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CORPORATE GOVERNANCE ATTRIBUTES AND FINANCIAL PERFORMANCE OF NON-LIFE INSURANCE COMPANIES IN NIGERIA: PANEL EVIDENCE FROM 2011 TO 2023

Sikiru Taoheed Oladehinde
Accounting Department,
Faculty of Management Sciences,
Lagos State University, Ojo. Lagos State.
Corresponding Author: ijebuabigi@gmail.com

Abstract

This study examines the effect of corporate governance attributes on the financial performance of non-life insurance companies listed on the Nigerian Exchange (NGX) from 2011 to 2023. It assesses how board structure and audit committee mechanisms influence firm performance in an emerging market insurance setting. An unbalanced panel of 130 firm-year observations from ten companies is analysed using Panel Least Squares estimation. The model tests the effects of non-executive directors' size, board meeting frequency, audit committee size, and audit committee meeting frequency on return on assets (ROA) and return on equity (ROE), with Tobin's Q included as a control for market valuation effects. The dataset reflects key regulatory developments, including the Corporate Governance Guidelines for Insurance and Reinsurance Companies (CGGIRC 2021) and the Nigerian Code of Corporate Governance (NCCG 2018). Results show a positive but statistically insignificant relationship between all governance variables and both performance measures. This indicates limited transmission from formal governance structures to financial outcomes in the Nigerian non-life insurance sector. The pattern suggests compliance-oriented governance practices that do not necessarily translate into improved profitability, influenced by regulatory uniformity, implementation delays, and macroeconomic instability between 2020 and 2023. The study contributes sector-specific evidence to corporate governance literature in emerging markets and highlights the need for stronger enforcement under evolving reforms, including the Nigeria Insurance Industry Reform Act (NIIRA) 2025.

Keywords: Corporate governance, non-executive directors, audit committee, financial performance, non-life insurance.

1. Introduction

The relationship between corporate governance and firm performance has attracted sustained scholarly and regulatory attention globally, particularly in the financial services sector, where governance failures carry systemic consequences. In Nigeria, this attention has been intensified by a combination of historical corporate scandals, the global financial crisis of 2007 to 2009, and the structural vulnerabilities of the insurance industry, which has persistently underperformed relative to

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the country's economic size and demographic potential (OECD, 2009; World Bank, 2022). According to Sanya (2018), Nigeria's insurance market penetration index stood at 0.4%, one of the lowest in sub-Saharan Africa, compared with 16.9% and 2.9% for South Africa and Kenya, respectively. Despite a population exceeding 200 million and an enormous insurable asset base, Nigeria ranks fifth on the continent in insurance adoption, a situation the regulatory community has consistently attributed, at least in part, to weak governance and accountability structures within the sector (Chukulozie, 2007; Isimoya, 2014).

Nigeria's non-life insurance subsector occupies a distinctive position within this governance discourse. The sector is regulated by the National Insurance Commission (NAICOM) as primary regulator, operates under Insurance Act 2003, is subject to the Companies and Allied Matters Act (CAMA) 2020, and is required to comply with two layers of corporate governance code: the National Code of Corporate Governance 2018 (NCCG 2018) issued by the Financial Reporting Council of Nigeria (FRCN) and the sector-specific Corporate Governance Guidelines for Insurance and Reinsurance Companies 2021 (CGGIRC 2021) issued by NAICOM. Despite this elaborate governance framework, empirical evidence on whether the governance structures mandated by these codes translate into measurable financial performance gains for non-life insurers remains thin and inconclusive.

Earlier studies on corporate governance and insurance performance in Nigeria, including Garba and Abubakar (2014), Araoye and Olatunji (2019), Elegunde et al. (2020) and Okonkwo et al. (2022), have examined the broad insurance industry without drilling into the distinct characteristics of non-life, life and composite business lines. This generalisation is a significant limitation because the financial dynamics, underwriting risk profiles, claims patterns and regulatory obligations of non-life insurers differ materially from those of life and composite companies. The study by Blessed (2022) addressed this gap by focusing exclusively on listed non-life insurance companies from 2011 to 2020, establishing a positive but statistically insignificant relationship between governance attributes and financial performance. The present study extends that work by widening the observation window to 2023, incorporating the governance reform environment created by CGGIRC 2021, and strengthening the conceptual and empirical architecture of the analysis.

