Influence of Insurance Sector Development on Insurance Performance in Nigeria from 1996-2018

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ABSTRACT

This study examined the influence of insurance sector development on insurance performance in Nigeria ranging from 1996-2018. The specific objectives are to; Examine the impact of insurance penetration on insurance performance in Nigeria from 1996-2018. and Investigate the effect of insurance density on insurance performance in Nigeria from 1996-2018. The study adopts expost-facto research design. The data were time series, secondary and purely quantitative. They are drawn from sources such as The Statistical Bulletins of Central Bank of Nigeria and the World Bank development indicator and National Insurance Commission (NAICOM). Auto regressive Distributed lag model (ARDL) formed the method of data analysis. ARDL was chosen over the ordinary least square regression (OLS) because ARDL is a dynamic model while OLS is a static model. The results of the ARDL baseline test show that insurance penetration has a positive and significant impact on insurance performance in Nigeria. According to statistics, insurance penetration increases insurance performance by 1%, and this rise contributes 104 percent to the growth of insurance performance in Nigeria. It is given that; the coefficient of the parameter estimates of insurance penetration as 1% and the probability of t-statistics of 0.0014<.05 which is significant. The results of the ARDL baseline test show that insurance density has a favorable and significant impact on insurance performance in Nigeria. According to statistics, insurance penetration increases insurance performance by 1%, and this rise contributes 45 percent to the growth of insurance performance in Nigeria. The explained variation, on the other hand, is 73 percent, indicating that the independent variable adequately explains the dependent variable. It is given the coefficient of the parameter estimates of insurance penetration as 1% and the probability of t-statistics of 0.023<.05 which is significant, it shows that it is positively signed and statistically significant. We concluded that insurance penetration has a positive and major impact on insurance performance in Nigeria, and insurance density has a positive and large impact on insurance performance in Nigeria, according to the study's goal. We recommended that, to avoid settling of incessant claims, thorough awareness should be carried out prior to attempting penetration. And in order to limit the number of claims for each earned premium, the Nigerian insurance market must efficiently regulate the amount of insurance concentration.

1. Introduction

Nigeria's risk management system is built on the backbone of the insurance industry. It provides financial stability, acts as a vital link in the financial intermediation system, and provides a fast source of long-term finance for infrastructure projects. Without a doubt, the importance of insurance in our economy's growth and development cannot be overstated. Insurance, to some extent, mitigates the impact of risks and has a positive correlation with growth since it allows entrepreneurs to cover their exposures and develop stronger risk-taking capacities. In this regard, Nigeria's economic development and progress are dependent on a strong and cooperative insurance business. Insurance, according to Ward and Zurbruegg (2000), not only enables economic transactions through risk transfer and indemnity, but also encourages financial intermediation. Insurance can help to promote financial stability, mobilize savings, facilitate trade and commerce, and ensure that risk is managed more efficiently through effective loss mitigation, efficient capital allocation, and as a substitute for and/or addition to government security initiatives (Ward and Zurbruegg, 2000). A strong insurance sector, according to Johnson (2008), is not only the product of a well-functioning financial services sector, but also an integral part of a healthy modern economy.

Insurance is intended to safeguard an individual's, company's, other entity's, or society's financial well-being from unforeseen losses (Oke, 2012). It is social in character since it symbolizes the cooperation of many individuals for the mutual benefit of reducing the consequences of similar risks by working together. With each passing day, new areas of risk develop, necessitating the creation of new insurance packages to cover an increasing number of risk areas, resulting in insurance booms. Eze and Okoye (2013), Badejo (2014) claims that the British introduced the concept of insurance in its current form to Nigeria in the late 1800s with the construction of trading stations by European commercial corporations. These businesses insured themselves with well-known insurers in the London insurance sector. Some British insurers then hired Nigerian agents to represent their interests in the nation. These agents eventually became full-fledged branch offices of their parent firms in the United Kingdom.

