THE CLAIMS SETTLEMENT BY PROFESSIONAL INDEMNITY INSURERS IN NIGERIA

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ABSTRACT

Professional Indemnity Insurance (PII) serves as a critical financial safety net for professionals, safeguarding them against claims and fostering trust between service providers and clients. Given the increasing complexities of professional practices and evolving regulatory frameworks, this study examines the effects of macroeconomic factors on the claims settlement by professional indemnity insurers in Nigeria. Employing econometric models, the study analyzes the macroeconomic factors and claim settlement by professional indemnity insurers on the growth and stability of the PII sub-sector from 2010 to 2023. Using secondary data sourced from audited financial statements, the Nigeria Insurers Association Digest, National Insurance Commission reports, and the Nigeria Liability Insurance Pool's annual reports, the study leverages time-series analysis and robust statistical methods, including multiple regression, fixed and random effects models regression, to ensure precision in evaluating key variables. Hence, this study explores how macroeconomic conditions shape the ability of insurers in Nigeria to settle professional indemnity insurance (PII) claims. Nigeria's economy, with an average GDP of $444.14 billion and a growth rate of 3.18%, shows gradual growth but faces challenges like inflation and currency fluctuations. These pressures erode the real value of premium reserves, making claims settlement particularly difficult for smaller insurers. While GDP per capita averages $2,345.93, income disparities limit access to PII for many individuals and small businesses. The stability of key market variablesclaims, policies sold, premium income, and GDP provides a solid foundation for forecasting and long-term planning. However, larger insurers have a clear advantage in managing risks, leaving smaller providers struggling to stay afloat. Stronger regulatory frameworks, diversified policy offerings, and economic stabilization efforts are crucial to addressing these challenges. Additionally, this study emphasizes the need for further research into the impacts of inflation and the effectiveness of regulatory strategies in fostering a more inclusive and resilient PII market.

Keywords: *Macroeconomic, Insurance Claims, professional indemnity, Insurance, Nigeria*

Introduction

The relationship between claims paid and professional indemnity insurance (PII) growth in Nigeria reflects the broader challenges facing the insurance industry. While some see an increase in claims paid as a sign of growing awareness about the importance of PII, which can drive market growth and improve professional accountability (Muiru, 2024; Adeyemo & Idowu, 2020), others worry that rising claims could destabilize the market by pushing up premiums and making coverage less affordable (Okwu & Okunola, 2019). This tension highlights the need to balance the financial realities of the insurance industry with its role in protecting professionals.

PII is becoming increasingly important in Nigeria as professionals face more scrutiny over their accountability and the risks of errors, negligence, or omissions in their work (Tembo, Hangoka & Muleya, 2023). PII serves as a safety net, offering financial protection while fostering trust between professionals and their clients (Okwu & Okunola, 2019). However, inefficiencies in claims processes, regulatory gaps, and a general skepticism about insurance have created significant barriers to its widespread adoption (Uche & Anazodo, 2018; Inyang & Okonkwo, 2021).

Nigeria's economic landscape further complicates the PII market. Challenges like fluctuating commodity prices, inflation, and currency instability directly impact the affordability of insurance.

High claims ratios often lead insurers to raise premiums, which can discourage professionals from seeking coverage, thereby limiting the market's growth (Adeyemo & Idowu, 2020). Additionally, cultural factors, such as mistrust in the insurance industry and the stigma associated with filing claims, make it even harder for the PII market to thrive.

Despite these hurdles, PII has the potential to elevate professional standards and build public confidence in Nigerian industries (Uche & Anazodo, 2018). A stable and effective PII system can help professionals deliver better services, encourage innovation, and support economic growth. However, achieving this requires addressing inefficiencies in claims handling, rebuilding trust between insurers and professionals, and creating regulatory policies that work.

This study takes a closer look at the relationship between claims paid and the development of PII in Nigeria. It examines how economic factors, claims settlement processes, and market dynamics shape this relationship. By exploring the connections between claims paid, policies sold, and premium adjustments, the research aims to uncover practical insights. These findings will help insurers, policymakers, and professionals work together to build a stronger and more accessible PII market in Nigeria.

Review of Literature

Conceptual Review

Macroeconomic Factors and Professional Indemnity Insurance

This conceptual framework serves as a guide for insurers, policymakers, and professionals in navigating the challenges posed by macroeconomic factors while leveraging opportunities for growth in the PII market.

