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Insurance Premium and The Growth of Nigeria Economy (2007-2021)

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ABSTRACT: *The insurance industry's growing share of the global financial sector in both developed and developing countries has moved focus to the insurance-growth relationship. As a result, the study looked at the effect of insurance on Nigerian economic growth from 2007 to 2021. The study's goals were to look at the impact of life, and total insurance premiums on the growth of the Nigerian economy after the insurance regulations and reforms were implemented in 2006. Ex-post facto analytical research design was adopted in this work. The National Bureau of Statistics and the Central Bank Statistical Bulletin provided secondary data. The logarithm was used to alter the data. Ordinary Least Square regression technique was used to analyze the data. According to the findings, non-life gross premium has a considerable positive influence on real GDP, life gross premium has no significant effect on real GDP, and there is a significant positive association between total insurance gross premium and economic growth in Nigeria. Based on the findings, the general conclusion is that insurance and economic growth in Nigeria have a considerable positive association. The study recommends that the National Insurance Commission should adopt policies that promote the growth and development of the insurance industry as a whole. Individuals and families should be educated on the importance of life insurance in order for it to have a substantial impact on Nigeria's economic growth.*

KEYWORDS*:* development, economic growth, financing, insurance industry, premium.

INTRODUCTION

The insurance sector is no longer viewed as a basic risk management tool, but rather as a complex factor that influences the evolution of economic processes (Akinlo, 2013). Savings are diverted to investment projects, which are the key driver of state economic growth and development, thanks

to insurance. The evolution of the insurance market is influenced by the processes that take place in a country (Ege & Bahadir, 2011). On the other hand, several human activity processes, such as demographics, psychology, politics, and other elements, have an impact on insurance (Adeyele, 2016). The importance of the insurance industry in reducing unexpected and terrible events and thereby fostering economic growth cannot be overstated. The insurance sector contributes to economic growth both sectorally and geographically in both developed and developing countries (Ghosh, 2018). Because the insurance industry is intertwined with industries like manufacturing, transportation, agriculture, mining, petroleum, and trade on a local and worldwide level, its importance to everyday human activities has grown for people of all ages as all types of risks have increased.

The insurance sector serves as both a risk manager and a capital provider. Insurance, first and foremost, provides protection against the numerous business risks that develop in the economy (Philip, 2012; Din, et al., 2017). Ajayi (2022) also claimed that insurance is a guarantee of repayment in the event of a loss, provided by an insurance firm to individuals or businesses concerned about risks. The primary purpose of an insurance firm is to manage risk. Because risk cannot be separated from the social and business components of an individual's life, insurance firms were founded with the sole purpose of restoring the insured to his original position prior to the occurrence of the risk.

An insurance company's importance or role cannot be overstated because it is the foundation of any successful business. Despite the federal government's implementation of obligatory insurance for all Nigerians, insurance companies had given Nigerians the confidence to invest in a business without worry of losing money. Furthermore, most financial institutions may be hesitant to grant a loan to an individual without an insurance policy endorsement. Ibitomi & Micah (2021) asserted that rising economies are becoming increasingly sensitive to a variety of risks, particularly when assets accumulate, natural disasters occur, and hazards exposure increases.

The insurance industry also assists us in putting sustainable development into effect (Philips, 2012). Insurance firms are the major risk management instrument for enterprises and individuals, and they play a critical role among financial intermediaries. Due to challenges such as expanding wealth disparities and globalization, insurance firms, together with mutual and pension funds, are the largest institutional investors in stocks, real estate, and bonds markets; their likely impact on a nation's economic growth would rise rather than shrink (Olalekan & Akinlo, 2013). Furthermore, the insurance sector serves as the backbone of Nigeria's risk management systems, ensuring financial stability and serving as an essential component of the Nigerian financial market (Ibitomi et al., 2022).

