

# ***THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT***

## **Effects of Insurance Business Operation on Economic Growth: A Study of Plateau State: An Analytical Approach**

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### ***Abstract:***

*The main objective of this study was to examine the effects of insurance business operation on economic growth in Plateau State. The paper used a descriptive research design; the population of the study was 121. Data was analyzed using descriptive statistics (which include means and standard deviations) and the Ordinary Least Square (OLS) regression method through the use of E-Views. Findings from the study revealed that there was a significant and positive relationship between insurance policies effectiveness on business expansion and operation in Plateau State. It was also confirmed that Insurance service providers have indeed significantly enhanced customer's patronage in Plateau State. The study further showed that Insurance industry has impacted significantly and positively to pool of savings in Plateau State. The study recommended that more efforts should be made to increase transparency and efficiency in insurance industry through adequate legislation and policy formulation targeted at providing institutional improvement, especially in risk management and product innovations in insurance industry to sustain business operations and growth; through effective risk transfer mechanism and financial intermediation, insurance industry should contribute to the growth of Plateau State economy and at the same time, the insured will concentrate their attention and resources on core insurance business that can lead to pooling of savings meant for real investment and high economic growth; and finally, the regulatory authorities should look into the activities of insurance company and come up with well-defined and clear statement that will increase the level of patronage in insurance industry in Plateau State.*

**Keywords:** *Insurance, business operation, economic growth, insured and service providers*

### **1. Introduction**

Insurance serves a number of valuable economic growth functions in Nigeria which are not being provided by other financial service providers. The risk pooling property of insurance policies facilitates commercial activities and the provision of credit by mitigating losses as well as the measurement and management of non-diversifiable risk in general. Typically, insurance contracts involve small periodic payments in return for protection against uncertain, but potentially severe losses. Mose and Kuloba (2013) confirmed that insurance is a form of risk management in which the insured transfers the cost of potential loss to another entity in exchange for monetary compensation known as premium. Risk coverage is provided through a policy from an insurance industry and the extent to which the insurer successfully facilitates and is able to spread its risk assumption would be the extent to which the insured can take greater chances and better manage the risk exposure. In this regard, the insurance markets are very crucial for economic development. The insurance companies are identified in playing dominant role in developed world, but in the context of developing economies like Nigeria has being the complete opposite. The insurance business operation industries in Nigeria have not contributed much in the economic growth of the Nation. However, factors that need to influence the rapid insurance policy implementation like insurance sector image management strategies, consolidated regulation; encouraging compliance, enhanced enforcement, awareness and encouragement of claims settling to expedite the level of insurance patronage continue to remain unnoticed in the country and thereby mitigating insurance policy effectiveness and efficiency on economic growth in Nigeria.

#### *1.1. Statement of the Problem*

Insurance has been playing dominant role in developed world, but in the context of developing economies like Nigeria it has being the complete opposite. Over the years, a Nigeria insurance company has received explosive critics from the commercial, professionals in the area of insurance and economic academia and there has also been misconception levied against the insurance policies on business operations for economic growth in Nigeria. The most common among has been clients/customers displeasure over claims settlements when disaster occur when companies (insurers) being approached for disclosure of loss or events, they continue to bring up stringent

conditions which has impede the insurance policy implementation. This has call for concerted collaboration to address some insurance policies in Nigeria. However, there has been inadequate literature on the effect of insurance business operation on economic growth in Plateau State. It was on this basis that this paper seeks to fill the literature gap.

### 1.2. Objective of the Study

The main objective of this paper is to examine the effects of insurance business operation on economic growth in Plateau State.

Other specific objectives are to:

- i. Determine whether insurance policies have an effect on business expansion and operations in Plateau State.
- ii. Analyse the relationship that exists between insurance service provider and customer's business patronage in Plateau State.
- iii. Determine the contribution of insurance industry to pool of savings in Plateau State.

### 1.3. Statement of the Hypotheses

H01: There is no significant relationship between insurance policies effectiveness and business expansion and operation in Plateau State

H02: Insurance service providers have not significantly enhanced customer's patronage in Plateau State

H03: Insurance industry has not impacted significantly pool of savings in Plateau State.

