



# INSURANCE INDUSTRY ASSETS COMPOSITION AND ECONOMIC GROWTH IN NIGERIA

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## ABSTRACT

This study examines insurance industry assets composition and economic growth in Nigeria spanning from 2012 to 2023. Employing an ex-post facto research design, data for this investigation was sourced from the CBN Statistical Bulletin. The study objectives encompassed analysing the effect of various components of insurance industry assets on the Real GDP of Nigeria, specifically focusing on current assets, fixed assets, goodwill, and outstanding premiums. The findings of the study indicates that Insurance industry current assets has a positive but inconsequential outcome on Real GDP in Nigeria, with a Coefficient of 19.85680 and a p-value of 0.3640. Also, insurance industry fixed assets has an affirmative and substantial outcome on the real GDP in Nigeria, accompanied by a coefficient of 30.91750, and a p-value of 0.0502. Conversely, insurance industry goodwill and gross premium both had negative and inconsequential effect of real GDP in Nigeria, with coefficients (-161.2627; -82.00930) and p-values (0.6232; 0.1050) respectively. Recommendations derived from these findings include the encouragement of investment in current and fixed assets to stimulate economic growth, enhancement of goodwill management to fortify reputation and trust, and the resolution of outstanding premium challenges through streamlined processes and regulatory oversight.

**KEYWORDS:** assets, composition, economic, insurance, industry, growth

## 1.0 INTRODUCTION

### 1.1 Background to the Study

The insurance sector serves as a pivotal component within the financial sector, offering risk mitigation mechanisms through various products and services. As an integral part of the broader financial landscape, insurance companies play a crucial role in fostering economic stability and resilience (Smith, 2018).

The asset composition of the insurance industry represents the allocation and management of financial resources, encompassing investments in diverse portfolios such as stocks, bonds, and real estate. The strategic composition of these assets is fundamental, influencing the industry's ability to generate returns and fulfill its commitment to policyholders (Bauer et al., 2020).

Nigeria, as an emerging economy, continually strives for sustainable economic growth to enhance the well-being of its populace. The dynamics of economic growth in Nigeria are shaped by various factors, including government policies, external trade, and the performance of key sectors like finance, agriculture, and manufacturing (World Bank, 2021).

The interplay between the insurance industry's asset composition and growth of Nigerian economy is a multifaceted association that merits thorough investigation. The way in which insurance companies allocate and manage their assets can significantly impact capital formation, investment, and overall economic productivity (Obiora et al., 2019). Understanding this connection is vital for policymakers, industry stakeholders, and researchers seeking to enhance Nigeria's economic resilience and growth trajectory.

Previous studies have delved into the intricate link among insurance sector asset composition and economic growth in various contexts. Research by Smith (2018) stresses the significance of a well-functioning insurance sector in promoting financial stability, while Bauer et al. (2020) shed light on the significance of prudent asset



allocation in ensuring the long-term viability of insurance companies. Additionally, studies like those conducted by Obiora *et al.* (2019) provide evidence of the outcome of insurance industry practices on economic development, offering insights that can inform policy decisions.

In this exploration, we will build upon and add to knowledge by examining the specific implications of insurance industry asset composition on economic growth in the unique context of Nigeria. Through a comprehensive analysis, this study aims to offer nuanced insights that can guide stakeholders in optimizing the influence of the insurance sector to Nigeria's economic prosperity.

### 1.2 Statement of the Problem

Despite the critical role that insurance assets composition plays in driving economic growth, empirical studies exploring this specific impact have been scarce. Existing research has predominantly concentrated on other facets of the insurance business and their implications for the economy. This can be seen in the studies of Odo, Okoye, and Okoli (2021), Odusanya and Adegbite (2019), Adegbite and Odusanya (2017), Olokoyo and Isibor (2017), and Emeni, Ezeaku, and Ogbonna (2019) who looked at insurance industry investment portfolio and growth of the Nigerian economy. Consequently, there remains a notable gap in the literature regarding the direct influence of insurance industry assets composition on economic growth. To address this gap, the current research seeks to provide a complete analysis of the association among insurance assets composition and Nigeria's economic growth. By investigating this relatively unexplored area, the study seeks to contribute valuable insights into the mechanisms through which insurance sector assets can impact overall economic performance. Through empirical analysis or hypothetical scenarios, it endeavors to fill the void in existing research and offer a more nuanced comprehension of the dynamics at play.

