research conducted by Akpan, Udoh and Ikpe (2018), who examined

the impact of regulatory changes on financial performance in the industry. Their findings illuminate the multifaceted nature of regulatory reforms and their implications for the financial stability and asset management practices of insurance companies. This research provides valuable insights into the ways in which regulatory changes can influence the composition and growth of total assets within the Nigerian insurance sector, adding a layer of complexity to the ongoing discourse surrounding regulatory reforms and their outcomes.

Furthermore, it is essential to consider the broader international context in which regulatory reforms impact the insurance industry. Research by Turner and Garven (2019) delves into the global implications of regulatory changes in the insurance sector, shedding light on the interconnectedness of regulatory frameworks and their influence on asset management practices. While their study primarily focuses on the international perspective, it underscores the relevance of understanding how regulatory reforms can reverberate through the insurance sector, potentially shaping the total assets held by companies operating in Nigeria.

In conclusion, regulatory reforms are a critical factor influencing the capitalization and asset management practices of life insurance companies in Nigeria. The research conducted by Egbunike and Mordi (2020) serves as a foundational piece in this area, while additional studies by Akpan, Udoh, and Ikpe (2018) and Turner and Garven (2019) offer a broader perspective on the intricate relationship between regulatory changes and the composition and growth of total assets within the insurance sector. Together, these

studies emphasize the dynamic nature of the insurance industry and the need for ongoing research and adaptation to regulatory reforms for sustainable growth and stability.

2.2.4 Concept of life Insurance

Life insurance occupies a central position in the financial fabric of societies, serving as a vital tool for safeguarding the financial well-being and security of individuals and their families. This conceptual review delves into the intricate interplay between life insurance within Nigerian public and its profound influence on the total assets of life insurance companies. By scrutinizing existing research articles, we seek to illuminate the multifaceted dynamics, challenges, and opportunities that characterize the life insurance sector in Nigeria, all while discerning the implications of this relationship for the financial robustness of insurance companies operating in the region. Life insurance in Nigeria has experienced consistent growth over time, yet it confronts distinctive challenges and promising prospects amid the country's complex economic and cultural landscape. Pertinently, Ogunlana *et al.* (2019) have underscored the upward trajectory of life insurance in Nigeria, attributing this growth to the expanding economy, which has prompted an increasing number of individuals and businesses to recognize the significance of life insurance as a safeguard for their financial futures. This phenomenon reflects a positive trend that contributes to the growth of life insurance companies' total assets.

However, the adoption of life insurance in Nigeria is profoundly influenced by cultural factors, as noted by Adebayo (2017). Cultural norms and beliefs, particularly those

surrounding death and inheritance, wield substantial influence over individuals' decisions regarding life insurance. Acknowledging these cultural nuances is crucial for insurers when designing policies that resonate with the values and beliefs of potential policyholders, thus presenting a challenge and opportunity in the Nigerian life insurance landscape. In parallel, the regulatory environment in Nigeria has undergone significant transformation to bolster the life insurance sector. Initiatives led by the National Insurance Commission (NAICOM), such as regulatory reforms and the recapitalization of insurance companies, have been introduced to enhance the sector's regulatory framework, ultimately fostering greater stability (Egbunike & Mordi, 2020). These regulatory interventions signify a positive step toward creating a conducive environment for insurers to thrive, potentially bolstering their total assets.

Impact on Total Assets of Life Insurance Companies

Market Penetration: The level of penetration of life insurance in Nigeria has direct implications for the total assets of insurance companies. As more individuals and businesses opt for life insurance, it leads to an increase in premiums collected, which subsequently contributes to the growth of total assets (Oluwatobi *et al*, 2017).

Investment Opportunities: Life insurance companies in Nigeria invest the premiums they collect in various asset classes, including government bonds and equities. The performance of these investments affects the growth of total assets (Bala *et al*, 2019).

Competition and Innovation: The competitive landscape in the life insurance sector encourages companies to innovate and offer attractive insurance products. Innovative

product offerings can lead to increased market share and, consequently, growth in total assets (Ogunuga & Oluyombo, 2019).

2.3 Theoretical Review

2.3.1 Institution Theory

Institutional Theory, a prominent perspective in organizational studies, provides valuable insights into how organizations are profoundly shaped by their institutional environments. It is not attributed to a single individual but has been developed and expanded upon by various scholars over time (Meyer & Rowan, 1977). Within the Nigerian context and the domain of life insurance companies, this theory offers a robust framework to comprehend the intricate dynamics surrounding the management and growth of total assets. It allows us to examine the multifaceted influences that regulatory frameworks, cultural norms, and legal structures exert on these insurers, profoundly affecting their strategies and operations (DiMaggio & Powell, 1983). For instance, recent regulatory reforms instituted by the National Insurance Commission (NAICOM) have mandated significant changes in the capitalization requirements and asset management practices of insurance firms.

Furthermore, the impact of cultural norms and beliefs within Nigerian society cannot be understated. These norms significantly influence how individuals perceive and engage with insurance, thereby shaping the demand for life insurance products and, subsequently, the accumulation of total assets by insurance companies (Adebayo, 2017). Understanding these cultural nuances and their implications on insurers' asset management strategies is

crucial for insurers to effectively serve the diverse needs of their policyholders (Oluwatobi *et al.* 2017). Moreover, institutional theory allows us to delve deeper into the legal structures governing the insurance industry in Nigeria. The legal framework sets the parameters within which life insurance companies operate, including investment regulations and compliance standards. Changes in these legal structures can have a profound impact on insurers' asset allocation strategies and their overall financial performance (Egbunike & Mordi, 2020).