The importance of the insurance industry in mitigating unforeseen and terrible events while also promoting economic growth cannot be overstated (Webb, Grace, & Skipper, 2015). The insurance

sector has favorably contributed to economic progress in both developed and developing countries, both sectorally and geographically (Barro, 1995; Olalekan & Akinlo, 2013; Zouhaier, 2014). Since the insurance industry is intertwined with other industries (such as manufacturing, agriculture, transportation, mining, trade, and petroleum) both locally and globally, and its importance to universal human and economic activities has grown at a rate of 2% per year in GDP over time as all types of risks have increased, the insurance industry has continued to grow at a rate of 2% per year in GDP (Taiwo, 2019). Several studies have found adequate evidence to imply that the insurance industry's expansion is linked to economic growth, and that insurance is becoming more important as a way for individuals or groups of individuals to manage their income risks (Osaka, 2017; Ward & Zurbruegg, 2000; Web, 2000; Ebitu, *et al.*, 2012).

Several new lines of research have recently begun to map the unique contributions of insurance to economic growth processes as well as poor people's well-being. Several studies have focused on the link between insurance and economic growth in particular. However, no agreement has been reached on the relationship between insurance development and economic growth. Arena (2006), Haiss and Sumegi (2008), Mojekwu *et al* (2011), Micah, Ibitomi and Ibrahim (2022) and Pen-Fen, *et al* (2018) have all found that insurance has a favorable impact on economic growth. The following research questions were formulated for the purpose of answering them in this paper;

i. What is the influence of life insurance gross premiums on Nigeria's economic growth?
ii. What is the relationship between the gross premium of the insurance industry and Nigeria's economic growth

The duration of this study will be fifteen (15) years, from 2007 to 2021. The year 2007 was chosen because it allowed the insurance business in Nigeria to resume its restrictions, which began in 2005 and ended in 2007, reducing the number of players in the insurance industry from 103 to 51. This year, the insurance business grew stronger, and more innovation were introduced into the industry. The year 2021 was chosen due to the period of availability of data at the period of writing this paper.

LITERATURE REVIEW

Concept of life insurance

Life insurance, according to Oana (2012), is defined as the protection of an individual and his family as well as the generation of income for a specific length of time. According to Samreena (2018), a life insurance contract is an arrangement in which a person known as the insurer pays a charge to another party known as the insured on a regular basis in the case of an incident involving human life. A life insurance policy is defined as the replacement of a family member's income in the event of his death to his family. It is a contract between the insured and the insurance company.

If the insured person dies while the arrangement is still in effect, the beneficiaries will get a specific amount of money.

According to Sambo (2016), life insurance is an agreement between the insurance company and the insured in which the insurance company agrees to pay a pre-determined amount, known as the sum assured, to the nominee following the insured person's death. After getting insurance, the life insurance agreement includes aspects of security and investment, and the policyholder feels secure since he will be awarded a specific amount upon death or maturity. The equity component is present since a certain amount must be paid. In other words, life insurance protects against early death by paying a specified amount at the end of the policy's term (Ibitomi, Ojatuwase, Okpiabhele & Eke, 2022).

Economic Growth Variables Concept

Economic growth is the process by which the productive component of an economy grows over time, resulting in an increase in national income. Economic growth manifests itself as a gain in income, an expansion of the work force, an increase in the country's total capital stock, and an increase in trade and consuming capacity. The Gross Domestic Product (GDP) of a country is a measure of its output's economic model. The economic growth of a country can be used to determine its financial health. Nigeria's economy is characterized by rapid expansion (Ntiamoah, *et al.*, 2014).

Economic growth is achieved through making optimal use of available resources and improving a country's production capacity, allowing for easier revenue redistribution amongst the population and society. Increased economic growth means more goods and services are produced, the unemployment rate is lower, there are more job opportunities, and the population's standard of living is higher (Ntiamoah, et al., 2014). For the most of the time since independence, the Nigerian economy has performed poorly. This could be due to a variety of issues confronting the country; however, the task of achieving economic recovery and sustained qualitative growth appears to be daunting, as Nigeria appears to be sucked into a vortex of interlocking vicious articles that have interacted to keep the country in a low growth equilibrium trap (Central Bank of Nigeria (CBN), 2021).