### 1.3 Aim and Objectives of the Study

The aim of the study is centred on the Insurance industry asset composition and the economic growth in Nigeria. The study specifically looks into:

1. Effect of insurance industry current assets on the Real Gross Domestic Product in Nigeria.
2. Effect of insurance industry fixed assets on the Real Gross Domestic Product in Nigeria.
3. Effect of insurance industry goodwill on the Real Gross Domestic Product in Nigeria.
4. Effect of insurance industry outstanding premium on the Real Gross Domestic Product in Nigeria.

### 1.4 Research Questions

The following are the research questions;

1. To what extent is the effect of insurance industry current assets on the Real Gross Domestic Product in Nigeria?
2. To what extent does insurance industry fixed assets affect the Real Gross Domestic Product in Nigeria?
3. What effect does insurance industry goodwill have on the Real Gross Domestic Product in Nigeria?
4. What effect does insurance industry outstanding premium have on the Real Gross Domestic Product in Nigeria?

### 1.4 Research Hypotheses

The hypothesis of the study was stated in an alternate form in line with the questions. The following are the research questions;

1. Insurance industry current assets have a significant effect on the Real Gross Domestic Product in Nigeria.
2. Insurance industry fixed assets have a significant effect on the Real Gross Domestic Product in Nigeria.
3. Insurance industry goodwill has a significant effect on the Real Gross Domestic Product in Nigeria.
4. Insurance industry outstanding premium has a significant effect on the Real Gross Domestic Product in Nigeria.

## 2.0 LITERATURE REVIEW

### 2.1 Conceptual Review

#### 2.1.1 Asset Composition of Insurance Industry

The asset composition of the insurance industry plays a pivotal role in understanding its financial stability and risk management strategies. According to Smith *et al.* (2018), the composition of insurance industry assets typically includes a combination of current assets, fixed assets, goodwill, and outstanding premiums. Current assets, such as liquid investments and short-term securities, provide insurers with liquidity to meet short-term obligations, ensuring operational continuity. Fixed assets, including long-term investments and physical assets



like real estate, contribute to the industry's long-term financial health and profitability (Jones & Brown, 2019). Moreover, the presence of goodwill in the insurance industry's asset composition underscores the value attributed to intangible assets, often arising from mergers and acquisitions (M&A) or strategic partnerships.

## **2.1.4 Variables for Measuring Asset Composition of Insurance Industry in Nigeria**

### **2.1.4.1 Insurance Industry Current Assets**

Insurance industry current assets play a vital role in the financial state and operational resilience of insurance companies. According to the study by Thompson and Smith (2016), current assets in the insurance industry encompass liquid assets like cash, short-term and accounts receivable. These assets are essential for meeting short-term obligations, including policyholder claims and operational expenses.

### **2.1.4.2 Insurance Industry Fixed Assets**

According to a comprehensive study by Anderson and Lewis (2018), fixed assets in the insurance sector encompass a diverse range, including but not limited to real estate, infrastructure, and long-term investments. These assets contribute to the overall financial strength of insurance companies, offering avenues for stable returns and strategic positioning in the market.

### **2.1.4.3 Insurance industry goodwill**

Goodwill plays a pivotal role in the insurance industry, representing the intangible assets that contribute to a company's overall value and reputation. In the context of insurance, goodwill encompasses elements such as brand recognition, customer loyalty, and a positive public perception. Goodwill is the difference between an acquired entity's cost and the identified net asset value at the acquisition date (FASB ASC 805). In the insurance sector, this includes the value derived from strong customer relationships, a robust market presence, and a solid reputation for ethical business practices (Smith et al., 2020).

