Journal DOI: 10.36713/epra1013 | SJIF Impact Factor (2025): 8.619 ISSN: 2347-4378
EPRA International Journal of Economics, Business and Management Studies (EBMS)
Volume: 12 | Issue: 3 | March 2025 -Peer-Reviewed Journal

THE INFLUENCE OF INSURANCE CLAIMS ON THE DEVELOPMENT OF SMEs IN NIGERIA

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ABSTRACT
The study investigated how insurance affects the growth of SMEs in Nigeria. It focused on employee liability insurance claims, accident insurance claims, and fire insurance claims. The study used Augmented Dickey-Fuller unit root tests, descriptive statistics, and autoregressive distributed lag (ARDL) modeling with E-View software to analyze a 22-year dataset (2000-2022) from the Central Bank of Nigeria (CBN) and NAICOM statistical journal. The findings showed that whereas accident insurance claims had a favorable impact on SME development (p-value of 0.04535 percent), fire insurance claims had a negative impact (p-value of 0.00005 percent). Additionally, claims made against employee liability insurance claims have a positive effect on SME development of 0.03015% (p-value). The key finding was that insurance has a large and positive impression on the development of Nigeria's small and medium-sized businesses. The study's findings led to the following recommendation: Insurance providers should give SMEs priority, and regulatory bodies must ensure timely claims payment, to allow efficient claim resolution and raise demand for insurance among Nigeria's growing small and medium firms. For SME managers and operators, seminars, workshops, and conferences on insurance claims procedures should be organized locally through partnerships between the insurance sector and SME groups like SMEDAN and MAN.

1.0 INTRODUCTION

Several studies with divergent opinions had shown that enterprises of either small or medium capacities are instrumental to steady growth of any country of the world (Abotsi, Dake, & Agyepong, 2014; Garg & Makukule, 2015; Dougherty-Choux, Terpstra, Kammila, & Kurukulasuriya, 2015). Recent researches (such as Ajemunigbohun & Adeoye, 2018; Chartterjee & Wehrhahn, 2017; Ledwin & Watson, 2019) have further proven that small and medium enterprises are accelerated wheel driving towards attaining the yearning objectives of many developing nations in respect of fund mobilisation, employment generation, economic improvement, labour intensiveness, revenue generation, technology advancement and the likes. Estimations from past studies (such as Ayyagari, Demirguc-Kunt, & Maksimovic, 2011; Chodokufa, 2009; Ruchkina, Melnichuk, Frumina, & Mentel, 2017) adjudged to the fact that not less than 95 percent of enterprises were SMEs which accounted for 60 percent private sector job opportunities. They reiterated the contributory quota of SMEs in terms of businesses and job opportunities within African to stand approximately around 90 percent and 50 percent respectively. However, SMEs is often being perceived as the moving vehicle to tighten the space between the upper class and the downtrodden. Major concerns had ensued from government severally to facilitating SMEs vigorously to catch up with sustainable development goals at all levels. Even at this, a whole lot of SMEs operators in many countries especially developing countries like Nigeria and any others are faced with political, economic and financial risks which invariably created numerous devastating situations meddling around their operational activities. According to Ajemunigbohun and Adeoye (2018), SMEs were suggested to be faced with inoperative risk management template, poor risk management education and poor risk communication plans. Stulz (2008) as cited in Fadun (2013) noted that failure in SMEs risk management frameworks crop up as a consequent upon mismeasurement of identified risks, failure in risk communication, failure in risk monitoring, failure in risk assessment and failure in proper use of risk metrics. Earlier work by the Insurance Information Institute (2005) proposed that most SMEs operators are faced with disaster risk and thus lack disaster recovery strategies, which incapacitate, many at times, their operational and financial tenacities to survive. To corroborate this, Mambula (2002) earlier averred that the incapacity of SMEs' operators to carefully identify and assess various risks they encountered will disrupt their strength to survive. The word 'risk' is a home-based concept that every mankind has been living