Macroeconomic Factors and their Impact on Claims Settlement

Macroeconomic factors such as inflation, interest rates, and overall economic stability have a significant impact on the settlement of professional indemnity insurance (PII) claims. These factors not only affect the frequency and severity of claims but also influence the ability of insurers to pay out claims efficiently.

Inflation, for instance, drives up the costs associated with claims settlements, including legal defense, compensation, and operational expenses, which rise in line with inflation (Rejda & McNamara, 2014). In an inflationary environment, insurers often struggle to maintain sufficient reserves to cover these increased costs, leading to delays in claim settlements or a need for higher premiums to offset the growing claims expenses.

Interest rates also play a crucial role in insurers' ability to settle claims. Insurers typically invest the premiums they collect to generate returns that help cover claims. When interest rates are low, the returns on these investments diminish, affecting insurers' profitability and potentially leading to stricter claims management practices or higher premiums (Dionne, 2013). In the context of Nigeria, economic instability and inflationary pressures have at times weakened insurers' financial positions, delaying claims payments, and increasing the financial strain on insurance providers (Okwu & Okunola, 2019).

Furthermore, factors like regulatory policies and fluctuations in foreign exchange rates can present additional challenges for insurers, particularly those reliant on foreign reinsurance. For Nigerian insurers, these challenges often complicate the claims settlement process, as changes in exchange rates

and regulatory shifts can increase the cost of reinsurance and affect insurers' ability to manage claims effectively (Uche & Anazodo, 2018).

The interplay among premium income, the volume of policies sold, and macroeconomic factors further influences the efficiency of PII claims settlement. Premium income is vital for maintaining the financial health of insurers and ensuring they can pay out claims, while the number of policies sold determines the risk pool and potential frequency of claims. When macroeconomic conditions, such as inflation and interest rates fluctuate, they add another layer of complexity to insurers' ability to handle claims costs and investment returns.

Understanding these dynamics is essential for all stakeholders in the PII market, especially in emerging economies like Nigeria, where economic volatility can significantly impact the timeliness and effectiveness of claims settlements.

Empirical Review

Empirical studies on professional indemnity insurance (PII) emphasize the significant influence of premium income, policies sold, and macroeconomic factors on claims settlement. These variables determine an insurer's financial capacity and responsiveness to claims and have implications for the stability and accessibility of PII coverage. This empirical review synthesizes research findings from myriad studies to analyze how these factors shape the claims settlement process in the PII sector.

Macroeconomic factors, including inflation, interest rates, and economic stability, play a pivotal role in shaping the efficiency of claims settlement in the professional indemnity insurance (PII) sector. These factors directly influence the cost of claims, investment returns, and the overall financial stability of insurers, particularly in emerging markets like Nigeria.

Inflation and Claims Settlement

Inflation significantly impacts PII claims settlement by increasing the costs associated with claims. Rising inflation drives up expenses such as legal fees, compensation amounts, and administrative costs. (Brown & Epstein, 2014) highlighted that inflation erodes insurers' premium reserves, diminishing their capacity to settle claims effectively. In the U.S., Fields and Venezian, (1989) found that periods of high inflation led to delays in claim payments due to the diminishing real value of reserves.

In the Nigerian context, (Okwu & Okunola, 2019) observed similar challenges, noting that inflationary pressures often result in claims costs surpassing premium income. This creates financial gaps for insurers, delaying settlements and undermining trust in the insurance system. The inability of insurers to adjust premiums in tandem with rising inflation exacerbates this issue, further constraining their claims handling capabilities.

Interest Rates and Investment Returns

Interest rates are another crucial macroeconomic factor affecting PII claims settlement. Insurers depend on investment income from premium reserves to fulfill claims obligations. (Eling & Schmeiser, 2010) found that low interest rates reduce investment returns, leading to cash flow constraints and slower claims settlement.

Nigeria, (KPMG, 2020) reported that persistent low interest rates have adversely affected the investment income of PII providers, limiting their liquidity and ability to settle claims promptly.

The reliance on investment returns to supplement premium income means that fluctuations in interest rates directly impact insurers' financial stability, making timely claims settlements challenging.