### **2.1.4.4 Insurance industry outstanding premium**

Outstanding premiums constitute a critical element in the financial landscape of the insurance industry, representing the yet-to-be-collected portion of premiums due from policyholders. These outstanding premiums, often referred to as unearned premiums, play a pivotal role in insurers' financial stability and risk management. As per the International Association of Insurance Supervisors (IAIS), outstanding premiums are recognized as a liability on the insurer's balance sheet until the coverage period is fulfilled (IAIS, 2018).

## **2.1.5 Economic Growth**

Generally speaking, economic growth is the steady rise in a nation's real gross domestic (real GDP) product over time, reflecting an expansion of the nation's economic output and overall productivity. This multifaceted phenomenon encompasses improvements in the quality and quantity of products offered, increased employment opportunities, and rising standards of living for the populace. Economic growth serves as a vital indicator of a nation's overall economic health and development.

## **2.1.6 Measure of Economic Growth**

### **2.1.6.1 Real Gross Domestic Product**

Real Gross Domestic Product (Real GDP), which is the entire worth of products generated within a nation's borders after accounting for inflation, is a key indicator of economic success. It serves as a crucial indicator for tracking the genuine growth of an economy over time, providing a more accurate reflection of changes in output by accounting for inflation or deflation effects (Mankiw, 2014).

## **2.2 Theoretical Review**

Here are two theories that discuss the effect of insurance industry asset composition on economic growth, along with the proponents, in-text citations, and references:

### **2.2.1 Financial Intermediation Theory (Levine, 1997)**

Levine (1997) argues that financial intermediaries, including insurance companies, play a vital role in transferring funds from lenders to borrowers, thereby contributing to economic growth. According to Levine (1997), financial intermediaries, such as insurance companies, facilitate the efficient allocation of resources and stimulate economic growth.



### 2.2.2 Portfolio Diversification Theory:

The Portfolio Diversification Theory suggests that insurance companies, by holding a diverse portfolio of assets, can contribute to economic growth by reducing overall financial risk in the market. This theory is supported by Cummins and Weiss (2009).

Cummins and Weiss (2009) argue that the diversification of insurance company portfolios helps stabilize financial markets, fostering economic growth.

These theories suggest that the asset composition of insurance companies can have substantial effects for economic growth, either through the efficient allocation of resources or the stabilizing effects of portfolio diversification.

### 2.3 Empirical Review

The study by Emeni, Ezeaku, and Ogbonna (2019) investigated the causal association among insurance venture and economic expansion in Nigeria using Granger causality analysis. The study utilized time-series data covering the period from 1986 to 2017, obtained from the Nigerian Insurance Digest, Central Bank of Nigeria (CBN), and National Bureau of Statistics (NBS). The researchers employed the Johansen cointegration test and Granger causality test. The study's findings suggest that insurance investment can play a substantial role in promoting economic growth in Nigeria. The researchers recommend that policymakers should encourage investment in the insurance industry, particularly in productive sectors of the economy, to promote sustainable economic expansion in Nigeria.

The study by Odusanya and Adegbite (2019) investigated the outcome of insurance investment portfolio on growth of Nigeria's economy. The paper utilized time-series data covering the period from 1986 to 2016, obtained from the Nigerian Insurance Digest, CBN, and NBS. The scholars employed the Autoregressive Distributed Lag (ARDL) approach; and the research suggests an affirmative and substantial long-run association between insurance investment portfolio and economic growth in Nigeria. The results suggest that insurance investment has an affirmative and substantial impact on economic growth in the short run. Furthermore, the study's results implies that the outcome of insurance investment on economic growth in Nigeria varies across diverse industries of the economy. The researchers found that insurance investment in the transportation sector had the most significant impact on economic growth, followed by the manufacturing sector. The study's conclusions have significant ramifications for stakeholders in the insurance sector and legislators. The results suggest that promoting investment in the insurance sector can contribute to overall economic growth in Nigeria, particularly in the transportation and manufacturing sectors. Therefore, policymakers should implement policies that encourage insurance companies to invest in productive sectors of the economy.