## 2. Literature Review

### 2.1. Concept of Insurance Business Operation

Conceptually, economic contribution of insurance business operation in many poor economies, start-ups and small - scale enterprise fall short of some potential due to variety of barriers which includes access to capital and customers claim settlement in time. As attention to these barriers grows, it is critical to put insurance policies high on the list. While the risk appetite of large corporations can be debated, small scale entrepreneurs whose household wealth is tied up in their business enterprises are undoubtedly preoccupied with managing risk. In the absence of risk management tools provided by formal insurance for economic growth, there will be a tendency to under invest in higher risk, higher return activities, thus diminishing the potential contribution of the critical small and medium sized enterprise sector to employment, investment, and growth overall. In sum, extending accessible insurance products to poor households and small scale entrepreneurs should be a core part of the agenda of democratizing access to financial assets. When successful programs are taken to scale, it will not only add measurably to social welfare but also hold the promise of generating a more productive and higher growth mix of activities and investments - with a payoff perhaps greater than micro - credit.

Insurance is designed to protect the financial well-being of an individual, company or other entity in the case of unexpected loss. Some forms of insurance are required by law, while others are optional. Agreeing to the terms, an insurance policy creates a contract between the insured and the insurer (Ozuomba, 2013). In exchange for payments from the insured known as premiums, the insurer accepts to pay the policy holder a sum of money upon the occurrence of a specific event. In most cases, the policy holder pays part of the loss called the deductible, and the insurer pays the rest. For instance, business insurance, health insurance, disability insurance car insurance, life insurance and Marine insurance.

The contribution of insurance to an economy's growth and efficiency is not the only entry point into its role in development. Mose and Kuloba (2013) reported that contribution of insurance to the welfare of the poor is also potentially of considerable importance, although the quantitative evidence on this point is not on every firm grounding. Nonetheless, qualitative evidence makes a persuasive case that the potential social value of micro-insurance provision to poor households and small-scale entrepreneurs warrants a great deal more experimentation with business models and products to develop scale able approaches that combine commercial and philanthropic elements. Insurance market development faces many special informational challenges that have been extensively documented in economic research even in wealthier countries. Put simply, insurance is likely to be relatively more expensive to the extent that low income households and small-scale entrepreneur's find it difficult in responding because of the high informational problems and transactions costs related to the size of the risk to be insured. As a result, most insurance policies are simply not available to the vast majority of the poorer citizens in Nigeria. In the absence of risk pooling mechanisms, plunges in incomes due to death, disability, and adverse agricultural outcomes often translate into substantial decreases in consumption and investment that can permanently set back a poor family's livelihoods and prospects. When drought or floods lead to low agricultural yields, critical health interventions may be delayed, education of younger members of a household put on hold indefinitely, and land, livestock or equipment permanently forfeited. Due to the catastrophic consequence of such losses, there is extensive evidence that in the absence of formal insurance poor households and communities attempt to self-insure through a combination of building assets and diversifying sources of income. The result most likely is investment in a set of lower risk but also lower return activities and even this degree of self-insurance is highly incomplete. In parallel, in some countries the public sector is taking a greater interest in the provision of social insurance to poorer populations through subsidized public insurance schemes for health, natural disasters, or weather-related crop insurance. Government mandates for compulsory insurance also expand the covered population although the difficulty of achieving risk-based pricing can lead to market distortions (Lanre and Mayowa, 2013).

The insurance companies in Plateau State has the following Challenges of Insurance Policies Implementation

- i. Liquidity Problem- The economic effect of restructuring the ailing economy posed a serious liquidity problem to the insurance industry and institutions.