In his Nobel memorial lecture, Kuznets characterized economic growth as “a long-term rise” in the capacity to deliver increasingly diverse economic commodities to its population, based on developing technology and the institutional and ideological adjustments that it necessitates, as stated by Iyoha (2015). Economic growth describes the process of expansion in advanced industrialized countries, whereas economic development describes the dynamics of growth in low-income, non-industrialized countries, according to Iyoha (2015). He went on to say that where there is growth, there is likely to be development, and an economy that is developing must be growing.

The term "economic growth" refers to the problems that industrialized countries face (Jhingan, 2017). According to him, in rich countries, boosting income levels is referred to as economic growth, whereas in poor countries, it is referred to as economic development, and economic growth entails raising people's living standards and lowering income distribution inequities. Economic growth, he added, is defined as the process by which a country's actual per capita income rises over time. The increase in the number of products and services produced in a country is used to quantify economic growth (Abdulgaffar *et al.*, 2022).

In industrialized countries, certain empirical research has been done to investigate the nature of the relationship between insurance and economic growth (Emmanuella, Ibitomi, Dada & Micah, 2022). However, few studies on the subject have been undertaken in poor nations, including Nigeria. We summarize the findings of available studies on the relationship between insurance and economic growth in this subsection.

Empirical Review

From 1961 to 1996, Ward and Zurbruegg (2000) looked at the relationship between economic development and insurance market activity in nine OECD nations. They employed real GDP as an indicator of economic activity and insurance premiums as an indicator of insurance activity, and found a long-term relationship between the two. Explanatory factors such as private savings rate, budget surplus, population, government expenditure, population age, and others were used by the writers in their investigations. The findings of their research revealed that insurance is influenced by cultural predispositions toward uncertainty avoidance as well as regulatory influences. Kugler and Ofoghi (2005) discovered a relationship between the size of the insurance industry and economic development in the United Kingdom from 1966 to 2003. The Johansen test was employed for estimate, but unlike Ward and Zurbruegg (2000), the authors did not incorporate extra variables. The findings revealed a link between economic growth and many types of insurance, including life, non-life, vehicle, and property insurance.

Arena (2018) found that both life and nonlife insurance have a large and favorable impact on GDP growth in his study. He also highlighted a number of factors that influence insurance, including openness, inflation, government consumption, human capital, and changes in terms of trade. The impact of private credits and stock market turnover, which were included in the study, could not be shown.According to Feyen, Lester, and Rocha (2011), per capita income, population size and density, demographic structure, income distribution, the size of the public pension system, state ownership of insurance companies, the availability of private credit, and religion all influence life sector premiums. They also illustrate that policy issues can have an impact on the insurance sector's development.

Haiss and Sumeji (2008) conducted a cross-country panel data analysis for 29 European nations from 1992 to 2005 to look at the impact of insurance investment and premiums on GDP growth.

They discovered that life insurance has a favorable impact on GDP growth in 15 EU nations, including Switzerland, Norway, and Iceland. They discovered a greater impact for liability insurance in the New EU Member States from Central and Eastern Europe. The impact of the real interest rate and the level of economic development on the insurance-growth nexus was also highlighted in their findings. They claimed that in financial sector analysis and macroeconomic policy, the insurance industry needs to be given more attention.

Pen-Fen et al. (2011) looked into the impact of life insurance on economic growth and how the insurance-growth nexus is affected by various factors. The degree of financial development, private saving rates, interest rates, social security expenditures, income, young dependence ratio, life expectancy, and geographic areas are among these conditions. The major findings revealed that the development of the life insurance industry has a beneficial impact on economic growth. The insurance-growth nexus differed between countries and conditions. The favorable influence on economic growth, for example, is lower in middle-income countries but higher in low-income countries. Furthermore, they discovered that the growth of the stock market and the expansion of the life insurance industry are substitutes rather than complements.