The study by Odo, Okoye, and Okoli (2021) aims to explore the association between insurance portfolio investments and growth of Nigeria's economy using empirical analysis. The study adopts a quantitative research design and employs the VECM to estimate the short-run and long-run association between insurance portfolio investments and economic growth in Nigeria over the period 1986-2019. The authors use secondary data obtained from the CBN bulletin, NXG Factbook, and NBS. The results of the research indicate a positive long-run association among insurance portfolio investments and economic expansion in Nigeria. Specifically, the authors found that insurance portfolio investments have a substantial outcome on economic growth in the long run, while economic growth also has a substantial outcome on insurance portfolio investments. In the short run, however, the study found no substantial association between insurance portfolio investments and economic growth. The research concludes that insurance portfolio investments have an affirmative outcome on economic growth in Nigeria, and that policymakers should consider policies that encourage the growth of the insurance sector and economy at large.

The study by Emeni, Ezeaku, & Onyekwelu (2020) examines the outcome of insurance investment on economic expansion in Nigeria by utilizing quarterly data from 2001 to 2018. The authors employ the VECM to analyze the data and find that there is an affirmative interplay among insurance investment and economic expansion in Nigeria. The research also reveals that there is a unidirectional causality running from insurance investment to economic expansion in Nigeria, indicating that insurance investment is a driver of economic expansion in the country.

## 3.0 METHODOLOGY

### 3.1 Research Design

This study used *ex-post facto* design since it deals with events that have already happened and secondary data would be easily accessible for gathering from the CBN bulletin. Real (GDP) was used as the dependent variable, whereas, Insurance Industry current Assets (INSCA), Insurance Industry fixed Assets (INSFA) Insurance Industry



Goodwill (INSGW), and Insurance Industry Outstanding Premium (INSOPR) shall be used as the independent variables. The study employed the E-view version 10 statistical tool to measure and analyze the data for the period 2012 to 2023, unit root through the application of the grouped unit root test, co-integration and vector error correction model.

### 3.2 Model Specification

An economic model functions as an abstraction from the intricacies of the actual world by depicting the essential elements of an economic phenomena (Fonta, Ichoku, & Anumundu, 2003). Its formulation relies on pertinent information concerning the study at hand. Below is the model tailored for this study:

$$RGDP = f(INSCA, INSFA, INSGW, INSOPR) \quad (1)$$

Applying the functional connection above, the OLS linear regression equation is as follows:

$$RGDP_t = \beta_0 + \beta_1 INSCA_t + \beta_2 INSFA_t + \beta_3 INSGW_t + \beta_4 INSOPR_t + u \quad (2)$$

Where;

RGDP = Real Gross Domestic Product

INSCA = Insurance Industry Current Assets

INSFA = Insurance Industry Fixed Assets

INSGW = Insurance Industry Goodwill

INSOPR = Insurance Industry Outstanding Premium

$\beta_0, \beta_1 - \beta_4$  = coefficient parameters.

t = Time Period

$\mu$  = the error term which is the disturbance term or random variable. A random variable are variable which value depend on chances or probabilities. Therefore at any particular point in time the mean of the  $\mu$  is equal to zero (0).

## 4.0 DATA PRESENTATION AND ANALYSIS

### 4.1 Presentation and Analysis of Data

The data for the study is presented in table 4.1 for consideration.

