African Journal of Economics and Sustainable Development
ISSN: 2689-5080
Volume 8, Issue 1, 2025 (pp. 65-79)
www.abjournals.org

SUPERVISORY REGULATION AND PERFORMANCE OF INSURANCE INDUSTRY

Wahua Lawrence[1*] and Kenea Gile Fekadu[2]

[1]Unicaf University, Malawi; [1]Euclid University, Gambia.

[1]Admiralty University of Nigeria; [1,2]LIUTEBM University, Zambia.

[*]Corresponding Author's Email: wahua@euclidfaculty.net

Cite this article:

Wahua, L., Kenea, G. F. (2025), Supervisory Regulation and Performance of Insurance Industry. African Journal of Economics and Sustainable Development 8(1), 65-79. DOI: 10.52589/AJESD-BUEBO6LT

Manuscript History

Received: 27 Nov 2024

Accepted: 20 Jan 2025

Published: 10 Jan 2025

ABSTRACT: *Claims settlement by insurance companies is a hydra-headed issue in many third-world-and-emerging economies. Therefore, the need to increase the confidence of the insured in insurance coverage necessitated this study which is based on resource-capability theory, quantitative paradigm, and descriptive research design. Secondary data for 2010 – 2019 was collected from the 2019 edition of Nigerian Insurers Associations' Digest. The independent variable is insurance regulations while performance is the dependent variable with two (proxies insurance claims settlement and insurance awareness). Based on relevant works, insurance regulation was measured with approved investments made by insurance companies; insurance awareness was measured with premium income paid by policyholders; and claims settlement was measured with insurance claims paid by insurance companies. Using inferential statistics, the work established that insurance regulation has significant positive association with claims settlement and insurance awareness; and insurance awareness equally has statistical positive association with insurance claims settlements. The study calls for increased insurance regulation by the Supervisors/Regulators; and aggressive awareness campaigns by insurance companies in order to reduce the hydra-headed problem of non-claims settlements by insurance companies in emerging and third world countries.*

KEYWORDS: Insurance awareness, insurance industry, insurance performance, insurance regulation, resource capability theory, Sub-Saharan Africa

African Journal of Economics and Sustainable Development
ISSN: 2689-5080
Volume 8, Issue 1, 2025 (pp. 65-79)
www.abjournals.org

INTRODUCTION

A healthy insurance sector stimulates investment, productivity, employment, and GDP while risks are controlled and anchored by insurance companies. That is why insurance industry is regulated globally much like the banking sector (Bhardwaj & Chaudhary, 2017). Nigerian insurance regulation follows three fronts: parliamentary, executive, and operational. The National Insurance Commission (NAICOM) is the regulatory body for the country's insurance sector. According to Klein (1995), referenced by Lawuyi (2022), insurance regulation is the culmination of all the laws, individuals, organizations, rules, and practices established to guarantee that the insurance sector improves both the general economic growth and the lives of people. It is wise to add that the goal of insurance industry regulation is to create and maintain a competitive insurance market that safeguards policyholders and keeps financial institutions stable (The International Association of Insurance Supervisors, 2019). In Nigeria and other countries, the insurance industry is regulated by a number of important quantitative indicators. These measurable parameters include the solvency of the insurance companies, minimum paid-up capital, the types of investments that must be made (refer to Section 25 of the Insurance Act, 2003), and the establishment of a contingency reserve (Ngugi & Afande, 2015; Becker, 2017; Cappiello, 2020; Chukwudeh, 2018; Ellul, Jotikasthira & Lundblad, 2017). In addition to encouraging them to save for unanticipated events, insurance is a crucial tool for risk management and control, contributing to their economic security and growth (Ansari, 2021). Numerous events, parliamentary laws, operational demands, and supervisory pronouncements have all influenced and reshaped the insurance industry in Nigeria, with the main goal being to safeguard policyholders' interests and a stronger Nigerian economy (Lawuyi, 2022). According to Panda, Chakraborty & Dror (2015), insurance awareness is a coordinated effort by various stakeholders to enroll a large number of uninsured (but qualified individuals and organizations) in insurance coverage with the goal of fostering an effective insurance industry that significantly satisfies the needs and desires of policyholders in particular and the general public. Because Nigerian individuals and small and medium-sized businesses are not familiar with insurance products, there is a weak correlation between insurance awareness and acceptance of insurance policies in Nigeria (Ajemunigbohun & Adeoye, 2018). According to Ansari (2021), a number of factors, such as the preferences of potential insurance policy buyers, underserved rural markets, and inadequate insurance policy distribution channels, hinder insurance awareness. According to the Association of Kenya Insurers (2016), raising awareness of insurance awareness necessitates teaching people the importance of purchasing appropriate insurance policies to protect against unforeseen circumstances like death, disability and incapacity, accidents, fire outbreaks, employee infidelity, etcetera.