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with. It is evident because it is central to human and business existence and survival. It pervades every facet of human life either in the area of business or for non-business purposes. According to Redja and McNamara (2014), risk is at the centre of insurance and is inseparable from life. Unfortunately, insurance sectors in most developing countries are characterised by ineffective regulatory plans, undue perception, low technological drive, and inappropriate asset handling capacities (Ahmed & Zalina, 2008 as cited in Ajemunigbohun and Adeoye, 2018). Other studies explicitly encapsulated the obnoxious nature of insurance industry in Nigeria in terms of distrust (Ojikutu, Yusuf, & Obalola, 2018); low insurance popularity and patronage (Badru, Yusuf, & Isola, 2013; Nwankwo & Ajemunigbohun, 2013; Okechukwu, 2016); poor risk attitude (Adamu, 2018; Ajemunigbohun & Oreshile, 2014); inefficient claims settlement (Olowokudejo & Ajemunigbohun, 2018); to mention few. Quite a number of studies had advocated the uptake of insurance in the continent of Africa in a number of countries such as Rwanda, South Africa, Ghana, Kenya, Nigeria, Ethiopia, to mention a few (Charles & Kioku, 2016; Chitiyo, 2017; Fofie, 2016; Langat, Naibei & Getare, 2017; Owolabi & Agboola, 2018; Sulaiman, Migiro, & Yeshihareg, 2015); yet many research findings had not been related to patronage on the side of small and medium-sized enterprises. Nigeria, as a case study, is still on the quest for sizeable studies to be conducted in this regard. The overall objective of this study is to examine the relationship between risk attitude, insurance patronage and SMEs performance in the metropolis of Lagos. The specific objectives therefore are investigating the significant influence of SMEs operators' risk attitudes on their market share in the Lagos metropolis; and thus, ascertaining the significant relationship between SMEs operators' insurance patronage and their financial earnings in the Lagos metropolis. This paper further attempts to provide answers to the following research questions: what significant influence do SMEs operators' risk attitudes have on their market share in the Lagos metropolis? and what is the significant relationship between SMEs operators' insurance patronage and their financial earnings in the Lagos metropolis? the authors then make the following hypothetical statements for the study:

H1: SMEs operators' risk attitudes have no significant influence on their market share in the Lagos metropolis.

H2: There is no significant relationship between insurance patronage and financial earnings among SMEs operators in Lagos metropolis

Academics, authors, policymakers, economists, and entrepreneurs all over the world have acknowledged the reputation of small and medium-sized organizations (SMEs) in terms of job creation, wealth generation, and poverty reduction. Maryam, Sahar, and Nikmaram (2018) assert that the industry plays a major role in technological innovation, adaptation, and economic growth and development. According to studies, SMEs account for more than Eighty percent of companies in developed and developing countries (Henneman, Tansky and Camp, 2020; Kongolo, 2020). Consistent with this assumption, the Small Business Administration (SBA) (2014) verified that the U.S. economy depends heavily on small and medium-sized companies (SMBs), accounting for 99.7% of the total. Businesses operate in the United States and employ more than one million people.

According to Bernard (2017), In Brazil, SMEs perform over 85% of activities and contribute almost half of GDP, whereas in India, SMEs generate roughly 79 percent of jobs and contribute 66 percent of GDP. This means that this sector is a driver of national maintainability and requires government support to maintain and improve the sector's contribution. Despite admirable legislation and attempts to support SMEs, there is little or no awareness of business restart in times of disaster in the Sub-Saharan Africa. Aduko (2011), such as fire, theft, accident, and occupational hazard, as well as lethal viruses that have wiped out small and medium-sized firms. According to IFC (2017), SMEs are more vulnerable than large corporations. They are vulnerable to personal dangers.

Anudu (2020) forecast that if proper mitigation measures are not given, more than 80% of SME enterprises in Nigeria will shut by December 2020Insurance's assistance to organizations of all kinds, especially to small businesses ability to thrive and make a profit, has been noted in advanced countries (Aduke, 2021). Risk transfer insurance, according to Brainard (2018), does not eliminate the chance of a risk arising, but instead enhances the efforts put forth by banks and various other monetary institutions in effectively combining operations that will be undertaken without risk management tools. According to Agbaje (2015), the practice of combining resources to compensate the insured or insured in the event of a specific incident in exchange for a charge is known as microinsurance.