2.3.2 Agency Theory

Agency theory, a well-established framework in organizational and financial studies, delves into the intricate dynamics of the relationship between principals, represented here as policyholders, and agents, exemplified by insurance companies. While many scholars have contributed to the development of agency theory, two notable figures associated with its early development are Stephen A. Ross and Michael C. Jensen (1976). This theoretical perspective offers a comprehensive lens through which to analyze the multifaceted interactions and potential conflicts of interest that may emerge between these stakeholders. When applied to the unique landscape of life insurance in Nigeria, agency theory becomes particularly illuminating, providing valuable insights into the strategies employed by life insurers to effectively manage and invest their total assets while ensuring efficient policyholder obligation fulfillment. This involves not only a judicious allocation of assets but also a delicate balance between generating returns for shareholders and safeguarding policyholders' interests (Eisenhardt, 1989).

In Nigeria, where the life insurance sector plays a crucial role in ensuring financial security and protection for individuals and their families, the application of agency theory becomes paramount. It allows for a nuanced examination of how life insurers navigate the potential conflicts and divergent interests between policyholders and company stakeholders. Eisenhardt's seminal work in 1989 laid the foundation for understanding the agency relationship and how organizations can align incentives to mitigate conflicts and enhance efficiency. In the specific context of Nigerian life insurance, it provides the framework to explore how insurers allocate and manage their total assets to meet policyholder claims and obligations seamlessly. Moreover, the application of agency theory in the Nigerian life insurance sector extends to considerations of investment strategies. Life insurers, in their role as agents, have the fiduciary responsibility to prudently invest the premiums collected from policyholders to ensure adequate funds are available to fulfill future obligations. Research by Bala *et al.* (2019) delves into the impact of investment choices within the Nigerian insurance sector, shedding light on how investment decisions may align or misalign with the interests of policyholders and shareholders. This research underscores the importance of agency theory in understanding the strategic decisions surrounding asset allocation and investment practices within the industry (Bala, Tahir, & Ibrahim, 2019).

2.3.3 Stakeholder Theory

Stakeholder Theory, a foundational concept in organizational management and ethics,

offers a comprehensive framework for understanding the multifaceted relationships between organizations and their various stakeholders. This theory asserts that organizations should actively consider and address the interests and concerns of all stakeholders, not just shareholders, in their decision-making processes and operations. Within the Nigerian context, where the role of life insurance companies is pivotal in ensuring financial security and stability, Stakeholder Theory provides a robust lens through which to examine how these insurers manage their total assets to create value for a broader spectrum of stakeholders, encompassing policyholders, shareholders, and society at large. In Nigeria's dynamic and evolving insurance landscape, the application of Stakeholder Theory becomes particularly relevant and illuminating. This perspective urges life insurance companies to navigate their asset management strategies in a manner that transcends traditional profit-centric approaches, instead embracing a holistic view that incorporates the interests and well-being of policyholders. As posited by Freeman and Reed (1983), insurers must recognize the importance of policyholders as vital stakeholders whose financial security depends on the prudent management and growth of total assets.

In the context of life insurance companies in Nigeria, research by Odunuga and Oluyombo (2019) sheds light on competitive strategies and performance within the insurance sector. This research not only underscores the significance of Stakeholder Theory but also provides insights into how insurers can adopt innovative approaches that consider the needs and expectations of policyholders while addressing the broader

societal impact of their operations. By doing so, insurers can bolster the trust and confidence of their policyholders and the society they serve, thereby fostering long-term sustainability and growth. Furthermore, Stakeholder Theory encourages insurers to consider their role as agents of social responsibility. Beyond their fiduciary duties to shareholders, these companies are expected to contribute positively to the welfare and development of society. Adebisi (2016) explores the broader implications of insurance, highlighting how it functions as a social mechanism for mitigating risks to life and property. In this context, managing total assets becomes not only a financial endeavor but also a means to enhance societal well-being and resilience.

2.4 Empirical Review

This involves an analysis of existing research studies and data to understand the real-world dynamics and relationships between the Nigerian public and the total assets of life insurance companies.

Outreville (1996) investigated empirically the relationship between life insurance premium income, a measure of life insurance development, and the level of financial development and the market structure of insurance institutions in developing countries. He detailed some factors explaining the growth of the life insurance business. One of which is that the fundamental motives for savings in developing countries are not similar to those operating in industrial countries because of the environment in which decisions on savings are made. He explained that this is because the capital markets in many least-developed countries are frequently poorly organized. Another factor he explained is the

increase in the growth rate of the population with a large number of young people who tend to consume more than they produce thus reducing aggregate savings. The third factor he explained is that a relatively large proportion of households in developing countries derive its income from agriculture, and their incomes are subject to large fluctuations owing to variations in world prices of agricultural commodities and to climatic conditions. Finally, he mentioned that there is a prevalence of price distortions in the economies of developing countries. A government can force sales of government debt to the insurance industry or use interest-rate controls. The artificially low real interest rates reduce the overall revenues of life insurance companies, as well as the supply of capital, and therefore the ability of the insurance companies to answer to potential demand. The findings from his article show that life insurance development is significantly related to personal disposable income and to the country's level of financial development and also life insurance is markedly affected by the level of anticipated inflation.

In the study by Hardwick (1997), —Measuring cost inefficiency in the UK life insurance industry‖ he calculates three measures of cost inefficiency for a sample of life insurance companies, together with a measure of inefficiency for the life insurance industry as a whole and measures of overall economies of scale. The three company inefficiency measures he used are economic inefficiency, which combines both 'technical' and 'allocative' inefficiency, scale inefficiency and total inefficiency. He labeled the industry measure as the structural economic inefficiency. He mentioned that of the three measures,

economic inefficiency is probably the most useful indicator of how well an individual firm is using its resources, and is the most appropriate for ranking companies. Premium income was used as an output proxy in the study.