Lawuyi (2022) and William (regulation of insurance; n. d. conducted a qualitative comparative study that compared the regulations of Nigeria's insurance sector to those of the Organization for Economic Cooperation and Development (OECD) member nations. These thorough studies lacked a quantitative methodology that links insurance regulation to claims settlement, insurance awareness to insurance regulation, and insurance awareness to insurance regulation. Another important gap in current literature is the part insurance regulators play in settling claims

Article DOI: 10.52589/AJESD-BUEBO6LT
DOI URL: https://doi.org/10.52589/AJESD-BUEBO6LT

African Journal of Economics and Sustainable Development
ISSN: 2689-5080
Volume 8, Issue 1, 2025 (pp. 65-79)

in Nigeria. This study's main goal is to fill in these noted gaps in the literature. Though none of the reviewed literatures (Ansari, 2021; Panda, Chakraborty & Dror, 2015; Ajemunigbohun & Adeoye, 2018; Association of Kenya Insurers, 2016; Bhardwaj & Chaudhary, 2017) quantified the relationship between insurance awareness and claims settlement, they did critically expose the significance of insurance awareness in both emerging and developed economies. When it is noted that inadequate claims settlement has impacted the acceptance of insurance coverage and policies by members of the insuring public, this becomes concerning (Nwoji, 2022a; 2022b; Elebiju & Fatokunbo, 2022; Inokotong, 2022; Iwunze, 2022). Due to a lack of trust among the insured population, inadequate knowledge of how insurance companies operate, and ineffective or weak regulation by regulatory insurance bodies, Nigeria's insurance sector has continued to function in challenging circumstances (Osinuga, 2016). The Nigerian insurance industry's regulatory bodies have been held accountable for failing to address the inefficiencies that have been noticed in accordance with Anaesoronye (2022). The quantitative research paradigm-based resource-capacity theory is used in this study. The insured public's awareness and acceptance of insurance is gauged by premium income stock; a higher premium income indicates greater insurance awareness and acceptance, while a lower premium income indicates less insurance awareness and acceptance (Anaesoronye, 2022; Ansari, 2021). Insurance companies' investments serve as a gauge of insurance regulation because they are legally prohibited from investing more than 25% of their total assets, and life insurance companies are prohibited from investing more than 35% of their total assets (Insurance Act, 2003: Section 25).

This study primarily aims at investigating the association that exists among insurance using data from 2010 to 2019 to examine insurance awareness, claims settlement, and regulation in Nigeria. Statistically determining whether (i) insurance regulation has a significant relationship with claims settlement in Nigeria, (ii) insurance regulation and insurance awareness have a significant relationship, and (iii) there is a significant relationship between insurance awareness and claims settlement in Nigeria are the goals of this study. The crucial success factors of the insurance industry are regulation, awareness, and claims settlement; their significance for the industry's long-term viability, policyholder interest maximization, and the overall economic development of nations cannot be overlooked. Insurance awareness boosts the insurance industry, expands the insurance pool of the insured population, reduces both individual and group risks, boosts productivity, and fortifies the overall economy of the country. Insurance awareness is therefore crucial to maintaining insurance operations as well as to the overall economic growth and development of nations. For the benefit of both the rich and the poor, optimally regulated insurance markets guarantee competitive insurance premiums, safeguard the interests of policyholders, and encourage the insurers' long-term solvency (William, Insurance Regulation, n.d.). Furthermore, a properly regulated insurance sector guarantees that profitable and approved investments are made to safeguard the economy and policyholders' financial interests (Lawuyi, 2022). Consequently, the findings of this study would be extremely beneficial to people, organizations, governments, corporations, insurance industry regulators and supervisors, and researchers. Lastly, the relationship between insurance awareness and claims settlement, as well as the relationship between insurance

Article DOI: 10.52589/AJESD-BUEBO6LT
DOI URL: https://doi.org/10.52589/AJESD-BUEBO6LT

African Journal of Economics and Sustainable Development

ISSN: 2689-5080

Volume 8, Issue 1, 2025 (pp. 65-79)

www.abjournals.org

regulation and claims settlement, would offer practitioners in the insurance industry, policymakers, and other interested parties a steep learning curve.

LITERATURE REVIEW

Conceptual Framework

The main ideas discussed in this study are claims settlement (dependent variables), insurance awareness, and awareness of insurance regulation (independent variable). Theoretically, a rise in yearly premium income results from public support for insurance awareness campaigns. The ability of insurance companies to pay out insurance claims on time would be enhanced by the returns from logically investing the accumulated stock of premium incomes into regulated or authorized productive endeavors. Ajemunigbohun, Olowokudejo, and Adeleke (2022) note that claims settlement is a contractual nexus between insurers and insured. Additionally, according to Olowokudejo and Adeleke (2022), timely claims payment is a powerful inducement for people to purchase insurance policies (insurance awareness tool). Igbinovia and Kekere (2022) observe that the settlement of insurance claims is only marginally positively impacted by the cash flow of insurance companies. According to Mollel and Lyimo (2019), strong but strategic awareness campaigns are required to boost the number of insurance policies purchased each year. In addition, Oyetunji, Adepoju, and Oladokun (2021) noted that inadequate claims settlement has a long-term substantial detrimental impact on insurance policy purchases. For the benefit of the sector, they recommended that insurance companies alter their claims settlement culture.

