Insurance Operations and Financial Deepening in Nigerian: Policyholders Perspective (1999-2020)

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Abstract: **Insurance as a financial risk management mechanism performs several operations at ensuring financial deepening in an economy. This study examined the effects of insurance operations on financial deepening in Nigeria: Policyholders Perspectives (1999-2020). The research design employed was an ex-post facto. Data for the study was collected from the Central Bank of Nigeria Statistical Bulletin and annual publications of the Nigerian insurance digest for 22 years' period, 1999-2020. Using linear regression model, the results revealed that insurance premium income and insurance claims paid had statistical significant negative relationship with financial deepening in Nigeria. The study recommends that regulatory bodies and other stakeholders in the Nigerian insurance industry should put in place appropriate mechanisms that will ensure public awareness on the inevitability of insurance, and also that technical staff training and retraining for effective underwriting and claims management practices should be prioritized.**

Keywords: **Premium Income, Claims, Financial Deepening, Insurance, Risk Management**

I. INTRODUCTION

Insurance provides protection against unforeseen contingencies which impede life-long existence, business operations profitability and property functionalities. Insurance is an indispensable aspect of a nation's financial system and theoretical conceptions explain that financial systems influence savings and investment decisions and hence long-run growth rates through the following functions; lowering the costs of researching potential investments; exerting corporate governance; trading, diversification, and management of risk; mobilization and pooling of savings; conducting exchanges of goods and services, and mitigating the negative consequences that random shocks can have on capital investment (Levine, 2004). Financial intermediaries support development through the improvement of these functions (i.e., the amelioration of market frictions such as the costs of acquiring information, making transactions, and enforcing contracts and allowing economies to more efficiently allocate resources (savings) across investments). However, the positive effects of financial development are tailored by the macro policies, laws, regulations, financial infrastructures and enforcement norms applied across countries and time.

The importance of the insurance industry as an aspect of the financial system has been neglected over the years as most studies on the interaction between the financial sector and financial deepening has focused mainly on the banks and the stock market. However, recently, growing attention has shifted to the interaction between the non-bank financial intermediaries such as the insurance companies because of the work of King and Levine (1993) where it was revealed that non-bank financial intermediaries such as the insurance companies have over the years played important roles in enhancing the efficient functioning of the financial system through its intermediation function.

The major role of an economy's financial sector is helping to channel resources from surplus unit to the deficit units for investment. Therefore, the financial sector improves the screening of fund seekers and the monitoring of the recipients of funds, thus improving resource allocation, mobilizes savings, lowers cost of capital via economies of scale and specialization, provides risk management and liquidity. Insurance companies could play a major role in these functions if properly managed thus, supporting economic growth. However, in Nigeria, based on the nation's experience of stunted growth; the insurance sector has not actually contributed meaningfully in its role of effectively mobilizing funds for productive investment which could lead to growth.

The major operation of the insurance from policyholders' perspectives is risk transfer through premium collection and claims payment. Premium is the price paid for the expected benefits to be enjoyed by insured based on the type of insurance purchased. The major visible dividend of policyholder's interest in insurance contrast is timely payment of claims in forms of indemnity for property or business insurances and benefits in case of life assurance contract. Usually, the insured pays a premium and is secured against a specific uncertainty. By reducing uncertainty and volatility, insurance companies smoothen the economic cycle and reduce the impact of crisis situations on the micro and aggregate macro level. However, the demand for protection against loss of life, property and business caused by natural disaster, crime, violence, accidents, are not so demanded in Nigeria thus the purchase, possession and sale of goods, assets and services which are often facilitated by the indemnification of the insurance thereby not enhancing financial deepening (Oladunni and Eche, 2022).

Financial deepening is the increase in provision of financial services with a wider choice of services geared to the development of all levels of society. The size of the financial sector is usually measured by two basic quantitative indicators: “monetization ratio” and “intermediation ratio”. Whereas monetization ratio includes money-based indicators or liquid liabilities like broad money supply to GDP ratio, intermediation ratio consists of indicators concerning to bank-based measures like bank credit to the private sector and capital market-based measures such as capitalization ratio of stock market (Ndebbio, 2004).