Akinlo and Apanisile (2014) conducted a panel analysis that looked at the association between insurance and economic growth in Sub-Saharan Africa from 1986 to 2011. The estimate methods used were Pooled OLS, Fixed Effect Model, and Generalized Method of Moment Panel Model. Insurance has a favorable and significant impact on economic growth in Sub-Saharan Africa, according to the results of the dynamic panel data calculations. This demonstrates that premiums contribute to economic growth in Sub-Saharan Africa, implying that a well-developed insurance industry is essential for economic development since it provides long-term investments for economic growth while also boosting risk-taking abilities.

From 1976 to 2018, Olayungbo (2020) looked on the asymmetric non-linear link between insurance and economic growth in Nigeria. The conclusion is that in Nigeria's insurance market, there is an asymmetric effect. Unidirectional causality also exists between positive GDP growth and negative insurance premium growth. Furthermore, utilizing variance decomposition and impulse response with control variables, the robustness results suggest that low insurance encourages high growth in Nigeria. In Nigeria, the impulsive responses also reveal an unbalanced link between low insurance and fast growth. Finally, it is obvious from the insurance-growth literature that studies on African nations are few. To the best of our knowledge, no study has examined the relationship between insurance demand and growth using the time-varying parameter VAR. As a result, our project fills a vacuum in the literature on insurance expansion.

METHODOLOGY

The study used an ex-post facto analytical research design in this study. Because the researcher uses current data rather than new data obtained particularly for the study, it is an ex-post facto study. In order to acquire data for the paper, the study employ a secondary data collection method. The data came from the Nigeria Bureau of Statistics (NBS), the International Monetary Fund (IMF) international economic data, the CBN Statistical Bulletin, and other sources. The data collection period was for 15 years. The data was analyzed using multiple regression analysis.
The model for the variable is represented in the following equations below:

$Y = a + bX_1 + bX_2 + e_t$ ---------- 1

Y = dependent variable X =independent variable Y =gross domestic product X =insurance receivables Where Y = gross domestic product (GDP) X = insurance receivables (IR) X2 = insurance total premium, X1 = life premiums (LP),

The model for the analysis is presented below:
$RGDP_t = \alpha + \beta_1 LifPrem + \beta_2 InsTotalPrem + e_t$ ---------- 2
Where RGDP represents the economy, α represents the constant
B_1 represents the coefficient for Life Premium
B_2 represents the Gross Premium
e_t represents error terms in computation
Lifprem = Life Premium
InsTotalPremium = Insurance Investment

DATA ANALYSIS AND DISCUSSION

Data Analysis

The analysis carried out included ADF unit root test for stationarity, estimation of regression paremeters using OLS, Breusch-Godfrey Serial Correlation LM Test, Heteroskedasticity Test: Breusch-Pagan-Godfrey, Jarque-Bera normality test and CUSUM stability test.The data were time series, and most time series data have a stochastic trend, the stationarity property of the data was checked using the Augmented Dickey Fuller Unit root test. The ADF Unit root test is required in order to determine whether or not the data is stationary. This is because employing non-stationary data to estimate regression analysis results in erroneous results that are both misleading and inappropriate for policy formation. The unit root test was performed initially at the level. Table 1 displays the results.

Table 1 reveals that the absolute values of ADF Statistics for RGDP and Non-Life Gross Premium (NLGP) (3.171591 and -3.394033) are both higher than their critical thresholds of 5%. (3.144920

and -3.212696). Their p-values (0.0479 and 0.0381, respectively) are also less than 0.05. This means that real GDP and non-life gross premiums are both at the same level. However, the absolute ADF Statistics for RGDP, LIGP, and Insurance Industry Gross Premium (IIGP) (and -3.394033), respectively, are more than their critical values at 5% (0.488912 and 0.331829). Furthermore, the ADF estimates have p-values of 0.8618 and 0.9691, indicating that they are not significant. The gross premiums for life insurance and the insurance sector are not constant.

Hence, the need for stationarity at first differencing.