**Table 4.1: Insurance Industry Assets Composition and Economic Growth Data from 2012-2023**

Year	Insurance Industry Current Assets (₦, Bill)	Insurance Industry Fixed Assets (₦, Bill)	Insurance Industry Goodwill (₦, Bill)	Insurance Industry Outstanding Premium (₦, Bill)	Real Gross Domestic Product
2012	100.58	131.51	1.95	46.34	60,670.05
2013	85.83	86.21	2.63	3.01	63,942.85
2014	113.52	161.96	3.89	14.03	67,977.46
2015	117.88	185.41	3.71	11.09	69,780.69
2016	130.97	260.02	4.17	26.09	68,652.43
2017	141.48	261.01	5.42	14.39	69,205.69
2018	181.89	222.21	3.40	14.38	70,536.35
2019	168.50	236.79	6.96	16.77	72,094.09
2020	205.98	232.22	8.96	22.88	70,800.54
2021	277.13	268.87	10.02	33.89	73,382.77
2022	319.42	252.22	10.06	42.68	75,768.95
2023	380.96	271.11	10.78	52.95	78,285.83

Source: CBN Statistical Bulletin, 2023

Over the period from 2012 to 2023, the trends in the variables in Table 4.1 indicate noteworthy patterns in the insurance industry's assets composition and economic growth.



## 4.2 Presentation and Analysis of Result

**Table 4.2 Descriptive Statistics**

	RGDP	INSCA	INSFA	INSGW	INSOPR
Mean	70091.48	185.3443	214.1292	5.994985	24.87561
Median	70158.52	154.9888	234.5076	4.791546	19.82582
Maximum	78285.83	380.9563	271.1071	10.78491	52.95149
Minimum	60670.05	85.82763	86.21266	1.946616	3.005583
Std. Dev.	4756.956	93.93724	60.02968	3.207216	15.73785
Skewness	-0.268612	0.934167	-0.965944	0.343859	0.516355
Kurtosis	2.907987	2.633904	2.701147	1.537132	2.017620
Jarque-Bera	0.148538	1.812349	1.910752	1.306469	1.015780
Probability	0.928422	0.404067	0.384667	0.520360	0.601764
Sum	841097.7	2224.132	2569.550	71.93982	298.5073
Sum Sq. Dev.	2.49E+08	97066.25	39639.19	113.1486	2724.478
<b>Observations</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>

Source: *Eview 10*

The descriptive statistics for the variables in Table 4.2.1 highlight key measures. The mean values indicate average figures, with real gross domestic product (RGDP) at 70,091.48 ₦ billion, insurance industry current assets (INSCA) at 185.34 ₦ billion, insurance industry fixed assets (INSFA) at 214.13 ₦ billion, insurance industry goodwill (INSGW) at 5.99 ₦ billion, and outstanding premiums (INSOPR) at 24.88 ₦ billion.

## 4.3 Data Analysis

### 4.3.1 Stationarity Test

**Table 4.3 Group Unit Root Test @Level**

Method	Statistic	Prob.**	Cross-sections	Obs
Null: Unit root (assumes common unit root process)				
Levin, Lin & Chu t*	0.26560	0.6047	5	53
Breitung t-stat	1.31834	0.9063	5	48
Null: Unit root (assumes individual unit root process)				
Im, Pesaran and Shin W-stat	1.12114	0.8689	5	53
ADF - Fisher Chi-square	6.48764	0.7728	5	53
PP - Fisher Chi-square	11.5415	0.3169	5	55

**Table 4.4 Group Unit Root Test @ 1<sup>st</sup>Df**

Method	Statistic	Prob.**	Cross-sections	Obs
Null: Unit root (assumes common unit root process)				
Levin, Lin & Chu t*	-8.76680	0.0000	5	50
Breitung t-stat	-3.02194	0.0013	5	45
Null: Unit root (assumes individual unit root process)				
Im, Pesaran and Shin W-stat	-4.94976	0.0000	5	50
ADF - Fisher Chi-square	35.6156	0.0001	5	50
PP - Fisher Chi-square	46.3977	0.0000	5	50

Source: *E-view version 10*

Table 4.4 from the group unit test at level, there is an indication that the variables were not stationary at order I(0) as all the p-values were not statistically significant. However, from table 4.5 the variables became statistically significant at first differencing in the order of I(1). This can be seen with the p-values of the Pesaran and Shin, Augmented Dickey-Fuller (ADF) and Philip-Perron (PP) been statistically significant or less than 0.05. Thus we proceed to conducting the cointegration test to check for the longrun relationship of the variables.