It is against the background of insufficient funding from major financial sectors of the economy that could drive Nigeria’s economic wellbeing, alternative sources of funding become imperative that it behooves researchers and policymakers to attempt at examining the role of insurance in enhancing financial deepening. However, there seems to be paucity of studies especially in Nigeria. This thus propelled this research on the impact of insurance operations on financial deepening in Nigeria (1999-2020).

The main objectives of the study are to examine the relationship between insurance premium income and financial deepening in Nigeria and also relationship between insurance claims payment and financial deepening in Nigeria.

II. REVIEW OF RELATED LITERATURE

Conceptual Review

Insurance Premium Operation

Insurance premium is the price of insurance services rendered to the insured. Insurance premium is product of underwriting operation of insurance company. Bressan (2018) defines underwriting as a process whereby the underwriter analyzes, accept or reject risks for insurance (reinsurance) businesses; this process also involves assessing, classifying and selecting the insurable and non-insurable risks, setting the insurance periods, terms and conditions as well as liability limits and calculating the premium rates (Oladunni, 2021).

One of the basic requirements of an insurance contract is the premium which serves as the consideration (Fiedler, 2018). Without this consideration, there is no cover. Epetimehin and Ekundayo (2012) possess that a fair premium is one which can easily cover claim cost, underwriting expenses, administrative expenses, and a suitable profit. Dansu and Yusuf (2014) conducted an observation of insurance companies’ financial statement during the period of 2007 and 2011 and showed that companies claim payment was major part of premium income. The 2021 Gross Premium Income (GPI) for the insurance industry hit N630,362.35 billion, according to the National Insurance Commission (NAICOM). The 2020 GPI was N514 billion, with the total assets of the industry stood at N2,139,203 trillion, while the net claims paid in 2021 was N238,050 billion.

Insurance Claims Settlement Operation

Asokere and Nwankwo (2010) define claim as a demand made by the insured person to the insurer for the payment of benefits under a policy. A claim, according to Vaughan and Vaughan (2008), is described as a notification to an amount due under the terms of a policy. Francis and Butler (2010) describe claim as a defining moment in the relationship between an insurance company and its customer.

Jacob (2007) notes that the core challenges driving business costs in claims processing involve: responsiveness; flexibility and management of workflow; supply chain management; and business intelligence. Association of Insurance and Risk Managers in Industry and Commerce (2009) argue that the key components that must be in place in a bid to delivering excellence in insurance claims handling include: culture and philosophy, communication, people, claims management, infrastructure, data management, operations, and monitoring and review.

Esri (2012) posits that the five steps for optimizing insurance claims process involve: organization data; analysis and planning; mobility; management and customer engagement. Goel (2013) was of the opinion that claims processing involves some tasks such as: following up with the claimant or third party for missing documentation and validating that all required claim information has been collected. It was arguably considered thus that claim managers ought to focus only on the most significant claim tasks that required their attention, and also optimizing the use of their time. The procedures for claims settlement in insurance contract involves prompt claims notification, furnishing of necessary supporting documents evidencing the loss, claims investigation and eventual settlement of claim. The first two procedures are fulfilled by the insured while the last two are duties of the insurer (Oladunni, 2019).

IBM (2007) expresses that those involved in the management of claims seek to achieve: increased efficiency in their claims handling process; improved control over the process with a view to managing and guaranteeing service levels; seamless integration across the end-to-end claims process; greater flexibility within the process to respond to changes within the market; and the ability to deliver this across multiple distribution channels to their customers and partners (Yusuf and Dansu, 2018).

Financial Deepening

Given the financial deepening of the economy, the processes of financialization and monetization are often implicated. While financial deepening is the process of saturating the economy with financial resources, financialization of the economy is the process of outpacing the development of the financial sector compared to other sectors. At its broadest, the concept of financial deepening is the increasing role of financial motives, financial markets, financial actors and financial institutions like insurance companies, banks, pension industry etc in the operation of economies (Epstein, 2005).