Table : 1

Variable	ADF Statistic	Critical Value of ADF at 5%	P-value	Order of Integration
RGDP	-3.171591	-3.144920	0.0479	I(0)
LIGP	-0.488912	-3.144920	0.8618	-
IIGP	0.331829	-3.144920	0.9691	-

Unit Root test for Stationarity at First Difference

Table 2 shows that the absolute values of ADF statistics of life insurance gross premium and insurance industry gross premium (3.557728 and 3.543752) are greater than their absolute value of critical values (3.175352 and 3.175352) at 5%. Furthermore, the p-values of the estimates (0.0274 and 0.0322) are less than 0.05. This revealed that life insurance gross premium and insurance industry gross premium are stationary at first difference, which also means that they are integrated of order one (I(1). Since the variables have become stationary, Ordinary Least Square was used to estimate the effects of insurance variables on economic growth.

Table 2: ADF Statistics

Variable	ADF Statistic	Critical Value of ADF at 5%	P-value	Order of Integration
LIGP	-3.557728	-3.175352	0.0274	I(1)
IIGP	-3.543752	-3.175352	0.0322	I(1)

Ordinary Least Square Regression Estimates

Table 3 : Dependent Variable : Real GDP

Variable	Co-efficient	Standard Error	T-Statistic	P-value
LIGP	20.96577	21.23150	0.987484	0.3467
C	23733152	4140984	5.731283	0.0002
R-squared	0.539451			
F-Statistic	77.57740	Prob(F-statistic)	0.000001	
Durbin-Watson stat	1.559285			

According to equation 4.3, real GDP (RGDP) and non-life insurance gross premium have a positive connection. A one million naira rise in non-life insurance gross premium translates in a 193.0232 million naira gain in real GDP, ceteris paribus. Because the absolute estimated t statistic (6.579535) is bigger than the reported t-statistic, this association is statistically significant at 5%. (2.306 at 8 df). Furthermore, the above-mentioned estimated link was consistent with a priori expectation. The p-value is less than 0.05 (0.0001). This also demonstrates that gross non-life insurance premiums have a large impact on RGDP. As a result, the null hypothesis of no meaningful association between non-life insurance gross premium and economic growth in Nigeria was rejected.

Table 3 further revealed that a one million naira rise in life gross insurance premiums would result in a 20.96577 increase in real GDP if all other parameters remained constant. T-statistic (0.987484 2.306 at 8 df) and p-value (0.3467 > 0.05) show that the computed coefficient is not statistically significant at 5%. 0.539451 is the coefficient of determination. This revealed that non-life insurance gross premium and life insurance gross premium account for 53.9 percent of real GDP variance, with the remaining 46.1 percent attributed to other real GDP drivers that were not included in the model. The R-squared is larger than 50%, indicating that the model has a good explanatory power.

The estimated's f-statistic is (77.57740). It has a p-value of less than 0.05 (0.000001). This indicates that the model is well-fitting in general.
The model's Durbin–Watson Statistic (1.55) is nearly 2.0, indicating that serial correlation is not present in the model.

Post Estimation Tests
In order to determine whether the assumptions of linear regression have been met, Breusch-Godfrey Serial Correlation LM Test was used to test autocorrelation while white heteroskedacity test was used to test heteroskedacity.

Table 4: Breusch-Godfrey Serial Correlation LM Test

		Prob.
F-statistic	1.089135 Prob. F(2,8)	0.3816
Obs*R-squared	2.782154 Prob. Chi-Square(2)	0.2488

Table 4 shows that prob value of F-statistic and Chi-Square is 0.3816 and 0.2488 are greater than 0.05 indicating that the estimates are not statistically significant. As a result, we fail to reject the null hypothesis of absence of serial correlation. In other words, the model is free of serial correlation.