Economic Stability and Claims Processes

Economic stability plays a fundamental role in shaping insurers' capacity to meet claims obligations. In times of economic downturn or instability, insurers often face heightened financial strain, leading to stricter claims policies and potential delays. (Swiss Re, 2016) highlighted that economic volatility increases the likelihood of claim denials as insurers attempt to mitigate financial risks.

In Nigeria, economic instability, currency depreciation, and regulatory changes further complicate the claims process. Uche & Anazodo, (2018) emphasized the impact of foreign exchange fluctuations on reinsurance contracts. Since many Nigerian insurers rely on foreign reinsurance, economic volatility increases the cost of these contracts, forcing insurers to adopt more conservative claims management strategies. This approach often results in longer settlement times and reduced customer satisfaction.

Implications for Nigeria's PII Market

For emerging markets like Nigeria, where economic challenges are prevalent, understanding the interplay between macroeconomic factors and claims settlement is crucial. Inflation, low interest rates, and economic instability collectively reduce insurers' financial resources, undermining their ability to meet policyholders' expectations.

A sustainable PII market in Nigeria requires proactive strategies to address these challenges, including:

- Adjusting premium rates to reflect inflationary pressures.
- Diversifying investment portfolios to mitigate the impact of low interest rates.
- Strengthening regulatory frameworks to stabilize the market during economic volatility.

The empirical evidence underscores the significant influence of macroeconomic factors on PII claims settlement. Inflation and interest rates directly affect insurers' financial resources, while economic stability shapes the broader operational environment. For Nigeria's PII market to thrive, stakeholders must address these macroeconomic challenges to build a reliable, efficient, and customer-centric insurance system.

Methodology

This study employs a quantitative research design, leveraging time-series analysis to investigate the relationship between macroeconomic factors and the development of professional indemnity insurance (PII) in Nigeria. The design facilitates an exploration of trends and causal relationships, providing critical insights into how economic conditions influence the growth and sustainability of the PII sector.

Data Collection

Secondary data were utilized for this study, sourced from authoritative platforms such as the Nigerian Stock Exchange (NSE), the Central Bank of Nigeria (CBN), and the official websites of ten licensed insurance companies operating in Nigeria. These data encompass audited financial statements spanning a fourteen-year period (2010–2023), ensuring comprehensive coverage of industry trends and performance metrics.

The choice of secondary data was driven by its reliability, accessibility, and ability to provide confidential, pre-validated information. Additionally, this approach mitigates risks associated with primary data collection, such as bias or security concerns.

Population and Sampling

The research population comprises all licensed insurance companies in Nigeria that provide PII. However, the study focuses on a purposive sample of ten insurers with consistent and reliable data over the fourteen-year period. These companies were selected based on their significant market share in the professional indemnity segment, ensuring that findings are robust and representative.

Time-Series Analysis

Time-series analysis forms the core analytical technique of this study, allowing for the investigation of variations and trends over time. This approach is instrumental in identifying the influence of macroeconomic variables on the PII market. By examining data across a fourteen-year period, the study captures the dynamic interplay between economic indicators and PII development.

Econometric Model

The study employs an econometric model grounded in Tom Baker's (2013) framework for liability insurance studies. The model is specified as follows:

$ATP_t = \beta_0 + \beta_1 PGDP_t + \beta_2 NPS_t + \beta_3 NLC_t + \epsilon_{t+}$ 1

where:

- **ATP_t** is the annual total premium for professional indemnity insurance in year t,
- **NPSt**: is the number of policies sold in the year; This could signify net public spending, which might influence the insurance landscape, such as government investments in infrastructure, healthcare, or professional services.
- **NLCt**: is the number of losses compensated in year t,; This might represent **Net Legal Costs**, **Non Liability Costs**, or another cost-related factor influencing the cost structure or claims in professional indemnity.
- **$PGDP_t$-** is the Gross Domestic Product per capita (as the macroeconomic economic indicator) in year t,
- **β_0_** is the constant term, β1, β2, β3\beta are the coefficients of each variable, and
- **ϵ_t_** is the error term.

This model is instrumental in assessing the impact of economic conditions (PGDP), industry growth (NPS), and claims-handling efficiency (NLC) on annual premium income from PII.

Variables

Dependent Variable

- **Annual Total Premium (ATP):** Represents the revenue generated from professional indemnity insurance policies, serving as an indicator of market performance.

Independent Variables

1. **Macroeconomic factors - Gross Domestic Product (GDP) per capita (PGDP):** Reflects the economic environment and its influence on insurance demand.