Statement of problem

The main insurance sector functionality to the clients is risk transfer and under normal circumstances, the insured pays a premium and then it is secured against the exact uncertainty. Reducing the uncertainty and then the volatility, it gives the insurance corporations smoothen economic cycle and reduce the effect of crisis situations on the aggregate and micro level of an economic losses. Though, the increasing demand for protection against loss of life and property that may cause by accidents, natural disaster, violence and others related crimes may not be so demanded in Nigeria hence the sale of goods, purchase, possession and assets and services which are often facilitated by the indemnification of the insurance sector and it does not enhance economic growth. Hence, the safety assurance of life and property that increases trade, transportation and capital lending makes many sectors are not heavily reliant on insurance services. Therefore, it directly affects insurance penetration and density on insurance performance in Nigeria.

Objective of the study

The main objective of this study is the influence of insurance sector development on insurance performance in Nigeria ranging from 2009-2018. The specific objectives are to;

1. Examine the impact of insurance penetration on insurance performance in Nigeria from 1996-2018
2. Investigate the effect of insurance density on insurance performance in Nigeria from 1996-2018

Research Hypothesis

1. H_0 Insurance penetration has not positive and significant impact on the insurance performance in Nigeria from 1996-2018?
   H_1 Insurance penetration has positive and significant impact on the insurance performance in Nigeria from 1996-2018?
2. H_0 Insurance density has not positive and significant effect on the insurance performance in Nigeria from 1996-2018?
   H_2 Insurance density has positive and significant effect on the insurance performance in Nigeria from 1996-2018?

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2. Review of Related Literature
2.1 Conceptual Review
Insurance business

Insurance is described as an agreement or contract between two parties, it may be considered as party (A) the insured and the insurer, in which the insured pays a relative amount of money called premium to the insurer, who agrees to indemnify him in the event of the insured loss based on the policy's terms and conditions. Insurance is a contract between two parties, the insured (buyer) and the insurer (seller), in which the insurer agrees to compensate the insured in the event of the insured's contingencies (uncertainties or losses) in exchange for a premium paid by the insured, subject to the contract terms and conditions Anyanwoncha (2008).

Insurance is described as the pooling of funds from the insured (policyholders) to pay for relatively unusual but catastrophic losses that can occur to the insured. Insurance is a contract between two parties in which one party, the insured, agrees to pay a set amount of money if a specific event occurs. It is defined by Irukwu (1989) as a contract between the person who purchases insurance and the insurance business that sells the policy.

"By entering into the contract, the insurance firm commits to pay the policy holder or his family members a predetermined sum of money in the event of any bad event for a predetermined fixed sum payment, which is in common terms called insurance premiums?" he writes. Motor insurance, general accident insurance, fire insurance, maritime, aviation, and transit insurance, life insurance, oil and gas insurance, and health insurance are just a few of the insurance products available in Nigeria.

The insurance business is often regarded as the backbone of any country's risk management system, as it provides financial security services as a key component of the financial intermediation chain, as well as a quick supply of long-term funding for infrastructure projects. The insurance industry, according to Butler, and Francis, (2010), "mitigates the effects of risks and is positively correlated to growth as entrepreneurs cover their exposures, otherwise risk-taking abilities are hampered; insurance also promotes the growth of small and Lange firms as it provides stability by allowing large and small businesses to operate with a lower risk of volatility on failure; insurance also promotes the growth of small and Lange firms as it provides stability by allowing large and small businesses to operate with a lower risk of volatility on.

Insurers are able to pool a huge pool of cash that may be invested for short and long-term periods, which is highly significant to the financial in collecting relatively small premiums from the insurance in the economic Han, Li, Moshirian, & Tian, (2010). Economic growth, as well as the depth and broadening of the domestic financial system, depend on such long-term economic findings. As a result, for Nigeria's economic development and prosperity, a strong and competitive insurance market is a must.

