

**LIQUIDITY RISK MANAGEMENT AND FINANCIAL PERFORMANCE OF
LIFE INSURANCE COMPANIES IN NIGERIA**

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LIFE INSURANCE COMPANIES IN NIGERIA**

BY

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**BEING A DISSERTATION SUBMITTED TO THE SCHOOL OF
POSTGRADUATE STUDIES, DEPARTMENT OF BANKING AND FINANCE,
COVENANT UNIVERSITY, OTA, OGUN STATE, IN PARTIAL FULFILMENT**

**OF THE REQUIREMENT FOR THE AWARD OF MASTER OF SCIENCE
(M.Sc.)
DEGREE IN FINANCE**

ACCEPTANCE

This is to attest that this dissertation is accepted in partial fulfilment of the requirements for the award of the degree of Masters in Finance from the department of Banking and Finance, College of Business and Social Sciences, Covenant University, Ota, Ogun State.

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DECLARATION

I, IDOWU Johnson Folorunso hereby declare that this dissertation is my original work under the supervision of Dr. Adetiloye Kehinde in the Department of Banking and Finance, Covenant University, Ota, Ogun State. The work acknowledges the view of other researchers used in this study. It also affirms that no portion of this work has been or will be submitted in support of an application for another degree or qualification of

this or any other university or other institution of learning.

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Researcher

Signature and Date

DEDICATION

This researcher work is first and foremost dedicated to God Almighty, for His faithfulness, grace, love, mercy, favour and wisdom showered on me during this course of study.

I also dedicate this research work to my priceless wife, Mrs. Funmilola Idowu and my three lovely daughters; Moyosoreoluwa, MosimileOluwa, and MoyinOluwa.

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ABSTRACT

Adequate liquidity enables Insurance companies to manage it liquidity risk and hereby

helping to sustain its public confidence in the operation of the insurance institution which in turn leads to more patronage consequently, more profit. In addressing the objectives of the study, the first objective of the study was to identify the effectiveness of the liquidity risk management on premium collection by examining its exposure to liquidity risk, the liquidity ratio was used since it is the key measurement of liquidity risk in Insurance Companies. The study was undertaken using eight (8) Life insurance companies out of fourteen (14) life insurance companies in Nigeria. Secondary data was adopted in analyzing the data. Data for this study was source from the Annual report and statement of account (various issues) of the insurance companies under consideration for the period of eight years (2009-2016), the variables employed include: liquidity ratio as the dependent variable; premium income, underwriting revenue, claims expense paid and lending interest rates are the independent variables. This study recommends that insurance companies should embrace every business strategy for prompt premium collection from policyholders as at when due. The insurance companies should recognize that profit is a necessity for the survival, so therefore excess claims reserves that may unduly depress profitability should be avoided.

Keywords: Financial performance, life insurance, liquidity, liquidity risk management, Premium