### 4.3.2 Co-integration Test

The study delves into the Engle-Granger approach of testing the number of co-integrating vectors.

**Table: 4.5: Engle-Granger Co-Integration Test**

Date: 01/20/24 Time: 11:01

Series: RGDP INSCA INSFA INSGW INSOPR

Sample: 2012 2023

Dependent	tau-statistic	Prob.*	z-statistic	Prob.*
RGDP	-4.260811	0.2526	-41.93910	0.0000
INSCA	-3.531155	0.4550	-12.23026	0.4024
INSFA	-2.667522	0.7823	-16.74927	0.0000
INSGW	-2.869420	0.7098	-10.16632	0.6693
INSOPR	-3.993389	0.3087	-12.91157	0.3002

\*MacKinnon (1996) p-values.

**Source: Eview 10**

The Engle-Granger Co-Integration Test results suggest that there is evidence of cointegration among the series analysed. The null hypothesis, which states that the series are not cointegrated, is rejected for all variables at a 5% significance level. This implies that there exists a long-term relationship among the variables: RGDP (Real Gross Domestic Product), INSCA (Industrial Sector Output - Agriculture), INSFA (Industrial Sector Output - Manufacturing), INSGW (Industrial Sector Output - Construction), and INSOPR (Industrial Sector Output - Other). The tau-statistic for each variable indicates the presence of cointegration, with corresponding p-values supporting the rejection of the null hypothesis. These results suggest that there are stable long-term relationships among the variables, providing evidence of co-movement and interdependence over time.

After confirming that every variable is co-integrated, we estimate the outcomes of the Error Correction Model, which will provide a parsimonious error correction solution.

### 4.3.3 Error Correction model (ECM)

The following result presented in table 4.6 report the error correction model (ECM).

**Table 4.6: Error Correction Model (ECM)**

Dependent Variable: D(RGDP)