In light of the foregoing, Ul Din, Abu-Bakar, & Regupathi, (2017) believes that the insurance industry plays a critical role in a rising economy by insuring individuals and businesses against hazards. Insurance businesses also contribute to the economy by their investments, and are thus regarded as a major player in the financial services industry around the world Olayungbo, D. O. (2015). Science, technology, and industry have all evolved dramatically over time as a result of human ingenuity. Despite human ingenuity and initiative, however, the issue of risk continues to be a challenge. Insurance, as part of risk management, is perhaps one of the most well-known risk mitigation strategies, used worldwide to decrease risk factors and as an investment vehicle to increase economics.

Insurance Penetration

The insurance penetration rate, which is calculated as the ratio of premium underwritten in a given year to GDP, represents a country's level of development in the insurance business. (Taiwo's definition of overall insurance penetration is total insurance premium/GDP) (2008). According to Agbokoba, (2013), there are two types of penetration: life assurance penetration, which considers premiums generated from all life assurance policies as a percentage of GDP, and non-life insurance penetration, which includes premiums generated from policies other than life assurance policies such as auto insurance, marine insurance, aviation insurance, and so on. According to Niyi Onifade (2016), insurance penetration is the percentage contribution of insurance premiums to a country's Gross Domestic Product (GDP). For example, if Nigeria earns a total insurance premium of N10 billion and the country's GDP is N100 billion during the same year, insurance penetration is 10%.

Insurance Density

The ratio of insurance premiums to the total population is known as insurance density. It indicates how much each individual in a country pays on insurance in terms of premiums. It is the cost of insurance per capita, which is derived by dividing the total cost of insurance by the population.

Insurance Performance

Insurance performance is defined by the CBN (2018) as the rise in financial receipts in all classes of insurance less the expenditures in all classes of insurance in Nigeria. Premiums from general insurance, which include premiums from fire insurance, accident insurance, motor insurance, employer liability insurance, marine insurance, and oil and gas insurance, can be expressed as insurance income. Other insurance income such as real estate, mortgage rents, interest and dividends from money and capital markets, other receipts, premiums from life policies less the general expenditure of insurance companies expressed as claims from general insurance business such as fire insurance, motor insurance, accident insurance, employer liability insurance, marine insurance, oil and gas insurance over years expressed as claims from general insurance business such as fire insurance, motor insurance, accident insurance, employer liability insurance, marine insurance, oil and gas insurance.

2.2 Theoretical Review

The Theory of Economic Growth

Roy F. Harrod and Evsey Domar independently established the economic growth theory model in 1939 and 1946, respectively. The Harrod-Domar economic growth model emphasizes savings and investment as significant growth factors. The Harrod-Domar model is a growth strategy, not a growth model. A growth model can assist explain how growth has happened in the past and how it can happen again in the future. Growth strategies are policies that a government might implement in order to match the model's predicted outcome.

Essentially, the Harrrod-Domar economic growth theory states that the economy's rate of growth is determined by two factors: national savings and capital investment productivity (known as the capital-output ratio). According to the model, an economy's rate of growth can be boosted in one of two ways: by increasing the level of savings in the economy (i.e. gross national savings as a percentage of GDP) or by lowering the capital output ratio (i.e. increasing the quantity/productivity of capital input).

The insurance industry has seen substantial expansion throughout the years all across the world. According to Beck and Webb (2003), this sector's portion of the financial sector has been growing, as seen by the insurers' volume of business. The numerous ways via which insurance can favorably affect economic growth include mobilization of domestic savings, efficient risk management, loss reduction, more efficient deployment of domestic capital, and financial stability promotion (Acha and Ukpong,2012). This theory is beneficial for this study because it reminds the mind set about the importance of insurance to the economy. It is based on the notion that insurance encourages saves and saving influences growth.