Theoretical Clarification

For the first time, Boadi (2022) combined resource-based and dynamic capability theories to create resource-capability theory. The practical implementation of resource-based theory is dynamic capability theory, which makes this justified (Pu, Li, & Bai, 2022). Resource-based theory is associated with the accumulation of resources by an organization to strengthen its foundations, whereas dynamic capability theory refers to the use of organizational resources to address the organization's problems and responsibilities in order to promote its efficiency and sustainability (Laguir, Modgil, Bose, Gupta & Stekelorum, 2022). The main cause of insurance companies in Nigeria delaying or failing to pay claims is a lack of sound financial standing, which can be linked to a number of issues that impair cash flow to insurance companies, including poor policy purchases, a weak capital base, and poor money-generation by insurance companies (Anaesoronye, 2022). Saggi and Jain (2018) base a company's ability to achieve its goals and objectives on its available financial, human, and other resources. According to Shorfuzzaman, Hossain, Nazir, and Muhammad, when businesses—including insurance companies—do not use their resources effectively, efficiently, and economically, their operations become counterproductive to the very goals for which they were established. This results in underperformance, disruptions to operations, a lack of public goodwill, and weakened sustainability and profitability.

Article DOI: 10.52589/AJESD-BUEBO6LT
DOI URL: https://doi.org/10.52589/AJESD-BUEBO6LT

Dynamic capability theory has a high degree of relevance to this study and is central to enhancing customer loyalty in a dynamic and cutthroat business environment, according to Tirkolaee, Hadian, Weber, and Mahdavi (2020). The National Insurance Commission (NAICOM, 2019) pushed for the recapitalization of insurance companies to N2,000,000,000 for life business, N3,000,000,000 for general business, N5,000,000,000 for composite firms, and N10,000,000,000 for reinsurers. This could be one of the main reasons for this. The goal was to strengthen Nigerian insurance companies and put them in a position where they could quickly and easily settle insurance claims (Inokotong, 2022). Thus, in conclusion, companies use the dynamic capability approach to maximize their performance, establish strong, sustainable profitability at all times, satisfy the interests of their stakeholders, get past unforeseen business setbacks, and project a positive public image and acceptability (Shamim, Zeng, Shariq & Khan, 2019; Shorfuzzaman, Hossain, Nazir, Muhammad & Alamri, 2019; Sun, Cegielski, Jia & Hall, 2018; Shao, Shi, Choi & Chae, 2018; Mikalef, Krogstie, Pappas & Pavlou, 2020).

Empirical Review

Using survey data from 800 households, Panda, Chakraborty, and Dror (2015) assessed ways to raise insurance awareness among India's uninsured. The study found that voluntary adoption of insurance policies by the uninsured requires purposeful, driven insurance awareness. The interactive game "Treasure-Pot" was successfully used to teach the uninsured about the relationship between risk and benefits when purchasing insurance. The study ran an awareness campaign about insurance. Because there had previously been no measure of insurance awareness, the Association of Kenya Insurers (2016) set out to determine the level of awareness among Kenya's uninsured population. The country's households were the target group, and the Omnibus survey methodology was used. It was found that 44% of the respondents knew something about insurance, and 11% knew something about how insurance works. Through print, electronic, and social media channels in addition to in-person interactions, the need for additional insurance awareness campaigns was raised.

Yusuf, Ajemunigbohun, and Alli (2017) sampled 127 claims managers in Lagos and reviewed the insurance claims management of a few chosen insurance companies in Nigeria. As they discovered, claims settlement depends on various claims management procedures. Fraudulent claims filing, the authors add, causes a significant delay in claims settlement. In order to determine the extent of insurance awareness and its significance in India, Bhardwaj and Chaudhary (2017) used an exploratory research approach with secondary data from various sources. The significance of insurance for people, families, businesses, and national economies was connected in the work. They also mentioned how insurance awareness aids in the making of more informed financial and insurance decisions by individuals, organizations, and corporate entities. Strong regulation and oversight of the insurance sector are facilitated by comprehensive insurance awareness, the study also emphasized. Increased uninsured responsibility for risks, risk mitigation strategies, and improved insurance decision-making are all part of insurance awareness. The majority of policyholders lack solid understanding of insurance dynamics, according to the study, which also found that 60% of the sampled uninsured had heard of

Article DOI: 10.52589/AJESD-BUEBO6LT
DOI URL: https://doi.org/10.52589/AJESD-BUEBO6LT

insurance previously. Improved insurance awareness campaigns were emphasized as being necessary.

