

CONTRIBUTIONS OF INSURANCE BUSINESS ON ECONOMIC DEVELOPMENT OF NIGERIA, 1999-2024

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Abstract: This study focused on the contributions of the insurance business to the economic development of Nigeria, 1999-20224. The study adopted gross domestic product (GDP) as a proxy for economic growth and the response variable, while total insurance investment (INV), total insurance premium (PRE), and total insurance claims (CLA) were used as proxies for insurance sector development and the predictive variables. Secondary time series data for the variables were sourced from annual reports of the Central Bank of Nigeria (CBN) Statistical Bulletins and the Nigerian Insurance Digest covering the period 1999 to 2024. The study employed descriptive statistics and the ARDL regression technique based on the E-views 9.0 software as methods of data analysis. The empirical results show that total insurance investment had a significant positive influence on GDP at 5% level, total insurance premium had a non-significant negative effect on GDP at 5% level, and total insurance claims had a significant negative effect on GDP at 5% level. Based on the findings, the study recommended that insurance policies be made mandatory for individuals and business organizations to encourage and protect investors as well as ensure sustained economic growth. This study, therefore, concluded that the achievement of business objectives in an insurance company depends on the extent to which insurance investment, insurance premiums, and insurance claims are made positive in the system.

Keywords: Insurance, Economic Development, Insurance Investment, Total Insurance Premium, Total Insurance Claims, Gross Domestic Product, Economic Growth.

1.1 Introduction

The insurance industry is a highly specialized industry that gives greater security to the fortunes of common people and to the whole society. It is one of the financial institutions in Nigeria today that aids economic development and growth. Egeria (2020) describes insurance as a handmade of commerce that plays a vital role in the going concern of humans as an economic animal. Chikeleze and Echekeba (2008) defined insurance as a contract whereby one party, called the insurer, in return for a consideration, called the premium, undertakes to pay the other party, called the insured, a sum of money or its equivalent in kind upon the happening of a specified event that is contrary to the interest of the insured. The modern insurance business was introduced into Nigeria

in the late 20th century by the British merchant, who established trading posts on the west coast of Africa. Before the Advent of Europeans to Nigeria, organizations similar in purpose to insurance companies were in existence, known as traditional social insurance schemes. They include the Isusu, social clubs, age grade, etc. Okonkwo (2024), the first insurance company to register its presence in Nigeria was Royal Exchange Assurance with its office in Lagos in 1921. The enactment of workman compensation ordinance in 1942 and the Road traffic Act of 1945 both contributed to the meaningful takeoff of insurance industry in Nigeria.

The need for control and timely intervention of government led to the formation of the National Insurance Corporation of Nigeria (NICON). In 1986, the Structural Adjustment Programme (SAP) brought about the emergence and proliferation of financial institution especially Deposit taking institution and insurance companies. Insurance capital base was raised from N1-N2million then. Fallout from this event was that only 57 out of 152 insurance companies qualified for registration (Oke, 2022). This was coupled with tighter control over the industry. Insurance represents a promise of future compensation relating to specific losses in exchange for periodic payments. Insurance are similar to banks and capital markets as they solve the need of business units and private households in financial intermediation. The only way out is to reposition the organization and business to meet with the demand of the period, create more awareness about the industry, training and retraining of staff, minimization of the wastages and maximization of gains in the interest of the economy (Akinlo, 2013).

Insurance is purchased to hedge the possible risks of the future which may or may not take place. This is a mode of financially insuring that if such an incident happens then the lost does not affect the present well-being of the person or the property insured. In view of Okonkwo (2020), in Nigerian economy, insurance business plays an important role in economic growth by mitigating business risks occasioned by sudden and devastating occurrences in both developed and developing economies. The sector provides risk management and risk adjustment services to other sectors of the economy such as industrial, transportation, agricultural, mining, petroleum, banking, etc. It also contributes to economic growth by acting as financial intermediary through capital formation and provides business funding for deficit sectors of the economy. NIIRA (2025) introduced a higher minimum capital requirement (MCR) of #10billion for Life, #15billion for non-life, #25billion for composite and #35billion for reinsurance companies respectively. All these increased were targeted at building the industry to be able to make the economy stonger. Akinlo (2013) posited that many studies in the past have pointed out the contribution of the insurance sector to economic growth and development. These studies both empirical and theoretical have shown that insurance industry contributes to economic development by providing a comfortable investment climate in the economy. Thus through insurance a person buys security and protection.