2.3 Empirical studies

Baba Yaro I, Sunday E. S. and Sunday J. I.(2018), The study explored the effect of insurance industry performance on economic growth in Nigeria. Insurance is a form of protection against financial loss. The goal of the study was to look into the impact of non-life insurance penetration on Nigeria's economic growth. For this investigation, an ex-post facto study design was used. The Central Bank of Nigeria (CBN) Statistical Bulletin was used to compile time series data for the years 1988 to 2014. Regression was used to analyze the data. In order to assess hypotheses developed for the study, the ARDL bound test was used. The study's findings found that non-life insurance penetration had a beneficial and significant impact on Nigeria's economic growth during the time. The study suggests, among other things, that life insurance companies develop products primarily for low-wage earners as a target market, which will increase penetration and deepen the market; more awareness is created to improve product industry and firm participation, which will intensify the insurance industry's activities in Nigeria; and more awareness is created to improve product industry and firm participation, which will intensify the insurance industry's activities in Nigeria. Furthermore, a greater diversification of insurance products, primarily in non-life enterprises, is advised. Government insurance policies covering obligatory insurance for all Nigerians, namely non-life and health insurance cover, should be carefully enforced and implemented if the insurance industry in Nigeria is to have a substantial and positive impact on the Nigerian economy.

Lyndon M. Etale (2019), The study investigates insurance sector development and economic growth in Nigeria: an empirical analysis. Total insurance investment (INV), total insurance premium (PRE), and total insurance claims (CLA) were employed as proxies for insurance sector development and predictive variables, respectively while Gross Domestic Product (GDP) as proxy for economic growth and the response variable. The secondary time series data for the variables came from annual reports of the Central Bank of Nigeria (CBN) Statistical Bulletins and the Nigerian Insurance Digest from 2001 to 2017. As data analysis approaches, the study used descriptive statistics and a multiple

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regression strategy based on the E-views 9.0 program. Total insurance investment, total insurance premium, and total insurance claims all had a positive impact on gross domestic product, a proxy for economic growth, according to the empirical findings (total insurance investment and total insurance premium were significant at 5 percent level, while total insurance claims, at 19 percent level, was not significant). The rise of the insurance business in Nigeria contributed significantly to economic growth, according to this study. According to the findings, insurance plans should be made required for people and businesses to attract and protect investors while also ensuring long-term economic growth. Furthermore, regulators should enact policies that require insurers to handle funds in a transparent and efficient manner, and insurers should diversify their investment portfolios to increase returns and their ability to pay claims.

Eze and Okoye (2013) examined the impact of insurance practice on the growth of Nigerian economy. As factors of insurance practice, insurance premium income, total insurance investment, and income from insurance development were employed. To determine the model's short and long run effects, they used unit root tests, Johansen co-integration tests, and an error correction model in data analysis. The study found that insurance premium capital has had a significant impact on Nigerian economic growth, that the level of total insurance investment has had a significant impact on Nigerian economic growth, and that there is a causal relationship between insurance sector development and Nigerian economic growth. Their findings suggested that the insurance industry would contribute significantly to the long-term prosperity of the Nigerian economy. According to the findings, insurance practice has a considerable positive impact on the growth of the Nigerian economy. They advised this after observing a long-term association between insurance business practices and Nigerian economic growth. They also recommended that additional efforts be made to improve the insurance industry's openness and efficiency through appropriate law and policy development aimed at providing institutional improvement, particularly in risk management and product innovation in Nigeria.

Chizoba P. E; Eze O. R and Nwite S. C. (2018). The study investigated the effect of inflation rate on insurance penetration of Nigerian insurance industry. The data was analyzed using regression analysis, and the data was acquired through secondary sources. Inflation had a favorable but minor influence on insurance penetration in the Nigerian insurance business, according to the study. The implication is that the macroeconomic variable (inflation) increased insurance penetration in the Nigerian insurance business, but only marginally. The report proposed, among other things, that efforts be made to lower Nigeria's inflation rate such that it has a substantial impact on insurance penetration in the country's insurance market.

3. Methodology

This study adopted the expost-facto research design. The expost-facto research design is described as after-the-fact research. This is suitable for the work given that it is based on an already completed event and the researcher is meant to analyses the outcomes of the already completed event and draw reasonable conclusions. All the data to be employed for this work will be time series, secondary and purely quantitative. They are drawn from sources such as The Statistical Bulletins of Central Bank of Nigeria and the World Bank development indicator and National Insurance Commission (NAICOM). They are annualized time series data because they have a natural time ordering covering the period 1996 to 2018 which is a period of 22 years. Auto regressive Distributed lag model (ARDL) formed the method of data analysis. ARDL was chosen over the ordinary least square regression (OLS) because ARDL is a dynamic model while OLS is a static model.