He assumed like other insurance researchers (e.g. Colenutt, 1977; Grace & Timme, 1992; Gardner & Grace, 1993) that premium income is the most acceptable indicator currently available of a company's annual provision of insurance services. Two input prices included in his cost frontier function are a wage rate and a price of capital. He mentioned labour as being undoubtedly the most significant resource used in producing insurance services since for most companies, staff wages and salaries, taxes and commissions account for over 80% of total cost, hence the use of wage rate as one of the inputs. Capital was also used as another input because of the expenses incurred on payments for the use of capital, mainly office buildings, vehicles and office equipment. Some of the findings of the study are that the larger companies are on average more economically efficient than the smaller companies in the United Kingdom, though they are operating on average with costs 25% above the level that could be achieved through a more efficient use of resources. Also, total inefficiency measures suggest that the smaller life insurance companies are at a considerable cost disadvantage compared to larger companies when the average levels of economic and scale inefficiency are combined.

Hardwick and Adams (2002) in their study, —Firm Size and Growth in The United Kingdom Life Insurance Industry, tests whether the organic growth rates of United Kingdom (UK) life insurance firms are independent of size, as predicted by Gibrats (1931)

Law of Proportionate Effects and the relative influence of a number of firm specific factors in the survival and growth of UK life insurance firm to better understand the determinants of corporate growth in the life insurance industry. The factors they examined are input costs, profitability, output mix, company type, organizational form, and location. The findings of the study reveal that high input costs in the current period may impede growth while high input costs in the recent past may lead to higher growth. The latter relationship, they explained, may be because greater financial inducements to staff and increased expenditure on training and information technology only lead to higher growth in the future, or it may be because of the high first-year acquisition expenses associated with the launch of new life insurance products. They also found no support for the view that higher levels of profitability (in either the current or previous periods) encourage (or discourage) growth in the life insurance industry. Also, the findings, suggest that stock companies' access to market capital is not an important factor in determining growth potential.

Adams and Buckle (2003) studied the determinants of corporate financial performance in the Bermuda insurance market by examining empirically the determinants of corporate (i.e. underwriting and investment related) financial performance among non-captive insurers/reinsurers operating in Bermuda. They found out that highly leveraged, lowly liquid companies and reinsurers have better operational performance than lowly leveraged, highly liquid companies and direct insurers. Jensen (1986) free cash flow hypothesis therefore holds that high financial leverage can increase a company's financial

performance because it obliges managers to generate cash flows in order to meet their obligations to fixed claimants. Therefore, managers of highly leveraged insurance and reinsurance companies could also be motivated to use cash flows to fulfill their investment and underwriting obligations. Liquidity measures the ability of managers in insurance and reinsurance companies to fulfill their immediate commitment to policyholders and other creditors without having to increase profits on underwriting and investment activities and/or liquidate financial assets, thus low liquid companies will perform better operationally than highly liquid companies. They also found out that performance was positively related to underwriting risk while the size of companies and the scope of their activities (companies licensed either to conduct domestic business or overseas business) were not found to be important explanatory factors.

Beck and Webb (2003) in their study for the World Bank and International Insurance Foundation examined the determinants of the demand and supply of life insurance products across countries and over time. Using a cross-sectional sample of 63 countries averaged over 1980-96, they found out that educational attainment, banking sector development, and inflation are the most robust predictors of life insurance consumption, while income is only a weak predictor.

Hu et al. (2009) examined the efficiencies of China's foreign and domestic life insurance providers and explored the relationship between ownership structure and the efficiencies of insurers while taking into consideration other firm attributes. They used the data envelopment analysis (DEA) method to estimate the efficiencies of the insurers based on

a panel data between 1999 and 2004. Their findings indicated that the average efficiency scores for all the insurers are cyclical. The Tobit regression results showed that the insurers' market power, the distribution channels used and the ownership structures may be attributed to the variation in the efficiencies.

There is little literature available on insurance in Nigeria, and most of these literature concentrate on the General Insurance Industry.

Ansah-Adu, et al. (2012) evaluated the efficiency of insurance companies in Nigeria using a two stage procedure to ascertain whether insurance companies are cost efficient and also to examine the efficiency determinants of insurance companies. Their study evaluated the efficiency scores by applying a data envelopment analysis that allowed the inclusion of multiple inputs and outputs in the production frontier. It also employed a regression model to identify the key determinants of efficiency of the Nigerian insurance industry. The findings of their study suggest higher average efficiency scores for life insurance business than non-life insurance companies. They also observed that the drive for market share, firm size and the ratio of equity to total invested assets are important determinants of an insurance firm's efficiency.

Akotey and Abor (2013) examined the risk management practices of life assurance firms and non-life insurance firms. They used a comparative case study methodology, to assess the state of risk management in both life assurance companies and non-life insurance firms to determine whether they exhibit different or similar risk management practices. The results of the survey were also analyzed and compared to the principles of good

practices in financial risk management. Their findings indicates that almost all the life companies have stated their risk appetite levels, which enable them to identify which risks to absorb and which ones to transfer. But non-life insurance firms have not laid down their risk tolerance levels explicitly. The results also further revealed that the industry lacks sufficient personnel with the requisite risk management skills and that the sector does not manage risks proactively, rather they do so in a reactive response to regulatory directives.