Statement of the Problem

Careful study on the Nigeria's insurance industry reveals that it has been confronted with problems of products selling rather than marketing, limited underwriting capacity, expertise, weak research capacity, institutional framework, lack of proper infrastructure, denial of genuine claims, lopsided office distribution, lack of proper education and awareness creation, fraudulent behaviour of insurance intermediaries, fraudulent claims syndrome, unfavourable macro-economic environment, religious antagonism, lack of reliable ICT, limited retention capacity among others which are likely to prevent insurance in Nigeria from meeting the expectation of the insuring public and consequently may not be contributing significantly to the Nigeria's economic growth. In view of the aforementioned challenges facing the Nigeria's insurance industry, the question on the lips of many observers has been, "Does insurance business make a positive and significant contribution to economic development in this

country Nigeria? Intuitively a diligent answer should be that' Insurance business does not have a positive and significant effect on economic development in Nigeria but this remains a hypothesis.

Objective of the Study

The objective of this study focused on contributions of insurance business on economic development of Nigeria 1999-2024. The specific objectives include:

1. To find out the extent of effect of total insurance investment (INV) on gross domestic product.
2. To examine the effect of total insurance premium (PRE) on gross domestic product.
3. To determine the effect of total insurance claims (CLA) on gross domestic product.

REVIEW OF RELATED LITERATURE

CONCEPTUAL REVIEW

The Concept of Insurance

Insurance is a promise of compensation for specific potential future losses in exchange for a periodic payment (Fashagba, 2018). Insurance is designed to protect the financial well-being of an individual, company or other entity in the case of unexpected loss. Some forms of insurance are required by law, while others are optional. Agreeing to the terms of an insurance policy creates a contract between the insured and the insurer. In exchange for payments from the insured (called premiums), the insurer agrees to pay the policy holder a sum of money upon the occurrence of a specific event. In most cases, the policy holder pays part of the loss (called the deductible), and the insurer pays the rest. Examples include car insurance, health insurance, disability insurance, life insurance, and business insurance.

In the international dictionary of insurance and finance, Clark (2021) defined insurance as a contract under which the insurer agrees to provide compensation to the insured in the event of a specified occurrence e.g. loss or damage to property in return, the insured pays the insurer a premium usually at fixed intervals. The insurers' estimate of the probability that the event insured against will actually take place. Writing in his preface to the book "the state, the individual and insurance" Irukwu (2021) describes insurance as a maiden of commerce and industry, adding that modern commerce and industry cannot function efficiently without an organized insurance system, since the purchase of insurance could be likened to the purchase of mind. Insurance as seen by Ngunta (2008) involves the concept of tradeoff through the law of large numbers based on the payment of a known premium now against the expectation that if a defined loss is suffered money will be forth coming from the insurers, that is using trade off as a means of reducing financial uncertainty.

Economic Development

For Madukwe and Anyanwuokoro (2014), economic development is the procedure by which the prolific component of an economy increases over a specified period, which also leads to a rise in the levels of the national income. When there is economic development, it shows in the form of an income level, an expansion of the labour force, an increase in the total capital stock of the country and increase capacity of trade and consumption. The gross domestic product (GDP) of a country which reflects the economic model of the country's output. A country's financial health can be measured by looking at that country's economic development. Economic development is measured by the increase in the amount of goods and services produced in a country (Igbodika, Ibenta & Isaac, 2016; Ayadi and Ayadi, 2023), economic development which is always proxied by GDP often conceptualized as increase in output of an economy's capacity to produce goods and services needed to improve

the welfare of the country's citizens (Nwosa & Mustapha, 2018; Hemming, 2021; Ogiogio, 2015; Dwivedi, 2024; Oke, 2022).

The Role and Contributions of Insurance to Economic Development

Insurance serves a number of valuable economic functions that are largely distinct from other types of financial intermediaries. In order to highlight specifically the unique attributes of insurance, it is worth focusing on those services that are not provided by other financial services providers, excluding for instance the contractual savings features of whole or universal life products (Ouedraogo, Guerineau & Sawadogo, 2023). The indemnification and risk pooling properties of insurance facilitate commercial transactions and the provision of credit by mitigating losses as well as the measurement and management of non-diversifiable risk more generally. Typically insurance contracts involve small periodic payments in return for protection against uncertain, but potentially severe losses. Among other things, this income smoothing effect helps to avoid excessive and costly bankruptcies and facilitates lending to businesses.