1.1 Statement of the Problem

Insurance support to both governmental and commercial entities, in developed nations, there is evidence of small businesses' ability to sustain themselves and even thrive. Risk transfer insurance does not eliminate the possibility of risk, but it does supplement the function of banks and other monetary establishments in the successful combination of operations that would be performed in the lack of administrative tools. Microinsurance is the practice of pooling

resources in order to reimburse the insured or the insured in the case of a specific incident in exchange for a recurring payment referred to as a premium. For this reason, an insurance contract is usually represented by a written contract called an insurance policy signed by the insurance company or an agent of the insurance company.

One of the biggest challenges facing Nigeria's medium-sized enterprises (SMEs) is loan availability. This situation is further exacerbated by the fact that most small businesses, even if they have a line of credit, may not be able to obtain the collateral required for the line of credit. This condition has invariably resulted in the closure of many of them, resulting in the loss of thousands of unskilled, semi-skilled, and skilled employment across the country. The presence of insurance companies is acknowledged as a noble substitute for informal lending and an effective and powerful instrument for aiding SMEs entrepreneurs in various nations that are economically active but financially constrained and vulnerable. Recognizing the importance of the insurance industry in assisting the growth of small and medium-sized businesses

Outside of Nigeria, much research has been conducted on the contribution of insurance companies on business growth. These studies are primarily concerned with huge corporations. There have been few studies on the influence of insurance companies on small and medium-sized enterprises' operations. Most existing studies on insurance and SMEs in Nigeria have looked at the two factors independently, without combining them. These researchers are also theoretical studies whose subjective outcomes are based on the researchers' personal opinions. The connection between insurers and the expansion of SME's in Nigeria has not been the subject of prior research, nor have they highlighted useful policy proposals that could benefit the SME sector. As a result, conducting this research will fill a void by critically investigating the contributions of insurance to small and medium-sized agencies.

1.2 Objectives of the Study

The prime goal of this research was to analyze the influence of insurance on the development of small and medium-sized businesses in Nigeria. However, the precise goals are as follows:

1. Investigate the effect of fire insurance premiums on the expansion of Nigeria's medium-sized and small-sized enterprises.
2. Explore the influence of accident insurance claims on the growth of Nigeria's medium-sized and small-sized enterprises.
3. Determine the impression of an employee liability insurance claim on the growth of Nigeria's medium-sized and small-sized enterprises.

1.3 Research Questions

1. What is the influence of fire insurance costs on the growth of Nigeria's medium-sized and small-sized enterprises.?
2. What is the influence of accident insurance claims on the growth of Nigeria's medium-sized and small-sized enterprises.?
3. What is the influence of employee liability insurance claims on the growth of Nigeria's medium-sized and small-sized enterprises.?

1.4 Research Hypotheses

A hypothesis is a scientific tool used to list and disprove any assumption or confirmation made when confronting the subject under investigation. The testable hypotheses listed below are believed to provide answers to the above questions.

H1: In Nigeria, the development of small and medium enterprises is greatly influenced by the price of fire insurance.
H2: In Nigeria, the development of small and medium enterprises is significantly affected by accident insurance claims.
H3: Claims from employee liability insurance significantly affect the growth of medium-sized and small-sized companies in Nigeria.

2.0 LITERATURE REVIEW

2.1 Insurance and Small Business Development in Nigeria

SME elimination is the outcome of the recent damage inflicted by new COVID-19 and EndSARS in Nigeria. More than 65 percent of SMEs had closed as of June 2020, according to Anudu and Okojie (2020). If sufficient palliative measures are not offered, they predict that more than 80 percent of Small and Medium Enterprises in Nigeria are set

to close by December 2020. This is clear from the fact that the World Health Organization (WHO) declared the novel coronavirus infection a pandemic on March 11, 2020. Chodokufa and Chiliya (2014) state that risk is a recurrent problem that deters investors from investing in SMEs. Insurance has been identified as the only sector that can help SMEs avoid dangers, especially given that Nigeria is undergoing an economic downturn. The OECD (2010) research validates the risk culture.