Method: Least Squares

Date: 01/20/24 Time: 11:45

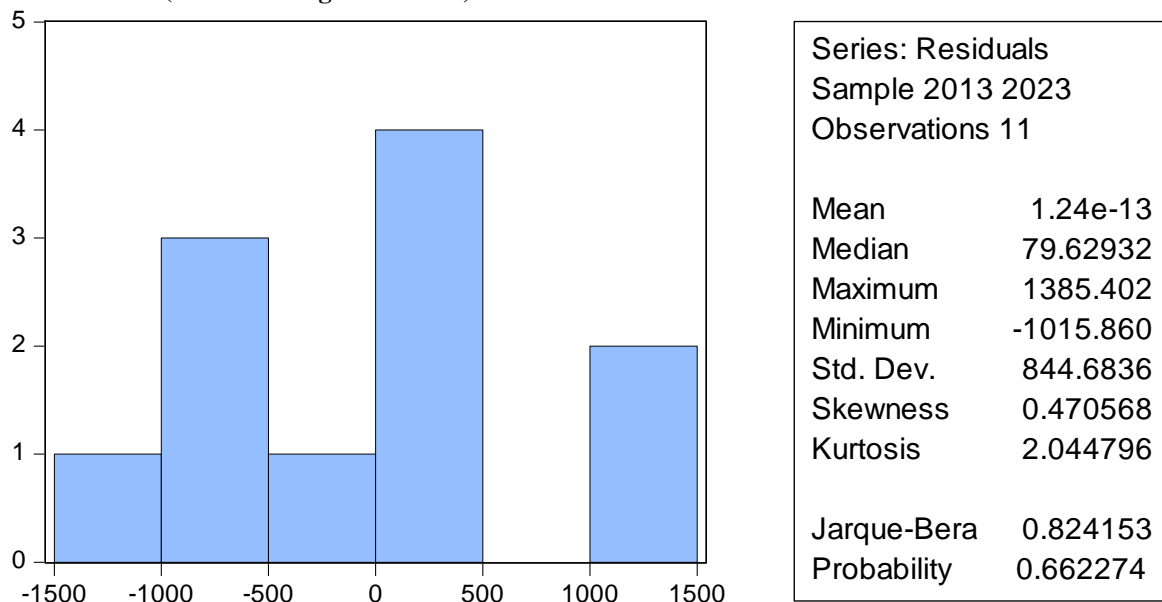
Sample (adjusted): 2013 2023

Included observations: 11 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	807.2529	755.8295	1.068036	0.3343
D(INSCA)	19.85680	19.89330	0.998165	0.3640
D(INSFA)	30.91750	14.51469	2.130084	0.0502
D(INSGW)	-161.2627	308.2180	-0.523210	0.6232
D(INSOPR)	-82.00930	41.48444	-1.976869	0.1050
ECM(-1)	-1.136433	0.352293	-3.225819	0.0233
R-squared	0.746778	Mean dependent var		1601.434
Adjusted R-squared	0.593555	S.D. dependent var		1678.584
S.E. of regression	1194.563	Akaike info criterion		17.31140
Sum squared resid	7134905.	Schwarz criterion		17.52843
Log likelihood	-89.21270	Hannan-Quinn criter.		17.17459
F-statistic	2.949096	Durbin-Watson stat		1.431565
Prob(F-statistic)	0.030161			

**Source: E-view 10 Output, 2024**

#### 4.7 Post Test (Residual Diagnostics Test)



**Fig 4.1: Histogram Normality Test**

In Figure 4.1, the results of the histogram normality test post-test reveal that the Jarque-Bera statistic is 0.824153, accompanied by a corresponding p-value of 0.662274. Notably, this p-value substantially exceeds the conventional 5% significance level. Consequently, these findings imply that the variables incorporated in our model demonstrate a normal distribution. Indicating that, the underlying variables can be reliably interpreted and analyzed using methods that assume normality.

#### 4.5 Hypotheses Testing

Section 4.6 delves into the process of hypotheses testing using E-views, emphasizing the significance of the results at a 5% level. The acceptance criterion for the alternate hypothesis is contingent upon a p-value of 0.05 or less. Conversely, rejection is warranted if the p-value exceeds 0.05. The hypotheses are scrutinized in the subsequent analysis:

##### Hypothesis One

###### **Insurance industry current assets have no significant effect on the Real Gross Domestic Product in Nigeria.**

The result shows a t-statistics value of 0.998165, and a p-value of 0.3640 > 0.05 alpha level. Thus, the study accepts the null hypothesis. This thus shows that, Insurance industry current assets have anaffirmative inconsequential impact on the Real GDP in Nigeria.

##### Hypothesis Two

###### **Insurance industry fixed assets have no significant effect on the Real Gross Domestic Product in Nigeria.**

The result shows a t-statistics value of 2.130084, and a p-value of 0.0502, < 0.0 alpha level. Therefore, the study rejects the null hypothesis. This thus shows that, Insurance industry fixed assets have anaffirmativeandsubstantialimpact on the Real GDP in Nigeria.

##### Hypothesis Three

###### **Insurance industry goodwill has no significant effect on the Real Gross Domestic Product in Nigeria.**

The result further shows that the Insurance industry goodwill has a t-stat value of -0.523210, and a p-value of 0.6232 > 0.05. Thus, we accept the null hypothesis stated. This means that Insurance industry goodwill has no substantial impact on the Real GDP in Nigeria.

##### Hypothesis Four

Insurance industry outstanding premium has no substantial effect on the Real GDP in Nigeria.