Most fundamentally, the availability of insurance enables risk averse individuals and entrepreneurs to undertake higher risk, higher return activities than they would do in the absence of insurance, promoting higher productivity and growth (Cristea, et al, 2014). The management of risk is a fundamental aspect of entrepreneurial activity. Entrepreneurs manage the risk of accidental loss by weighing the costs and benefits of each alternative. In a structured risk Management process, this involves:

- 1) Identifying the exposures to accidental loss;
- 2) Evaluating alternative techniques for treating each loss exposure;
- 3) Choosing the best alternative; and
- 4) Monitoring the results to refine the choices. Those who do not apply a structured process still make decisions about risk, although sometimes by default rather than design.

The scope of an economy's insurance market affects both the range of available alternatives and the quality of information to support decisions. For example, a manufacturer might produce only for the local market, forgoing more lucrative opportunities in distant markets in order to avoid the risk of losing goods in shipment. Transport insurance can mitigate this loss exposure and enable the manufacturer to expand. Similarly, to avoid the risk of total loss from drought, a commercial farmer may keep half of his seed in reserve (Onyekachi & Okoye, 2023). Crop insurance can protect against drought and permit all of the seed to be planted for a smaller premium than the cost of holding half in reserve. Thus public policies that encourage insurance operations improve the economy's productivity by broadening the range of investments. Insurers also contribute specialized expertise in the identification and measurement of risk. This expertise enables them to accept carefully specified risks at lower prices than non-specialists.

They also have an incentive to collect and analyze information about loss exposures, since the more precisely they measure the cost of risk, the more they can expand. As a result, the insurance market generates price signals to the entire economy, helping to allocate resources to more productive uses. Insurers also have an incentive to control losses, which is a significant social benefit. By offering discounts for seat belts, smoke detectors, or other measures that reduce the frequency or severity of losses, they lower their eventual claims costs, in the process saving lives and reducing injuries (Igbodika et al, 2016). On the investment side, due to the long term nature of their liabilities, sizeable reserves, and predictable premiums, life insurance providers can serve an important

function as institutional investors providing capital to infrastructure and other long term investments as well as professional oversight to these investments.

Problems of Insurance in Nigerian Economy

In the face of bearing risk for the insured the insurance companies are faced with numerous problems and according to NDIC Quarterly (2006) these are as follow:

- 1. Liquidity problem:** The economic effect of restructuring the ailing economy posed a serious liquidity problem to the insurance industry and institutions. From the economic problem, there are contractions of business due to reduction in investment as a result of poor saving. This manifest on the rate of demand for possible claim settlement as against the usual registering of new insurance business proposal the effect of this lead to reduction of income as there should be shortage of funds. This problem arises when the state of fund cannot meet up with the pressing financial needs. When things were up right, fund accrued from life and non-life business make the insurance industry to experience economic pinch as virtually all the insurable interest get above the reach of the insured with the existence of this problem, the insurance industry cannot meet their social and economic obligations and it implied that the direct participation to reduce the effect on depressed economy would not be realistically achieved.
- 2. Under insurance property:** As a result of high rate of commodities according to Oyedotun & Adesina, (2022). The sum insured in respect of properties under insurance policies do not reflect the correct or true market value of such properties. To avoid under insurance, the country re-insurance corporation has advised to revalue their insured properties to streamline the current market price. In effect, enough the change in the economy and the need to structure it for better results. The customers need be informed of possible advantage if he/she revalue his/her policy to reflect the line value of property in the market.
- 3. Reduction in marine insurance premium income:** In days of economic boom, marine business recorded good premium generation when compared to what exist today s opined by Okonkwo (2024) marine insurance as a part of transport insurance policy is among the earliest insurance business that attracted huge amount and mutual development. Since the introduction of second tier foreign exchange market as a major structural Adjustment programme (SAP) by value of premium earned by marine insurers, this posed a problem in the sense that the revenue generated in this aim of insurance business failed considerably unless there is a concentrated attempt to restructure the economy, the marine insurance business will continuously attract low business undertaking.
- 4. Government instability:** Accord to NDIC (2001), No meaningful investment can be made in an area where there is constant crisis or continual changes of government regulations. It is understandably true that in the process of picking leaders to succeed their predecessor, wrong leader may emerge and this means that the already mapped out programme may be reserved to suit the government in power in pursuance of the stated objectives, a counter government regulations and laws may originated thereby fostering the aim and aspiration of the insurance industry example, the structural Adjustment programme (SAP) paralyzed most of the business activities including that of insurance industry.
- 5. Lack of corporation within the industry:** The lack of corporation or disunity among the groups of insurers may breed a problem and disharmony example, the multiple associations under this umbrella of insurance industry via-the Nigeria Insurance Associations. The insurance institute of Nigeria and the Accident Assurance committee to mention but a few portray the industry as a dividend house as they duplicate the functions of the industry.

