The Influence of Life Insurance Premium on Insurance Penetration in Nigeria

Fadun, Olajide Solomon (Ph.D.)
Department of Actuarial Science and Insurance, University of Lagos, Akoka, Lagos. Nigeria.
sofadun@yahoo.co.uk
+2348028478319

Osasona, Adedeji Viscker
Insurance and Risk Management, Faculty of Management Science,
Ekiti State University Ado Ekiti, Ekiti-State, Nigeria.
adedeji.osasona@eksu.edu.ng
+2348066648393

Abstract
This study assessed the influence of life insurance premium on insurance penetration in Nigeria. Specifically, this study examined the trend of life insurance premium and insurance penetration in Nigeria, using data of 1981 to 2023. These data were extracted from secondary sources for insurance penetration, life insurance penetration and control variables (inflation rate, exchange rate, interest rate, gross domestic product growth rate and population growth rate). Data were analysed with charts and ARDL co-integration methods based on the objectives formulated. Accordingy, result demonstrated upward trend in life insurance premium as well as downward trend in insurance penetration. On the other hand, the result revealed that life insurance premium has significant positive effect on insurance penetration on the short run, but insignificant negative effect on the long run. Nevertheless, this study concluded that life insurance premium has influence on insurance penetration, although significance is limited to the short run. Hence, this study recommended that life insurance businesses in Nigeria should ensure to put in more effort into creating awareness, advertisement and promotions to enhance life insurance demand as well as facilitate penetration rate

Keywords: Life Insurance, Insurance Penetration, Premium, ARDL

1.0 Introduction

Insurance penetration has attracted much attention in recent years as it reflects how effectively insurance markets integrates into and support economic and social structure. Basically, insurance penetration plays a pivotal role in promoting financial stability and economic resilience, by offering protection against various risks—such as health emergencies, property damage, and income loss—insurance helps mitigate the financial impact of unforeseen events (Fadun, 2021). Accordingly, high insurance penetration indicates a robust and mature insurance market contributing to reduction the likelihood of financial distress, as well as influencing both individual security and broader economic stability (Oloyede, Folorunsho & Ogamien, 2023). On the other hand, low penetration can represent an opportunity for economic development if it is leveraged in the light of development challenges in the continent. To this end, it will be relevant for policy makers to implement measures that increase insurance penetration in countries with low rate.

Historically, insurance penetration has varied widely across different regions and countries, with developed economies typically exhibiting higher penetration rates compared to emerging markets. This disparity is influenced by a range of factors including income levels, regulatory environments, cultural attitudes towards risk, and the availability of insurance products (Apergis & Poufina, 2020). Accordingly, developed countries are characterized by larger populace with higher level of income, wealth and assets; higher level of financial literacy, easy access to insurance products, advanced technology; well-established regulatory framework, as well as cultural acceptance of insurance activities; which are all deficient in developing countries (Kaya & Beser, 2020). Therefore, low penetration rates often correlate with limited access to insurance, underdeveloped infrastructure, and inadequate awareness among others.

In order to ensure higher penetration rate, various strategies and methods can be engaged. Insurance companies and authorities can enhance service coverage by facilitating financial literacy programs and public campaigns, improve accessibility and affordability, leverage technology, tailor products to local needs as well as enhance distribution channels (Iyodo, Samuel, Adewole & Ola, 2020). With this, insurers can broaden their customer base, enhance the appeal of their products, and ultimately increase insurance income across different segments of society. This is in line with Hodula, Janku, Casta and Kucera (2020) which stated that there will be more penetrated as of insurance businesses increases sales (measured by premium), regardless of their nature of operation.

Generally, insurance business is typically categorized into two, which are life insurance and non-insurance, but life insurance is central in the current discourse, given the crucial role it plays in growth of insurance industry (Fadun & Oluwaleye, 2024; Issa & Noureddine, 2023; Ferazagia, 2018). In particular, life insurance provides a safety net for individuals and families, which ensures a steady demand for these products. This stability helps insurance companies maintain a consistent revenue stream and manage financial risks more effectively. Accordingly, life insurance widely acclaimed worldwide an index of measuring the degree of sophistication and maturity of a given industrialized economy as evidence in United States of America, Japan and Taiwan, given high rate of insurance penetration and share of life insurance premium.