- ii. Government Instability: Accord to NDIC (2001), No meaningful investment can be made in an area where there is constant crisis or continual changes of government regulations.
- iii. Lack of Corporation within the Industry: The lack of corporation or disunity among the groups of insurers may breed a problem and disharmony. For instance, the multiple associations under the umbrella of insurance industry via-the Nigeria Insurance Associations such as The Insurance Institute of Nigeria and the Accident Assurance Committee to mention but a few portray the industry as a divided house as they duplicate the functions of the industry.
- iv. Inflation: The restructuring of the economic made the Nigeria economy witness persistent inflationary trend and general recession in the Cross Domestic product. This made insurance business, difficult to have a great deal of buying and selling as this was affected by the inflationary trends that has hampered the exchange of money both locally and internationally to pay insurance and re-insurance premium and investment.

### *2.2. Concept of Insurance to Economic Growth*

Insurance serves a number of valuable economic functions that are largely distinct from other types of financial intermediaries. The indemnification and risk pooling properties of insurance facilitate commercial transactions and the provision of credit by mitigating losses as well as the measurement and management of non diversifiable risk more generally. Typically, insurance contracts involve small periodic payments in return for protection against uncertain, but potentially severe losses. Among other things, this income smoothing effect helps to avoid excessive and costly bankruptcies and facilitates lending to businesses (Lanre, and mayowa, 2013). Most fundamentally, the availability of insurance enables risk averse individuals and entrepreneurs to undertake higher risk, higher return activities than they would do in the absence of insurance, promoting higher productivity and growth. The management of risk is a fundamental aspect of entrepreneurial activity. Entrepreneurs manage the risk of accidental loss by weighing the costs and benefits of each alternative. In a structured risk Management process, this involves: Identifying the exposures to accidental loss; evaluating alternative techniques for treating each loss exposure; choosing the best alternative; and monitoring the results to refine the choices. Those who do not apply a structured process still make decisions about risk, although sometimes by default rather than design. The scope of an economy's insurance market affects both the range of available alternatives and the quality of information to support decisions. For example, a manufacturer might produce only for the local market, forgoing more lucrative opportunities in distant markets in order to avoid the risk of losing goods in shipment. Transport insurance can mitigate this loss exposure and enable the manufacturer to expand (Mkamunduli, Patrick, Fredrick and Charles, 2015). Similarly, to avoid the risk of total loss from drought, a commercial farmer may keep half of his seed in reserve. Crop insurance can protect against drought and permit all of the seed to be planted for a smaller premium than the cost of holding half in reserve. Thus public policies that encourage insurance operations improve the economy's productivity by broadening the range of investments. Association of Kenya Insurers (2010) has noted that Insurers also contribute specialized expertise in the identification and measurement of risk. This expertise enables them to accept carefully specified risks at lower prices than non-specialists. They also have an incentive to collect and analyse information about loss exposures, since the more precisely they measure the cost of risk, the more they can expand. As a result, the insurance market generates price signals to the entire economy, helping to allocate resources to more productive uses.

### *2.3. Theoretical Framework*

#### 2.3.1. The Theory of Perfect Competition

Theoretically, this paper adopted the theory of perfect competition as a pedestal to this study, which state that the fundamental basis of insurance business operations lies with the assumption that buyers and sellers of insurance coverage have perfect information about each other before signing an insurance contract. While it can be argued, that this assumption may not be tenable in real world, the effects of information asymmetry can be organized in accordance with the temporal appearance of participants before an insurance contract is signed. This will give the customers or the buyer of insurance coverage the ability to evaluate all competing products within a perfectly competitive market situation. Consequently, the consumer may act as both a creditor/paying the premium to the insurer, and as debtor/by paying in advance for future conditional payments. These dualistic characterizations of signed contract make the insurer's default probability highly relevant to product quality. Yusuf, M. A. (2011) carefully examine the issue of insolvency in insurance market. They opined that a fully informed customer will take insolvency risk into consideration and accept insolvency risks only with a premium discount.