6. Government control and regulation: The NDIC Quarterly (2004) Vol. 3 is of the view that the several ways through which government exercises control of insurance business constitutes a problem. The government enactment such as the insurance decree of 1976 and the current government amendment of insurance requires insurance companies to keep large reserve in meeting their obligation.

7. Inflation: In 1986, an urgent call for restructuring the economic was made as the Nigeria economy was witnessing persistent inflationary trend and general recession in the Cross Domestic product according to Nwankwo 1999; cited in Oyedotun, and Adesina, (2022). The inflation made the bank based scheme to be administered by the central bank as its possess the power to manage the country's foreign exchange resource in keeping with the needs of the country's economy. In fact in the insurance business, there was a great deal of buying and selling and this was affected by the inflationary trends that hamper the exchange of money both locally and internationally to pay insurance and re-insurance premium and investment.

Theoretical Review

Financial Liberalization Theory

This theory was propounded by Patrick (1966). Arestis and Demetriades (1997) also added that the connection between financial development and economic growth had received considerable attention all through the modern history of economics. Financial liberalization theory has its source in the work of Shaw (1973) and McKinnon (1973), which shows that economic liberalization can exert a positive effect on growth rate as interest rates level rise towards market equilibrium when resources are efficiently distributed. Patrick (1966) initiated this in a seminal work on the association between economic growth and financial development. He hypothesized two likely connections, the "demand-following" method, which states that financial development increases as the economy improves; and a "supply-leading" phenomenon, in which the general growth of financial institutions leads to an economic increase (Lee et al., 2016).

Modern Theory of Financial Intermediation

This theory was developed by Merton (1995). Merton (1995) 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 (1995), 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 (Ching et al., 2020; and Beck & Webb, 2023). Haiss and Sumegi (2020) analyze the diverse channels of influence on the insurance sector and economic growth: substitute savings, institutional degrees of influence, risk transfer and investment to the economy. Also, it reveals that not giving attention to the insurance sector might likely have an adverse impression on the economy (Verma & Bala, 2023; and Njegomir & Stojic, 2019).

Empirical Review

Ul Din, Abubakar and Regupathi (2024) examined the link between insurance business and economic growth in 20 countries for the period 2006 to 2015. In their study model economic growth was represented by GDP, while insurance activity was represented by net insurance written premium, insurance penetration and insurance density as dependent variables. The Hausman test statistics they employed for data analysis confirmed that insurance activities had positive significant effect on economic growth. However, non-life insurance business was more predominant than life insurance practice.

Ouedraogo, Guerineau and Sawadogo (2023) investigated the association between the development of the life insurance sector and economic growth in 86 developing countries using data spanning 1996 to 2011 obtained from World Development Indicators compiled by the World Bank. They adopted total life insurance premium as the explanatory variable and GDP (proxy for economic growth) as the response variable. The study employed descriptive statistics, generalized moments method (GMM) for the analysis of data. The results indicated that insurance sector development had positive effect on economic growth, but it varies from country to country according to the structural characteristics of different countries.

Richterikova and Korab (2023) conducted a meta-analysis of empirical literature on the impact of insurance activity on economic growth. The study adopted insurance premium, insurance penetration and insurance density to represent insurance sector activity, which they regressed against GDP (proxy for economic growth). The statistical tools used for the analysis of data include fixed-effect model and random effect model. The results confirmed that insurance activities had positive effect on economic growth.