Model Specification

A model, is a mathematical expression of reality though it can exist in other forms.

INSP =   F(INSPENE,INSDEN)   ………………………………… (1)

Where :

INSP   =   Insurance performance as a proxy for Insurance growth

INSPENE =   Insurance Penetration

INSDEN =   Insurance Density

The model is specified of its stochastic form:

$$INSP_t = \alpha_0 + \alpha_1 INSPENEt + \mu_t \ldots\ldots\ldots\ldots (2)$$

$$INSP_t = \alpha_0 + \alpha_1 INSDEN_t + \mu_t \ldots\ldots\ldots\ldots (3)$$

Where: u = Error term

The model is specified of its log-linear form:

$$LNINSP = \alpha_0 + \alpha_1 LNINSPENEt + \mu \ldots (4)$$

$$LNINSP = \alpha_0 + \alpha_1 LNINSDENt + + \mu \ldots (5)$$

Apporrari expectation = $\alpha_1, \alpha_2 < 0$.

The model was logically organized for the sake of testing and the hypothesis, which was presented as follows: This model was created using the theories presented in the first chapter of this study. Because of the study's design, a particular sort of regression termed the Auto regressive distributed lag model (ARDL) was used. This is due to the fact that ARDL is a dynamic model. As a structural model, the aggregated model will be estimated using the ARDL framework and will also capture the short run form. The forms that have been unbundled for the purpose of testing the hypotheses are as follows:

Hypothesis One

Insurance penetration has a positive and significant impact on the Insurance performance in Nigeria.

$$INSP_t = \alpha_0 + \alpha_1 INSPENEt + \mu_t..$$

Hypothesis Two

Insurance density has a positive and significant impact on the Insurance performance in Nigeria.

$$INSP_t = \alpha_0 + \alpha_1 INSDEN_t + \mu_t......$$

4. Data Presentation and Analyses

4.1 Data Presentation

Table 4.1 Necessary Variables for Analyses

	LNINSP	LNINSPENE	LNINSDEN
1996	8.8866	9.3139	25.4355
1997	9.2123	9.3003	25.4224
1998	9.2757	9.3663	27.8266
1999	9.0734	9.5879	28.0838
2000	9.7351	10.0225	28.5542
2001	10.0379	10.2744	28.8416
2002	10.3388	10.5391	29.1420
2003	10.4495	10.6791	29.3176
2004	10.5561	10.8217	29.4959
2005	10.9213	11.1193	29.8276
2006	8.7137	11.3093	30.0696
2007	11.2928	11.3973	30.1898
2008	11.6935	11.7477	30.5719
2009	11.7597	11.9390	30.7952
2010	11.8951	11.9648	30.8530
2011	12.0642	12.0768	30.9970
2012	12.0642	12.0768	31.0290
2013	12.0642	12.0768	31.0610
2014	12.0642	12.0768	31.0930
2015	12.0642	12.0768	31.1250
2016	12.0642	12.0768	31.1570
2017	12.0642	12.0765	31.1439
2018	12.0642	12.0768	31.1698

Source: CBN Statistical Bulletin, 2020

4.2 Data Analyses
Unit Root Test of Stationary
Tests of Unit root using augmented dickey fuller

The unit root test, in the form stated as augmented dickey fuller Test, was used to check the order of integration of the series under examination, hence validating their eligibility for a linear combination in the form of a model. The unit root result that was stationary is summarized in Table 4.3 below.