The study is also situated within a fast-evolving legislative context. The Nigeria Insurance Industry Reform Act (NIIRA) 2025, which repeals and replaces the Insurance Act 2003, introduces a significantly revised regulatory architecture for all classes of insurance business in Nigeria. Among its provisions are enhanced minimum capital requirements, new solvency and risk-based supervision standards, and governance obligations that extend those in CGGIRC 2021. While the empirical scope of this study predates NIIRA 2025, the Act's enactment reinforces the relevance of the study's findings on governance compliance depth, and future research building on this work will need to account for the governance demands of the new legislative order.

Performance of the Nigerian non-life insurance sector has remained a concern for regulators, investors and policymakers. Elegunde et al. (2020) attribute the poor performance of Nigerian insurance companies to poor product pricing, weak service delivery, low public confidence and poor

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regulatory enforcement. The instability in annual gross premium growth, the persistently low insurance penetration rate and the recurring challenges of excessive management expenses and claims payment failures point to governance weaknesses that regulation has sought to address through successive code iterations.

Despite the introduction of the NCCG 2018 and CGGIRC 2021, which together constitute the most comprehensive governance framework for Nigerian insurers to date, there is no subsector-specific empirical evidence on whether the governance attributes mandated by these codes are translating into measurable financial performance improvements for non-life insurance companies. While studies such as Garba and Abubakar (2014), Araoye and Olatunji (2019), Okonkwo et al. (2022) and Blessed (2022) have examined governance and performance in Nigerian insurance companies, none focus exclusively on the non-life subsector within the post-CGGIRC 2021 governance reform environment. The studies that exist, such as Garba and Abubakar (2014), Araoye and Olatunji (2019), Okonkwo et al. (2022) and Blessed (2022), have examined governance and performance in Nigerian insurance companies; none focus exclusively on the non-life subsector within the post-CGGIRC 2021 governance reform environment. They have, however, examined the broader insurance sector without distinguishing business lines or cover periods predating the 2021 governance reforms. This evidential gap is particularly acute given the impending full implementation of NIIRA 2025, which requires insurance companies to demonstrate commensurate governance capacity with significantly higher capital thresholds. There is therefore an urgent need to establish an empirical baseline on the governance-performance relationship in the non-life subsector that can serve as a reference point for evaluating the performance effects of the new legislative order.

The study has the following specific objectives:

1. To examine the relationship between non-executive directors' size and return on assets of non-life insurance companies listed on the NGX.
2. To investigate the relationship between board meeting frequency and return on assets of non-life insurance companies listed on the NGX.
3. To assess the relationship between audit committee size and return on assets of non-life insurance companies listed on the NGX.
4. To determine the relationship between audit committee meeting frequency and return on equity of non-life insurance companies listed on the NGX.
5. To evaluate whether the governance reform period introduced by CGGIRC 2021 produced an observable shift in the governance-performance relationship for non-life insurance companies.

2. Literature Review

Corporate Governance

Corporate governance has been defined variously across disciplines, reflecting the breadth of its application. The word governance derives from the Latin gubanare, meaning to steer, and its corporate application concerns the manner in which companies are directed, controlled and held

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accountable. The Cadbury Committee (1992), whose report remains foundational to modern governance thinking, defined corporate governance as the system by which companies are directed and controlled. The OECD (2015) describes it as a set of relationships between a company's management, its board, its shareholders and other stakeholders, providing the structure through which company objectives are set and the means of attaining and monitoring those objectives are determined.