Ching, Kogid and Mulok (2020) examined the causality link between general insurance sector and economic growth in Malaysia using time series secondary data from 1997 to 2008. Real gross domestic product (proxy for economic growth and response variable) was regressed against general insurance investment (the predictive variable). They employed ADF and Philip-Peron unit root test, Autoregressive Distributed Lag (ARDL), Granger causality test and Error Correction Model (ECM) as the statistical tools to analyze their study data. The results showed that total assets of the general insurance sector positively affected economic growth in Malaysia.

METHODOLOGY

Ex-post facto research design which is in line with time series studies was adopted. This is because secondary sources of data were utilized for the study. Time series secondary data for the study variables covering the period 1999 to 2024, were collected from various annual reports from the Central Bank of Nigeria (CBN) Statistical Bulletins and Nigerian Insurance Digest.

Regression statistics was employed for data analysis. In statistical modeling, regression analysis is a set of statistical processes for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables (or 'predictors'). More specifically, regression analysis helps one understand how the typical value of the dependent variable (or 'criterion variable') changes when any one of the independent variables is varied, while the other independent variables are held fixed.

The functional relationship between the response variable and the predictive variables were expressed in the following model which is an adaptation of a model that has been widely used in previous studies such as (Eze et al, 2013; and Igbodika et al, 2016).

$$GDP = f (INV, PRE, CLA)$$

The above functional relationship is translated into an econometric equation as follows:

$$GDP = \beta_0 + \beta_1 INV + \beta_2 PRE + \beta_3 CLA + \mu \text{ Equation 1}$$

Where:

- GDP = Gross Domestic Product
- INV = Total insurance investment (predictive variable 1)
- PRE = Total insurance premium (predictive variable 2)
- CLA = Total insurance claims (predictive variable 3)
- β_0 = Intercept or constant
- $\beta_1, \beta_2, \text{ \& } \beta_3$ = Coefficients of the explanatory variables or factor sensitivities

A priori expectations: $\beta_0, \beta_1, \beta_2, \text{ \& } \beta_3 \neq 0$

μ = the error term

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

Data Presentation

Table 4.1: Showing Gross Domestic Product, Total insurance investment, Total insurance premium and Total insurance claims.

Year	GDP	INV %	PRE %	CLA %
1999	3,779.13	102.63	420.00	44.95
2000	4,111.64	96.20	417.57	44.95
2001	4,588.99	93.21	458.26	44.95
2002	5,307.36	361.19	1,885.66	187.63
2003	6,897.48	379.04	2,320.27	223.83
2004	8,134.14	313.50	2,475.51	228.95
2005	11,332.25	375.70	3,220.82	182.96
2006	13,301.56	413.88	3,737.28	196.16
2007	17,321.30	384.25	4,196.84	196.16
2008	22,269.98	330.65	2,028.58	189.77
2009	28,662.47	332.22	1,254	8.0378
2010	32,995.38	374.30	27.7	9.9095
2011	39,157.88	464.56	20.8	17.2984
2012	44,285.56	524.20	31.2	22.0511
2013	54,612.26	635.45	36.09	21.8861
2014	62,980.40	723.12	21	21.8861
2015	71,713.94	828.72	20.79	21.8861
2016	80,092.56	986.84	20.86	21.8861
2017	89,043.62	1,142.29	23.32	21.886
2018	94,144.96	1,489.41	21.31	92.3428
2019	101,489.49	2,436.41	27.19	100.8016
2020	113,711.63	31,338.81	21.55	111.701

2021	19305.63	130.6016	21.34	126.2577
2022	19199.06	128.2796	30.19	134.0378
2023	363.85	3.005	1.003	258.9
2024	372.8	3.857	1.362	297.9

Source: CBN Statistical Bulletin (2024)

The table above shows the data on Gross Domestic Product, Total insurance investment, Total insurance premium and Total insurance claims in Nigeria from 1999 to 2024. Where:

- GDP = Gross Domestic Product
- INV = Total insurance investment (predictive variable 1)
- PRE = Total insurance premium (predictive variable 2)
- CLA = Total insurance claims (predictive variable 3)

The purpose of this study is to examine the relationship between insurance industry, as represented by Total insurance investment, Total insurance premium, Total insurance claims and Nigeria economic growth, as represented by GDP.