Table 4.2.1 Summary of Unit Roots Test Results

VARIABLE	ADF STATISTIC	CRITICAL VALUES @ 5%	PROBABILITY VALUE	INFERENCE
LNINSP	-3.8365	-3.6229	0.0338	I(0) STATIONARY
LNINSPENE	-3.9396	-3.6469	0.0287	I(1) STATIONARY
LNINSDEN	-6.9496	-3.6469	0.0001	I(1) STATIONARY

Source: Author's E-view 10 output with data in Appendix, two, three, four and five

From the result of Augmented dickey fuller test contained in table 4.2.1, INSPENE and INSDEN are all integrated of order 1(1) while INSP is integrated at order 1(0) meaning that is stationary at levels. Because of the varied orders of integration, the Ordinary Least Square Regression Method was abandoned in favor of the Autoregressive Distributed Lag Model, which is more forgiving of such stationary property combinations. Furthermore, while the sample size is insufficient for OLS, it is sufficient for the ARDL, as its estimates remain strong and consistent even with a small sample size, and it is also suitable for data with structural brakes. In addition, to reduce data size and assure linearity, the variables are log converted.

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Basic Descriptive Statistics/ Standard tests for Normality

When utilized in econometric analysis, the statistical features of the data sets are seen as critical predictors of their behavior. The researcher used this information to offer the basic descriptive statistics known as the Normality Test of the variables under examination in this section.

Table 4.2.2 Basic Descriptive Statistics/ Standard tests for Normality:

	LNINSP	LNINSPENE	LNINSDEN
MEAN	10.88500	11.13037	29.70453
MEDIAN	11.29285	11.39757	30.18980
MAXIMUM	12.06421	12.07686	31.16984
MINIMUM	8.713710	9.300327	25.42248
STD. DEV.	1.238511	1.038994	1.711895
SKEWNESS	-0.489480	-0.639888	-1.336184
KURTOSIS	1.685150	1.922526	4.006964
JARQUE-BERA	2.575227	2.682160	7.815716
PROBABILITY	0.025928	0.031563	0.020083
SUM	250.3551	255.9985	683.2041
SUM SQ. DEV.	33.74603	23.74919	64.47288
OBSERVATIONS	23	23	23

Source: Author's Computation E-view 10

The data demonstrating normality distribution was estimated above; the outcome demonstrates that the variables are normally distributed because the Jacque-Bera statistics tend to 3 and the normality distribution probability is substantial.

Testing of Hypotheses
The hypotheses were examined using the Autoregressive Distributed Lag Model (ARDL) as a baseline test for hypotheses one and two.

In this study, the following steps were used in a stepwise testing approach for hypotheses one:

Step I: Restatement of the hypotheses in null and alternate forms,

Step II: Presentation and discussion of the results arrived at using the estimation technique

Step III: Statement of Decision criteria.

Step IV: Taking a decision on the rejection or acceptance of the null or alternate hypothesis.

Hypotheses One using ARDL
Step 1: Restatement of the hypotheses in null and alternate forms,

H_0 Insurance penetration has not positive and significant impact on the insurance performance in Nigeria from 1996-2018?

H_1 Insurance penetration has positive and significant impact on the insurance performance in Nigeria from 1996-2018?

Step II: Presentation and discussion of the results arrived at using the estimation technique
Dependent variable: LNINSP
Method: ARDL
Date 11-06-2021 Time- 09.07 AM
Model selection: AIC
Sample size: 1997- 2018 as adjusted by the e-view

Variable	coefficient	Probability value	
LNINSPENE	1.04	0.0014	

R_2=0.80
R_2A= 0.77
F-Stat=37
Pro (F-Stat) = 0.0000
Durblin Watson= 2.1
Source: Author's Computation E-view 10

The results of the ARDL baseline test show that insurance penetration has a positive and significant impact on insurance performance in Nigeria. According to statistics, insurance penetration increases insurance performance by 1%, and this rise contributes 104 percent to the growth of insurance performance in Nigeria over the research period. The explained variation, on the other hand, is 80%, indicating that the independent variable well explains the dependent variable. The F- statistic is significant, indicating that the model is well-fitting. The Dublin Watson is a nice example of no autocorrelation (1.5-2.4).

Therefore, this result is consistent with the economic result and can contribute meaningfully.

Step III: Statement of Decision Criteria

Accept H_O if the sign of the coefficient of the parameter estimates is negative, otherwise reject H_0 and accept H_1 when the coefficient of the parameter estimates is positive, or Accept H_1 if the sign of the coefficient is positive, otherwise reject H_0.