However, Nigeria stands among those countries with extremely low insurance penetration across the globe and within Africa countries. At the global level, highest top 5 insurance penetration rate at the global level, stood at the range of 10.5% and 11.6% for Countries which are United States of America, Taiwan, South Africa, South Korea and United Kingdom, while that of Nigeria is less than 1% of GDP (Statista, 2023). On the other hand, average insurance penetration rate for Sub-Sahara Africa stood at 2.78% of GDP which includes South Africa's penetration rate which was 11.3% of GDP as at 2022, while the rate in Nigeria is about 0.5% of GDP (Nigeria Insurance Association, 2023).

The state of insurance penetration may be because Nigeria insurance industry is faced with lack of information and public awareness, negative attitudes towards insurance, small distribution channel, weak regulatory framework, which contributes to limited adoption and premium, which is more pronounced in life insurance industry (Africa Insurance Market, 2024). Additionally, many scholars had identified that low insurance penetration is attributable to economic situations such as inflation rate, poverty rate, exchange rate, low level of infrastructural development amidst low level including low level of insurance premium, including low insurance premium (Ferezagia, 2018; Hodula, Janku, Casta, & Kucera, 2020; Oloyede, *et al,* 2023; Isomese & Chijuka, 2024).

In relation to the discourse of life insurance premium and insurance penetration, several empirical studies had been submitted and accessible, but relation between the two had not been clearly proved. These studies include those on determinants of insurance penetration (Imoseme & Chijuka, 2024); influence of life insurance/non-life insurance on economic growth (Yadav, Khom, Narayan & Basu, 2024; Ferezagia, 2018; Dragota, Cepoi & Stefan, 2023; Fadun & Oluwaleye, 2023; Oloyede, *et al*, 2023) as well as those on influence of insurance premium on economic growth (Kaya & Beser, 2020; Issa & Noureddine, 2023;), revealing that there is paucity of studies on how life insurance premium contribute to insurance penetration, most especially in Nigeria. Additionally, this study identified that majority of studies on life insurance premium either used the life insurance penetration (Dragota, Cepoi & Stefan, 2023; Fadun & Oluwaleye, 2023) or absolute value of life insurance premium (Yadav, Khom, Narayan & Basu, 2024; Isomese & Chijuka, 2024) as measure of life insurance premium, while growth rate of life insurance premium has not been considered. Therefore, this study intends to investigate the influence of life insurance premium on insurance penetration in Nigeria. Succinctly, the specific objectives are to:

i. examine the trend of life insurance premium and insurance penetration in Nigeria
ii. assess the effect of life insurance premium on insurance penetration in Nigeria.

2.0 Literature Review

Conceptual Review

Life insurance premium

Life insurance is a financial product designed to provide financial protection and support to the beneficiaries of the insured individual in the event of their death or after a set period usually long term in nature (Oloyede *et al*, 2023). Accordingly, Dragota *et al* (2023) explained that life insurance companies provide insurance services such as term life insurance, whole life insurance and retirement insurance plan among others. Life insurance premiums are the regular payments made to an insurance company to maintain a life insurance policy. These payments are essential for keeping the policy active and ensuring that the coverage remains in force**.**

Insurance Penetration

Insurance penetration connotes the level of development of the insurance sector in a country (Ehiogu, Eze & Nwite, 2018; Poposki, Kjosevski & Stojanovsk, 2015). Penetration rate can be measure as the ratio of premium underwritten in a particular year in relation to the GDP (Dash et al., 2018; Ehiogu et al., 2018). In the insurance industry, insurance penetration can be considered from two main perspectives: disaggregated and aggregated. The disaggregated insurance penetration has to do with evaluation of penetration rate on the basis of the two subsectors in the insurance industry, life insurance and non-life insurance, such that metric will be life insurance penetration and non-life penetration. Life insurance penetration focuses on premiums from life insurance business as a percentage of GDP; and non-life insurance penetration focuses on premium from insurance businesses outside life insurance policies. On the other hand, the aggregate insurance penetration captured overall growth in the insurance companies, that is combination of the economic performance of life insurance and non-life insurance businesses. Hence, the aggregate insurance penetration is basically addressed in terms of percentage of total premium in insurance industry relative to gross domestic product.