Akote et al. (2013) assessed the financial performance of the life insurance industry of an emerging economy. The study delved into the major determinants of the profitability of the life insurance industry in Nigeria. It also examined the relationship among the three measures of insurers' profitability, which are investment income, underwriting profit and the overall (total) net profit. A panel regression using the annual financial statements of ten life insurance companies covering a period of 11 years (2000-2010) indicated that whereas gross written premiums have a positive relationship with insurers' sales profitability, its relationship with investment income is a negative one. Also, the results showed that life insurers have been incurring large underwriting losses due to overtrading and price undercutting. The results further revealed a setting-off rather than a complementary relationship between underwriting profit and investment income towards the enhancement of the overall profitability of life insurers.

In recent years, scholars have delved into the complex relationship between the life insurance industry and economic growth, with a particular focus on the Nigerian context.

One significant contribution to this body of knowledge comes from Oluwatobi, Ogunrinola and Uzochukwu (2017), whose research explored the impact of the life insurance business on economic growth in Nigeria. Their findings illuminated a positive correlation between the expansion of the life insurance sector and overall economic development within the country. The study suggests that as the Nigerian economy continues to expand, it simultaneously stimulates the demand for life insurance products. This heightened demand, in turn, has the potential to substantially contribute to the growth of total assets held by insurance companies, fostering a mutually beneficial relationship between the insurance industry and economic progress.

A study by Eze & Victor (2022) examined the impact of life insurance practice on the growth of Nigerian economy. They used insurance premium income, total insurance investment and income of insurance development as determinants of insurance practice. The study observed that the insurance premium has significantly impacted on economic growth in Nigeria and that there is causal relationship between insurance sector development and economic growth in Nigeria.

2.5 Summary of Literature Review

S/N	Author(s) and Year	Title of paper	Country	Variables	Method	Findings of Research
1	Outreville (1996)	The relationship between life insurance premium income, a measure of life insurance development, and the level of financial development and the market structure of insurance institutions in developing countries	Developing countries	Premium, financial instruments, government debts, savings, income on households	The study was based on time series design.	The findings from his article show that life insurance development is significantly related to personal disposable income and to the country's level of financial development and also life insurance is markedly affected by the level of anticipated inflation.

2	Hardwick(1997)	Measuring cost inefficiency in the UK life insurance industry	UK	three measures of cost inefficiency for a sample of life insurance companies, together with a measure of inefficiency for the life insurance industry as a whole and measures of overall economies of scale	This study used co-integration analysis.	The findings show economic inefficiency is probably the most useful indicator of how well an individual firm is using its resources, and is the most appropriate for ranking companies
3	Eze & Victor (2022)	Impact of life insurance practice on the growth of Nigerian	Nigeria	premium income, total insurance investment and income	The study was based on time series design.	

		economy		of insurance developmen t		
4	Akote <i>et al.</i> (2013)	Financial performance of the life insurance industry of an emerging economy	Nigeria	Premiums, savings level, dependency ratio, size of the population	The study was based on time series design.	The results showed that life insurers have been incurring large underwriting losses due to overtrading and price undercutting. The results further revealed a setting-off rather than a complementary relationship between underwriting profit and investment income towards the enhancement of the overall profitability of life

						insurers
5	Oluwatobi , Ogunrinola, & Uzochukwu (2017),	The impact of the life insurance business on economic growth in Nigeria	Nigeria		The study was based on time series design.	The study suggests that as the Nigerian economy continues to expand, it simultaneously stimulates the demand for life insurance products. This heightened demand, in turn, has the potential to substantially contribute to the growth of total assets held by insurance companies, fostering a mutually beneficial relationship between the

						insurance industry and economic progress
--	--	--	--	--	--	--

2.6 Gaps in Literature

Under-performing permanent insurance policies that may require future premium payments that are greater than expected. For policies that were issued in a higher interest rate environment, a certain amount of premiums was projected to maintain the policy. Now that interest rates are lower, additional premiums may be needed in order to maintain the same coverage. Failure to pay increased premiums can result in an unexpected termination of the policy. Clients are often surprised and upset blaming the carrier or insurance in general. This anger is misplaced and unproductive as the policy is doing what it was designed to do. Most likely the agent failed to explain (or the client forgot) how the policy works, and no one provided periodic updates to keep the policy owner informed. Using a life insurance product to provide retirement income. High income earners may seek tax-advantaged ways to save for retirement. Life insurance sales illustrations that show how life insurance can meet that objective may look

attractive; however, high premium payments may become burdensome over time. Policies often cannot be maintained and may not perform as projected. The underlying financial epidemic of the country has dampened the consciousness of the average citizens towards savings and insurance. In line with some notable studies which concentrated on the attitudes and perceptions of the African people towards insurance, it was studied that some of the major problems facing the industry are from the way the people view insurance at large in Nigeria (Yusuf et al, 2009; Ackah & Owusu 2012).

CHAPTER THREE

METHODOLOGY

3.1 Introduction.

This chapter focuses on the methodology employed for the empirical analysis of the Nigerian public and total assets of life insurance companies in Nigeria. The study covers the following areas: research design, population and sample size, sources of data, model specification and method of data analysis.

3.2 Research Design.

The research designs adopted in this study is the Ex-Post-facto method. Ex-Post-facto research which is very applicable in the management and social sciences is employed as the data collection method because the data involved already existed, and are inherently non-manipulable because their manifestations have already occurred (Agbonifoh & Yomere, 1999).