2.2 Theoretical Framework

The Demand Theory

Blokhin (2015) proposed demand theory, which started their development around the 1800s. The substitution effect, which states that consumption rates and price levels are inversely correlated, is the foundation of the concept. A downward sloping curve to the x-axis is used to express and display the necessary product attributes. The demand curve is downward sloping in accordance with the demand law, suggesting that as prices decline, customers will buy more products and services. The marginal utility effect is applied to the demand curve. As a result, the buyer will continue to buy the specific commodities at a given price by the marginal utility of their selections.

Based on the stated literature, the researcher determined that the demand theory is appropriate for adoption since it provides a comprehensive manner on how education level, insurance costs, and level of income of SMEs might influence SMEs owners to insure their businesses.

2.3 Empirical Review

The activity of insurance in the expansion of SMEs in India was examined by Chanti Babu (2022). Regardless of an economy's level of growth, SMEs are acknowledged as a crucial component. It is believed that more than 95 percent of businesses worldwide are SMEs, with the private sector employing roughly 60 percent of the workforce. SMEs are seen as critical components in the advancement of any country. In India, In 2016–17, the SME sector employed 110 million people and accounted for 63 million businesses, contributing 28.77 percent of GDP. Regardless of size, SMEs serve as the foundation of a healthy economy and play an important part in a country's long-term economic progress. Using National Insurance Company Limited, Kolkata as a case study, Kohli (2021) scrutinized the connection between insurance company contributions and the expansion of India's medium-sized and small-sized enterprises. The study was descriptive in nature, utilizing quantitative approaches administered through secondary data. The findings demonstrated that innovation is a piece of strong empirical evidence for fast-developing SMEs, competition has a significant impact on the SME industry, and credit remains a significant barrier to SMEs' growth. Furthermore, insurance companies decrease risks and improve loan acceptance by the SME sector with banks. It was determined that improving business abilities boost the performance of SMEs. Furthermore, National Insurance Company Limited must reconsider the extent and breadth of its operations.

Kostyaeva (2020) considered the mechanics of a variety of elements influencing the expansion of insurance for medium-sized and small-sized enterprises entrepreneurship. The study's methodology includes systematic and comparative analysis, causal analysis, observation, comparison, and grouping, as well as the innovation-diversification approach methodology. Analysis of official statistics, content analysis of regulatory legal actions, and expert opinions enabled us to identify the harmful consequences of variables' influence and offer recommendations for mitigating them. As a result of the application of digital technology in insurance activities, new insurance services and products emerge, the efficiency and profitability of insurance operations in general improves, and insurance connections are socialized.

In another study, Unachukwu (2020) explored the effect of insurance on medium- to small-sized enterprises' expansion in a competitive environment. The research was conducted in Lagos State, Nigeria. This location was picked since it is in the state with the majority of SMEs in Nigeria. To investigate and define the features impacting SMEs' risk management, as well as the corresponding insurance contracts to minimize risk, a descriptive design was utilized. A straightforward random selection process was employed to choose the study's sample size of 252 SMEs. Both evocative and illative statistics were used to analyze the data. Most SMEs, according to the survey, lack insurance coverage for their business operations, and their level of insurance understanding is rather poor.

Panigrahi (2019) also looked at how SMEs handle risk to increase the sustainability and likelihood of their companies to survive. The study found that a lack of subject matter knowledge and risk expertise contributes to the less established risk management practices in the small company sector.

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3.0 METHODOLOGY

The ex-post facto design method will be applied in this study. To conduct this research, the study used secondary data that it obtained from the Statistical Bulletins of the Central Bank of Nigeria (CBN). These sources will include a literature review, journals, and other publications. Due to the nature of the investigation, non-probable sampling methods were utilized for convenience. The participants in the study were chosen at random from a particular population. This study's sample included Nigerian medium-sized and small organizations. Most of the time, due to resource constraints, the researcher cannot comprehend the entire enumeration. The Augmented Dickey-Fuller (ADF) unit root test, Normality test, and multiple regression econometric procedures of the autoregressive distributed lag (ARDL) model were used in this study to demonstrate the influence of insurance.

Model Specification

The multiple regression econometrics method was adopted to examine the influence of insurance on Nigeria's small- and medium-sized company development. Fire insurance claim (FIC), Accident insurance claim (AIC) and Employee liability insurance claim (ELC) are used as the independent variable whereas, the development of small and medium businesses proxy the total income of small and medium businesses is used as the dependent variable.