Table 5: Heteroskedasticity Test: Breusch-Pagan-Godfrey

		Prob
F-statistic	0.054229 Prob. F(2,10)	0.9475
Obs*R-squared	0.139483	0.9326

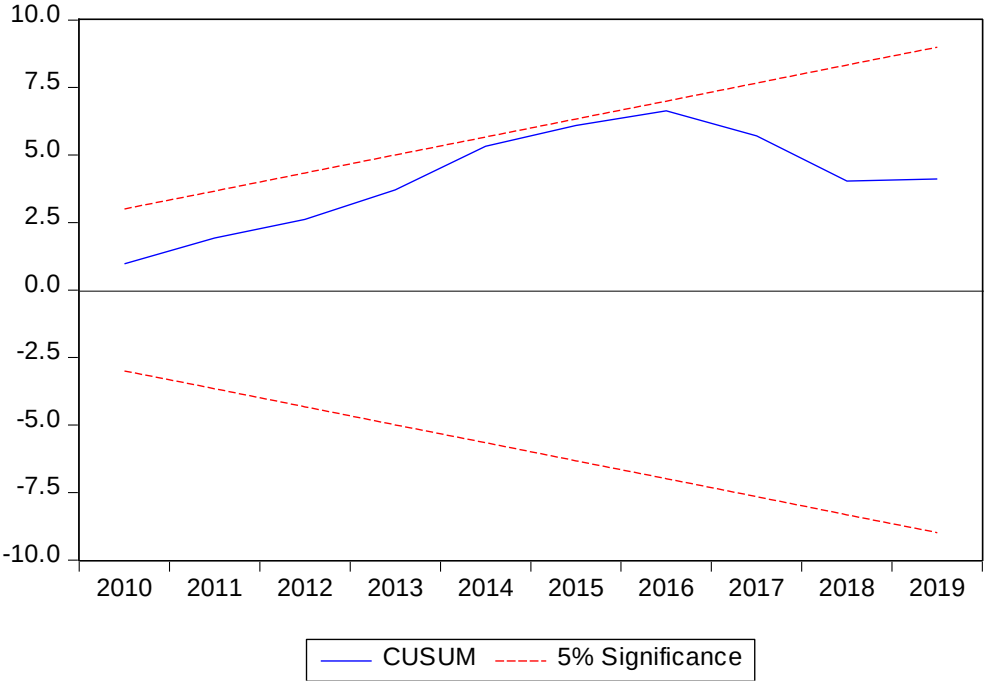
Table 5 shows the absence of heteroskedacity in the residuals. This is indicated by the prob. Value (0.9475 and 0.9326) of the F-statistic and Obs*R-squared statistic which are greater than 0.05. This shows that they are not significant at 5%. As a result, we fail to reject the null hypothesis of the absence of heteroskedacity in the model. In other words, the model is free of heteroscedascity.

Table 6 : Normality Test: Jarque- Bera Test

		Prob
F-statistic	0.694808	0.706520

Table 6 shows the residuals of the model are normally distributed. The p-value of the Jarque-Bera statistic is 0.706520 which are greater than 0.05. This shows that the Jarque- Bera statistic is not significant at 5%. As a result, we fail to reject the null hypothesis of the residuals are normally distributed. In other words, the residuals are normally distributed.

CUSUM Stability Test



The blue line fall in between the two red lines, indicating that the estimated coefficients are stable.

Table 7: OLS Regression Estimates of Insurance Industry Gross Premium
Dependent Variable : Real GDP

Variable	Co-efficient	Standard Error	T-Statistic	P-value
LIIGP	0.426612	0.035319	12.07866	0.0000
INFR	-0.007883	0.003322	-2.373040	0.0391
C	12.70391	0.417476	30.43024	0.0391
R-squared	0.544445			
F-Statistic	85.00107	Prob(F-statistic)	0.000001	
Durbin-Watson stat	1.811			

Table 7 shows that real GDP (RGDP) and insurance industry gross premium have a positive connection. Ceteris paribus, a 1% increase in insurance industry gross premium results in a 0.426612 percent gain in real GDP. Because the absolute calculated t statistic (12.07866) is bigger than the reported t-statistic, this association is statistically significant at 5%. (2.306 at 8 df). The p-value is smaller than 0.05 (0.0000). This also demonstrates that gross non-life insurance premiums have a large impact on RGDP. In addition, the projected link is consistent with economic theory. As a consequence, the null hypothesis that the insurance industry's gross premium has no meaningful association with Nigeria's economic growth was disproved.