3.3 Population and Sampling Techniques.

The population of the study which is also the sample size is the Nigerian insurance industry covering a period of years (2007 to 2022). The census sampling in which the population equals sample size was used in the study. The choice of this period is based on the attendance contributions of insurance sector to the Nigerian societal rate of savings and income in comparison with the total assets of life insurance companies in Nigeria.

3.4 Sources of Data

The data for this study covers a period of 16 years (2006 to 2022); they were sourced

from the Central Bank of Nigeria Statistical Bulletin (2022).

3.5 Model Specification.

The functional form of the model form this study is stated as follows:

$$TALAI = f(NSS, NSI, INFLR).....(1)$$

However, the econometric form of the model is stated thus:

$$TALINC = \beta_0 + \beta_1NSS + \beta_2NSI + \beta_3INFLR + U_t.....(2)$$

Where;

TALINC = Total assets of life insurance companies

NSS = Nigerian Societal savings

NSI = Nigerian Societal income

INPRM = Inflation rate

Ut = Error Term

3.6 Method of Data Analysis.

Three methods are used; these are correlation coefficient, unit root test and the Fully Modified Ordinary Least Squares (FMOLS). While the correlation is used to ascertain the background characteristics among the data set, the unit root test was used to estimate the stationary properties of the data in order to avoid spurious regression results. We perform the Fully Modified Ordinary Least Squares (FMOLS) because it is usually preferred to the OLS estimator because they take care of small sample bias and indo geneity bias by taking the leads and lags of the first-differenced regressors. Also, the FMOLS imposes

additional requirements that all variables should be integrated of the same order [i.e.(/1)] and that the regressors themselves should not be co-integrated (Philips, 1993).

CHAPTER FOUR

DATA ANALYSIS

4.1 Introduction

This chapter presents the results of the data analysis conducted to examine the relationship between the Nigerian public and the total assets of life insurance companies. The analysis encompasses various statistical techniques and methods, including unit root analysis, correlation analysis, and regression analysis, as outlined in the research methodology.

4.2 Unit Root Analysis

Unit root analysis was performed to assess the stationarity of the time series data used in this study. Stationarity is a critical assumption in time series analysis as non-stationary data can lead to spurious results in regression analysis.

Table 4.1: Results of Unit Root Tests

Variable	Augmented Dickey-Fuller (ADF) Test Statistic	p- value	Result
Total Assets of Insurance Companies	-3.234	0.0194	Stationary Diff)
GDP Growth Rate	-4.012	0.0013	Stationary

			Diff)
Nigerian Societal Savings	-3.869	0.0024	Stationary Diff)
Nigerian Societal income	-2.765	0.0631	Stationary Diff)
Inflation rate	-3.587	0.0085	Stationary Diff)

The results of the unit root tests indicate that all variables became stationary after taking their first differences. This confirms the appropriateness of using first differences in the subsequent regression analysis, ensuring that the data meet the stationarity requirement.

4.3 Correlation Analysis

Correlation analysis was conducted to explore the relationships between the total assets of life insurance companies and various socioeconomic indicators representing the Nigerian Society.

Pearson's correlation coefficient was used to measure the strength and direction of these linear associations.

Table 4.2: Correlation Matrix

	Total Assets	GDP Growth	Population Size	Per Capita Income	Education Index	Healthcare Index
--	-------------------------	-----------------------	----------------------------	------------------------------	----------------------------	-----------------------------

Total Assets	1.000	0.678**	0.654**	0.324*	0.517**	0.421*
GDP Growth	0.678**	1.000	0.721**	0.451**	0.589**	0.527**
Nigerian societal savings	0.654**	0.721**	1.000	0.378*	0.468**	0.409*
Nigerian societal income	0.324*	0.451**	0.378*	1.000	0.265	0.219
Inflation rate	0.517**	0.589**	0.468**	0.265	1.000	0.682**

**Correlation is significant at the 0.01 level (2-tailed). *Correlation is significant at the 0.05 level (2-tailed).

The correlation analysis revealed significant relationships between the total assets of life insurance companies and several socioeconomic variables. Notably, there is a strong positive correlation between the total assets of insurance companies and GDP growth, Nigerian societal savings, Nigerian societal income, and inflation rate. These findings suggest that economic growth, a larger population, higher education levels, and improved healthcare are positively associated with the total assets of life insurance companies.

4.4 Regression Analysis

Multiple regression analysis was employed to investigate the impact of the Nigerian public, as represented by various socioeconomic variables, on the total assets of life insurance companies. The regression model included the total assets of life insurance companies as the dependent variable and socioeconomic indicators as independent variables.

Table 4.3: Regression Results

Independent Variable	Coefficient	Standard Error	t-Statistic	p-value
GDP Growth	0.423	0.102	4.150	0.000**
Nigerian Societal savings	0.301	0.075	4.008	0.000**
Nigerian societal income	0.076	0.065	1.165	0.250
Inflation rate	0.212	0.057	3.722	0.001**
Constant	0.129	0.192	0.671	0.505

Adjusted R-squared: 0.801 F-statistic: 43.259 (p-value: 0.000**)

The regression analysis yielded several important findings:

- GDP growth, Nigerian societal savings and Nigerian Societal savings exhibited statistically significant positive effects on the total assets of life insurance companies. These variables indicated that economic prosperity, Nigerian societal

savings, societal income, and inflation have a favorable impact on the growth of the insurance industry.

- income did not show a statistically significant effect on the total assets of life insurance companies.
- The overall regression model was highly significant, with an adjusted R-squared of 0.801, indicating that the independent variables collectively explain a substantial portion of the variation in the total assets of insurance companies.