Theoretical Framework

This study is hinged upon the theory of financial intermediation developed by Gurley and Shaw (1960). The authors argued that financial intermediaries exist because they can reduce information and transaction costs that arise from an information asymmetry between borrowers and lenders. Financial intermediaries thus assist the efficient functioning of markets, and any factors that affect the amount of credit channeled through financial intermediaries can have significant macroeconomic effects. Claus and Grimes (2003) clarify that there are two strands in the literature that formally explain the existence of financial intermediaries. The first strand emphasizes financial intermediaries' provision of liquidity. The second strand focuses on financial intermediaries' ability to transform the risk characteristics of assets. In both cases, financial intermediation can reduce the cost of channeling funds between borrowers and lenders, leading to a more efficient allocation of resources.

Empirical Review

Hagos, Keebde and Shewakena (2019) examined demand for life insurance and it's determinants at household level in Dire Dawa city. The primary source of data was through questionnaire from a sample of 373 respondents using three stage multiple random sampling technique also face to face interview was used to collect data. The findings, indicated that the communities demand for and awareness on life insurance is low. Furthermore, the study recommended that insurance companies and policy makers should provide various life policies.

Arora and Sharma (2019) assessed factors affecting the perceptions of investors investing in life insurance schemes. Primary data used in the study were collected through questionnaires and CFA technique was used to identify the factors. The findings indicated that life Insurance is an important form of insurance and necessary for every individual. Thus, the study recommended that the demographic factors of the people play a major and critical role in deciding the purchase of life insurance policies.

Sharku, Grabova and Vullnetari (2021) conducted a study on impact of economic factors on life and non- life insurance development in Albania. The study made used of Vector Error Correction Model, designing separate models for each of the insurance segments: life and non-life ones. The findings indicated that GDP per capita has the most significant impact while unemployment is found to be insignificant in respect to life and non-life insurance density. The study recommended that insurance company's monitor should evaluate these factors in order to improve insurance service available to the public.

Jana (2020) investigated the role of insurance sector on inclusive growth in India. Secondary data collected was sources from the period 2000 to 2019, using linear regression four variables are taken viz. GDP as a surrogate of economic growth and Real Premium Growth Rate, Total Investment in Insurance Sector and Insurance Claim. Findings revealed that insurance markets working as a financial intermediary to contribute economic growth of the country as well as risk management more efficiently. Therefore, the study recommended that more attention in the insurance market is to be paid so that proper economic growth will be possible in the developing country in India.

Bah and Abilah (2022) examined institutional determinants of insurance penetration in Africa. The study investigated the institutional determinants of insurance demand in Africa. We used a panel of 42 countries over the period 1996–2017. A system GMM approach was used for the estimations. Findings revealed that institutional quality has appositive and significant effect on insurance penetration in Africa. Also only regulatory quality, control of corruption and government effectiveness are positively associated with non-life insurance demand. Thus, the study recommended that governments should improve the business environment and strengthen the political environment to boost insurance development in Africa.

Hafiz, Salleh, Garba and Rashid (2022) assessed the moderating role of innovation on institutional components and life insurance penetration. The study covered 35 SSA nations between 2009 and 2020, and analyzed data with panel regression method. Finding from the study establishes that innovation promotes life insurance penetration by enhancing voice and accountability, the rule of law, and government efficacy mechanisms. The study concluded that innovation is an essential catalyst for performance efficiency through which weak institutional factors can be improved to stimulate insurance uptake.