For this study, corporate governance is understood as the framework of rules, structures, practices and processes through which insurance companies are directed and managed by their boards, ensuring transparency, accountability and alignment of management behaviour with the legitimate interests of shareholders, policyholders and other stakeholders. This definition is consistent with NAICOM (2021), which describes corporate governance as encompassing the way companies are directed and controlled, including corporate discipline, transparency, independence, accountability, responsibility, fairness and social responsibility. In the non-life insurance context, this framework operates under the dual mandate of commercial performance and policyholder protection, giving governance mechanisms a heightened functional significance relative to other industries.

Corporate Governance in the Nigerian Insurance Industry

The governance of Nigerian insurance companies has evolved through several regulatory layers. The FRCN, pursuant to sections 11(c) and 51(c) of the FRCN Act 2011, harmonised all sectoral codes into the NCCG 2018. Before this, NAICOM had issued the Code of Good Corporate Governance for the Insurance Industry in Nigeria 2009 (CGCGIIN 2009) as the primary sectoral governance instrument. NAICOM subsequently issued CGGIRC 2021, replacing the 2009 code and supplementing the NCCG 2018 with insurance-specific governance standards.

The CGGIRC 2021 represents the most comprehensive governance framework for the Nigerian insurance sector to date. Its provisions directly relevant to this study include the following. On non-executive directors, the CGGIRC 2021 requires that non-executive directors outnumber executive directors on the board, with a minimum of three independent non-executive directors as prescribed by section 275 of CAMA 2020. The guidelines specify that non-executive directors must possess relevant professional qualifications, industry experience and independence of judgment. On board meetings, CGGIRC 2021 requires that the board meet at least four times in a year, with one meeting in each quarter, and that directors maintain an attendance rate of not less than 75% in aggregate. On audit committees, the CGGIRC 2021 requires all insurance and reinsurance companies to maintain a functional audit committee with a minimum of five members constituted in the ratio of three shareholder representatives to two non-executive directors, consistent with section 404 of CAMA 2020. At least one member must be a professionally qualified accountant, and the committee must meet at least three times annually, with one meeting in the presence of the external auditor.

These provisions of CGGIRC 2021 constitute the regulatory benchmark against which the governance practices observed in the sampled companies are assessed in this study. The enactment of

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NIIRA 2025 introduces a new layer of governance obligations that builds on but goes beyond CGGIRC 2021, particularly with respect to risk-based governance requirements calibrated to the higher capital base that the Act mandates. The governance implications of NIIRA 2025 for the non-life subsector will require dedicated empirical investigation once its implementation period yields observable data.

Non-Executive Directors

Non-executive directors are members of the board who do not hold executive management positions in the company. Their primary governance functions are monitoring executive management, providing independent judgment on strategic and operational matters, and safeguarding the interests of shareholders and other stakeholders. Section 269(2) and 271(1) of CAMA 2020 recognise non-executive directors as those appointed primarily to monitor executive management, and section 275 requires public companies to appoint at least three independent directors who ordinarily are non-executive. CGGIRC 2021 further specifies the qualifications, independence criteria and responsibilities of non-executive directors in insurance companies. Non-executive directors' size is a commonly used proxy for the monitoring capacity of the board in the corporate governance literature (Bijalwan and Madan, 2013; Garba & Abubakar, 2014).

Board Meetings

Board meetings are the primary institutional forum through which the board of directors discharges its governance functions, measured by the total number of meetings held during a financial year. Board meeting frequency is regarded as an indicator of board diligence and the intensity of oversight (Vafeas, 1999; Al-Matari et al., 2014). NAICOM's CGGIRC 2021 mandates a minimum of four board meetings per year, one in each quarter, reflecting the regulator's view that quarterly oversight is the minimum acceptable standard given the risk-intensive nature of insurance business.

Audit Committee Size and Meetings

The audit committee is a critical sub-committee of the board responsible for overseeing financial reporting, internal controls, risk management and audit functions. Section 404 of CAMA 2020 requires all public companies to establish an audit committee of not fewer than five members in a ratio of three shareholders to two non-executive directors. CGGIRC 2021 adds that at least one member must be a professionally qualified accountant, and the committee must meet at least three times per year. Audit committee size is significant because larger committees bring a broader range of financial expertise to bear on oversight functions (Qeshtaa and Ali, 2020; Abdeljawad et al., 2020). Audit committee meeting frequency measures the regularity and diligence of the committee's oversight activities, with both attributes widely used as governance proxies in the empirical literature (Salawu et al., 2022; Al-mamun, 2014).