### *2.4. Empirical Review*

An empirical study conducted by Mkamunduli, Patrick, Fredrick and Charles, (2015) on 'Effective Management of Strategic Issues in the Insurance Industry, European Journal of Business and Management in Kenya'. The study establishes the current strategic issue management practices in 38 insurance companies in Kenya. Company profile, response to business environment, current practices of SIM and the factors influencing strategic issue management practices were all considered as categorical variables. Larger proportions of the studied firms had a long experience in the industry, were locally owned, and operated both general and life insurance. The results show that nearly all companies understudied had flexible plans to accommodate environmental impact/changes on their businesses. This study concluded that companies that have flexible plans vis-a viz recurrent changes in the business environment are likely to be dynamic and thus respond positively hence remain competitive as opposed to those with rigid plans. Management therefore requires creativity, novelty, flexible and entrepreneurial approach to be able to cope with the unpredictable and surprising environmental challenges. The results also reveal that most insurance companies in Kenya do study strategic issues affecting their

operations. The results are similar to Ng'ang'a (2001) findings and confirms that though a majority of Kenyan firms (more than 95%) practiced real time Strategic Issue Management, none demonstrated the use of European matrix as prescribed by Ansoff (1990). The study thus recommended to the management of insurance companies to adapt a creative, novel, flexible and entrepreneurial approach to be able to cope with the unpredictable and surprising environmental challenges. The companies that do not continuously monitor strategic issues throughout the year are advised to take deliberate steps to do so in order to be able to realize the full potential of investing in SIM. The managers in the insurance industry are advised to use the European matrix, which may help them discover real time positive synergy (where both strengths and weaknesses may turn out to be useful for pursuing future opportunities or minimizing the impact of the threats). This study further recommended that for the respondents to be able to properly address strategic issues, they should form an autonomous but highly networked department to specifically deal with strategic issues.

An empirical study conducted by Tajudeen O. Y. (2014) on Effect of Claim Cost on Insurers' Profitability in Nigeria. This study has been able to find out that claim costs highly influence the profitability of insurance firms in Nigeria. A profit oriented insurance firm must imbibe the culture of strategic claims management. This does not view claims related functions of insurance companies as activities connected to loss occurrences. Claim managers should closely liaise with other sections of the insurer from the inception of a policy to its conclusion. This will not only enhance the payment of only genuine claims; it will also aid the profitability of the firm through reasonable cost control. The study recommended that Since  $R^2$  is 0.34 which implies that the joint influence of the independent variables account for about 24% of the profitability of the selected firms, this means that Nigerian insurance companies should pay special attention to their underwriting process and examine critically the sources and development of new and old businesses. Furthermore, aggregate data was used for net claims, it is important that the industry should disaggregate return distributions across the different classes of insurance so as to ensure competitive strategy. Expense Ratio is also shown to be critical to the profitability of insurance business thus, a balance should be sought in the employment of key staffs while developing analytical framework to detect and reduce excesses.

### 3.1. Methodological Framework

The paper used a descriptive research design; the population of interest was 33 staff and 88 customers/clients of the eight (8) approved registered insurance companies in Plateau State domicile in plateau state. The method of data collection used was questionnaire. Since the population is relatively small, there was no need for sampling. Table 1 shows the distribution of the population

S/No	Insurance companies	Population	
		Staff	Customers
1	Crusader Insurance PLC	4	10
2	NICON Insurance PLC	4	11
3	A&G Insurance company Limited	4	10
4	AIICO Insurance PLC	4	10
5	NEM Insurance PLC	4	11
6	Niger Insurance PLC	5	15
7	Insurance PHB Limited	4	11
8	Goldlink Insurance PLC	4	10
	<b>Total Population</b>	33	88
		33 + 88 = 121	

Table 1: Population of the Study

### 3.2. Method of Analysis

Data was analysed using descriptive statistics (which include means and standard deviations) and the Ordinary Least Square (OLS) regression method. These tools of analysis were used, for instance, to determine the relationship that exists between dependent and independent variables. Regression was used to describe the relationship between insurance business operation and economic growth in Plateau State.