Financial deepening is also considered as a pattern of profits accumulation through financial channels rather than trade and commodity production (Krippner, 2005). Financial deepening is said to elevate the significance of the financial sector relative to the real sector; transfer income from the real sector to the financial sector; and contribute to increased income inequality and wage stagnation. In line with Bortz and Kaltenbrunner (2017), financial deepening is more than just an increase in finance, as it is characterized by qualitative changes in the way economic agents integrate into international financial markets. Mader et al. (2020) stress that today researchers, despite different approaches to financial deepening, agree on an implicit search for pushback against the expansion of finance due to its unstable and harmful distributional consequences.

Financial deepening and financial development are also not identical concepts, as the latter is broader and covers both financial depth and financial inclusion. It should be noted that financial deepening means not just an increase of quantitative indicators or qualitative change of elements of the financial sector, but also the resulting feature of financial development, which demonstrates the saturation of the economy with financial resources. At the same time, financial depth is broader than the concept of monetization of the economy. However, the latter term is often used to reflect, at first glance, the same phenomenon, the increase of broad money to GDP ratio. Monetization as a process characterizes the degree of saturation of the economy with money, and is considered mainly in terms of money circulation. For the purpose of this study financial deepening is measured as the ratio of money supply to Gross Domestic Products (GDP). This refers to the ratio of monetary assets in the economy to the GDP. It is a measure of the level of liquidity in the financial system and the ability of such a financial system players like insurance companies through its premium income and claims payment operations to finance economic growth.

Theoretical Review

Resource Based View Theory

This theory explains the ability of a firm to cut a competitive edge for itself through efficient utilization of resources. (Mahoney & Pandian, 1992). They argue that this is possible when firms manage their resources in such a unique way that its peers cannot imitate, hence creating a competitive barrier. In order to have a sustainable competitive advantage, firms must make sure that its unique resources cannot be mimicked by competitors.

Barney (1991) proposes a framework of determining the competitiveness of resources owned by firms: VRIN criteria. That is, resources must be valuable, rare, in-imitable and non-substitutable. According to the resource-based theory, a firm's resources which cannot be duplicated by other firms will result to superior performance over the competitors. Over time completion may learn to develop resources similar to the unique resources owned by firm hence the need for firms to continually innovate and reengineer its resources in order to remain competitive to meet future needs of its customers.

Makadok (2001) explains the thin difference between the term resources and capabilities. He defines a firm's capabilities as the special types of resources, specifically those which are specific to it, are non-transferable and embedded to the organization. The sole function of these resources is to enhance the productivity of its other resources. The resource-based view has generated a lot of interest from various management researchers and there is an extensive literature on the same. By insurance companies embracing re-insurance programs, they gain a competitive advantage due to improved financial soundness which results from risk spreading. Insurance companies are therefore able to compensate policy holders comfortably, when insured risks occur. As supported by Oladunni and Eche (2022), to reap maximum competitive advantage, insurance firms are expected to craft their premium income and claims management for various classes of insurance in a manner appropriate to unique characteristics of their underwriting book towards performing their financial obligations in economic growth.

Empirical Review

Jun, Yue, Datang and Hongyan (2019) studied the relationship between financial development and economic growth from the perspectives of financial deepening and inclusive finance. The theoretical research expands the financial endogenous economic growth model, constructs the Hamiltonian function, using the first-order optimization conditions to obtain explicit relationship between economic growth and financial development under balanced path. Theoretical research shows that financial deepening and inclusive finance are significant and stable in promoting economic growth.

Wahyuddin and Mauliyana (2021) explored the influence of premium income, underwriting results, investment results, and risk based capital on the profit of insurance companies (a study of insurance companies listed on the Indonesia Stock Exchange). I n this study, the technique to collect the form of financial documentation as the data were taken from 11 insurance companies as samples that listed on the Indonesia Stock Exchange in 2017-2019. The multiple linear regression analysis methods use to analyze the data. The results of this study indicated that premium income, underwriting results, investment returns, and rised based capital have a positive and significant effect on profits in insurance companies registered in Indonesia in 2017 -2019.