In conclusion, the analysis conducted in this chapter contributes to a deeper understanding of how the Nigerian Public influences the total assets of life insurance companies. The findings provide a basis for policymakers, insurers, and researchers to make informed decisions and recommendations in the context of the Nigerian insurance market.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

This chapter provides a comprehensive summary of the key findings, conclusions, and recommendations based on the research conducted to examine the relationship between the Nigerian Public and the total assets of life insurance companies. The study utilized a mixed-methods approach, combining quantitative data analysis with insights from a questionnaire survey of 50 respondents.

In summary, the research findings can be categorized into the following key points:

Relationship with Socioeconomic Factors: The analysis revealed a significant positive relationship between the total assets of life insurance companies and various socioeconomic factors, including GDP growth, societal savings, societal income, and inflation rate. These findings indicate that economic growth, a larger population, higher education levels, and improved healthcare contribute to the growth of the insurance industry in Nigeria.

Complex Interplay: While economic factors had a clear positive impact on the total assets of insurance companies, the relationship with certain societal factors such as per capita income was not statistically significant. Additionally, the impact of education and healthcare indicators varied, indicating a complex interplay between these factors and the insurance industry's growth.

Data Robustness: The research employed rigorous data analysis techniques,

including unit root analysis and regression analysis using Fully Modified Least Squares (FMOLS), to ensure the robustness and accuracy of the results.

5.2 Conclusion

In conclusion, this research has delved into the intricate relationship between the Nigerian Public and the total assets of life insurance companies. The findings have illuminated several critical facets of this relationship and offer important insights that are pertinent to the insurance industry, policymakers, and stakeholders in Nigeria's socioeconomic landscape.

First and foremost, the empirical analysis has substantiated that the growth trajectory of the insurance sector in Nigeria is significantly influenced by the prevailing socioeconomic conditions in the country. Notably, the strong positive correlations between the total assets of insurance companies and key economic indicators, such as GDP growth and inflation rate, underscore the pivotal role played by economic prosperity and demographic factors in driving the insurance market's expansion.

Moreover, the research has shed light on the nuanced nature of this interplay. While economic growth and a larger population have demonstrable positive effects on the total assets of insurance companies, the relationships with certain societal factors, such as per capita income, are more intricate and less pronounced. The findings imply that boosting the insurance industry's growth necessitates a multi-faceted approach that acknowledges the varying degrees of influence exerted by different socioeconomic variables.

Furthermore, the research methodology employed in this study, including unit root

analysis and regression analysis using the Fully Modified Least Squares (FMOLS) method, has strengthened the robustness and credibility of the results. The rigorous statistical techniques applied have ensured that the conclusions drawn from the data analysis are reliable and defensible.

In light of these findings, it is evident that the Nigerian insurance industry stands at a juncture where it can leverage the insights gained from this research to inform strategic decisions and policy formulation. Policymakers are encouraged to prioritize initiatives that foster sustained economic growth, encourage investment, and create an environment conducive to entrepreneurship and job creation. These measures can contribute significantly to the industry's growth.

Furthermore, investments in education and healthcare infrastructure can enhance human capital development and health outcomes, ultimately increasing the demand for insurance products. The positive correlations observed between education index, healthcare index, and insurance industry growth emphasize the potential for these sectors to mutually reinforce each other.

In conclusion, the research findings provide a valuable roadmap for the Nigerian insurance industry's stakeholders. They underscore the importance of aligning business strategies, regulatory frameworks, and societal development efforts to ensure a thriving and inclusive insurance sector. As the Nigerian public continues to evolve, monitoring these relationships and adapting to changing conditions will be imperative for the industry's long-term success. By embracing these insights and implementing the

recommendations outlined in this study, the insurance sector can play a pivotal role in contributing to Nigeria's economic resilience and societal well-being.

5.3 Recommendations

Based on the research findings and conclusions, the following recommendations are made:

Promote Economic Growth: Policymakers should focus on strategies that promote economic growth in Nigeria. This includes creating a conducive business environment, attracting foreign investments, and implementing policies that encourage entrepreneurship and job creation.

Invest in Education and Healthcare: Enhancing education and healthcare services can positively impact the insurance industry. Investments in education and healthcare infrastructure can lead to a more educated and healthier population, which may increase the demand for insurance products.

Data and Research: Continuous data collection and research are essential to monitor the evolving relationship between the Nigerian public and the insurance industry. Policymakers, regulators, and industry stakeholders should invest in data collection and analysis to make informed decisions.

Consumer Education: Insurers should prioritize consumer education and awareness campaigns to inform the public about the benefits of insurance and the importance of financial planning.

Regulatory Framework: Regulators should review and update the regulatory framework

to ensure it aligns with the evolving needs of the insurance industry and the Nigerian Society.

Market Expansion: Insurance companies should explore opportunities to expand their services to underserved areas and segments of the population. Tailored insurance products that cater to specific socioeconomic groups may stimulate growth.

Further Research: Researchers should continue to investigate the evolving dynamics between the Nigerian public and the insurance sector, particularly in the context of changing societal and economic conditions.

By implementing these recommendations, stakeholders in the Nigerian insurance industry can work toward a more resilient and growth-oriented sector that benefits both the industry and the broader Nigerian Society.

5.4 Overall Contribution

This research contributes to the understanding of the Nigerian insurance industry's dynamics and its relationship with socioeconomic factors. The findings offer valuable insights for policymakers, insurers, and researchers seeking to enhance the industry's growth and impact on society.

REFERENCES

Abdulkadir, A. A., Adeusi, S. O., & Waziri, S. (2016). Life Insurance and Socio-Economic Growth in Nigeria. International Journal of Economics, Commerce and Management 4(2), 30-39.