### 3.3. Model Specification

The model specifications here are formulated to tests the three hypotheses and they are as follows:

$$BE = \beta_0 + \beta_2 IPE + \mu_i \text{ ----- (1)}$$

$$CP = \beta_0 + \beta_1 ISP + \mu_i \text{ ----- (2)}$$

$$PS = \beta_0 + \beta_3 IIND + \mu_i \text{ ----- (3)}$$

Where:

- CP = Customer patronage
- IIND = Insurance industry
- IPE = Insurance Policies Effectiveness
- BE = Business Expansions (diversification, and management of risk)
- ISP = Insurance Service Providers
- PS = Pooling of savings

4. Result and Discussion of Findings

4.1. Descriptive Statistics

The descriptive statistics for the variables: CP, IIND, IPE, BE, ISP and PS were captured in table 2, and were found to vary differently. This indicates that the variables exhibit significant variation in terms of magnitude, suggesting that estimation of the variables in levels may not introduce some bias in the results. It could be observed that BE has the highest mean value of 18.98, followed by PS with a mean value of 11.46. ISP has a mean value of 8.12; IIND was found to have the lowest mean value of 6.42.

Following the skewness values, CP, IIND, IPE, BE, ISP and PS are all negatively skewed to the left of the normal distribution curve. However, only BE was found to be positively skewed with a value 0.024.

The Jarque-Bera statistics for the variables shows that all the variables are less than one, going by the probability values and are significant at 10%; hence we may reject the null hypothesis and state that the series are normally distributed (or have a normal distribution).

	CP	IIND	IPE	BE	ISP	PS
Mean	10.14775	6.423671	8.106866	18.98252	8.129763	11.46625
Median	10.33187	7.619994	8.516517	16.84358	8.858346	11.01442
Maximum	11.99782	8.714308	9.240021	18.29167	9.679790	12.75737
Minimum	8.205191	2.493205	6.145258	15.71964	6.170865	8.659665
Std. Dev.	1.071327	2.410299	1.117729	0.968542	1.310357	1.298575
Skewness	-0.176631	-0.932987	-0.889330	0.247790	-0.788331	-0.743261
Kurtosis	2.836967	1.966041	1.890414	1.506456	1.861275	2.045618
Jarque-Bera	0.506614	1.743164	1.445149	1.211376	1.557775	0.611265
Probability	0.006229	0.018289	0.045501	0.023699	0.058916	0.036657
Sum	131.9207	83.50772	105.3893	221.0327	109.5869	139.9613
Sum Sq. Dev.	13.77291	69.71447	14.99182	11.25687	20.60444	20.23557
Observations	121	121	121	121	121	121

Table 2: Summary of Normality Statistics  
Source: Authors computation, 2016

4.2. Statistical Test of Hypothesis

The level of significance for the study is 5%, for a two tailed test and the three hypotheses formulated in this paper were tested using student t-statistics. The decision rule is that we shall reject the null hypothesis if p-value < α-level significance, otherwise accept. Thus;

4.2.1. Hypotheses One: H01: There Is No Significant Relationship between Insurance Policies Effectiveness and Business Expansion and Operation in Plateau State

Stepwise Regression Analyses of insurance policies effectiveness on Outcome Variables				
Dependent Variable: business expansion and operation				
R <sup>2</sup> = 0.68, Adj.R <sup>2</sup> = 0.56; F = 11.43; Sig = 0.0003; SEE = 0.43, 0.54, DW = 2.09				
Independent Variable	Beta	t-value	Pearson Correlation(r)	Probability value
Insurance policies effectiveness	13.34	2.43	0.89239	0.00011

Table 3: Regression Result on IPE and BE  
Source: Authors Computation, E-Views, 7.0

Table 3 reveals that the estimated simple regression is:

$$BE = 13.34 + 2.43IPE \text{ ----- (5)}$$

➤ Test of Hypotheses One: H01

From the regression result in table 3, p-value = 0.00011 < α = 0.05, we reject the first null hypothesis (H01). The conclusion here is that there is a significant relationship between insurance policies effectiveness, business expansion and operation in Plateau State.