Oladunni and Okonkwo (2022) examined the impact of risk retention on claims management of insurance companies in Nigeria. The research design employed was an ex-post facto research design. A census of all the 58 insurance and reinsurance companies listed on the Nigerian Insurers' Association (NIA) and National Insurance Commission (NAICOM) as at 2018 was taken. Data for the study were collected from the annual publications of the Nigerian insurance digest and National Insurance Commission for 10 years' period 2009-2018. Data were analyzed using panel data regression analysis. Hypotheses of the study were tested at 5% significant level. Regression results revealed that risk retention (Risk Retention Ratio) had statistically significant impact on claims management (reinsurer-insurer claims ratio) of insurance companies in Nigeria as evidenced by p-value of 0.0175. The study recommended that insurance companies should employ automated, actuarial evaluation and leverage on cloud computing technologies to aid management decision in making technical staff training and retraining for effective underwriting and claims management practices priority.

Irfan, Sulaiman, Hussain and Jalil (2009) investigated the long-run relationship between economic growth and financial structure in Pakistan and used the data from the period of 1975 to 2008, and found that the proxy of financial structure is positively correlated with economic growth. The result revealed that the channel of transmission mechanism of financial development to growth is efficient to the financial sector not the volume of investment.

Cummins and Rubio-Misas (2006) examined the effects of deregulation and consolidation in financial services markets by analyzing the Spanish insurance industry. The sample period 1989-1998 spans the introduction of the European Union's (EU) third Generation Insurance Directives, which deregulated the EU insurance market. Deregulation has led to dramatic changes in the Spanish insurance market: the number of firms declined by 35%, average firm size increased by 275%, and unit prices declined significantly in both life and non-life insurance. The analysis covers the causes and effects of consolidation using modern frontier efficiency analysis to estimate cost, technical, and allocative efficiency, as well as using Malmquist analysis to measure total factor productivity (TFP) change. The results show that many small, inefficient, and financially underperforming firms were eliminated from the market due to insolvency or liquidation. As a result, the market experienced significant growth in TFP over the sample period. Consolidation not only reduced the number of firms operating with increasing returns to scale but also increased the number operating with decreasing returns to scale. Hence, many large firms should focus on improving efficiency by adopting best practices rather than on further growth.

Yuliia and Oleksii (2021) examined the effect of financial deepening on economic growth: Does it encourage income group transition, using correlation analysis and data from the World Bank and the IMF. Besides, a comparative analysis of domestic credit to the private sector, economic freedom, Gini index, total government expenditure and national savings of countries that increased their income group status over 2011–2020 was presented. Financial deepening (increased credit availability and expansion of domestic credit to the private sector) encourages economic growth (via GNI per capita and GDP per capita growth). Although the presence of a nonlinear relationship between economic growth (GDP per capita growth) and financial depth (domestic credit to private sec- tor and credit availability) over 1991–2020 is insufficient, there is a linear relation- ship between GNI per capita and credit availability, between credit availability and domestic credit to the private sector for the same sample of countries over 2000–2020. Meanwhile, there is a tendency towards a decrease in the correlation between GNI per capita and GDP per capita growth. Given the revealed linear correlation between domestic credit to the private sector and GNI per capita, financial deepening positively impacts income growth, and this dependence strengthens with increasing income levels.

Oladunni and Eche (2022) studied the impact of reinsurance underwriting operations on assets management of insurance companies in Nigeria. The research design employed was an ex-post facto research design. Data for the study were collected from the annual publications of the Nigerian insurance digest and National Insurance Commission for 10 years' period 2009-2018. Panel data model was applied. Hypotheses of the study were tested at 5% significant level. Regression results revealed that reinsurance underwriting operations (Risk Retention Ratio and Reinsurance Dependent Ratio) have significant impact on assets management (return on assets) of insurance companies in Nigeria. The findings support the prediction of resource-based view theory.