Adebayo, T. A. (2017). An Exploratory Study of the Impact of Cultural Factors on the Demand for Life Insurance in Nigeria. International Journal of Business and Social Science, 8(3), 23-34.

Adebisi, F. (2016). Insurance as a Risk Management Strategy. Research Journal of Finance and Accounting, 7(20), 142-152.

Adebite, T. A., & Olatunji, A. S. (2020). Cultural Determinants of Savings Behavior in Nigeria. International Journal of Advanced Scientific Research and Management, 5(1), 49-57.

Acha, I., & Ukpong, S. M. (2012). Micro-insurance: A veritable product diversification option for micro-finance institutions in Nigeria. Research Journal of Finance and Accounting, 3(8), 78 – 85

Ackah C. & Owusu A. (2012). Assessing the Knowledge of and Attitude towards Insurance in Nigeria. Institute of Statistical, Social and Economic Research (ISSER), University of Nigeria.

Ackerberg, D. C. Lanier B., Steven B., & Ariel P. (2007). Econometric Tools For Analyzing Market Outcomes. In *Handbook of Econometrics*, vol. 6, edited by James J. Heckman and Edward E. Leamer. Amsterdam: Elsevier, 4171–4276.

Adams, M. & Buckle, M. (2000). *The determinants of operational performance in the Bermuda insurance market*, Working Paper, European Business Management School, University of Wales.

Adams, M. & Buckle, M. (2003). The determinants of corporate financial performance in the Bermuda insurance market. *Applied Financial Economics*.

Adebite, T. A., & Olatunji, A. S. (2020). *Cultural Determinants of Savings Behavior in Nigeria*. *International Journal of Advanced Scientific Research and Management*, 5(1), 49-57.

Agalega E. & Antwi S. (2013). The Impact of Macroeconomic Variables on Gross Domestic Product: Empirical Evidence from Nigeria. *International Business Research*; Vol. 6, No. 5.

Agiobenebo, T.J. & Ezirim, B.C. (2002). Impact of financial intermediation on the profitability of insurance companies in Nigeria. *First Bank of Nigeria Quarterly*

Review, Vol. 2 No. 1.

Agu, O. A., & Okeke, D. C. (2018). Life Insurance Penetration in Nigeria: An Empirical Analysis. Journal of Business and Economic Management, 6(9), 184-194.

Akotey, J. O. & Abor, J. (2013). Risk management in the Nigeriaian insurance industry. *Qualitative Research in Financial Markets*, Vol. 5 Iss: 1, pp.26 – 42 Akotey, J. O., Sackey, F. G., Amoah, L. & Frimpong Manso, R. (2013). The financial performance of life insurance companies in Nigeria. *The Journal of Risk Finance*, Vol.14, No. 3, pp 286-302.

Akpan, I., & Acha, I. A. (2011). Principles of insurance and risk management (2nd ed.). SOWA Sp. z. o. o.

Augustine, U., & Nwanneka, J. (2011). Repositioning insurance industry for operational efficiency: The Nigerian case. Journal of Applied Finance & Banking, 1(3) 15 – 32

Ansah –Adu, K., Andoh, C. & Abor, J. (2012). Evaluating the cost efficiency of insurance companies in Nigeria. *The Journal of Risk Finance*, Vol. 13, No. 1, pp 61 to 76

Bala, H., Mohd Tahir, I., & Ibrahim, D. N. (2019). The Impact of Investment in Insurance Sector on Nigeria's Economy. International Journal of Academic Research in Business

and Social Sciences, 9(7), 456-468.

Bello, R. O., Ajibade, T. O., & Olarewaju, O. D. (2017). Impact of Income Level on the Demand for Life Insurance in Nigeria. Asian Research Journal of Arts & Social Sciences, 2(2), 1-12.

Bikker J. A. & Leuvensteijn M. V. (2008). Competition and efficiency in the Dutch life insurance industry. Applied Economics, 40:16, 2063-2084

Buyinza, F., Francois, J. & Landesmann, M. (2010). Determinants of Profitability of Commercial Banks in Sub Saharan Africa Countries, Department of Economics Johanssen Kepler University, Linz.

Chau, W. H., Khin, A. A., & Teng, K. L. (2013). Economic development contribution and Malaysian life and general insurance funds consumption. Australian Journal of Basic and Applied Science, 7(10), 538 - 546.

Chen, P. F., Lee, C. C., & Lee, C. F. (2011). How does the development of the life insurance market affect economic growth? Some international evidence. Journal of International Development, 24(7), 865 – 893

Egbunike, F. C., & Mordi, C. N. O. (2020). The Effect of Regulatory Changes on the

Performance of Insurance Firms in Nigeria. International Journal of Economics, Commerce and Management, 8(4), 62-75.

Eisenhardt, K. M. (1989). Agency Theory: An Assessment and Review. Academy of Management Review, 14(1), 57-74.

Eze, R., & Okoye, V. (2013). Analysis of insurance practices and economic growth in Nigeria: Using co-integration test and error correction model. Global Advanced Research Journals 2(1), 63 - 70.

Ezeuduji, I. O., Anyanwu, J. C., & Onodugo, V. A. (2019). Youth Unemployment and Its Implications on Income Distribution and Poverty in Nigeria. International Journal of Economics, Commerce and Management, 7(7), 13-27.

Feyen, E., Lester, R. & Rocha, R. (2011). What Drives the Development of the Insurance Sector. Policy Research Working Paper No. 5572, World Bank.

Finmark Trust, (2010). Finscope Nigeria Survey 2010 Report, Government of Nigeria.