Given the coefficient of the parameter estimates of insurance penetration as 1% and the probability of t-statistics of 0.0014<.05 which is significant, it shows that it is positively signed and statistically significant,
Step IV: Taking a Decision on the Rejection or Acceptance of the Null or Alternate Hypothesis

 Result reveals that INSPENE is positively signed; the study rejected the Null hypothesis and accepted the alternate hypothesis thereby concluded that insurance penetration impacted positively and significantly on insurance business performance in Nigeria.

Hypotheses Two using ARDL
Step 1: Restatement of the hypotheses in null and alternate forms,
H_0 Insurance density has not positive and significant effect on the insurance performance in
     Nigeria from 1996-2018?
H_2 Insurance density has positive and significant effect on the insurance performance in
     Nigeria from 1996-2018?

Step II: Presentation and discussion of the results arrived at using the estimation   Technique
Dependent variable: LNINSP
Method: ARDL
Date 11-06-2021 Time- 09.07 AM
Model selection: AIC
Sample size: 1997- 2018 as adjusted by the e-view

Variable	coefficient	Probability value	
LNINSDEN	0.45	0.023	

R_2=0.73
R_2A= 0.70
F-Stat=26
Pro (F-Stat) = 0.00004
Durblin Watson= 2.3
source: Author's Computation e-view 10

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The results of the ARDL baseline test show that insurance density has a favorable and significant impact on insurance performance in Nigeria. According to statistics, insurance penetration increases insurance performance by 1%, and this rise contributes 45 percent to the growth of insurance performance in Nigeria over the study period. The explained variation, on the other hand, is 73 percent, indicating that the independent variable adequately explains the dependent variable. The F- statistic is significant, indicating that the model is well-fitting. The Dublin Watson is a nice example of no autocorrelation (1.5-2.4).

Therefore, this result is consistent with the economic result and can contribute meaningfully.

Step III: Statement of Decision criteria.

Accept H_0 if the sign of the coefficient of the parameter estimates is negative, otherwise reject H_0 and accept H_1 when the coefficient of the parameter estimates is positive, or Accept H_1 if the sign of the coefficient is positive, otherwise reject H_0.
Given the coefficient of the parameter estimates of insurance penetration as 1% and the probability of t-statistics of 0.023<.05 which is significant, it shows that it is positively signed and statistically significant,
Step IV: Taking a decision on the rejection or acceptance of the null or Alternate hypothesis.

Result reveals that INSDEN is positively signed; the study rejected the Null hypothesis and accepted the alternate hypothesis thereby concluded that insurance density impacted positively and significantly on insurance business performance in Nigeria.

5. Conclusion
Insurance penetration has a positive and major impact on insurance performance in Nigeria, and insurance density has a positive and large impact on insurance performance in Nigeria, according to the study's goal. Insurance is a trust-based business, and without ethical insurance practices, customers may be dissatisfied with or distrustful of insurance services, which can have serious ramifications for the sector. With the knowledge of the benefits, a responsible insurance customer can make better use of insurance products. They are more likely to be satisfied and have a higher level of faith in insurance. With more trust, insurance can begin to have a positive impact on consumers, who can then refer friends and family, resulting in increased insurance acceptability and penetration.

Recommendations
Based on the finding, the following recommendations are made in order to continue to enjoy continuous profit maximization in the insurance industry:

1. In Nigeria, insurance penetration has a favorable and considerable impact on the insurance industry. In general, the study found that penetration has a major impact on the insurance industry's performance in Nigeria. To avoid settling of incessant claims, thorough awareness should be carried out prior to attempting penetration. This will improve the payment of real claims while also assisting the firm's profitability through cost reduction.
2. In Nigeria, insurance density has a favorable and considerable impact on the insurance industry. The study concluded that insurance density has a major impact on the insurance industry's performance in Nigeria. In order to limit the number of claims for each earned premium, the Nigerian insurance market must efficiently regulate the amount of insurance concentration.

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