Data Analysis

Table 2: Descriptive Statistics

	GDP	INV__	PRE__	CLA__
Mean	36506.74	1707.397	874.6344	108.8069
Median	20787.81	377.3700	30.69500	96.57220
Maximum	113711.6	31338.81	4196.840	297.9000
Minimum	363.8500	3.005000	1.003000	8.037800
Std. Dev.	35394.79	6066.687	1317.408	90.90789
Skewness	0.826271	4.742379	1.306258	0.472477
Kurtosis	2.329154	23.67802	3.329807	1.863276
Jarque-Bera	3.446003	560.6696	7.511851	2.367170
Probability	0.018529	0.000000	0.023379	0.306179
Observations	26	26	26	26

Source: E-views 9.0 output, 2024

Table 4.2 contains the description of the variables using normality test which comprises of Skewness, Kurtosis and Jarque – Bera Statistics. The table shows that the gross domestic product, total insurance investment, total insurance premium, total insurance claims and Nigeria economic growth are positively skewed relatively not normally distributed.

Unit Root Test

Table 4.3: Unit Root Test

Variables	ADF	cv@5%	Probability	Inference
GDP	-4.90	-2.99	0.0007	I(1)
INV	-4.73	-2.98	0.0009	1(0)
PER	-3.73	-3.62	0.0403	1(0)
CLA	-4.09	-2.99	0.0044	I(1)

Source: extracted from E- View 10 package

The a priori expectation when using the ADF test is that a variable is stationary when the value of the ADF test statistic is more negative than the critical value at 5%. Table 4.3 shows that the gross domestic product, total insurance investment, total insurance premium, total insurance claims and Nigeria economic growth are stationary at zero and first difference. Based on this evidence, Autoregressive Distributed Lag Model (ARDL) emerged as the best tool to test hypotheses.

Test of Statement of Hypotheses

The hypotheses stated earlier in this research were tested using Ordinary least Square method econometric technique, in arriving at a decision, the following steps were taken;

- i) The hypotheses were restated in null and alternate forms
- ii) Statement of decision rule
- iii) The test results were presented and analyzed and
- iv) The decision involving the rejection or acceptance of the null hypothesis based on the decision criterion of the techniques of analysis were made.

Dependent Variable: GDP

Method: ARDL

Date: 10/24/25 Time: 10:42

Sample (adjusted): 2003 2024

Included observations: 22 after adjustments

Maximum dependent lags: 4 (Automatic selection)

Model selection method: Akaike info criterion (AIC)

Dynamic regressors (4 lags, automatic): INV__ CLA__ PRE__

Fixed regressors: C

Number of models evaluated: 500

Selected Model: ARDL(4, 4, 3, 3) Table 4.4

Variable	Coefficien			
	t	Std. Error	t-Statistic	Prob.*
GDP(-1)	0.503051	0.197750	2.543880	0.0637
GDP(-2)	0.365841	0.266914	1.370634	0.2424
GDP(-3)	-0.018885	0.269419	-0.070095	0.9475
GDP(-4)	0.338682	0.226813	1.493218	0.2097
INV__	0.318713	0.048113	6.624260	0.0027
INV__(-1)	-3.263481	0.088961	-36.68459	0.0000
INV__(-2)	-2.022321	0.651790	-3.102721	0.0361
INV__(-3)	-1.389386	0.801566	-1.733339	0.1581
INV__(-4)	-1.317278	0.685112	-1.922720	0.1269
CLA__	-68.82758	10.72713	-6.416218	0.0030
CLA__(-1)	2.940266	11.35229	0.259002	0.8084
CLA__(-2)	2.067428	6.408676	0.322598	0.7632

CLA__(-3)	23.60039	9.420362	2.505253	0.0664
PRE__	-1.539476	0.601212	-2.560620	0.0626
PRE__(-1)	4.746019	0.853319	5.561834	0.0051
PRE__(-2)	-0.993691	0.836360	-1.188114	0.3005
PRE__(-3)	-3.010258	0.641058	-4.695767	0.0093
C	13324.27	2081.508	6.401255	0.0031
<hr/>				
R-squared	0.999916	Mean dependent var	42335.83	
Adjusted R-squared	0.999558	S.D. dependent var	35496.19	
S.E. of regression	746.0316	Akaike info criterion	15.99903	
Sum squared resid	2226252.	Schwarz criterion	16.89170	
Log likelihood	-157.9893	Hannan-Quinn criter.	16.20931	
F-statistic	2796.295	Durbin-Watson stat	2.210185	
Prob(F-statistic)	0.000000			

*Note: p-values and any subsequent tests do not account for model selection.