III. METHODOLOGY

This study adopted ex-post facto research design, using the regression approach. This is suitable for the work given that it is based on an already completed event and the researcher is meant to analyze the outcomes of the already completed event and draw reasonable conclusions (Udeze, 2003). Data were sourced from the Central Bank of Nigeria Statistical Bulletin. The period covered in the study was 1999-2020. The choice of 1999 as the base year was inevitable as it marked the beginning of the current democratic rule without military infiltration.

This study modelled that:

FDPN = f(TINP, TINC)……………..………………. (1)

$FDPN_t = \beta_0 + \beta_1 TINP_t + \beta_2 TINC_t + \mu_t$ ……………. (2)

Where:

TGDP = Financial Deepening

TINP = Total Insurance Premium Income

TINC = Total Insurance Claim Paid

β_0 = Constant coefficient

β_1, β_2 = Parameter estimates of the independent variables, TINP and TINC

μ_t = Stochastic error term

A linear regression technique was adopted using on ordinary least square method. The data were tested for unit roots using Augmented Dickey-Fuller Test, and the model parameters were evaluated for goodness of fit using F- statistic, R2, Adjusted R2, and Durbin-Watson statistic. The hypothesis was tested at 5% level of significance using p-value and t-statistic.

IV. DATA PRESENTATION, ANALYSIS AND RESULTS

The descriptive statistics of the data for the study were shown in Table 1.

Table 1. Descriptive Statistics Of The Variables Used For The Study

	FDPN	TINP	TINC
Mean	18.86545	0.355000	0.114091
Median	20.97500	0.340000	0.105000
Maximum	25.16000	0.420000	0.410000
Minimum	11.85000	0.290000	0.010000
Std. Dev.	4.820789	0.038883	0.082846
Skewness	-0.323263	0.278570	2.372723
Kurtosis	1.408351	1.762810	8.921685
Jarque-Bera	2.705398	1.687625	52.78681
Probability	0.258542	0.430068	0.000000
Sum	415.0400	7.810000	2.510000
Sum Sq. Dev.	488.0401	0.031750	0.144132
Observations	22	22	22

Source: E-View 10.0 Output, 2022

Table 1 indicates that the average value of financial deepening is 18.87 with a standard deviation of 4.82. The minimum and maximum values stood at 11.85 and 25.16 respectively. Considering the total insurance premium of insurance industry in Nigeria, the average value is 0.355 while the standard deviation, minimum value and maximum value stood at 0.0388, 0.2900 and 0.4200 respectively. Furthermore, the average value of total insurance claims paid is 0.114 with a standard deviation of 0.0828. The maximum and minimum values stood at 0.4100 and 0.0100 respectively.

Test of Normality

The data used for the study is subjected to normality test in order to determine the distribution of the data.

Table 2. Test Of Normality Using Jacque Bera

	FDPN	TINP	TINC
Jarque-Bera	2.705398	1.687625	52.78681
Probability	0.258542	0.430068	0.000000
Sum	415.0400	7.810000	2.510000
Sum Sq. Dev.	488.0401	0.031750	0.144132

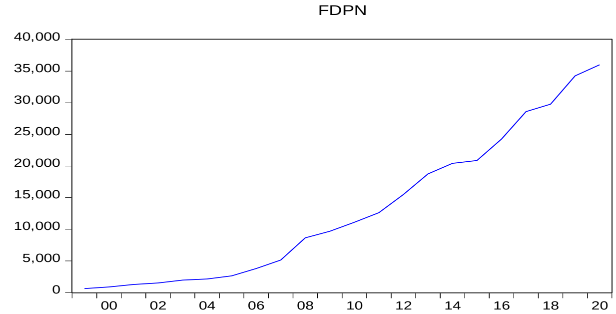
Source: Authors compilation from E-View Output, 2022

Table 2 indicates the Jarque-Bera normality tests for all the variables used in the study. The Jarque-Bera statistic for all variables used is 2.705398 (FDPN), 1.687625 (TINP) and 52.78681 (TINC) with corresponding p-values of 0.258542, 0.430068 and 0.000000 each. Thus, only TINC has the p-value less than 0.05 (5%) as required.