The table further reveals that the overall regression model i.e. significant since p-value = 0.0003 < α = 0.05. R<sup>2</sup> (R - square) = 0.65 which shows that about 68 per cent of the variation in BE is explained by insurance policies effectiveness, while the remaining 32 percent the unexplained variation that is captured by the error term. Hence we conclude that the insurance policies effectiveness has a good impact business expansion and operation in Plateau State

The model also indicates that autocorrelation does not exist among the variables as indicated by Durbin Watson (DW) statistic of 2.09. This shows that the estimates are unbiased and can be relied upon for policy decisions.

4.2.2. Hypotheses Two: H<sub>02</sub>: Insurance Service Providers Have Not Significantly Enhanced Customer's Patronage in Plateau State.

Stepwise Regression Analyses of Insurance service providers on Outcome Variables				
Dependent Variable: Customer's Patronage				
R <sup>2</sup> =0.6745, Adj.R <sup>2</sup> =0.5857; F = 12.34; Sig = 0.0023; SEE=1.590.35, DW=2.03				
Independent Variable	Beta	t-value	Pearson Correlation(r)	Probability value
Insurance service providers	14.11	3.22	0.78762	0.0112

Table 4: Regression result on ISP and the CP

Source: Authors Computation, 2016 (Eview-7.0)

The estimated regression as obtained in Table 4 is:

$$CP = 14.11 + 3.22ISP \text{ ----- (7)}$$

➤ Test of Hypotheses Two: H<sub>02</sub>

From table 4 the p-value = 0.0112 < α = 0.05 for *Insurance service providers*, therefore we, reject the null hypothesis (H<sub>02</sub>). Thus *Insurance service providers have significantly enhanced customer's patronage in Plateau State*. Similarly examining the overall significance of the *Insurance service providers'* model, it was observed that the model does really have relevance, as indicated by p-value = 0.0023 < α = 0.05 level of significance.

More so, the R<sup>2</sup> (R-square) value of 0.6745 shows that the model does have a good fit too. It indicates that about 67.45 percent of the variation in *customer's patronage in Plateau State* is explained by *Insurance service providers*, while the remaining 32.55 percent is captured by the error term.

Durbin Watson (DW) statistics was also used to test for the presence of autocorrelation and it indicates that there is no autocorrelation among the variables as captured by (DW) statistic of 2.03. This shows that the estimates are unbiased and can also be relied upon for policy decisions.

4.2.3. Hypothesis Three: H<sub>03</sub>: Insurance Industry Has Not Impacted Significantly Pool of Savings in Plateau State.

Stepwise Regression Analyses of pool of savings on Outcome Variable				
Dependent Variable: pool of savings				
R <sup>2</sup> =0.8923, Adj.R <sup>2</sup> = 0.7623; F = 13.43; Sig = 0.0054; SEE=0.13, 0.26, DW=2.14				
Independent Variable	Beta	t-value	Pearson Correlation(r)	Probability value
Insurance industry	2.88	2.39	0.88799	0.0089

Table 5: Regression result on IIND and PS

Source: Authors Computation, 2016 (Eview-7.0)

From table 5 the estimated regression was obtained as:

$$PS = 23.43 + 2.88IIND \text{ ----- (9)}$$

➤ Test of Hypotheses Three: H<sub>03</sub>

From table 5 the p-value = 0.0089 < α = 0.05 level of significance; therefore, we reject the third null hypotheses (H<sub>03</sub>). Meaning that, *Insurance industry has not impacted significantly pool of savings in Plateau State*. The overall test of significance the model is good (i.e. p value = 0.0054 < α = 0.05). This is supported by the high value of R<sup>2</sup> (R-square = 0.8923) indicating that about 89.23 percent of the variation in pool of savings is explained by *IIND*, while the remaining 10.77 percentage unaccounted variation is captured by the error term.

Durbin Watson (DW) statistics which was employed to test for the presence of serial correlation and was discovered that there was no autocorrelation among the variables (i.e. DW statistic = 2.14). Hence the estimates are unbiased and can further be relied upon for sound policy decisions.