Table 7 further shows that the rate of inflation has a negative impact on real GDP. If the inflation rate rises by one percent and all other factors stay constant, real GDP will fall by 0.007883. T-statistic (2.373040 2.306 at 8 df) and p-value (0.0391 > 0.05) show that the computed coefficient is significant at 5%. The correlation coefficient is 0.54444.

This revealed that the insurance industry gross premium and inflation rate account for 54.4 percent of the variation in real GDP, while the remaining 45.6 percent is ascribed to other real GDP variables that were not included in the model. The R-squared is larger than 50%, indicating that the model has a good explanatory power.

The estimated's f-statistic is (85.00107). It has a p-value of less than 0.05 (0.000001). This indicates that the model is well-fitting in general. The model's Durbin–Watson Statistic (1.811) is close to 2.0, indicating that there is no serial correlation in the data.

Table 8 Breusch-Godfrey Serial Correlation LM Test

		Prob.
F-statistic	1.018129 Prob. F(2,8)	0.4037
Obs*R-squared	2.637572 Prob. Chi-Square(2)	0.2675

Table 4.8 in the above shows that prob value of F-statistic and Chi-Square is 0.4037 and 0.2675 are greater than 0.05 indicating that the estimates are not statistically significant. As a result, we fail to reject the null hypothesis of absence of serial correlation. In other words, the model is free of serial correlation.

Table 9 : Heteroskedasticity Test: Breusch-Pagan-Godfrey

		Prob
F-statistic	0.707487 Prob. F(2,10)	0.5160
Obs*R-squared	0.611450	0.4468

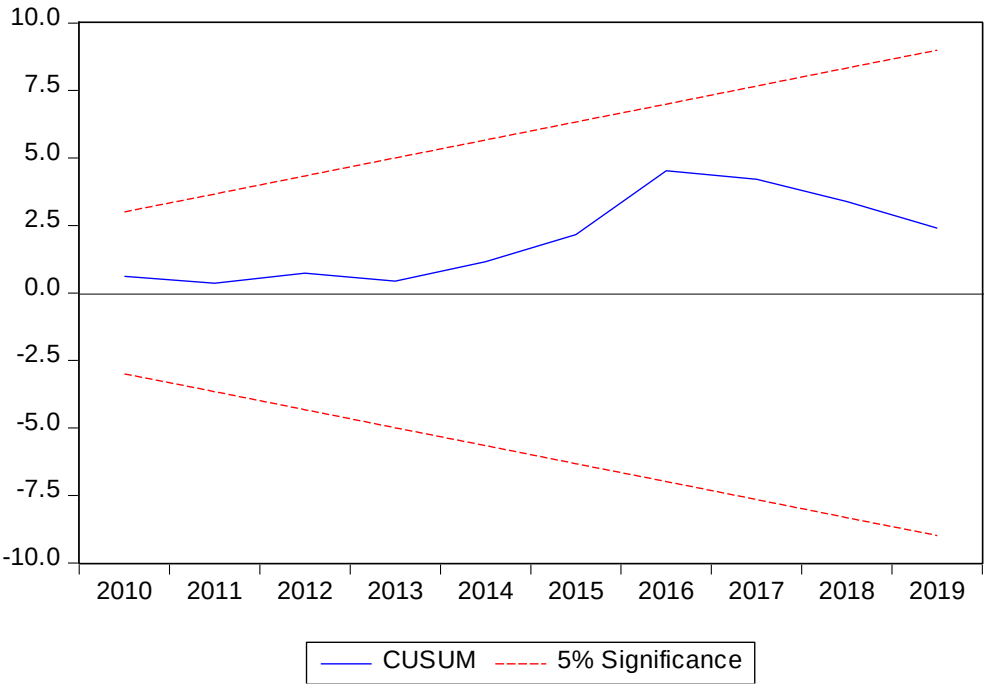
Table 9 shows the absence of heteroskedacity in the residuals. This is indicated by the prob. Value (0.5160 and 0.4468) of the F-statistic and Obs*R-squared statistic which are greater than 0.05. This shows that they are not significant at 5%. As a result, we fail to reject the null hypothesis of the absence of heteroskedacity in the model. In other words, the model is free of heteroscedascity.