Using a survey design, descriptive research methodology, and 352 respondents, Ajemunigbohun and Adeoye (2018) investigated whether insurance awareness and insurance acceptability among SMEs in Lagos State, Nigeria, are statistically related. It was determined that there was a negative correlation between insurance awareness and acceptability among SMEs in Lagos, and that insurance awareness was low among SMEs in Lagos. Effective enterprise risk management techniques as well as improved insurance education and engagement were advocated for in the study. In Arusha City, Mollel and Lyimo (2019) evaluated the impact of community awareness regarding the advantages of life insurance in Tanzania on the purchase of life insurance policies. 92 participants took part in the study, which found that while life insurance policies are costly and offer tax-free payouts, inadequate service delivery is a major deterrent. Talk shows and the media were used to raise awareness of the need for vigorous awareness campaigns.

In their 2021 study, Oyetunji, Adepoju, and Oladokun looked at "the demand for insurance policies in Nigeria and poor claims settlement." The study found that inadequate claim settlement has a long-term, substantial impact on the demand for insurance policies in Nigeria, with 115 respondents completing the questionnaire (the direction of the effect was not stated). The study recommended that in order to attract more policyholders, insurance companies should enhance their claims settlement culture. Using a survey questionnaire and focused group discussions, Adegoriola and Omoera (2021) examined the insurance awareness of Nigerian private school employees. Three important insurance variables were examined in this study: awareness, perception, and enrollment levels. It was supported by the protection motivation theory and the health belief model. The study found that there was a high level of insurance awareness (81 percent), a strong negative perception of the Nigerian insurance industry, and a very low level of insurance enrollment (7 percent). Poor regulatory oversight, poverty, inequality, and disinterest are held responsible for the low insurance scheme enrollment rates.

The impact of risk attitude on claims settlement was examined by Ajemunigbohun, Olowokudejo, and Adeleke (2022) using data from Lagos auto insurance policyholders. Claims settlement, according to the study, is a crucial point of contact between insurers and the general public. This survey-cross-sectional study, which included 287 policyholders with auto insurance, found that timely claims payment is a powerful inducement for people to purchase insurance. In order to attract more policyholders, the study recommends that insurance companies implement enticing claims packages. In their 2022 study, Igbinovia and Kekere examined the relationship between insurance risk and the settlement of claims by ten major insurance companies between 2007 and 2018. Cash flow, macroeconomic risk, and insurance risk are the variables under investigation. It was decided to use regression analysis, descriptive statistics, and correlation analysis. Insurance risk was found to have a non-significantly positive impact on claims settlement, whereas macroeconomic risk had a significant positive impact. The cash flow of insurance companies has a negligible positive impact on the settlement of claims. According

Article DOI: 10.52589/AJESD-BUEBO6LT
DOI URL: https://doi.org/10.52589/AJESD-BUEBO6LT

African Journal of Economics and Sustainable Development
ISSN: 2689-5080
Volume 8, Issue 1, 2025 (pp. 65-79)

to Lawuyi (2022), the insurance sector in Nigeria is strictly regulated from the time of its founding until its dissolution, in accordance with applicable laws. Investments made by insurance companies must be within an authorized scope beforehand.

William (regulation of insurance; n. d. investigated the insurance industry's regulatory arm in several nations and identified their similarities. First, states regulate the insurance sector to safeguard national economies by reducing the risk exposures that people, organizations, companies, and nonprofit organizations face. The report went on to say that insurance companies are governed in order to protect policyholders, keep insurers solvent, provide insurance coverage to the underprivileged among the uninsured, and control insurance premiums. Regular audits and solvency testing, group supervision, insolvency, reserve regulation (technical provisions), investment regulation (investment-grade securities and bonds), policy form approval, premium rate regulations, residual-risk pool control, insurance agent and broker control, and insurance premium taxes are some of the mechanisms for regulating the insurance industries that are further discussed in the paper.

Observed Gaps in Literature

Yusuf, Ajemunigbohun and Alli (2017) lacked hard financial data because claim managers' opinions were the only source of data. Therefore, it was not taken into consideration to quantify insurance awareness and its connection to claims settlement. Adeleke, Olowokudejo, and Ajemunigbohun (2022) only agreed to a settlement involving auto insurance. One gap that this work will fill is the requirement to include other insurance companies in a single study. According to Igbinovia and Kekere (2022), the cash flow of insurance companies has a negligible positive impact on the settlement of claims. Consequently, it is imperative to consider other economic factors, such as insurance companies' investments. A true quantitative approach supported by financial data was absent from Mollel and Lyimo (2019). This would be used in this study with information from the Nigerian Insurers Association's published digest. Oyetunji, Adepoju, and Oladokun (2021) did not have any hard financial data to support their claims. Lastly, William and Lawuyi (2022) failed to measure how insurance company performance and regulation are related.