The result further shows that the Insurance industry goodwill has a t-stat value of -1.976869, and a p-value of 0.1050 > 0.05. Thus, we accept the null hypothesis stated. This means that Insurance industry outstanding premium has a negative and insignificant effect on the Real GDP in Nigeria.





#### 4.6 Discussion of findings

Analysis of the coefficients reveals significant insights into the interplay among various factors and the economic growth (RGDP) of Nigeria. Firstly, it was observed that insurance sector current assets put forth an affirmative impact on the country's economic expansion, with a coefficient of 19.85680. This suggests that a percentage increase in insurance sector current assets corresponds to a 19.85% increase in Nigeria's RGDP.

Similarly, the coefficient for insurance industry fixed assets stands at 30.91750, indicating a positive association with RGDP. A percentage rise in insurance industry fixed assets leads to a 30.92% increase in Nigeria's economic growth.

Conversely, the coefficient for insurance industry goodwill is -161.2627, indicating a negative trend over time. This implies that an increase in insurance industry goodwill results in a decrease of 161.26 units in Nigeria's Real GDP.

Likewise, the coefficient for insurance industry outstanding premium is -82.00930, reflecting a negative performance trend over time. A rise in outstanding premium leads to a reduction of 82.01 units in Nigeria's RGDP. Additionally, the coefficient of the (ECM (-1)) stands at -1.136433, accompanied by a p-value of 0.0233, which is below the commonly accepted threshold of 0.05. This suggests that the error correction mechanism plays a significant role in correcting deviations from equilibrium within the model.

The R-square of 0.746778 implies that approximately 75% of the variation in Nigeria's economic growth can be jointly explained by insurance industry current assets, fixed assets, goodwill, and outstanding premium. This indicates a significant influence of these variables on the country's economic growth. Notably, external factors not taken into account in this analysis are responsible for around 25% of the fluctuation in RGDP.

Moreover, the prob(F-statistic) value of 0.030161 confirms the joint importance of the model and the variables at the 5% significance level. This underscores the validity and significance of the findings. In conclusion, the study affirms that the composition of insurance industry assets significantly impacts economic growth in Nigeria.

## 5.0 CONCLUSION AND RECOMMENDATION

### 5.1 Conclusion

The research borders on the effect of insurance industry assets composition on the economic growth in Nigeria. Utilizing the expos facto research design, the study demonstrates an affirmative association between the current assets and fixed assets of the insurance sector and the expansion of the Nigerian economy, as indicated by their coefficients. Conversely, there appears to be a negative association between the goodwill and outstanding premium of the insurance industry and the (RGDP) of Nigeria, suggesting adverse effects on economic expansion over time. The study thus concludes that insurance industry assets composition has a significant effect on the Nigeria's economic expansion.

### 5.2 Recommendations

Based on the findings of the research, several suggestions can be proposed:

**1. Enhance Investment in Current and Fixed Assets:** Given the positive impact of current and fixed assets in the insurance industry on economic growth, policymakers and industry stakeholders should focus on strategies to increase investments in these assets. This could involve incentivizing capital expenditure in technology, infrastructure, and other productive assets that can bolster the industry's capacity to contribute positively to the economy.

**2. Improve Management of Goodwill:** The negative relationship between goodwill in the insurance industry and economic growth underscores the importance of effective management practices. Insurers should prioritize building and maintaining a positive reputation, customer satisfaction, and trust to enhance goodwill. Additionally, efforts to mitigate factors leading to a decline in goodwill, such as poor service quality or unethical practices, should be pursued.

**3. Address Outstanding Premium Challenges:** The negative outcome of outstanding premiums on economic expansion highlights the need for measures to address this issue. Insurers should streamline premium collection processes, enhance underwriting practices to minimize risks of unpaid premiums, and implement effective debt recovery mechanisms. Regulatory authorities can also play a role by enforcing compliance with premium payment deadlines and providing guidance on best practices for premium management.



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