Table 10: Normality Test: Jarque- Bera Test

		Prob
F-statistic	2.040752	0.360459

Table 10 shows the residuals of the model are normally distributed. The P-value of the Jarque-Bera statistic (2.040752) is 0.360459 is greater than 0.05. This shows that the Jarque- Bera statistic is not significant at 5%. As a result, we fail to reject the null hypothesis of the residuals are normally distributed. In other words, the residuals are normally distributed.

Stability Test



The blue line falls in between the two red lines, indicating that the estimated coefficients are stable.

DISCUSSION OF MAJOR FINDINGS

Based on analysis, the findings of the study are as follows:

(i) The effect of life gross premium on real GDP is not significant.

(ii) There is a significant positive relationship between total insurance gross premium and economic growth in Nigeria.

The impact of life insurance gross premiums on Nigerian economic growth. Life insurance gross premiums have no significant impact on real GDP, according to the findings. The t-statistic (0.987484 2.306 at 8 df) and p-value (0.3467 > 0.05) support this. This demonstrates that revenues raised by insuring individual lives and the lives of their families are insufficient to contribute to an increase in the production of products and services. This is counter to economic notions (Financed-led growth, Endogenous Growth Model, among others). This study's findings are consistent with Peter and Kjell (2016), who discovered a weak relationship between life insurance and economic growth in the United Kingdom, and Iyodo1, Samuel, and Inyada (2018), who discovered that life insurance gross premium has no significant effect on economic growth in Nigeria.

The relationship between the insurance industry's gross premium and Nigeria's economic growth. The results in table 7 show that real GDP (RGDP) and insurance industry gross premium have a positive association. A one percent rise in insurance industry gross premium results in a 0.426612

percent increase in real GDP. The p-value (0.00000.05) and t-statistic (12.07866> 2.306) suggest that the insurance business gross premium has a significant impact on RGDP. The result matched Arena (2018), who reported a favorable and significant impact of total gross premium insurance market activity on Nigerian economic growth. This means that, on average, insurance industry gross premiums contribute to positive economic growth by boosting the economy's production capacity and, as a result, increasing the output of products and services.

CONCLUSION AND RECOMMENDATIONS

Financial intermediation and economic growth were both aided by the insurance business. Both locally and internationally, the sector aids in the efficient mobilization of long-term funds (non-life gross premium and life gross premium). This fund is utilized to finance capital requirements in industries such as agriculture, manufacturing, transportation, mining, petroleum, and trade, resulting in increased investment and capital accumulation. The industry also supports investment and the loss of financial resources by supporting businesses in risk management, thereby offering protection against various types of hazards that can deter investment. This allows the country's majority of investors to invest without fear. The financed-led growth model (Schumpeter, 1911) has been demonstrated to be valid in Nigeria in this study. According to the findings, the insurance industry's financial services serve to boost productivity by efficiently allocating funds needed for capital creation to the productive sector of the economy. As a result, the insurance business contributes to the country's increased productive capacity and, as a result, the increase in products and services produced. According to the conclusions of this study, non-life gross premium has a considerable favorable impact on Nigeria's economic growth. In Nigeria, life gross premium has no substantial impact on economic growth. Furthermore, the insurance business's gross premium has a considerable beneficial impact on Nigeria's economic growth, meaning that the insurance industry contributes to the country's overall economic growth. In Nigeria, there is a considerable positive association between insurance and economic growth, according to the findings.
The following recommendations have been made based on the findings of this study:

i. Policymakers, particularly NAICOM, should adopt policies that promote the growth and development of the insurance business as a whole.
ii. To boost non-life insurance's contribution to economic growth, firms and individuals should be encouraged to cover their assets such as buildings, machineries, and equipment, among other things.
iii. Individuals and families should be educated on the importance of life insurance in order for it to have a substantial impact on Nigeria's economic progress. This will result in a considerable increase in life insurance gross premiums, as well as a major impact on real GDP.

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