Thus, the time series model is expressed functionally as follows.

TISME = F (FIC, AIC, ELC) …… (1)

Where,

TISME = Total income of small and medium enterprises

FIC = Fire insurance claim

AIC = Accident insurance claim

ELC = Employee liability insurance claim

F= function

Equation (1) is explicitly transformed into econometric and operational form:

The Econometrics model attempted to explain economic rapport and used scientific and statistical principles in analyzing economic principles.

$TISME = \beta_0+\beta_1 FIC_t +\beta_2 AIC_t + \beta_3 ELC_t+ \mu_t$ …….. (2)

Where,

Independent Variables: Fire insurance claim (FIC), Accident insurance claim (AIC) and Employee liability insurance claim (ELC).

Dependent variables: Development of small and medium businesses proxy the total income of small and medium businesses is used as the dependent variable.

β_0, β_1,β_2, β_3= constant parameters or intercept of a regression line which captures the effect of the entire variable excluded from the equation.

μ = the error term which is this disturbance term or random variable. Random variables are variables whose value depends on chances or probabilities. Therefore, at any point in time, the mean of the μ is equal to zero (0).

Apriori Expectation

The a priori criteria are based on economic theory ideas regarding the probable link between dependent and independent variables. When evaluating the estimation result based on the a priori assumption, the result will determine if the sign of the estimated parameter is as expected. One of the criteria used to determine if the estimations are theoretically meaningful is this. Whereas $\beta_{0>0}$, $\beta_{1>0}$,$\beta_{2>0}$ and$\beta_{3>0}$ $\beta_{4>0}$

Test of Hypothesis

Null Hypothesis H0: $\beta_1 = \beta_2 = \beta_3 = 0$

Alternative Hypothesis H1: β_1, β_2 or all of them are non-zero. At 5% degree of freedom, at least one of them is noteworthy. In other words, the stated hypothesis will be evaluated at a 5% level of significance. If the chance that the t-value is significant is less than the stated threshold of import, the null proposition is rejected; otherwise, the alternative supposition is accepted.

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4.0 DATA ANALYSIS

In this investigation, time series data were used. The time frame is 2000-2022. As previously indicated, the models' long-run estimation was estimated using the Augmented Dickey-Fuller unit root test, descriptive statistics, and the Ordinary Least Square (OLS) method. To confirm or reject the hypotheses previously made in this study, such hypotheses must be tested and thus legitimate results must be reached.

Test for Stationarity of Data

The outcome of the unit root test for Augmented Dickey-Fuller (ADF) was executed respectively on all the data sets utilized in the analysis to determine whether the data sequences were still at level, order 1 or order 2.

Table 4.1 The outcome of the Augmented Dickey-Fuller (ADF) unit root test

Variable	Order of Integration	P-values
TISME	First-Order Difference	0.0025
FIC	First-Order Difference	0.0051
AIC	First-Order Difference	0.0002
ELC	First-Order Difference	0.0000

Source: Author's Computation with the use of E-Views 9

The Augmented Dickey-Fuller test statistics showed that TISME, FIC, AIC and ELC with a constant are stationary at first-order difference thereby the null hypothesis is excluded that TISME, FIC, AIC and ELC have a unit root.

Descriptive Statistics

The summary of Table 4.2 descriptive above, indicates the mean, maximum, minimum and sum of TISM as 3923526, 36994578, 20637.32 and 74546994 respectively. Main while FIC has the mean, maximum, minimum and sum as 10156.92, 36332.32, 1107.650 and 192981.5 respectively. AIC has the mean, maximum, minimum and sum as 4751.536, 7512.130, 806.3300 and 90279.19 respectively. ELC has the mean, maximum, minimum and sum as 276.9868, 912.7300, 110.8000 and 5262.750 respectively. Jarque-Bera statistics have a probability of 37.83613, which is significant at the 5% level. Given this, we agree with the null hypothesis, which states that the model's residuals in this investigation have a normal distribution.

