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INSURANCE PREMIUMS AND INVESTMENTS ON THE PROFITABILITY OF INSURANCE COMPANIES IN NIGERIA

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ABSTRACT
The research analyzes the effect of insurance premium and investment on the profitability of insurance companies in Nigeria covering the period from 2000 to 2022. Data were collected from the Central Bank of Nigeria (CBN) and NAICOM statistical bulletin. Econometric analysis with the use ofAutoregressive Distributed Lag (ARDL)and diagnostics tests was utilized to measure the coefficient of the independent variables and dependent variable.The result of the empirical analysis is disclosed as follows; Life insurance premium has a positive and insignificant effect on the profitability of insurance companies in Nigeria(p-value of 0.1503>5%). Nonlife insurance premium showed a negative but significant effect on the profitability of insurance companies in Nigeria (p-value of 0.0141<5%).Total insurance investment revealed a positive and significant effect on the profitability of insurance companies in Nigeria (p-value of 0.0178<5%). The main result shows that insurance premium and investment has a significant effect on the profitability of insurance companies in Nigeria. The paper recommended that Insurance companies in Nigeria should embark on public awareness programs such as seminars, conferences, trainings and advertisement to help fine-tune perception toward insurance services thereby enhancing insurance demand and leading to profitability in the industry. More so, Insurance companies should diversify investment portfolios and generate more investment returns which will enlarge the profit making of Nigerian insurance firms.

KEYWORDS: *Insurance, Premium, Investment, Profitability, Life And Non-Life Insurance*

1.0 INTRODUCTION

1.1 Background of the Study

The development of the protections industry in Nigeria in later a long time has appeared a decently great level of improvement. Protections companies appear the extend of advancement within the kind of business they transact. This is often bolstered by the number of individuals in Nigeria in other to provide extraordinary openings on the advancement by the protections firms within days to come. It's doesn't as it were the quick populace development, benefit development viewpoint by any company too merits consideration, since the expanding benefit development from one year to another guarantees protections firms, has been gotten emphatically opened. Benefit growth appears open intrigued in getting protections items. Premium gotten by the insurance industry isn't as it were the firms benefit, but too portion of the company's commitments within the days to come. Insurance firms are required to set aside a parcel of the premium as a premium save, so that in the event that a claim happens within the nearest future, the protection company will not have any inconvenience in paying it. In this manner, it's observed that the monetary consideration within salary articulation will increment the benefit of protections company (Alamsyah&Wiratno, 2017).

In expansion to premium, the foremost vital viewpoint in expanding company benefits within the protections industry is the guaranteeing proportion. This proportion appears the level of guaranteeing comes about that will be goten by protections companies. This endorsing outcome is one of the key factors making net salary which is additionally utilized for venture. In case the endorsing comes about increment, the company's benefits will too increment. Agreeing to the investigate comes about of Setiowaty (2019), the guaranteeing proportion contains a noteworthy positive impact on protections benefits. In the mean time, concurring to Cahyani (2019) oppose, the endorsing proportion variable has no impact on protections company benefits, coming about in irregularities.

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In arrange to keep the overseen reserves, steady and indeed expanding; the firm must involve in venture exercises. Concurring to Alomari & Islam (2017) return on speculation is the cost of wage that are within the frame of picks up or misfortunes because it's diminish within an esteem of a venture for a particular period. Return on speculation appears firm's capacity to benefit from the resources utilized. Subsequently, the more esteem of proportion, the better the protection firm condition. Agreeing to the investigate comes about of Setiowaty (2019), the endorsing proportion features a critical positive impact on protections benefits. In the contrary, Cahyani (2019) said that, guaranteeing proportion indicators has no impact on protections firms benefits, coming about in irregularities.

To keep the overseen reserves, steady and indeed expanding, the protection firms should do venture exercises. Agreeing with Islam & Alomari (2017) return on venture means the cost of wage gotten within the frame of picks up or misfortunes because of diminish within the esteem by the venture on a particular period. Return on speculation appears firm's capacity that will benefit from the resources utilized. Subsequently, the more the esteem by this proportion, the better the firms condition.