Landry and Johnson (2024) investigated Africa's insurance potential: trends, drivers, opportunities and strategies. The study examined that insurance penetration is growing slowly on the continent due to challenges to disposable income which prevent consumers and firms from broadening the African insurance sector. The study indicated that offering business leaders an overview of Africa's biggest opportunities and risks in the insurance sector, discussing trends, drivers, perspectives, and strategies for effective investment.

Iyodo, Samuel, Adewole and Ola (2020) examined the impact of non-life insurance penetration on economic growth of Nigeria. Data were analyzed using regression, specifically the ordinary least square regression was adopted for the testing of the hypotheses. The findings of the study indicated that non-life insurance penetration had a substantially positive effect on the economic growth in Nigeria during the period.

Adeleye (2020) carried out a study the determinants of claims handling techniques and non-life insurance companies' market penetration in Nigeria. The study investigated the determinants of claim handling techniques and their impacts on nonlife insurance business. It also determined how insurance companies' reputation lead to market penetration in Lagos State, Nigeria. The study made used of 121 valid copies of questionnaire distributed to 13 insurance companies which were returned for analysis using expo facto method. The findings indicated that both claim handling techniques and companies' reputation have strong and significant impact of market penetration. The study concluded that timeliness in claim handling enhances insurance reputation as well as market penetration.

Okonkwo and Eche (2019) examined insurance penetration rate and economic growth in Nigeria: 1981-2017. Data were sourced from the Central Bank of Nigeria statistical bulletin and using regression techniques the work established that there a no significant relationship between insurance penetration rate and economic growth of Nigeria. The study concluded that the insurance penetration rate has no significant relationship with the economic growth of Nigeria. Therefore, the study recommended that the industry is expected to explore packaging group insurances, creating risk awareness and streamline effective and efficient prompt claims administration.

Ugwunta and Ugwanyi (2019) examined insurance development and economic growth, an examination of the non-bank financial institutions in Nigeria. Time series data, spanning a period of forty-one years, from 1970-2010 obtained from the Central Bank of Nigeria statistical bulletin. The findings revealed that insurance sector investment in financial assets; and insurance sector premiums have significant impacts on Nigeria's Gross Domestic Product.

Uruakpa (2019) examined insurance premium and economic performance in Nigeria using a variance decomposition approach. The specific objective is finding out the relationship between insurance premium, investment and assets have with Nigeria's GDP. The study adopted the use of descriptive statistics, Augmented Dickey Fuller Unit Root Test, Johansen cointegration, OLS regression, variance decomposition and granger causality tests. Findings from the study showed positive and significant relationship between insurance premium and GDP.

Dada, Ibitomi Aderotimi and Gaude-Jawul (2023) examined insurance premium and the growth of Nigeria economy from 2007-2021. The study examined the effect of insurance on Nigerian economic growth from 2007 to 2021. Ex-post facto analytical research design was adopted in this work. The National Bureau of Statistics and the Central Bank Statistical Bulletin provided secondary data. Ordinary Least Square regression technique was used to analyze the data. Findings indicated that insurance and economic growth in Nigeria have a considerable positive association. The study therefore recommended that the National Insurance Commission should adopt policies that promote the growth and development of the insurance industry as a whole. The public should be educated on the importance of life insurance in order for it to have a substantial impact on Nigeria's economic growth.

Fadun and Oluwaleye (2023) examined impact of life insurance development on economic growth in Nigeria. Data used for the study includes World Development Indicator database, Global Financial Development Indicator database, NIA digest database, and Central Bank of Nigeria statistical bulletin, over the period 2000 to 2022. Finding indicated that life insurance development did not contribute to Nigeria's economic growth. Thus, the study recommend that life insurance institutions should increase their scope of operations to be directly involved in business investments other than financial market investments to enhance their significance level in Nigeria's growth process.

Moses and Ajagu (2022) examined the effect of corporate governance practice on life insurance penetration in Nigeria. Primary data was collected through survey research with 350 respondents. Data collected was analyzed using chi-square, multiple regression, generalized linear model and robust estimation. Findings revealed that corporate governance practices have positive and statistically significant effect on life insurance penetration. Therefore, the study recommended that National Insurance Commission should ensure that all insurance industries address issues bothering on corporate governance practices in order to boost the organization performance and total confident on the insurance company.