Article DOI: 10.52589/AJESD-BUEBO6LT
DOI URL: https://doi.org/10.52589/AJESD-BUEBO6LT

African Journal of Economics and Sustainable Development
ISSN: 2689-5080
Volume 8, Issue 1, 2025 (pp. 65-79)

METHODOLOGY

Research Paradigm

In this study, a quantitative research paradigm was used. Establishing the effect of awareness on insurance companies' settlement of claims in Nigeria is the goal of the study. The quantitative paradigm is a good fit for this study for the following reasons, according to Tsekpo (2022) and The USCLibraries (2018): the study involves sound objective judgment and testing of hypotheses; it uses data in the form of figures, charts, and tables (number and statistics); and it gathered data on all Nigerian insurance companies in order to make justifiable generalizations of findings.

Research design and Model

The study used a descriptive research design in accordance with the research framework. Testing hypotheses, using parametric research techniques, and adhering to a methodical process that includes data collection, summarization, presentation, and interpretation are the main goals of descriptive research design (Osei-Attakora, 2022). According to Larson, Story, Eisenberg, and Neumark-Sztainer (2016), parametric research requires that dependent variables be selected from a normal distribution and results in statistical tests of cause-and-effect dynamics. This study uses the following model, which is based on Wahua (2017).

Insurance Claims Settlement = α + βAwareness + βRegulation + e.

'Claims Settlement' is the total annual claims paid insurance policies; 'Awareness' is the total annual insurance premium received from; 'Regulation' is the total annual investments made by insurance companies; 'α' is the Intercept/constant; 'β' is the Coefficients of each variable; and 'e' is the error term

Operationalisation of Variables

Ansari (2021) measured insurance awareness with insurance premium stock received within a given period (usually a year); Lawuyi (2022) measured insurance regulation with investments in made by insurance companies because insurance companies are barred from investing in areas not approved by Section 25 of Nigerian Insurance Act, 2003; and Nigerian Insurers Association measured claims settlement with annual insurance claims paid by insurance companies.

Population and Sample Size

The population of the study covered all of 55 insurance companies in Nigeria as the close of business n 2019. The study therefore adopted homogenous-purposeful sampling techniques (study of units with common features); and 40 insurance companies were covered in the study. It is also known as 'judgmental or selective or subjective' sampling technique (Foley, 2018; Crossman, 2020). This sampling technique is supported by Etikan, Musa and Alkassim (2016).

Article DOI: 10.52589/AJESD-BUEBO6LT
DOI URL: https://doi.org/10.52589/AJESD-BUEBO6LT

Data Collection and Analysis Methods

In this study, a secondary data collection technique was used. The primary source of all the data used in this study is the Nigerian Insurance Association's Insurance Digest 2019, which includes the total annual premium income received by Nigerian insurance companies, the total annual claims paid by Nigerian insurance companies, and the total annual investment made by Nigerian insurance companies. These data were gathered over a ten-year period (2010–2019) and entered into an Excel sheet. Pearson correlation analysis was used in the quantitative research analysis. Wahua and Ezeilo (2021), Tsekpo (2022), and Osei-Attakora (2021; 2022) all used this data analysis technique. The data was analyzed using the statistical package for social sciences (SPSS, Version 25).

DATA ANALYSIS AND INTERPRETATION

Test of Normality

The Shapiro-Wilk statistic and p-values (a measure of data normality) for the variables used in the study are: Insurance Regulation (statistic = 0.960; p-value = 0.781); insurance awareness (statistic = 0.918; p-value = 0.337); and insurance claims settlement (statistic = 0.822; p-value = 0.121). These results show that the five variables are drawn from normal distribution: their p-values are greater than 0.05 (Osei-Attakora, 2021; Wahua, Tsekpo & Anyamele, 2018). This makes the use of parametric tests permissible. Hence, the dataset is suitable for parametric quantitative research analysis.

Test of Hypotheses and Findings

Ho1: Insurance regulation has no significant association with claims settlement in Nigeria.

Ho2: Insurance regulation has no statistical correlation with insurance awareness in Nigeria.

Ho3: Insurance awareness has no significant association with claims settlement in Nigeria

Table 1:

Pearson correlation: Results of hypothetical tests

Variable	Insurance Awareness	Insurance Claims Settlement
Insurance Regulation	.936** (0.001)	.968** (0.001)
Insurance Awareness		.943** (0.001)

**. Correlation is significant at the 0.01 level (2-tailed).

Source: *Authors (2024)*

Article DOI: 10.52589/AJESD-BUEBO6LT
DOI URL: https://doi.org/10.52589/AJESD-BUEBO6LT

i. Insurance regulations (insurance companies' investments) have 96.8% significant positive association with claims settled by insurance companies in Nigeria within the period covered in this study.

ii. Insurance regulation (insurance companies' investments) has 93.6% significant correlation with insurance awareness (premium paid) in Nigeria within the period covered in this study.

iii. Insurance awareness (premium paid) has 94.3% significant correlation with claims settled by Insurance companies in Nigeria within the period covered in this study.