Test of Hypothesis One

H₀₁: Total insurance investment (INV) has no significant influence on gross domestic product (proxy for economic development).

Total insurance investment (INV) has significant influence on gross domestic product (proxy for economic development). The results in Table 4.4 show that the coefficient of INV is 0.318713 with a prob. of 0.0027. This means that the null hypothesis is rejected as the results show that INV has a significant positive influence on GDP at 5% level. A unit increase in INV will result in 32 units increase in GDP. The economic implication being that total insurance investment contributes significantly to the growth of the Nigerian economy. This finding agrees with the results of (Usman, 2020).

Test of Hypothesis Two

H₀₂: Total insurance premium (PRE) has no significant effect on gross domestic product (proxy for economic development).

Total insurance premium (PRE) has no significant effect on gross domestic product (proxy for economic development). The coefficient of PRE in Table 4.4 is -1.539476 at 5% significant level (with a prob. of 0.0626). The null hypothesis therefore was rejected as PRE has a non-significant negative effect on GDP. A unit increase in PRE would bring about 54 units increase in GDP, implying that through insurance premium payment insurance companies would have available more funds to invest in the economy. This result is supported by the findings of (Usman, 2020).

H₀₃: Total insurance claims (CLA) have no significant effect on gross domestic product (proxy for economic development).

Total insurance claims (CLA) have significant effect on gross domestic product (proxy for economic development). The coefficient of CLA in Table 4.4 is 0 at 19% significant level with coefficient value of -68.82758 (with a prob. of 0.0030). This means that an acceptance of the null hypothesis; CLA has a negative

significant effect on GDP. Here, it was found that a unit increase in CLA would bring about 0.12 units increase in GDP only at 81% level of confidence. This shows that total insurance claims have positive effect on economic growth, but this is not significant at 5% level. This findings contradicted the results of (Usman, 2020).

Summary of Findings

- i. Total insurance investment had a significant positive influence on GDP at 5% level.
- ii. Total insurance premium had a non -significant negative effect on GDP at 5% level.
- iii. Total insurance claims had a significant negative effect on GDP at 5% level.

Conclusion

This study concluded that INV has a significant positive influence on GDP at 5% level, PRE has a non- significant negative effect on GDP and CLA has a negative significant effect on GDP. The empirical results showed that total insurance investment, total insurance premium and total insurance claims had positive effect on gross domestic product, proxy for economic growth (total insurance investment and total insurance premium were significant at 5% level, while total insurance claims were insignificant at 19%). This study therefore established that insurance sector development contributes meaningfully to economic growth in Nigeria. In summary this study was able to establish that insurance sector development has made significant contributions to economic growth in Nigeria. It is left for government to make insurance protection mandatory for individuals and businesses to ensure safety of investment and sustain the level of growth in the economy. Government may also consider setting up requirements for insurers to comply with in order to guarantee the efficient and transparent management of funds and diversification of investment portfolio in the industry.

Recommendations

Based on the findings, this study recommends that:

1. Insurance policies should be made mandatory for individuals and business organizations to encourage and protect investors as well as ensure sustained economic growth. Also, regulatory authorities should put in place policies to ensure transparent and efficient management of funds by insurers; while the latter should diversify their portfolio of investment to boost returns and ability in claims payment.
2. There should be a cheap means of handling risks to the insured in view of the fact that the principle of large number is brought to bear in the practice and operations of insurance.
3. There is need for a review of the relevant insurance statutes and regulations. These laws came into force at a time when the sector was heavily regulated. These laws should be reviewed to make them suitable for a deregulated insurance sector.
4. The federal government should also use regulations to obligate insurance companies to always keep their own part of every agreement reached with their clients during periods of loss, accident, etc; and as such encourage more Nigerians to start trusting and patronizing insurance companies.

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