Onafalujo (2020) considered that productivity is the capacity of a company to create salary by promoting its items or administrations. It is the capacity of the company to create satisfactory returns from speculations in monetary and human assets utilized within the operation of the commerce. Akotey (2015) argued that productivity is the foremost critical and dependable pointer because it gives a wide marker of an protections company's capacity to extend its pay levels. At that point how do protections firms produce satisfactory benefits in the event that claims are paid whether instantly or deferred from premiums created holding to at that point reality that premium is the most source of salary? Do premium earnings affect the capacity of Nigerian protections industry to form benefit? How does protections venture drive productivity of the protections industry? These and numerous more the analyst has explored.

1.2 Statement of the Problem

The essential work of protections for the most part, is to bear and oversee monetary burden of people, trade endeavours, organizations, or the government, etc. that's , when premiums are sensibly charged and contributed in viable investable rebellious it'll contribute viably on the development and benefit of protections companies in Nigeria and protections claims can moreover be overseen and settled expeditiously which indicate good picture and upgrades development within the protections industry subsequently affecting emphatically on the benefit of protections companies in Nigeria. Numerous creating nations like Nigeria still involvement moo levels of protections utilization, which influences the benefit of the protections industry. Thus, most Nigerians show up not to have appropriate understanding of the colossal benefits that protections offers, hence, a few denied to patronize protections commerce due to numbness, delay in settling claims by protections companies, failure to announce noteworthy benefit due to destitute premium pay, destitute speculations and the religion and conventional conviction around divine assurance over lives and properties has exceedingly disturbed protections usefulness in terms steadiness and supportability of people and trade endeavors. Nasution and Nanda (2020); Maharani (2018) appears that the variables of premiums incorporates a good impact to the benefits of common Nigerians protection firms, but its shows different from the study done by Prahasti (2020)that appears no impact of premium on the benefits of protections firms. Investigation conducted by Silalahi (2019). ROI features a critical impact on the benefit development of protections companies. In the interim, agreeing to Islam & Alomari (2017) investment returns does not has impact on the benefit development of protections firms because that there are irregularities in their consideration.

In any case, the result of this ponder should proffer arrangement to the fundamental issues and extemporizes arrangements through observing specialists to handle the issues confronted by protections industry in its productivity in Nigeria.

2.0 LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Insurance

Protections as a concept has been differently, particularly and severally characterized. Protections can be characterized as a gadget for the exchange of a few dangers of financial misfortune from the guarantor who something else would have borne the dangers to an back up plans in return for a premium. It is seen as a medium outlined to diminish the chance of a chance happening or when it happens, diminishes the degree of its harm and giving the influenced individual with recompense could be a frame of protections (Isimoya, 2013) sees protections as a social plot which gives monetary recompense for the hardship and its impacts. By this, the arrangement holders (ie safety net provider)

look for assurances and scope from the insurer (insurance firm) against the dangers indicated within the arrangement (Ubom, 2010). Hence, protections is portrayed as the guideline of charity put into an official frame for commerce purposes in other to meet monetary necessities. Notwithstanding the definition, protections has come to be a crucial portion of the monetary and commerce framework with such arrangement scope as life, mishap, engine vehicle, fire, bunch, constancy ensure indeed retirement and social protections conspire.

2.1.2 Insurance Premium

Premium is the money related thought passing from the back up arrange to the back up plans. As such it might be a essential component inside the arrangement of the securities contract. Calculation of life affirmation premiums is the first consistent of all, to some degree since it has certain unfaltering factors such as truthful data, entirety of the claim being known and certainty of claim (Nwite, S. C., 2004).

Agustiranda (2019) state that, premium salary is an sum of cash paid by the guarantor party and gotten by the back up plans as a substitute for a harm, misfortune or misfortune of the insured to the safety net providers.

Muchtar (2016), said monetary consideration could be a benefit expense for the insurer given by the guarantors to the back up plan to settle misfortunes which will be affected by the guarantor. In differentiate to Alamsyah&Wiratno (2017), explain monetary consideration may be a whole of cash which the safety net provider paid to the guarantors or protections firms in return for administrations given by the protections firm in understanding with the beginning concurred assention. The cost of consideration gotten by the protections firm isn't totally the profit of the firm, instead, portion can be the firms risk within the future. Subsequently, the protection company must get palatable pay as well as conceivable and is anticipated to utilize all accessible assets within the firm as productively as conceivable.

2.1.3 Insurance Investment

Speculation, according to the view of protections chief, is the change of cash, the protections stores and saves into a few space of property from which an salary or benefit is anticipated to inferred either promptly or at a few future date within the ordinary course of commerce.