3.0 Research Methods

Model Specification

In this study, the model of Isomese and Chijuka (2024) on the determinants of insurance penetration is adapted. Specifically, the model expressed insurance penetration (INP) as a function of insurance premium (IP), inflation rate (INF), exchange rate (EXR), and gross domestic product (GDP). The model is therefore presented as thus:

$$INP = f(IP, INF, EXR, GDP) ------------------------------1$$

$$TMKCP_t = \alpha_0 + \alpha_1 IP_t + \alpha_2 INF_t + \alpha_3 EXR_t + \alpha_4 GDP_t + u_{1t} --------------- 2$$

However, the model above is modified in this study by retaining insurance penetration (INP) as dependent variable while life insurance premium (LIP proxied by growth of life insurance premium) as explanatory variables with inflation rate (INF), exchange rate (EXR), interest rate (INT), gross domestic product growth rate (GDPgr) and population growth rate (POPgr) taken as control variables. Hence, the model for this study is designed as follows:

$$INP = f(LIP, INF, EXR, INT, GDPgr, POPgr) ---------------------- 3$$

$$INP_t = \delta_0 + \delta_1 LIP_t + \delta_2 INF_t + \delta_3 EXR_t + \delta_4 INTgr_t + \delta_5 GDPgr_t + \delta_6 POPgr_t + u_{3t} --4$$

Source of Data

Data used in the study involves secondary sources. The sources utilized covered the period of forty-four years (44years) spanning from 1981-2023 and were obtained from Nigeria Insurer Association (NIA) digest, statistical bulletin of the Central Bank of Nigeria, World Development Indicator and Financial Development Indicator database for the period covered in the study.

Method of Data Analysis
This study employed descriptive and inferential techniques of analysis. Specifically, the methods were trend analysis, Augmented Dickey Fuller (ADF) unit root test, co-integration method and Granger causality test. The choice of co-integration method employed, Autoregressive Distributed Lag (ARDL) bound test co-integration approach, is determined by the unit root test result.

4.0 Result and Discussion

This section entails results on trend analysis, ADF unit root test and ARDL co-integration bound test as well as ARDL short run and long run estimation, as required by the objectives of this study The results are therefore presented, interpreted and discussed as follows:
Trend of Insurance Penetration (1981-2023)