Based on the results of the hypothetical analyses, the three hypotheses are rejected for stating otherwise.

DISCUSSION, SUMMARY AND RECOMMENDATIONS

Summary of Research

This is a parametric quantitative research anchored on resource-based theoretical framework. It used secondary data; and analysed data inferentially with the aid of the SPSS. The three hypotheses postulated in the study as the empirical results showed otherwise: insurance regulation has statistical nexus with claims settlement and insurance awareness in Sub-Saharan Africa; and insurance awareness has statistical association with insurance claims settlement too.

Discussion of Findings

This work established that insurance awareness promotes claims settlement; and this has the backing of Yusuf, Ajemunigbohun and Alli (2017), and Ajemunigbohun, Olowokudejo and Adeleke (2022). They argued that claims settlement is a critical factor that influences non-policy holders to buy insurance policies. Also, this study agrees with Mollel and Lyimo (2019), and Oyetunji, Adepoju and Oladokun (2021) who quantitatively established that there is a statistical positive nexus between insurance awareness and claims settlement. That is, as insurance awareness increases, claims settlement also increases; and as insurance awareness decreases, claims settlement also decreases.

The supervisory regulation of insurance industry (measured by investments by insurance companies) in promoting insurance claims is equally established in this study; and this is empirically supported by Igbinovia and Kekere (2022), who established that cash flow (a product of investment) has a significant but weak positive effect on claims settlement. The import of this finding is that robust regulatory supervision of insurance industry goes a long way in ensuring sound investment decisions, and higher returns with which to settle insurance claims as at when due.

Article DOI: 10.52589/AJESD-BUEBO6LT
DOI URL: https://doi.org/10.52589/AJESD-BUEBO6LT

IMPLICATIONS OF THE STUDY

It has been demonstrated theoretically by the resource-capability theory that a company's ability to raise sufficient funds through investment has the potential to raise insurance policy awareness by 93.6 percent and increase claims settlement by 968 percent. From a practical or operational standpoint, insurance companies must increase their awareness campaigns by providing individualized customer service and maintaining a favorable claims settlement rate. Publicly beneficial policies should be institutionalized through cooperation between the Nigerian Insurers Association and the National Insurance Commission.

RECOMMENDATIONS

The study's findings are followed by the following recommendations: the Nigerian Insurers Association and the National Insurance Commission should work together to institutionalize public-friendly policies that would encourage the public to purchase more insurance policies; insurance companies should increase their awareness campaigns by providing individualized customer service and maintaining their claims settlement in a positive manner; insurance companies should continue to invest in profitable ventures that would yield positive returns that would aid in increasing claims settlements; and insurance companies should increase their awareness campaigns to attract more policyholders.

SUGGESTED FURTHER STUDIES AND ETHICAL CONSIDERATIONS

This study is only applicable at aggregate level of insurance companies. In order to help the public understand the strengths and weaknesses of each insurance company with regard to product awareness and claims settlement, the study must be scaled down to the level of individual insurance companies. This research ought to be repeated in other developing Sub-Saharan nations.

The ethical best practices for research served as the guidelines for this study: no data manipulation or falsification of results was used, and analysis interpretations were grounded in empirical statistical findings. All the Authors approved the final version of the article for publication.

Article DOI: 10.52589/AJESD-BUEBO6LT
DOI URL: https://doi.org/10.52589/AJESD-BUEBO6LT

REFERENCES

Adegoriola, A.M. & Omoera, O.S. (2021). Bridging the information gap to keep educators healthy: Health insurance awareness and actions by private school employees in Nigeria. *Journal of Development Communication*, 32(2), 1-14

Anaesoronye, M. (2022). Tech adoption, consumer confidence drove insurance sector growth in 2022. Retrieved 2/Feb/ 244 from https://businessday.ng/insurance/article/tech-adoption-consumerconfidence-drove-insurance-sector-growth-in-2022/

Ansari, R. (2021). Introduction to insurance awareness: Concept, insurance, types of banking exams. Retrieved 14 February 2024 from https://testbook.com/learn/introduction-to-insurance-awareness/

Ajemunigbohun, S.S. & Adeoye, A.O. (2018). Insurance awareness and acceptance: Empirical evidence among small and medium-sized enterprises in the Lagos State, Nigeria. *Trends Economics and Management*, 32(2): 9–20

Ajemunigbohun, S.S., Olowokudejo, F.F. & Adeleke (2022). Claims settlement and risk attitudes: Evidence from the motor insurance policyholders. *Studia Universitatis Babeș-Bolyai Oeconomica*, 67(2), 33-49,

Association of Kenya Insurers (2016). *Insurance awareness: Final report*. SBOResearch