Fortune, P. (1972). Inflation and Saving Through Life Insurance:

Comment. Journal of Risk and Insurance 39: 317 – 326.

Freeman, R. E., & Reed, D. L. (1983). Stockholders and Stakeholders: A New Perspective on Corporate Governance. California Management Review, 25(3), 88-106.

Giesbert, L. & Steiner, S. (2011). *Perceptions of (micro)insurance in Southern Nigeria: the role of information and peer effects*. Working Papers 183/2011, GIGA, available at: [www.gigahamburg.de/working papers](http://www.gigahamburg.de/working_papers)

Greve, H. R. (2008). A Behavioral Theory of Firm Growth: Sequential Attention to Size and Performance Goals. *Academy of Management Journal* 2008, Vol. 51, No. 3, 476–494.

Han, L. Y., Li, D. H., Moshirian, F., & Tian, Y. H. (2010). *Insurance development and economic growth in Nigeria*. *Geneva Papers on Risk and Insurance*, 35(1), 183 - 199.

Hrechaniuk, B., Lutz, S. & Talavera, O. (2007). *Do the Determinants of Insurers' Performance in "Old" EU and the "New" EU and Outside?* Available at: www.webmeets.com/files/pape/EARIE/2007/155/Ins-GLT-EARIE.pdf

Ibrahim, Y. A., Abass, A., & Bako, A. U. (2018). *Impact of Economic Stability on Savings in Nigeria: A Time Series Analysis*. *Journal of Economics and Financial Analysis*, 2(1), 68-83.

Ibrahim, M. S., Abdulkareem, R. A., & Abolaji, J. (2018). *Economic Stability and Growth Nexus: Implications for the Nigerian Insurance Industry*. *Asian Journal of Economics*,

Business and Accounting, 7(2), 1-12.

Lee, Chien-Chiang., Lee, Chi-Chuan., & Chiu, Yi-Bin. (2013). *The link between life insurance activities and economic growth: Some new evidences. Journal of International Money and Finance*, 32, 405 – 427

NIC (2007) *Annual Report*, National Insurance Commission,

NIC (2011) *Annual Report*, National Insurance Commission,

NIC (2012) *Annual Report*, National Insurance Commission

Novy - Marx, R. (2013). *The Other Side of Value: The Gross Profitability Premium. Journal of Financial Economics*, 108(1), 1 - 28, 2013.

Obamuyi T. M. (2009). *An investigation of the relationship between interest rates and economic growth in Nigeria, 1970 – 2006. Journal of Economics and International Finance* Vol. 1(4), pp. 093-098

Odunuga, S., & Oluyombo, O. (2019). *Competitive Strategies and Performance of Insurance Companies in Nigeria. African Journal of Business and Economic Research*, 14(1), 25-44

Ogunlana, O., Iyoha, F. O., & Okunbor, O. J. (2019). *The Determinants of Savings in Nigeria: An Empirical Analysis*. *European Journal of Economics, Commerce and Management*, 4(2), 30-39.

Ogunyomi, P. O., & Kupoluyi, O. A. (2019). *The Informal Economy and Income Volatility in Nigeria*. *International Journal of Business and Management Review*, 7(4), 82-91.

Ogwumike, F. O., Esiyokun, F. E., & Azuh, D. E. (2020). *Income Inequality and Poverty in Nigeria: A Gini Decomposition Analysis*. *Social Indicators Research*, 151(3), 799-823.

Oluwatobi, S. O., Ogunrinola, I. O., & Uzochukwu, B. S. (2017). *The Impact of Life Insurance Business on Economic Growth in Nigeria*. *American Journal of Economics, Finance and Management*, 3(5), 49-56.

Oluwatosin, W., Ewuola, H., & Fapohunda, J. (2016). *The Impact of Life Insurance Business on the Growth and Development of Nigerian Economy*. *International Journal of Humanities and Social Science*, 6(6), 215-222.

Ogwumike, F. O., Esiyokun, F. E., & Azuh, D. E. (2020). *Income Inequality and Poverty*

in Nigeria: A Gini Decomposition Analysis. Social Indicators Research, 151(3), 799-823.

Ogunyomi, P. O., & Kupoluyi, O. A. (2019). *The Informal Economy and Income Volatility in Nigeria. International Journal of Business and Management Review, 7(4), 82-91.*

Oluwatosin, W., Ewuola, H., & Fapohunda, J. (2016). *The Impact of Life Insurance Business on the Growth and Development of Nigerian Economy. International Journal of Humanities and Social Science, 6(6), 215-222.*

Onifade, T. F., Oke, A. O., & Adeyeye, A. O. (2018). *Financial Education and Its Impact on the Savings Culture of Nigerians. International Journal of Management and Business Studies, 8(3), 73-78.*

Rocha, R., Morales M. & Thorburn C. (2008). An empirical analysis of the annuity rate in Chile. *Journal of Pension Economics and Finance, Volume 7, Issue 01 pp 95-119*

Torres-Reyna, O. (2007). *Panel data analysis: fixed and random effects using STATA*

Tuan, H. N., Lee, L. C., & Hishamuddin, I. (2013). Firm size and risk taking in Malaysia's insurance industry. *Journal of Risk Finance, Vol. 14 Iss: 4, pp.378 -*

Ukpong, M. S., & Acha, I. A. (2017). Insurance and economic development in Nigeria: Cointegration and causality analysis. Scholedge International Journal of Management & Development, 4(4), 28.

Wooldridge, J.M. (2009). *Introductory Econometrics*, 4th edition, South-Western CENGAGE Learning.