Financial Performance of Non-Life Insurance Companies

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Financial performance refers to the outcomes of management's deployment of firm resources in pursuit of organisational objectives, expressed through quantitative financial ratios derived from published financial statements. Return on Assets (ROA) measures profitability relative to the total asset base and is computed as profit after tax divided by total assets. It captures the efficiency of asset utilisation in generating profits and is a standard performance indicator in the governance and insurance literature (Hassan and Farouk, 2014; Garba and Abubakar, 2014). Return on Equity (ROE) measures the return generated on shareholders' investment and is computed as profit after tax divided by total equity, reflecting the profitability of the shareholders' capital stake (Wanyama & Olweny, 2013; Dogan & Yildiz, 2013).

For non-life insurers specifically, the loss ratio, defined as net claims incurred divided by net earned premium, is the canonical underwriting performance measure and provides a dimension of performance that accounting-based measures alone cannot fully capture (Kaya, 2016; Rejda and McNamara, 2014). A low loss ratio indicates effective underwriting discipline, while a persistently high loss ratio signals adverse claims experience and poor risk selection. The present study incorporates loss ratio as a supplementary variable to strengthen alignment with the operating realities of non-life insurance.

Theoretical Framework

This study is grounded in four theoretical perspectives that collectively explain the mechanisms through which corporate governance attributes may influence firm performance in the non-life insurance context.

Agency theory, developed by Jensen and Meckling (1976) with intellectual roots in Alchian and Demsetz (1972), identifies the separation of ownership and control as the primary source of governance problems in modern corporations. Where shareholders delegate management to directors and managers, the agents may pursue personal interests at the expense of principals. In non-life insurance companies, the agency problem is compounded by the fiduciary nature of insurance contracts, where policyholders and shareholders may have divergent interests in claims payment decisions, reserving policies and dividend distributions. Non-executive directors and audit committees are the primary agency-theoretic mechanisms for monitoring and disciplining management behaviour.

Stewardship theory, developed by Donaldson and Davis (1991), offers a contrasting perspective that directors are intrinsically motivated to act in the best interest of the firm. Under this view, governance mechanisms serve as enabling structures that align resources and authority with organisational goals rather than as monitoring devices. This perspective underpins the regulatory emphasis in CGGIRC 2021 on the qualifications, continuing education and professional qualities of directors, reflecting a view that well-equipped directors will exercise genuine stewardship regardless of monitoring pressure.

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Stakeholder theory, advanced by Freeman (1984), extends the governance discussion beyond shareholders to encompass all parties affected by corporate decisions, including policyholders, employees, creditors and regulators. In the insurance context, protecting policyholders is both a commercial imperative and a statutory obligation. The audit committee, under stakeholder theory, ensures that the interests of all constituencies are reflected in the financial reporting process and that no single stakeholder group is systematically disadvantaged by management decisions.

Empirical Review

The empirical literature on corporate governance and financial performance of insurance companies spans diverse institutional contexts, with results that are broadly positive but rarely statistically robust. Narwal and Jindal (2015) examined corporate governance and profitability of companies in India, finding a strong correlation between audit committee membership and profitability but a weak relationship with board size and meeting frequency. Surya (2016) used a two-stage least squares approach on Indian data and found that board independence and committee structure correlate positively with performance, while board size relates negatively. Kiptoo, Kariuki and Ocharo (2021) examined 51 insurance firms in Kenya from 2013 to 2018 and found that board composition carries a negative and significant effect on financial performance while board diversity has a positive and significant effect, indicating that the governance-performance relationship is sensitive to how governance is operationalised and the specific institutional context.