Becker, B. (2017). *How the insurance industry's asset portfolio responds to regulation*. In: F. Hufeld, R. Koijen & C. Thimann, (Ed.). The economics, regulation, and systemic risk of insurance markets, 153-164, Oxford University Press

Bhardwaj, P. & Chaudhary, I. (2017). A study of insurance awareness in India: Future prospective. *International Journal of Science, Technology and Management*, 6(7), 281 -286

Boadi, R.A. (2022). The effect of Supply Chain Resilient Capabilities on Retail Supermarkets performance. Unpublished PhD Thesis to Open University of Malaysia

Cappiello, A. (2020). *The European insurance industry: Regulation, risk management, and internal control.* Springer Nature Publication

Chukwudeh, S. (2018). The bane of selling general insurance in Nigeria. *International Journal for Social Studies*, 2(3), 130 – 149

Crossman, A. (2020). Understanding purposive sampling: an overview of the method and its applications. Retrieved 17/12/2024 https://www.thoughtco.com/purposive-sampling-3026727

Elebiju, A. & Fatokunbo, G. (2022). Nigeria: Insurance comparative guide. Retrieved 29/01/24 from https://www.mondaq.com/nigeria/insurance/1085694/insurance-comparative-guide

Ellul, A., Jotikasthira, C. & Lundblad, C. (2017). *Spillover effects of risk regulation on the asset side to asset markets*. In: F. Hufeld, R. Koijen& C. Thimann, (Ed.). The economics, regulation, andsystemic risk of insurance markets, 165-192. Oxford University Press

Etikan, I., Musa, S.A., Alkassim, R.S. (2016). Comparison of convenience sampling and purposive sampling. *American Journal of Theoretical and Applied Statistics.* 5(1), 1-4.

Federal Republic of Nigeria (2004). Insurance Act 2003, laws of the ederation of Nigeria. Retrieved 14 February 2024 from https://lawsofnigeria.placng.org/laws/I17.pdf

Foley, B. (2018). What is purposive sampling? Retrieved 19 December 2024 from https://www.surveygizmo.com/resources/blog/purposive-sampling-101/

Article DOI: 10.52589/AJESD-BUEBO6LT
DOI URL: https://doi.org/10.52589/AJESD-BUEBO6LT

Igbinovia, L.E. & Kekere, P.A. (2022). Insurance risk and claim settlement of insurance firms in Nigeria. *Amity Journal of Management Research*, 5(1), 278-293

Inokotong, J. (2022). Insurance companies to face sanctions for non-settlement of claims. Retrieved 1 February 2024 from https://tribuneonlineng.com/insurance-companies-to-face-sanction-over-nonsettlement-of-claims-%E2%80%95-naicom/

International Association of Insurance Supervisors (2019). *Insurance core principles and common framework for the supervision of internationally active insurance groups*. IAIS Publication

Iwunze, R. (2022). How regulatory lapses fuel non-settlement of insurance claims. Retrieved 30/01/24 from www.vanguardngr.com/2022/02/how-regulatory-lapses-fuel-non settlement-of-insurance-claims/

Laguir, I., Modgil, S., Bose, I., Gupta, S. & Stekelorum, R. (2022). Performance effects of analytics capability, disruption orientation, and resilience in the supply chain under environmental uncertainty. *Annals of Operations Research*. 24(1-2):1269-1293

Larson, N., Story, M., Eisenberg, M.E. & Neumark-Sztainer, D. (2016). Secular trends in meal and snack patterns among adolescents from 1999 to 2010. *Journal of the Academy of Nutrition and Diabetics*, 116(1), 240-250

Lawuyi, R.M. (2022).The purpose and structure of insurance regulation in Nigeria. Available at SSRN: https://ssrn.com/abstract=4089220 or http://dx.doi.org/10.2139/ssrn.4089220

Mikalef, P., Krogstie, J., Pappas, I. O., & Pavlou, P. (2020). Exploring the relationship between big data analytics capability and competitive performance: The mediating roles of dynamic and operational capabilities. *Information and Management*, 57(2), 1-15 https://doi.org/10.1016/j.im.2019.05.004

Mollel, V.L. & Lyimo, B.J. (2019). Assessment of the community awareness towards the benefit of life insurance in Tanzania. *Olva Academy – School of Researchers*, 2(3), 1-45

National Insurance Commission (2019). *Minimum paid-up share capital for insurance and re-insurance companies in Nigeria.* NAICOM Press

Nigerian Insurers Association (2019). *The insurance digest 2019.* NIA Publication

Ngugi, S. & Afande, F. (2015). Adequacy of minimal capital requirements for life insurance companies in Kenya. Research Journal of Finance and Accounting, 6(7), 191–212

Nwoji, E. (2022a). Promoting insurance awareness via seamless claims settlement. Retrieved 25/01/24 from https://www.thisdaylive.com/index.php/2022/09/14/promoting-insurance awareness-via-seamless-claims-settlement/

Nwoji, E. (2022b). The insurance sector embraced technology. Retrieved 31/1/23 from https://www.thisdaylive.com/index.php/2022/12/28/2022-the-year-insurance-sector embraced-technology/

Osei-Attakora, S. (2021). The role of law, politics and economic policies in the regulation of foreign direct investments in Ghana since the 4th Republic (1993-2019). Being a Thesis submitted to Swiss Management University for the award of PhD in Political Economy.