## 4.3. Discussion of Findings

- Findings from the study revealed that there is a significant and positive relationship between insurance policies effectiveness on business expansion and operation in Plateau State, which implies that the insurance premium capital has significantly impacted on economic growth and business operations in Plateau State; that the level of total insurance investment has significantly affected on economic growth in Plateau State and there is causal relationship between insurance business operation and economic growth in Plateau State.
- The findings also confirmed that insurance service providers have indeed significantly enhanced customer's patronage in Plateau State, which implies that government regulations over time have supported the prospect of growth for the industry and repositioning the industry in the quest for increased patronage and economic development.
- Finally, the study showed that Insurance industry has impacted significantly and positively to pool of savings in Plateau State. This implies that insurance market activity, both as financial intermediary and as provider of risk transfer and

indemnification, promote economic growth by allowing different risks to be managed more efficiently encouraging the accumulation of new capital, and by mobilizing domestic savings into productive investments. Furthermore, the findings imply that insurance market activity not only contribute to economic growth by itself but also through complementarities with the banking sector and the stock market.

## 5. Conclusions and Recommendations

This study focused on the effect of insurance industry business practice on the growth of Plateau State economy. There has been observable increase in insurance business operations in Plateau State over the years. The insurance industry practice was found to have a direct impact on the growth of Plateau State economy. The study indicates that insurance business practice is based on functional approach to financial intermediation and modern growth theory. The study concludes that there is a significant positive effect of insurance business operations on the growth of Plateau State economy.

Based on the foregoing research findings and their respective implications, the following are recommended:

- i. There is need that more efforts should be made to increase transparency and efficiency in insurance industry through adequate legislation and policy formulation targeted at providing institutional improvement, especially in risk management and product innovations in insurance industry to sustain business operations and growth.
- ii. Through effective risk transfer mechanism and financial intermediation, insurance industry should contribute to the growth of Plateau State economy and at the same time, the insured will concentrate their attention and resources on core insurance business that can lead to pooling of savings meant for real investment and high economic growth.
- iii. The regulatory authorities should look into the activities of insurance company and come up with well-defined and clear statement that will increase the level of patronage in insurance industry in Plateau State.

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## APPENDIX

Data Presentation on Effects of Insurance Business Operation on Economic Growth						
Variables	Items	Agreement scale				
		SD(%)	D(%)	U(%)	A(%)	SA(%)
Pool of Savings	Huge capital has been saved by insurance industry for investment	4.1	4.4	5.4	23.4	60.7
	More shares are invested in the stock market	6.2	3.7	7.1	44.6	37.5
	Market capitalization has increased over the years in the insurance industry	5.3	6.1	2.7	55.5	28.5
Customer Patronage	Public are encouraged to know the benefits accrue to insuring properties.	12.4	2.7	15.2	43.8	25
	Insurance industry has built and maintained local community relation	6.3	7.1	2.7	54.5	29.5
	More customers are attracted to the insurance industry in Nigeria	11.6	7.1	9.8	45.2	26.2
IIND	Insurance industry has created huge level of employment opportunities	5.3	3.7	5.4	24	61.7
	There are no cases of asymmetric information in the insurance business	6.3	7.1	2.7	54.5	29.5
	Insurance industry has created huge opportunities for improved health care facilities	5.4	3.6	5.4	22.4	60.7
Insurance Policy	Encouraged prompt payment of premium for the insurance cover provided by the policy	7.3	6.1	2.7	55.5	28.5
	Insurance policy has prevented of fraud in companies that insured their business	11.6	7.1	9.8	45.2	26.2
	Assurance of enhance customers due diligence checks.	5.4	3.6	5.4	25	60.7
Business Expansion	Our relationship with insurance service providers has been productive	5.3	6.1	2.7	55.5	28.5
	Our business has been success at expanding new areas from new products.	5.4	3.6	5.4	25	60.7
	My business has been outstanding in achieving market share.	11.6	8.1	8.8	48.2	23.2
Insurance Policy Effectiveness	Encourage effective service delivery to customers	13.4	8.9	10.7	53.6	13.4
	Quick indemnity to beneficiary of loss.	11.2	8.1	8.8	48.2	23.2
	Removing bottlenecks in customers settling claims.	5.3	3.7	5.4	24	61.7