The data were analyzed using E-Views software, a tool well-suited for time-series analysis. The software enables regression analysis, trend examination, and identification of causal relationships between variables. This approach ensures a robust examination of how macroeconomic factors influence the PII sector. The study covers fourteen years (2010–2023), focusing on ten licensed insurance companies with consistent and comprehensive data. By examining the impact of economic indicators, industry-specific dynamics, and claims-handling processes, the study provides a holistic view of the factors shaping the Nigerian PII market.

By addressing these areas, the study aims to contribute to the development of a more resilient and accessible professional indemnity insurance sector in Nigeria.

Data Analyses

Table 1: Descriptive statistics

	CLAIM_PAID	GDP	GDPGROWT...	PER_CAPITA	POLICIES_S...	PREMIUM
Mean	5468459.	444.1350	0.031764	2345.929	97.07857	30738457
Median	0.000000	436.5200	0.030550	2221.500	36.00000	13045207
Maximum	67290678	574.1800	0.080100	3201.000	811.0000	2.02E+08
Minimum	0.000000	362.8100	-0.017900	1621.000	0.000000	0.000000
Std. Dev.	13133406	58.48184	0.027802	413.7405	146.5556	39988554
Skewness	2.782350	0.504084	-0.174152	0.468673	2.369955	1.913065
Kurtosis	10.21198	2.671302	2.408261	2.589043	8.411506	6.404058
Jarque-Bera	484.0414	6.559255	2.750245	6.110436	301.8817	152.9902
Probability	0.000000	0.037642	0.252809	0.047112	0.000000	0.000000
Sum	7.66E+08	62178.90	4.447000	328430.0	13591.00	4.30E+09
Sum Sq. Dev.	2.40E+16	475397.4	0.107441	23794189	2985518.	2.22E+17
Observations	140	140	140	140	140	140

The economic indicators, represented by GDP data, provide essential context for these trends by illustrating the macroeconomic backdrop within which the insurers operate. The average GDP during the observed period was 444.14 billion USD, with a median of 436.52 billion USD, suggesting a balanced distribution with only a slight rightward skew. GDP values ranged from 362.81 billion USD, reflecting the smallest economy in the dataset, to 574.18 billion USD, the largest. A standard deviation of 58.48 billion USD indicates moderate variability, signaling that while economic conditions fluctuated, they remained within a predictable range. The skewness of 0.50 suggests near symmetry, and the kurtosis of 2.67 indicates a distribution close to normal, with no extreme values. These figures point to a relatively stable macroeconomic environment, although subtle variations in GDP levels could influence the performance of insurers, particularly in terms of claim settlements and premium income.

The GDP growth rate adds a dynamic perspective to this stability, reflecting the fluctuations in economic expansion that can directly impact the insurance sector. The average growth rate of 3.18% and a median of 3.06% imply that growth was modest but consistent across the observed period. Periods of rapid expansion, as indicated by a maximum growth rate of 8.01%, were counterbalanced by occasional contractions, such as the minimum growth rate of -1.79%. A standard deviation of 2.78% indicates moderate variability in growth rates, suggesting that while some periods were challenging, the overall trend was one of gradual economic improvement. The slightly negative skewness of -0.17 points to a distribution leaning towards higher growth rates, while the kurtosis of 2.41, close to normal, implies a lack of extreme outliers. This steady growth trajectory likely influences other economic metrics, such as GDP per capita, and indirectly impacts insurer operations by shaping market conditions and consumer behavior.

GDP per capita further refines this analysis, shedding light on the economic output per individual across the insurers' operating environment. The mean value of 2,345.93 USD and a median of 2,221.50 USD suggest a distribution with a slight rightward skew. The range spans from 1,621 USD, indicating the lowest per capita income, to 3,201 USD at the highest end, demonstrating the economic disparity within the dataset. The standard deviation of 413.74 USD highlights moderate variability, reflecting differences in individual economic contributions. A skewness of 0.47 and kurtosis of 2.59 suggest a distribution that is close to normal, albeit slightly clustered around lower values. This implies that while many individuals operate within a lower income bracket, there are occasional outliers with higher incomes. These disparities likely influence the purchasing power of potential policyholders, impacting both policy sales and premium income for insurers. The stationary nature of GDP, GDP per capita, and GDP growth confirmed by unit root tests provides a glimmer of stability. This stability is vital for the long-term financial health of PII providers, ensuring that economic fluctuations do not translate into unsustainable shocks within the insurance market.