Table 4.2 Summary of the Descriptive Result

Date: 06/14/23 Time: 10:47
Sample: 2000 2022

	TISME	FIC	AIC	ELC
Mean	3923526.	10156.92	4751.536	276.9868
Median	31543.62	7794.060	6075.000	288.8700
Maximum	36994578	36332.32	7512.130	912.71300
Minimum	20637.32	1107.650	806.3300	110.8000
Std. Dev.	11654116	9529.547	2246.309	173.4936
Skewness	2.572474	1.234944	-0.625985	2.614623
Kurtosis	7.617632	4.026833	1.896047	10.75387
Jarque-Bera	37.83613	5.664160	2.205694	69.24506
Probability	0.000000	0.058890	0.331925	0.000000
Sum	74546994	192981.5	90279.19	5262.750
Sum Sq. Dev.	2.44E+15	1.63E+09	90826261	541800.7
Observations	22	22	22	22

Source: E-view output, version 9

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Regression Result

The coefficient of determination (R2) in Table 4.3 above is 0.914255. This means that almost 91.42 percent of the variance in the dependent variable was explained by the explanatory variables, leaving 8.58 percent is unexplained. The corrected R2 value of 0.878456, which is close to 0.914255, confirms the model's goodness of fit.

Test of Hypotheses

If the p-value ≤ 0.05, reject the null hypothesis. The hypotheses developed are as follows.

Table 4.3 ARDL Result

Dependent Variable: TISM
Method: ARDL
Date: 07/17/23 Time: 00:11
Sample (adjusted): 2000 2022
Included observations: 22 after adjustments
Maximum dependent lags: 2 (Automatic selection)
Model selection method: Akaike info criterion (AIC)
Dynamic regressors (2 lags, automatic): FIC ELC AIC
Fixed regressors: C
Number of models evalulated: 54
Selected Model: ARDL(2, 2, 2, 2)

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
TISM(-1)	0.064667	0.203741	0.317399	0.0668
TISM(-2)	-0.391678	0.172590	-2.269412	0.0858
FIC	-535.4203	796.7292	-0.672023	0.5384
FIC(-1)	350.6582	986.7535	0.355366	0.7403
FIC(-2)	-3443.364	1043.933	-3.298454	0.0000
ELC	4843.565	13870.34	0.349203	0.7445
ELC(-1)	-27993.22	15821.51	-1.769314	0.1516
ELC(-2)	-43658.87	15190.33	-2.874122	0.0453
AIC	-7730.711	4170.805	-1.853530	0.1374
AIC(-1)	859.7808	6266.302	0.137207	0.8975
AIC(-2)	17679.63	5365.705	3.294932	0.0301
C	8230940.	6684958.	1.231263	0.2857

R-squared	0.914255	Mean dependent var	4651988.
Adjusted R-squared	0.878456	S.D. dependent var	12625256
S.E. of regression	7159137.	Akaike info criterion	34.51938
Sum squared resid	2.05E+14	Schwarz criterion	35.09882
Log likelihood	-264.1551	Hannan-Quinn criter.	34.54905
F-statistic	3.877259	Durbin-Watson stat	2.504212
Prob(F-statistic)	0.001208		

Source: E-view output, version 9

Hypothesis One

H1: In Nigeria, the development of SMEs is significantly influenced by the price of fire insurance.

As a result of Table 4.3, the probability value of 0.00005 percent level of significance is calculated. Consequently, the null hypothesis is disproved. Hence, the research specified that the expansion of medium- and small-sized businesses in Nigeria is significantly and adversely affected by fire insurance claims.

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Hypothesis Two
H2: In Nigeria, the development of small and medium enterprises is significantly affected by accident insurance claims.

As a result of Table 4.3, the probability value of 0.04535 percent level of significance. The null hypothesis is thus disproven. As a result, the study suggests that accident insurance claims have a considerable and detrimental effect on the development of medium-sized and small businesses in Nigeria.

Hypothesis Three
H3: Claims from employee liability insurance significantly affect the growth of medium-sized and small-sized companies in Nigeria.

Therefore, from Table 4.3, the probability value of 0.0301 is significant at the 5% level. Given this, the null supposition is rejected. As an outcome, the study suggests that employee liability insurance claims have a considerable and favourable effect on the development of small and medium-sized businesses in Nigeria.