George and John Clendenin (2014) state that, venture is any resource or property right procured or held for the reason of preserving capital or gaining an pay. Considering the Nigerian environment, the speculation of protections finance is intensely directed by development and issues.

Venture in protections commerce is concerned with the application of protections stores which are implied or quickly required for consumption, or for installment of protections claims and other benefits. The protections trade creates reserves which must be contributed either on a brief term or a long-term premise depending on the circumstances of the company concerned and the classes of the trade executed. The stores are uncovered to chance of decrease on esteem, wrongdoing or indeed misfortune, subsequently the require for careful and assurance against those risks emerges.

2.1.4 Profitability of Insurance Companies in Nigeria

Each financial specialist attempts speculation carefully with the rationale of winning returns on his speculation. One of the most destinations of a firm hence is to form great benefit. Benefit sponsored up with cash will make it conceivable for administration to disseminate profit to the financial specialists (Kurawa, 2019). He assist declares that benefit can be best measured in terms of return on resources (ROA), return on profit (ROE) and as well as return on capital utilized (ROCE).

Return on Value (ROE) is net benefit after charge partitioned by shareholders' value which is given as net worth. Return on Resources (ROA) communicates the net wage earned by a company as rate of the overall resources accessible for utilize by that company (Pandy, 2015). Agreeing to him, the companies with higher sums of resources are anticipated to form more benefits that those with small. Return on Resources measures administration capacity to gain a return on the firm's assets Kurawa (2019).

Concurring to Sohail (2021), productivity alludes to the capacity of a firm to gain returns on speculation made in its assets that features a positive net show esteem. A budgetary activity that incorporates a positive net show esteem will

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make riches for shareholders and is subsequently alluring. A monetary activity coming about in a negative net display esteem ought to be dropped since it'll imperil share holders' riches.

2.2 Theoretical Framework

2.2.1 Game theory

This theory was introduce by john Von Neumann and an financial specialist Oskar Morgenstern in 1940. When deciding the estimating of protections arrangements within the competitive protections advertise, recreations hypothesis highlights the vital interdependency. To form endorsing benefit, the premium charged ought to be more than the taken a toll of claims, endorsing, and administrative costs. Offering for protections scope, which is common within the protections industry, is based on the auction hypothesis, in which the most reduced bidder wins. Delicate under pricing diminishes guaranteeing benefit. The method of deciding how much non-life protections plans ought to taken a toll has created. More information on clients to be safety net provider is presently accessible, as well as progressed factual models, coming about in higher estimating differentials. Based on the idea that way better estimations of a policy's negligible fetched will increment an insurer's chances of drawing in as of now overrated approaches whereas dodging undercharging ones in their book. A few determining strategies concentrate on the costs of giving scope whereas ignoring the vital best cost to cite Nwite (2017). Since the showcase isn't inactive, it is essential to look at anticipated competition movement. The concept of vital interdependency is significant, since the payout for back up plans choices will be decided by the alternatives accessible to competitors and how they react. Indeed with total data on an insurer's client and costs, it is difficult to decide with certainty the payoffs for exercises taken. This inquire about work is in couple with the Amusement hypothesis which exhibits the vital interdependency when settling the cost of protections approaches within the competitive protections industry. To form a benefit, the premium charged ought to be more noteworthy than the fetched of claims, guaranteeing, and authoritative costs. Based on the idea that superior estimations of a policy's minimal fetched will increment an insurer's chances of drawing in as of now overrated arrangements whereas dodging undercharging ones in their book.

2.3 Empirical Review

Sendang (2022) look at the impact of premium salary, guaranteeing proportion, speculation returns and value return on benefit of protections firm. The strategy connected was pondered on quantitative strategy. The populace added the common protections firm enrolled at Indonesia Stock Trade in 2015-2019.The tests considered were 10 protections fitm chosen utilizing purposive inspecting strategy. The sorts of information utilized on this ponder was auxiliary information. The strategy of information collection connected was documentation strategy and the method of information investigation connected was numerous direct relapse with centrality five percent level. The comes about the investigation appeared premium pay had good noteworthy impact to protections benefit, endorsing proportion had positive critical impact on protections benefit, return on speculation had positive critical impact on protections benefit, return on value had no critical and negative impact on protections benefit.