HYPOTHESIS

There is no significant relationship between the claim paid by professional indemnity insurers and macroeconomic factors affecting non-life insurers in Nigeria.

Dependent Variable: CLAIM_PAID
Method: Least Squares
Date: 12/01/24 Time: 14:40
Sample: 1 140
Included observations: 140

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	8003969.	8310001.	0.963173	0.3372
GDP	94546.67	35723.10	2.646653	0.0091
GDPGROWTH	23405769	49195321	0.475772	0.6350
PER_CAPITA	-19297.46	5768.937	-3.345064	0.0011

R-squared	0.100205	Mean dependent var	5468459.
Adjusted R-squared	0.080357	S.D. dependent var	13133406
S.E. of regression	12594678	Akaike info criterion	35.56360
Sum squared resid	2.16E+16	Schwarz criterion	35.64765
Log likelihood	-2485.452	Hannan-Quinn criter.	35.59776
F-statistic	5.048526	Durbin-Watson stat	0.511802
Prob(F-statistic)	0.002395		

Interpretation

The regression analysis investigates the relationship between claims paid (CLAIM_PAID) by professional indemnity insurers and key macroeconomic indicators, specifically GDP, GDP Growth, and GDP per capita. This analysis offers partial evidence of a significant relationship between claims paid and the selected economic factors. Starting with the constant term (C), its coefficient of 8,003,969

represents the baseline claims paid when all macroeconomic variables are at zero. However, the p-value of 0.3372 suggests that this term is not statistically significant, indicating that the constant does not meaningfully contribute to explaining variations in claims paid. This sets the stage for evaluating the individual effects of the macroeconomic variables.

The impact of GDP on claims paid is both positive and statistically significant, with a coefficient of 94,546.67 and a p-value of 0.0091, meeting the 1% significance level. This implies that, holding other factors constant, an increase in GDP by one unit corresponds to an increase of approximately 94,546.67 units in claims paid. This finding highlights the crucial role GDP plays in shaping the financial obligations of insurers. Conversely, GDP Growth exhibits a coefficient of 23,405,769, but its p-value of 0.6350 indicates it is not statistically significant. This suggests that fluctuations in GDP Growth do not meaningfully influence claims paid in the context of this model. Together, these insights provide a nuanced view of how the broader economic environment impacts indemnity insurance claims.

GDP per capita introduces an intriguing dynamic, as its coefficient of -19,297.46 demonstrates a statistically significant negative relationship with claims paid (p-value = 0.0011). This finding suggests that an increase in GDP per capita by one unit leads to a decrease of approximately 19,297.46 units in claims paid, holding other factors constant. This inverse relationship indicates that as the average income per individual rises, the claims paid by insurers tend to decrease, potentially reflecting shifts in the risk environment or policyholder behavior as economic conditions improve.

Despite these significant individual relationships, the model's overall fit reveals substantial limitations. The R-squared value of 0.1002 indicates that only 10.02% of the variation in claims paid is explained by the included macroeconomic factors. The adjusted R-squared of 0.0804 further emphasizes the limited explanatory power, pointing to the need for additional variables or alternative modeling approaches to capture the complexity of the relationship. Nonetheless, the model achieves statistical significance overall, as reflected in the F-statistic of 5.0485 and its corresponding p-value of 0.0024.

This finding underscores the presence of at least some significant relationships within the model.

However, the robustness of these results is called into question by the Durbin-Watson statistic of 0.5118, which indicates positive autocorrelation in the residuals. This issue suggests that the residuals are not independently distributed, potentially biasing the standard errors and, consequently, the significance tests. Addressing this concern is critical for enhancing the reliability and interpretability of the regression results.

In conclusion, while the null hypothesis that "there is no significant relationship between claims paid and macroeconomic factors" can be partially rejected, the analysis reveals both strengths and limitations. GDP and GDP per capita demonstrate significant impacts on claims paid, while GDP Growth does not. However, the model's low explanatory power and the presence of autocorrelation highlight the need for further refinement. Future analyses could incorporate additional variables or employ advanced econometric techniques to provide a more comprehensive understanding of the factors influencing claims paid by professional indemnity insurers.