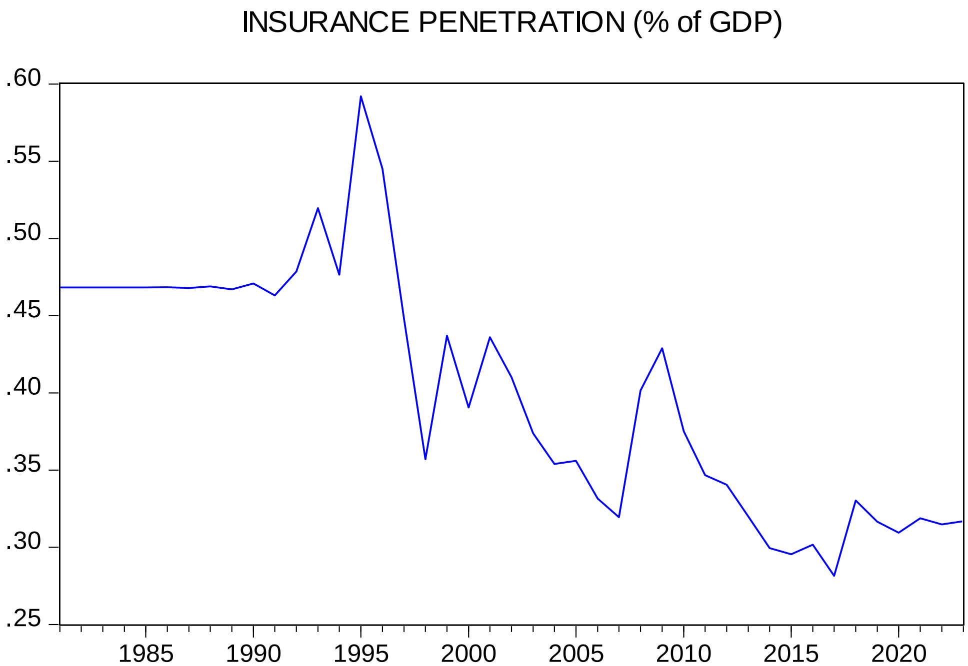

Figure 1: Chart on Insurance Penetration (1981-2023)

Result in Figure 1 reveals trend of insurance penetration over the year 1981 to 2023. The result depicts that insurance penetration declines over the years covered despite the increasing economic activities in the country. The major reason for the overall decline over the fourty-four years could be attributed to limited infrastructure to support growth of insurance industry, low public awareness, underdeveloped regulatory framework, limited product varieties, high poverty rate, as well as economic instability in the country. Nevertheless, the result showed significant rise in the year 1995 possibly because of economic reforms of the early 1990s, growth in financial services sector, increase in level of education, drive for better regulatory oversight of the early 1990s which later led to establishment of. The result also indicates significant decline in insurance penetration in 1999 which may be due to uncertainty due to political transition, limited infrastructure and access to insurance companies, among others. Lastly, the country experience increased penetration of insurance industry in 2010 possibly because of increasing the minimum capital requirements for insurance companies, increasing strategies for financial inclusion, etc.

Trend of Life Insurance Premium (1981-2023)

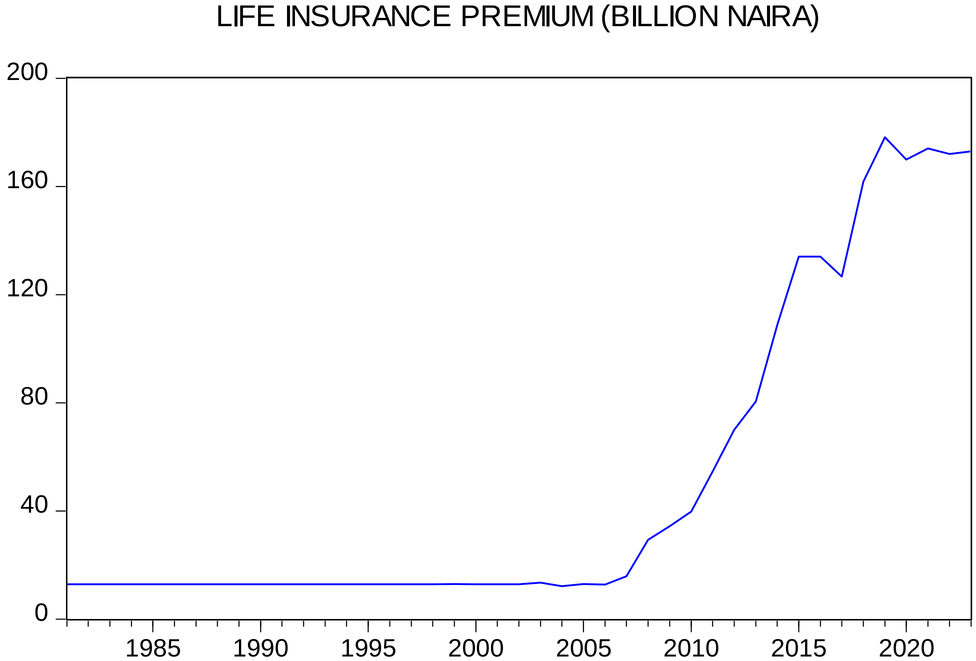

Figure 2: Chart on Life Insurance Premium (2004-2023)

Figure 2 reveals that there is increasing trend in life insurance premium over the year covered in the study. Although the result showed an insignificant movement between the year 1981-2004, due to insufficient data and interpolation, it is obvious that life insurance premium increases between the year 2005 and 2023, as a result of reforms of insurance industry in 2005, enforcement of transparency and adequate reserve in 2010, mandated increase in minimum requirement in 2013 as well as growing economic stability, introduction of new and innovative life insurance products, digital transformation in the industry, among others.

