

A Translog Analysis of Insurance Economies in Nigeria

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Abstract : Recapitalization process that has recently become an imperative process in the Nigerian Financial industry has implications for the survival of insurance sector, especially on their service delivery efficiency. This study therefore seeks to investigate the problem of inefficiency in the Nigerian Insurance market from the perspective of their cost structures. The study takes advantage of secondary data of financial reports of thirty randomly selected insurance firms which span over a period of ten years and applied transcendental logarithm model to evaluate their performance from the cost structures strategy. The results indicate that only large scale firms enjoy cost saving advantages. Twenty percent firms sampled belong to this category. The result suggests that premium income would contribute to insurance firm's performance, only when a sound investment decisions are made.

Keywords : transcendental logarithm, cost structures, insurance firms and efficiency, Nigeria

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