DISCUSSION OF FINDINGS

Macroeconomic conditions play a crucial role in shaping insurers' ability to settle claims. Nigeria's average GDP of $444.14 billion (about $1,400 per person in the US) (about $1,400 per person in the US) (about $1,400 per person in the US), with a standard deviation of $58.48 billion (about $180 per person in the US) (about $180 per person in the US) (about $180 per person in the US), reflects a stable yet modestly growing economy. The GDP growth rate, averaging 3.18%, underscores this gradual

expansion, albeit with intermittent periods of stagnation or contraction. These dynamics align with Brown and Epstein's (2014) assertion that inflation and economic volatility can erode insurers' reserves, making claims settlement more challenging. In this context, the stationary nature of GDP, GDP per capita, and GDP growth confirmed by unit root tests—provides a glimmer of stability. This stability is vital for the long-term financial health of PII providers, ensuring that economic fluctuations do not translate into unsustainable shocks within the insurance market.

GDP per capita, averaging $2,345.93, sheds additional light on the population's economic well-being. While this suggests incremental improvements, significant income disparities remain, potentially limiting the affordability of PII for small businesses and individuals. (Eling & Schmeiser, 2010) highlighted the interplay between economic growth and insurers' investment income, emphasizing how macroeconomic stability can bolster insurers' financial resilience. In Nigeria, however, persistent inflationary pressures and currency fluctuations, as noted by (Okwu & Okunola, 2019), pose significant challenges to maintaining the real value of premium reserves, further straining claims settlement processes.

The stationery of key variables claims, policies sold, premium income, GDP, GDP per capita, and GDP growth offers critical insights into the market's stability. The absence of unit roots implies that these variables are not influenced by long-term trends, lending reliability to econometric models and forecasts derived from the data. This finding suggests that improvements in PII claims settlement hinge more on microeconomic factors, such as premium income and policy diversification, rather than external economic drifts. This aligns with (KPMG's, 2020) argument that fostering policyholder trust, enhancing risk management, and ensuring sufficient premium reserves are paramount for sustainable claims settlement.

Overall, the insights derived from descriptive statistics and unit root tests underline the intricate dynamics of Nigeria's PII market. While larger insurers appear better equipped to manage risks and settle claims efficiently, smaller players face formidable challenges in maintaining financial stability.

Addressing these imbalances will require concerted efforts, including robust regulatory frameworks, strategic policy diversification, and macroeconomic stabilization measures. Future research could delve deeper into the impact of macroeconomic shocks, such as inflation and currency depreciation, on the sector, as well as the effectiveness of regulatory interventions in mitigating systemic risks. Ultimately, ensuring a more equitable distribution of premium income and fostering a competitive, resilient PII market will be crucial for meeting the insurance needs of Nigeria's evolving economy.

Conclusion:

This analysis reveals a multifaceted picture of the Nigerian PII market. While the stationery of key variables suggests a degree of stability and predictability, the interplay of macroeconomic factors, including GDP growth presents significant challenges. The findings underscore the importance of microeconomic factors, such as premium income and policy diversification, in determining claims settlement efficiency.

Recommendations:

Professional Body

Enhance Regulatory Framework: Strengthen regulatory oversight to ensure adequate capital reserves, promote fair competition, and protect policyholder interests.

Foster Policy Diversification: Encourage insurers to diversify their product offerings and risk profiles to mitigate the impact of unforeseen events.

Enhance Data Collection and Analysis: Improve data collection and analysis capabilities within the insurance sector to better understand market trends, identify emerging risks, and inform policy decisions.

Academic Institute

Enhance Data Collection and Analysis: Contribute through research and development to improve data collection methodologies and market analysis.

Support Smaller Insurers: Conduct studies and provide training programs to help smaller insurers build capacity and improve risk management.

Government

Promote Macroeconomic Stability: Implement policies aimed at stabilizing inflation, managing currency fluctuations, and fostering sustainable economic growth to create a more predictable environment for insurers.

Support Smaller Insurers: Provide targeted support to smaller insurers through subsidies, grants, or training programs to enhance their capacity.

Enhance Regulatory Framework: Develop and enforce comprehensive laws and regulations to ensure market stability and policyholder protection.

Further Research: Conduct in-depth research on the impact of specific macroeconomic shocks on the PII market and the effectiveness of various regulatory interventions in mitigating systemic risks.

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