Gupta (2013) states that the result of normality holds true even if the population from which the samples are drawn is not normal, provided the sample size is sufficient enough as stated in the central limit theorem. The central limit theorem holds the view that when more samples are taken, the graph of the sample mean will look like normal distribution.

Trend Analysis

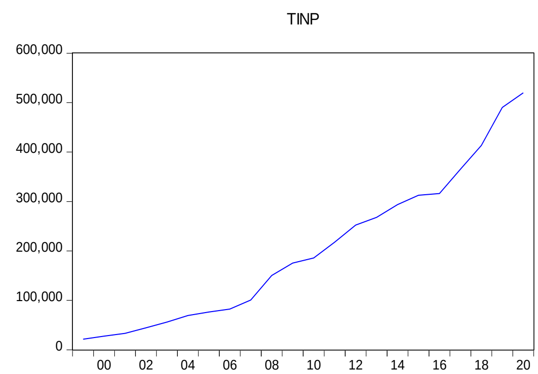
Figure 1. Trend Analysis Of Fdpn



Source: E-View 10.0 Output, 2022

FDPN in figure 1 depicts a progressive pick up during the third republic in Nigeria. This was not unconnected with various economic policies that dominated the economy. This ladder was maintained to high rising in between 2008 and 201 from over 8.6billion naira to 20.8billion naira. The significant pick-up between 2018 and 2019 which accounted for over 4billion naira increasement from 29.7billion naira to 34.3billion naira was an affirmation of CBN monetary policy. This speed could not be recorded between 2019 and 2020 as a result of COVID-19 pandemic which crippled many financial activities both domestic and international.

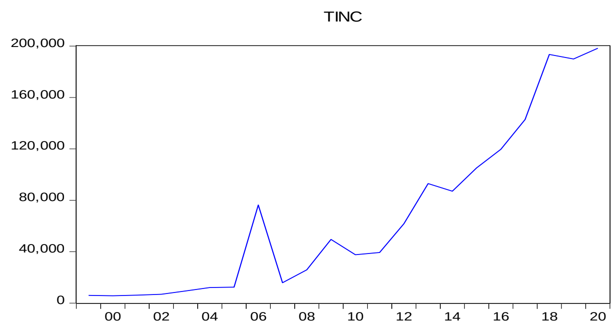
Figure 2. Trend Analysis Of Tinp



Source: E-View 10.0 Output, 2022

TINP in figure 2 unveils progressive movement in total premium income operation of insurance industry in Nigeria presented in longitudinal form. On resumption of democratic rule in 1999, the industry recorded a premium income of 21.4billion naira which increased to over 100billion naira in 2007 after enactment of insurance Act in 2003. There was a sharp upward movement between 2007 and 2008 in premium income and over 50billion naira upward change was recorded. The recapitalization of the industry actually brought about increase in premium income from 490.1billion naira to 519.6billion naira between 2019 and 2020.

Figure 3. Trend Analysis Of Tinc



Source: E-View 10.0 Output, 2022

TINC as depicted in figure 3 provides information on claims payment for all classes of insurance business as part of the significant operations of insurance industry in Nigeria. 2004 and 2005 recorded insignificant differences in claims payment as the figure stood between 12.1 and 12.4billion naira. The industry picked up to it responsibility significantly in 2015 when over 105.2billion naira claim was paid. The payment rose from 142.8billion naira to 193.5billion naira in 2018 recording over 50billion upward rising in claims payment.

Test of Unit Root

Table 3. Unit Root Test Using Augmented Dickey-Fuller (Adf)

Variable	**t- statistic**	**Prob. (F-statistic)**	**Durbin-Watson stat**	**p - value**
FDPN	-1.311567	0.205295	1.906385	0.6043
TINP	-2.123341	0.047082	1.590927	0.2381
TINC	-3.180573	0.004924	1.814112	0.0358

Source: Extracted from E-view data output on the ADF tests, 2022

The preliminary tests conducted showed stationarity of the variables as indicated summary results extracted from the e-view output data depicted in Table 3. The p-values are greater than 0.005 except that of TINC, therefore there are element of unit roots in the variables. The data of the model was processed at a year percentage change mode using the least square method. The output data are shown in Table 4.