Wahyuddin&Mauliyana (2021) decide how much impact the premium pay, guaranteeing comes about, venture comes about, and risk-based capital on the benefit of protections companies (a think about of protections companies recorded on the Indonesia Stock Trade). In this ponder, the procedure to gather the frame of money related documentation as the information were taken from 11 protections companies as tests that recorded on the Indonesia Stock Trade in 2017-2019. The numerous straight relapse examination strategies utilize to dissect the information. The comes about of this ponder demonstrate that premium pay, endorsing comes about, venture returns, and risk-based capital have a positive and noteworthy impact on benefits in protections companies enlisted in Indonesia in 2017-2019. It is trusted that protections companies enlisted in Indonesia will be able to preserve the esteem of premium pay, endorsing results, and risk-based capital within the company, usually so that insurance companies are able to supply more execution for the advance of the company within the future.

Ramkrishna (2021) dissect the premium structure of chosen companies and its affect on the benefit. Out of nine life protections companies two companies have been chosen. From 100 percent residential value companies, Nepal life protections company (NLIC) and from the remote joint wander companies, Life protections Enterprise Nepal (LIC) has been chosen. The determination is based on most noteworthy total assets on their cluster. The investigate for the most part centers the auxiliary information from monetary year 2008/09 to monetary year 2012/14. By and large, investigate centers on quantitative information. Inquire about is based on comparison of Net Premium, Net Premium, Reestablishment Premium, To begin with Premium, Term Premium, Reestablishment Premium to Net Premium Proportion, To begin with Premium to Net Premium Proportion and Term Premium to Net Premium Proportion. To

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look at the affect of premium on benefit relationship coefficient was calculated. The investigate concluded that Nepal life protections was able to gather higher Net Premium, Net premium, Reestablishment premium, Term premium and To begin with premium than Life Protections Organization Nepal. The papers too concluded that in Nepal Life Protections Company; there was significant impact of Term premium and Recharging premium on Net income. But premium was inconsequential in Life Protections Organization. So also, research concluded that out of add up to premium most of the premium was collected from recharging premium.

Mohammed (2021) recognizes the determinants of productivity in Saudi protections companies. For this reason, the information were collected around the consider factors (company measure, obligation proportion, misfortune proportion, maintenance proportion, venture pay) as autonomous factors. To degree its affect on the benefit of protections companies, communicated as return on resources (ROA) and return on value (ROE). Utilizing Board Information for 25 protections companies in Saudi Arabia amid (2010-2016), the random-effects demonstrate (REM) was utilized to look at the relationship between the productivity of protections companies and the free factors. The think about concluded that the benefit of protections companies is essentially related with the estimate of the protections company, obligation proportion, and the rate of real misfortune. The comes about moreover appeared that the volume of composed premiums is the foremost compelling variable on the benefit of protections companies, taken after by the indebtedness rate and after that the genuine misfortune.

3.0 METHODOLOGY

This segment covers the technique embraced for the think about, which is ex-post facto investigate plan since the ponder depends on as of now existing time arrangement auxiliary information. Time arrangement auxiliary information for the consider factors covering the period 2000 to 2022 were collected from different yearly reports from Central Bank of Nigeria Yearly Study, National Protections Commission (NAICOM) Yearly Reports. These sources were considered the foremost solid information sources for this sort of think about. Classical econometric hypothesis requests that financial factors ought to be stationary some time recently evaluating the show. But a few financial factors are non-stationary (time-variant). In other words, the implies and fluctuation are not constant. Therefore, it may be a preparatory condition to test for unit root some time recently we continue with other econometric examination. In this think about, the stationary of the factors was checked utilizing the Expanded Dickey More full. To test the expressed speculations, the Auto Backward Conveyance Slack (ARDL) numerous relapse estimation was carried out since there were blended arrange of integration to determine if there exist a noteworthy affect of the free factors on subordinate variable at 5% level of noteworthiness over time. Jarque-Bera Ordinariness Test was moreover embraced to appear whether the information arrangement utilized within the investigation of the consider taken after a ordinary conveyance or not. In conclusion diagnostic test utilizing Heteroskedasticity Test, bound test were carried out.

The measurements tried for within the relapse condition included the coefficient of assurance (R2), the likelihood of F-statistics, and the Durbin-Watson insights. The coefficient of assurance (R2) measures the informative control of the prescient factors on the reaction variable. The likelihood of F-statistics test for the in general factual noteworthiness of the relapse demonstrate, which was utilized to generalize the theories. Whereas the Durbin-Watson insights was utilized to test for autocorrelation within the relapse condition. The coefficients of the illustrative factors demonstrate the extent to which the prescient factors independently impact the reaction variable.