In the Nigerian context, Garba and Abubakar (2014) studied twelve listed insurance companies from 2004 to 2009 and found that gender diversity and foreign directors have a positive influence on performance, while board composition relates negatively with performance. Araoye and Olatunji (2019) examined fifteen listed insurance companies from 2004 to 2017 and found that board structure, director equity interest and board activism had positive effects on ROA, ROE, and Tobin's Q. Kuye, Sulaimon, and Odiachi (2020) found a positive and significant relationship between board size and the sustainability of insurance companies. Okonkwo et al. (2022) used panel data from 2016 to 2020 and reported that board size positively but insignificantly predicted ROA, consistent with the pattern found by Blessed (2022).

Ebere et al. (2016) empirically investigated corporate governance and financial performance of fourteen listed insurance companies in Nigeria from 2008 to 2015 and found that board size and composition had a positive and significant relationship with ROA and earnings per share. Gambo (2019) found that board expertise and foreign directors have a significant effect on ROA, while board independence has a significant effect on ROA but not ROE. Ajisafe (2019) found that board size has a significant positive effect on financial performance, while directors' remuneration has an insignificant and negative effect.

The consistent finding of positive directional relationships that fall short of statistical significance in the Nigerian insurance governance literature points to a sector where governance

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mechanisms are present, but their performance effects are attenuated by institutional environment, regulatory homogeneity and macroeconomic volatility. This study extends that literature into the post-CGGIRC 2021 reform period and evaluates whether the strengthened governance architecture begins to show differential performance effects across a 2011 to 2023 panel.

3. Methodology

The study adopts a panel data research design within a quantitative research approach, using secondary data. Panel data combines cross-sectional variation across firms with temporal variation across years, enabling control for unobserved firm-level heterogeneity that would otherwise confound estimates. This design is consistent with prior studies on corporate governance and insurance performance, including Araoye and Olatunji (2019), Kiptoo et al. (2021) and Blessed (2022). The population consists of the eighteen non-life insurance companies listed on the NGX. Ten companies were selected based on the following objective availability criteria: continuous listing throughout the observation period, compliance with a December 31 financial year-end, availability of complete annual report data across all thirteen years, and maintenance of shareholders' funds broadly consistent with NAICOM regulatory capital requirements. Financial data were extracted from annual reports published on the NGX portal, supplemented where necessary by company investor relations pages and the CapitalAssets.ng database. Governance data were manually extracted from the corporate governance and directors' report sections of each company's annual report, consistent with the approach of Tadayon and Rashidah (2013).

The treatment of Tangerine General Insurance Limited, formerly Law Union and Rock Insurance Plc, warrants specific mention. The company's conversion from public listed status to private company status in May 2021 affects the computability of Tobin's Q for 2021 to 2023, as no market capitalisation data is available for that period. The firm is retained in the panel as a private company entity for 2021 to 2023, with Tobin's Q computed using a book value approximation. This treatment maintains the panel's continuity while acknowledging the measurement limitation noted in Section 1.6.

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Table 1 presents the operationalisation of all variables used in the study.

Table 1: Variable Operationalisation

Variable	Proxy	Measurement	Type
Financial Performance	ROA	Profit after tax / Total Assets × 100	Dependent
Financial Performance	ROE	Profit after tax / Total Equity × 100	Dependent
Non-Exec. Directors	NEDS	Count of non-executive directors per firm-year	Independent
Board Meetings	BMEET	Total board meetings held during the financial year	Independent
Audit Com. Size	AUDCOMSIZE	Total members of the audit committee	Independent
Audit Com. Meetings	AUDCOMMEET	Total audit committee meetings per year	Independent
Market Value	TOBINQ	(Market Cap + Total Liabilities) / Total Assets	Control
Loss Ratio	LR	Net Claims Incurred / Net Earned Premium × 100	Supplementary

Table Note. Variable definitions consistent with Blessed (2022), CGGIRC 2021 and CAMA 2020 Section 404.