Test of Hypothesis

Table 4. Hypothesis Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	62.18179	10.34796	6.009085	0.0000
TINP	-109.1254	26.38744	-4.135507	0.0006
TINC	-40.11539	12.38481	-3.239081	0.0043
R-squared	0.483051	Mean dependent var		18.86545
Adjusted R-squared	0.428635	S.D. dependent var		4.820789
S.E. of regression	3.643971	Akaike info criterion		5.550149
Sum squared resid	252.2920	Schwarz criterion		5.698927
Log likelihood	-58.05164	Hannan-Quinn criter.		5.585197
F-statistic	8.877048	Durbin-Watson stat		1.488536
Prob(F-statistic)	0.001896			

Source: E-View 10.0 Output, 2022

The results show that there is a statistical significant relationship between insurance premium income and financial deepening in Nigeria. This is evidenced by p-value of 0.0006 which is less than 0.05 significant level. Also, 0.0043 p-value of the result in table 4 shows that there is an inverse statistical significant relationship between insurance claims payment and financial deepening in Nigeria.

On the overall, the R-squared value of 0.483051 shows that 48% changes in TINP and TINC were explained by changes in FDPN. Adjusted R-squared value of 0.428635 unveils that 43% of changes in TINP and TINC were explained in FDPN after adjustment. The Prob (F-statistic) value of 0.001896 shows a good fit of the model which is less than 0.05 benchmark. 1.488536 Durbin-Watson stat signified that there is no element of autocorrelation in the model as this value tend towards the benchmark of 2.

Discussion of Findings

Hypothesis one (Ho1) test result revealed that insurance premium income have significant effect on financial deepening in Nigeria. This was evidenced from the p-value of 0.0006 which is < 0.05. Thus, Ho1 is rejected. This finding supports that of Yuliia and Oleksii (2021).

Hypothesis two (Ho_2) test result also revealed a statistical significant relationship between insurance claims payment and financial deepening in Nigeria. This result supports the prediction of resource-based view theory which explained the ability of a firm to cut a competitive edge for itself through efficient utilization of resources.

The fact that there is negative relationship between insurance premium income, insurance claims payment and financial deepening in Nigeria shows that priority should be placed by the regulatory bodies such as National Insurance Commission (NAICOM) and Nigeria insurers' Association (NIA) on the standard risk management level for underwriters transacting insurance business within the Nigerian insurance industry to ensure they maintain professionalism underwriting and claims management in order to prevent poor performance in underwriting capacity and claims settlement which could impede efficiency in insurance contributions to financial deepening in Nigeria.

V. CONCLUSION AND RECOMMENDATIONS

Conclusion

There exists a negative statistical significant relationship between insurance premium income and financial deepening in Nigeria. That is, when an insurance company retains more premiums without investing certain adequate proportion in the economy, it reduces the industry contribution to financial deepening.

The negative statistical significant impact of insurance claims payment on financial deepening in Nigeria discloses the inverse relationship between TINC and FDPN. It implies that, insurance companies should develop appropriate reinsurance mechanism at mitigating their loss absorption especially when underwriting specially risks.

Recommendations

Based on the findings of the study and review of relevant literature, the following recommendations are offered:

1. Regulatory bodies and other stakeholders in the Nigerian insurance industry should put in place appropriate mechanisms that will ensure public awareness on the importance of insurance. This can be done through effective insurance promotional techniques, automated actuarial evaluation and integrity boosting of the industry players. By so doing, more insurance would be purchased and profitability would be achieved with positive effect on financial deepening.
2. Technical staff training and retraining for effective underwriting and claims management practices is also recommended. This is because quality underwriting will result to quality business being written at appropriate reinsurance arrangement when claims surface in order to increase insurance contribution to financial deepening in Nigeria.

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