4.0 Discussion of Findings

The information utilized in this ponder incorporate time arrangement of the impact of protections premiums and speculations on the productivity of protections companies in Nigeria. The period ranges from 2000 to 2022. As prior expressed, the long run estimation of the models was assessed utilizing Clear insights, bound test demonstrative analysis, Heteroskedasticity Test, Increased Dickey More full unit root test, and Auto Backward Disseminated Slack Show (ARDL). In order to approve or dismiss the hypotheses earlier formulated in this study, there's the got to test such theories and hence, arrive at substantial conclusions.

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Table 4.2 Descriptive Statistics

Date: 06/02/23
Time: 09:11
Sample: 2000 2022

	IROA	LIP	NLIP	TII
Mean	244624.3	65223.29	204936.0	302204.6
Median	203113.1	43039.17	200376.0	351459.9
Maximum	599585.9	198765.6	475058.8	531356.1
Minimum	61600.00	6527.310	22531.50	25192.60
Std. Dev.	157146.2	62990.86	140634.0	176517.5
Skewness	1.073130	0.936746	0.184139	-0.420760
Kurtosis	3.092875	2.473788	1.766729	1.811829
Jarque-Bera	4.038179	3.313509	1.449513	1.854917
Probability	0.132776	0.190757	0.484443	0.395558
Sum	5137110.	1369689.	4303656.	6346296.
Sum Sq. Dev.	4.94E+11	7.94E+10	3.96E+11	6.23E+11
Observations	22	22	22	22

Source: E-view output, version 10.

From table 4.2, the sample size comprises of 22 observations for the period of 2000 to 2022. The descriptive statistics of insurance return on asset demonstrates that IROA has a Mean, Median, Maximum, Minimum and Standard deviation value of (244624.3), (203113.1), (599585.9), (61600.00) and (157146.2) respectively. Also, the parameters of life Insurance Premium (LIP),is (65223.29) (43039.17) (198765.6) (6527.310) and (62990.86) respectively, Similarly, the descriptive statistics of Nonlife Insurance Premium (NLIP)has a Mean, Median, Maximum, Minimum and Standard deviation value of (204936.0), (200376.0), (531356.1), (25192.60) and (140634.0) respectively. Furthermore, total Insurance investment (TII) also has a Mean, Median, Maximum, Minimum and Standard deviation value of (302204.6), (351459.9), (10.23738), (2.503074) and (176517.5) respectively. The degree of the distribution of IROA, LIP, NLIPare positively skewed with values of 1.073130, 0.936746, 0.184139andTII negatively skewed with the value of-0.420760.IROA, LIP, NLIPandTIIhas flat curves being Platykurtic with Kurtosis values of 3.092875, 2.473788, 1.766729and 1.811829respectively. The likelihood of Jarque-Bera statistics 0.132776, which is greater than 0.05 level of significance indicate that the residuals of the model formulated in this study follow a normal distribution.

Table 4.3 Summary of ADF Unit Root Test

Variable	ADF Test Statistic	Critical Value @ 5%	Order Of Integration	P-Value
IROA	-5.554905	-3.029970	1(1)	0.0003
LIP	-4.383562	-3.673616	1(1)	0.0133
NLIP	-5.691164	-3.029970	1(2)	0.0002
TII	-4.891234	-3.029970	1(2)	0.0011

Source: Author's Eviews 10 output, 2024

From Table 4.3 reveals a mixed order of stationarity of the variables. Given that not all the data series were stationary at level. Still, all became stationary after first-order and second-order differencing, there is an indication that a long-run equilibrium relationship exists between the variables. Therefore, an ARDL was carried out in establishing a long run equilibrium relationship to verify.

From the regression Table 4.4 below,Life insurance premium has aoptimistic and substantial effect on the profitability of insurance companies in Nigeria with the probability value of 0.0413<5% significance level. The coefficient implies that 3.818224 units increase in life Insurance Premium (LIP) leads to aequivalent increase in the profitability of insurance companies in Nigeria.

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Nonlife insurance premium shows adverse but significant effect on the profitability of insurance companies in Nigeria with the probability value of 0.0141<5% significance level.A unit change in nonlife Insurance Premium (NLIP) dominates the profitability of insurance companies in Nigeria by -2.618774 units.