Table 1: Summary of ADF unit Root Test

Variables	Level			First Difference			Level of Integration
	ADF statistics	1% critical value	5% critical value	ADF statistics	1% critical value	5% critical value	I(d)
lnINSP	-3.383468	-4.192337	-3.520787	-7.346605	-4.198503	-3.523623	I(1)
lnLIP	-0.939935	-3.610453	-2.938987	-3.716080	-3.600987	-2.935001	I(1)
lnINF	-3.520907	-3.596616	-2.933158	-	-	-	I(0)
lnEXR	-2.285369	-3.596616	-2.933158	-5.448907	-3.600987	-2.935001	I(1)
lnINT	-2.163604	-4.192337	-3.520787	-6.274017	-4.198503	-3.523623	I(1)
lnGDPgr	-3.196953	-3.600987	-2.935001	-	-	-	I(0)
lnPOPgr	-3.196953	-3.600987	-2.935001	-	-	-	I(0)

Source: *Author's Computation (2024)*

Unit root test result presented in table 2 reveals that insurance penetration, life insurance premium, exchange rate, and interest rate only become stationary after first differencing, i.e these series are integrated of order one I(1). On the other hand, inflation rate, gross domestic product growth rate and population growth rate are stationary at level, meaning that they are integrated of order zero I(0), reflecting that this variable does not retain innovative shock passed on it more the same period. Hence summary of unit test conducted in the study showed that series included in the models for the study are integrated of mixed order i.e. I(0) and I(1),. Therefore, the ARDL co-integration is employed to achieve relevance objectives of the study.

Table 3: ARDL Bound Test Result

F- Statistics	Lower bound critical value	Upper bound critical value
5.242270	2.27	3.28

Source: *Author's Computation (2024)*

Table 3 reported lower and upper bound critical values, as well as the F-statistics for the wald test carried out to test the joint null hypothesis that the coefficients of the lagged level variables are zero i.e. no long run relationship exist between the variables. The result showed an f-statistics value of 5.242270, with bound critical values of 2.27 and 3.28 for lower and upper bounds for the three models. Comparing the f-statistic to the critical values it was observed that the f-statistics is greater than the upper bound critical value (a condition for the rejection of the null hypothesis of no long run relationship). Thus, the study rejects the null hypothesis in favour of the alternative hypothesis of presence of long run relationship between the variables in each of the three models.

Table 4: ARDL Short run and Long run Estimation Result

Cointegrating Form				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
D(LNLIP)	0.264726	0.069176	3.826847	0.0009
D(INF)	0.002796	0.000739	3.786205	0.0010
D(EXR)	0.001587	0.000558	2.844852	0.0092
D(EXR(-1))	-0.000960	0.000535	-1.795088	0.0858
D(INT)	0.007505	0.003486	2.152719	0.0421
D(GDPGR)	0.000409	0.003165	0.129343	0.8982
D(GDPGR(-1))	0.009816	0.003101	3.165774	0.0043
D(POPGR)	-0.012028	0.236645	-0.050827	0.9599
D(POPGR(-1))	0.285887	0.135785	2.105440	0.0464
D(POPGR(-2))	0.294434	0.161458	1.823591	0.0812
CointEq(-1)	-0.464575	0.068894	-6.743368	0.0000
Cointeq = LNINSP - (-0.1544*LNLIP + 0.0063*INF + 0.0002*EXR + 0.0006 *INT - 0.0319*GDPGR -0.1660*POPGR -0.0866)				
Long Run Coefficients				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
LNLIP	-0.154428	0.101039	-1.528400	0.1401
INF	0.006324	0.002564	2.466568	0.0215
EXR	0.000153	0.000899	0.170627	0.8660
INT	0.000593	0.008601	0.068970	0.9456
GDPGR	-0.031891	0.019459	-1.638881	0.1148
POPGR	-0.166046	0.525457	-0.316003	0.7548