Discussion of Results
The study investigated the influence of insurance on the growth of medium-sized and small enterprises in Nigeria. This study compares the overall income of medium-sized and small enterprises in Nigeria to the total income of fire insurance claims, accident insurance claims, and employee liability insurance claims as independent variables.

From Table 4.1 The ADF test statistics of TISM -4.582607 is less than the critical value -3.052169 at 5% level. Hence, TISM with a constant is stationary at first-order difference thereby the null hypothesis is rejected that TISM has a unit root.

The ADF test statistics of FIC -4.319220 is less than the critical -3.081002 at 5% level. Hence, FIC with a Constant is stationary at the first-order difference, thereby the null hypothesis is rejected that FIC has a unit root.

The ADF test statistics of AIC -5.754671 is less than the critical value -3.020686 at 5% level. Hence, AIC with a constant is stationary at first-order difference thereby the null hypothesis is rejected that AIC has a unit root.

The ADF test statistics of ELC -8.324362 is less than the critical value -3.020686 at 5% level. Hence, ELC with a constant is stationary at first order difference thereby the null hypothesis is rejected that ELC has a unit root.

Summary of descriptive statistics of the table as shown in table 4.2 indicate the mean, maximum, minimum and sum of TISM as 3923526, 36994578, 20637.32 and 74546994 respectively. Main while FIC has the mean, maximum, minimum and sum as 10156.92, 36332.32, 1107.650 and 192981.5 respectively.

AIC has the mean, maximum, minimum and sum as 4751.536, 7512.130, 806.3300 and 90279.19 respectively. ELC has the mean, maximum, minimum and sum as 276.9868, 912.7300, 110.8000 and 5262.750 respectively.

The probability of Jarque-Bera statistics is 37.83613, greater than 5% level significance therefore, we accept the null hypothesis which indicates that the residuals of the model formulated in this study is normally distributed.

The results shown in Table 4.2 improved the skewness and kurtosis values of all variables in the models. Estimates of the influence of insurance on the development of medium-sized and small enterprises in Nigeria from 2000 to 2022. The predicted long-run elasticity for insurance on small and medium businesses in Nigeria is statistically significant, as shown in table 4.3, with a general Prob(F-Stats) value of 0.001208.

Table 4.3 shows that the coefficient value for fire insurance claims on the development of small and medium businesses is -3443.364. The consequence is that for every unit change in fire insurance claims, there is a -3443.364 negative change in the development of small and medium-sized businesses in Nigeria.

According to the findings in Table 4.4, accident insurance claims have a favorable and considerable impact on the development of medium-sized and small enterprises in Nigeria. According to the findings, accident insurance claims

on the development of medium-sized and small enterprises in Nigeria contribute -43658.87. The consequence is that for every unit change in accident insurance claims, there is a corresponding negative change in small and medium business development in Nigeria of -43658.87.

According to the findings in table 4.3, employee liability insurance claims have a favorable and considerable impact on the development of small and medium-sized businesses in Nigeria. Employee liability insurance has been observed to have a positive influence on the development of medium-sized and small enterprises in Nigeria with a coefficient of 17679.63. The consequence is that for every unit change in employee liability insurance claims, there is a corresponding positive change in small and medium business development in Nigeria of 17679.63.

5.0 CONCLUSION AND RECOMMENDATIONS

The study looked at the influence of insurance on the growth of medium-sized and small enterprises in Nigeria. According to the findings of the study, insurance policies have a large and favorable influence on the development of medium-sized and small enterprises in Nigeria. Thus, the study finds that insurance policies had a considerable and favorable influence on the development of small and medium-sized businesses in Nigeria during the studied period.

It is consequently advised that claim managers be trained in claims reporting processes such as loss reduction, investigation, claim verification, loss appraisal, and estimating the level of damage prior to any repair or replacement. According to them, this will aid in effective claim settlement and increase the demand for insurance in Nigeria for the development of medium-sized and small enterprises. Insurance companies should be willing to protect SMEs, and regulatory authorities should enforce fast payment of claims. In collaboration with SMEDAN and MAN, the insurance industry should offer insurance claims procedures and processes workshops, seminars, and conferences in all local governments for SME operators/managers.

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