Osei-Attakora, S. (2022). The impacts of law, politics, economics and human capital on foreign direct investment inflow to Ghana. *Asian Journal of Advances in Research*, 14(1); 29-44

Osinuga, D. (2016). The challenges of the Nigerian insurance industry. Retrieved 27/01/24 from https://www.linkedin.com/pulse/challenges-nigerian-insurance-industry-damilola-b-l aciarb-uk-

Oyetunji, O.I.O, Adepoju, J.A. & Oladokun, R.A. (2021). Poor claims settlement and demand for insurance policies in Nigeria. *Journal of Research in Humanities and Social Science*, 9(8), 11-18

Panda, P., Chakraborty, A. & Dror, D.M. (2015). Building awareness to health insurance among the target population of community-based health insurance schemes in rural India. *Tropical Medicine and International Health*, 20(8), 1093–1107

Pu, G., Li, S. & Bai, J. (2022). Effect of supply chain resilience on firm's sustainable competitive advantage: A dynamic capability perspective. *Environmental Science and Pollution Research*. 30(1), 4881–4898

Saggi, M. K., & Jain, S. (2018). A survey towards an integration of big data analytics to big insights for value-creation. *InformationProcessing and Management*, 54(5), 758–790.

Shamim, S., Zeng, J., Shariq, S. M., & Khan, Z. (2019). Role of big data management in enhancing big data decision-making capability and quality among Chinese firms: A dynamic capabilities view. *Information and Management*, 10(10), 23-57. https://doi.org/10.1016/j.im.2018.12.003

Shao, B. B., Shi, Z. M., Choi, T. Y., & Chae, S. (2018). A data-analytics approach to identifying hidden critical suppliers in supply networks: Development of nexus supplier index. *Decision Support Systems*, 114(2018), 37–48

Shorfuzzaman, M., Hossain, M. S., Nazir, A., Muhammad, G., & Alamri, A. (2019). Harnessing the power of big data analytics in the cloud to support learning analytics in a mobile learning environment. *Computers in Human Behavior*, 92(2019), 578–588.

Sun, S., Cegielski, C. G., Jia, L., & Hall, D. J. (2018). Understanding the factors affecting the organisational adoption of big data. *Journal of Computer Information Systems*, 58(3), 193-203.

Tirkolaee, E. B., Hadian, S., Weber, G. W., & Mahdavi, I. (2020). A robust green traffic-based routing problem for perishable products distribution. Computational Intelligence, 36(1), 80–101

Tsekpo S.P. (2022). Corporate governance and banks' capitalisation in Anglophone ECOWAS' countries. Being PhD thesis submitted to university of tourism excellence and business management (LIUTEBM) Lusaka, Zambia

USCLibraries (2018). Organizing your social sciences research paper: quantitative methods. The University of Southern California Library. Retrieved 2 April 2024 from URL: https://libguides.usc.edu/writingguide

Wahua, L. (2017). The role of institutional structures and corporate governance on banks' capital adequacy in selected D-8 countries with the moderating effect of legal system. Being a dissertation presented to Al-Madinah International University Malaysia in partial fulfillment of the requirements for the award of Doctor of Philosophy (PhD) in Accounting

Wahua L, & Ezeilo, F. I. (2021). Effects of environmental, social and governance imperatives on the performance of selected listed mortgage banks in Nigeria. *Journal of Global Economics, Management and Business Research*, 13(4), 34-48.

Wahua L, & Ahlijah, Y. (2020). Business intelligence costs and firm performance: Evidence from top selected ECOWAS' banks. *Journal of Economics and Trade*, 5(1), 1-17

Article DOI: 10.52589/AJESD-BUEBO6LT
DOI URL: https://doi.org/10.52589/AJESD-BUEBO6LT

Wahua L, Tsekpo S.P. & Anyamele J.C. (2018). Governance and employee productivity of selected Nigerian banks: does gender diversity matter? *Asian Journal of Arts, Humanities and Social Studies*, 1(1), 19-39**.**

William C. S. (n.d.). Insurance Regulation. Retrieved 15 February 2024 from https://thismatter.com/money/insurance/insurance-regulation.htm

Yusuf, T.O., Ajemunigbohun, S.S. & Alli, G.N. (2017). A critical review of insurance claims management: A study of selected insurance companies in Nigeria. *Journal of Economics and Business*, 67(2), 69-84