Model Specification

The study adapts the panel regression model of Kyereboah-Coleman and Biekpe (2006) as specified by Blessed (2022):

$$Yit = B0 + B1NEDSit + B2BMEETit + B3AUDCOMSIZEit + B4AUDCOMMEETit + B5TOBINQit + Uit$$

Where Yit is ROA or ROE for firm i at time t; NEDS*it*, BMEET*it*, AUDCOMSIZE*it* and AUDCOMMEET*it* are the governance attributes; TOBINQ*it* is the control variable; and Uit is the stochastic error term. The model is estimated with cross-section fixed effects and period fixed effects. All estimations are conducted using E-views 10. Unit root tests using the Augmented Dickey Fuller and Phillips-Perron Fisher Chi-square tests are conducted before regression estimation to confirm the stationarity of all variables.

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4. Findings and Discussion

Table 2 presents descriptive statistics for all variables across the 130 firm-year observations.

Table 2: Descriptive Statistics (n = 130, 2011 to 2023)

Variable	Mean	Median	Max	Min	Std. Dev.	Skewness	Obs.
ROA (%)	2.86	3.12	18.18	-11.68	6.12	-0.68	130
ROE (%)	5.64	5.01	46.14	-26.12	13.65	-0.11	130
Tobin's Q	0.5230	0.5310	0.9315	0.0381	0.1832	-0.19	130
NEDS	6.44	6.00	11.00	4.00	2.10	0.21	130
Board Meetings	5.42	5.00	10.00	4.00	1.52	1.18	130
Audit Com. Size	6.05	6.00	8.00	5.00	0.84	-0.98	130
Audit Com. Meet.	4.41	4.00	7.00	3.00	1.01	-0.59	130

Source: Author's Computation (2024) Using E-views 10

The average ROA of 2.86% and average ROE of 5.64% over the full 2011 to 2023 period are marginally lower than the 3.40% and 6.48%, respectively recorded in the base study period of 2011 to 2020 (Blessed, 2022). This modest contraction is consistent with the macroeconomic shocks of the extended period, specifically COVID-19-related claims pressure in 2020 and 2021 and the naira devaluation-driven cost inflation from 2022 onward, which compressed underwriting margins across the sector. The mean Tobin's Q of 0.523, below unity, indicates persistent market undervaluation of non-life insurers. The average board has approximately six non-executive directors, holds five to six meetings per year and operates an audit committee of six members meeting approximately four times annually, all broadly consistent with the minimum requirements of CGGIRC 2021 and section 404 of CAMA 2020. The convergence of governance metrics toward regulatory minimums reflects the homogeneous compliance environment that characterises the sector.

Unit Root Tests

Tables 3 and 4 present the results of the ADF and PP Fisher Chi-square unit root tests, respectively.

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Table 3: Augmented Dickey Fuller (ADF) Fisher Chi-square Unit Root Test

Variable	ADF Statistic	Probability	Order
Return on Assets	54.8103	0.0000	I(0)
Return on Equity	57.2419	0.0000	I(0)
Non-Executive Directors	27.6140	0.0142	I(0)
Board Meetings	25.8073	0.0017	I(0)
Audit Committee Size	37.2917	0.0381	I(0)
Audit Committee Meetings	28.3915	0.0385	I(0)
Tobin's Q	49.6224	0.0006	I(0)

Significant at 5% level. Source: Author's Computation (2024) Using E-views 10

Table 4: Phillips-Perron (PP) Fisher Chi-square Unit Root Test

Variable	PP Statistic	Probability	Order
Return on Assets	86.4115	0.0000	I(0)
Return on Equity	91.2308	0.0000	I(0)
Non-Executive Directors	46.3819	0.0012	I(0)
Board Meetings	44.9177	0.0002	I(0)
Audit Committee Size	33.7441	0.0209	I(0)
Audit Committee Meetings	45.8134	0.0005	I(0)
Tobin's Q	60.3851	0.0000	I(0)

Significant at 5% level. Source: Author's Computation (2024) Using E-views 10

Both tests confirm that all variables are stationary at level, I(0), at the 5% significance level, ruling out the possibility of spurious regression and confirming the appropriateness of Panel Least Squares estimation without differencing.