Total insurance investment shows a positive and significant effect on the profitability of insurance companies in Nigeriawith a probability value of 0.0333<5% level of significance.An additional increase in total Insurance investment (TII) leads to corresponding change in the profitability of insurance companies in Nigeria by 1.495990units.

Table 4.4Estimated Regression Result using ARDL

Dependent Variable: IROA
Method: ARDL
Date: 06/05/23 Time: 15:48
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): LIP NLIP TII
Fixed regressors: C
Number of models evalulated: 54
Selected Model: ARDL(2, 1, 0, 2)

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
IROA(-1)	-0.837500	0.385622	-2.171816	0.0550
IROA(-2)	0.674574	0.259256	2.601964	0.0264
LIP	2.093886	1.344158	1.557768	0.1503
LIP(-1)	3.818224	1.631694	2.340038	0.0413
NLIP	-2.618774	0.881797	-2.969814	0.0141
TII	2.137276	0.754398	2.833088	0.0178
TII(-1)	-2.476898	1.004037	-2.466938	0.0333
TII(-2)	1.495990	0.713580	2.096458	0.0624
C	150789.5	41129.16	3.666244	0.0043

R-squared	0.933406	Mean dependent var	263023.7
Adjusted R-squared	0.880130	S.D. dependent var	153880.4
S.E. of regression	53276.77	Akaike info criterion	24.90990
Sum squared resid	2.84E+10	Schwarz criterion	25.35727
Log likelihood	-227.6441	Hannan-Quinn criter.	24.98562
F-statistic	17.52038	Durbin-Watson stat	2.188800
Prob(F-statistic)	0.000062		

Source: E-view output, version 10, 2024

Additionally, the R-Squared value of0.933406suggests that 93% change in the profitability of Nigeria insurance companies is influenced by the independent variables nonlife Insurance Premium (NLIP), life Insurance Premium (LIP)and total Insurance investment (TII) specified in the archetypal while the error term causes 7 %. The adjusted R-squared of 0.880130is fit for the model. The Prob (F-statistic) 0.000062shows the entire model is significant at constant. This means that all the variables had a positive impact on the profitability of insurance companies in Nigeria.

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Table 4.5 Heteroskedasticity Test: Breusch-Pagan-Godfrey

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	1.352654	Prob. F(8,10)	0.3211
Obs*R-squared	9.874698	Prob. Chi-Square(8)	0.2739
Scaled explained SS	2.394249	Prob. Chi-Square(8)	0.9665

Source: Author's computation 2022 from E-view 10

From table 4.5, the Chi-Squre(8)probability value of 0.2739is larger than 0.05 per cent significant level indicating that the data series has homoscedasticity hence has a good regression model.

Table 4.6ARDL Bounds Test

Date: 06/02/23 Time: 9:23
Sample: 2000 2022
Included observations: 22
Null Hypothesis: No long-run relationships exist

Test Statistic	Value	K
F-statistic	4.580850	3

Critical Value Bounds

Significance	I0 Bound	I1 Bound
10%	2.72	3.77
5%	3.23	4.35
2.5%	3.69	4.89
1%	4.29	5.61

Source: Author's computation 2022 from E-view 10

From Table 4.6 F-statistics value 4.580850is larger than 5% of the values of both bounds of 3.23and 4.35 respectively. Hence, a long-run relationship exists among the variables under review from 2000 to 2022.

5.CONCLUSION AND RECOMMENDATIONS

The study discovered that a great level of changes in profitability of Nigeriainsurance companies is attributed to changes in non-life insurance premiums, life insurance premiums, and total insurance investment. Hence, there exists a positive substantial effect of life and nonlife insurance premiums and total insurance investments on the profitability of insurance companies in Nigeria. Therefore, in line with the topic under investigation, the study concluded that there is a substantial effect of insurance premium and investment on profitability of insurance industry in Nigeria. It was therefore recommended that;

1. Insurance companies in Nigeria should embark on public awareness programs such as seminars, conferences, advertisementsand trainings that will convince the general public to have positive perception toward insurance services in other to generate more life insurance premiums that will enhance the profitability in the industry.
2. Insurance companies should also embark on public education programs and also influence the government to implement compulsory nonlife insurance policies that will generate more nonlife insurance premiums which will positively enhance the profitability in the industry.
3. Insurance companies should investment in lucrative ventures within and outside the country in a bid to generate more investment returns which will enlarge the profitability in the industry.

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