C	-0.086585	1.363172	-0.063517	0.9499

Normality Test: 2.27 (p > 0.05); Autocorrelation test: 0.104(p > 0.05); Heteroscdasticity: 0.756(p > 0.05)

Source: ***Author's Computation (2024)***

Result presented in Table 4 indicates short run and long run effect of life insurance premium on insurance penetration in Nigeria. Specifically, the short run estimation result demonstrates that there is about 0.24% increase in insurance penetration with every 1% increase in life insurance premium, given the coefficient and probability of 0.264726 ($p < 0.05$) for D(LNLIP), revealing that life insurance premium has significant positive effect on insurance penetration on the short run. CointEq(-1) of -0.464575 ($p < 0.05$) reflects that about 46.45% of the short run inconsistencies is corrected and incorporated into the long run dynamic annually in Nigeria. On the other hand, result reveals coefficient and probability of -0.154428 and 0.1401 ($p > 0.05$) for LNLIP indicating that insurance penetration reduce by 0.15% with every 1% increase in life insurance premium. Hence, result depicts that life insurance premium has insignificant negative effect on insurance penetration in Nigeria.

Discussion of Findings

Result showed that insurance premium has downward trend, which is associated to to limited infrastructure to support growth of insurance industry, low public awareness, underdeveloped regulatory framework, limited product varieties, high poverty rate, as well as economic instability in the country. On the other hand, it is revealed that life insurance premium is on the increase as a result of reforms of insurance industry, enforcement of transparency and adequate reserve, mandated increase in minimum requirement as well as growing economic stability, introduction of new and innovative life insurance products, digital transformation in the industry, among others. Result also indicated that life insurance premium has significant positive effect on insurance penetration in Nigeria on the short run. This implies that insurance penetration increases on the short run, whenever there is increase in life insurance premium, which may be because life insurance companies with rise in their income, typically have more resources to invest in marketing and expanding their distribution channels. This can mean more advertising, better-trained agents, and more comprehensive outreach efforts to attract new customers, thereby increasing insurance penetration. Therefore, this result supports the submission of Ugwunta and Ugwanyi (2019), SHarku, *et al* (2021), Bah and Abilah (2022) among others. On the other hand, the result depicts that reduction in insurance penetration is accompanied by decrease in life insurance premium, probably because increased life insurance premium maybe as a result of high premium rate which can be a strain on people's budget, such that they may prefer other expense to insurance, therefore decreasing life insurance demand and by implication penetration rate. Hence, this result corresponds with the findings of Okonkwo and Eche (2019), Fadun and Oluwaleye (2023), but refuted that of Uruakpa (2019), Dada *et al* (2023) among others.

5.0 Conclusion and Recommendations

This study stands to track the influence of life insurance premium on insurance penetration in Nigeria. With the process considered in this study, it is imperative to conclude that there is downward trend in insurance penetration in Nigeria, despite the need for growth and development of the insurance industry, while there is increase in life insurance premium but still need improvement. On the other hand, this study confirmed that life insurance premium is significantly beneficial to insurance penetration on the short run, but has negative influence on insurance penetration on the long run, with no statistical significance. Therefore, this study established that life insurance premium has influence on insurance penetration, although significance is limited to the short run. Hence, the following recommendations are pushed forward that:

i. Life insurance businesses in Nigeria should ensure to put in more effort into creating awareness, advertisement and promotions to enhance life insurance demand as well as facilitate penetration rate
ii. Life insurance businesses also need to consider the financial capacity of the larger populace in the country. This will enable the businesses to facilitate affordability of life insurance policies as well as encourage patronage for higher penetration rate
iii. Life insurance businesses should take more advantage of technological devices and software in reaching the larger populace, so as to enhance demand for life insurance. This in turn can help them to enhance life insurance premium and as well as promote higher penetration rate.

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