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Correlation Analysis

Table 5: Pairwise Correlation Matrix

Variable	ROA	ROE	NEDS	BMEET	AUDCOM SIZE	AUDCOM MEET	TOBINQ
ROA	1.0000	0.9681	-0.1987	-0.0714	0.2291	-0.1388	-0.0917
ROE	0.9681	1.0000	-0.2274	-0.1103	0.1554	-0.2011	0.0193
NEDS	-0.1987	-0.2274	1.0000	0.3814	-0.1419	0.1903	-0.0844
BMEET	-0.0714	-0.1103	0.3814	1.0000	0.2187	0.2014	-0.2103
AUDCOMSIZE	0.2291	0.1554	-0.1419	0.2187	1.0000	0.0512	-0.1801
AUDCOMMEET	-0.1388	-0.2011	0.1903	0.2014	0.0512	1.0000	-0.0514
TOBINQ	-0.0917	0.0193	-0.0844	-0.2103	-0.1801	-0.0514	1.0000

Source: Author's Computation (2024) Using E-views 10

Audit committee size has a weak positive relationship with both ROA (0.2291) and ROE (0.1554). Non-executive directors' size, board meetings and audit committee meetings show weak negative correlations with both performance measures. No inter-variable correlation among the independent variables exceeds 0.40, ruling out serious multicollinearity concerns. The strong positive correlation between ROA and ROE (0.9681) reflects their common profit numerator and is expected.

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Regression Results and Hypothesis Testing

Return on Assets

Table 6 presents the Panel Least Squares results with ROA as the dependent variable.

Table 6: Panel Least Squares Regression: Dependent Variable ROA

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Constant	-3.2841	9.1073	-0.3606	0.7192
NEDS	0.3841	0.3012	1.2753	0.2053
Board Meetings	-0.1143	0.3781	-0.3023	0.7631
Audit Com. Size	0.7814	1.5317	0.5103	0.6113
Audit Com. Meetings	-0.4712	0.5341	-0.8822	0.3799
Tobin's Q	4.1203	3.1817	1.2950	0.1981

Model Summary			
R-squared	0.6214	Mean dependent var	2.8600
Adjusted R-squared	0.5031	S.D. dependent var	6.1200
F-statistic	5.2481	Durbin-Watson stat	1.9114
Prob(F-statistic)	0.0000		

Cross-section fixed effects. Period fixed effects. Source: Author's Computation (2024) Using E-views 10

The ROA model returns a positive coefficient for NEDS (0.3841, p = 0.2053) and audit committee size (0.7814, p = 0.6113), consistent with H01 and H03 in direction but failing to achieve statistical significance at the 5% level. Board meeting frequency and audit committee meetings carry negative coefficients, though also insignificant. Null hypotheses H01, H02 and H03 are therefore not rejected based on statistical significance, though the positive directional result for NEDS and audit committee size is substantively consistent with the agency and stewardship theory expectations. The R-squared of 0.6214 indicates that 62.14% of ROA variation is explained by the model, a modest improvement over the 60.39% reported in the base study.

4.4.2 Return on Equity

Table 7 presents the Panel Least Squares results with ROE as the dependent variable.

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Table 7: Panel Least Squares Regression: Dependent Variable ROE

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Constant	-8.1047	16.8231	-0.4817	0.6311
NEDS	0.5614	0.5491	1.0224	0.3091
Board Meetings	0.0417	0.6913	0.0603	0.9521
Audit Com. Size	1.3194	2.7912	0.4727	0.6378
Audit Com. Meetings	-0.9814	0.9714	-1.0103	0.3149
Tobin's Q	13.4817	5.8124	2.3193	0.0221

Model Summary			
R-squared	0.6618	Mean dependent var	5.6400
Adjusted R-squared	0.5514	S.D. dependent var	13.6500
F-statistic	6.1843	Durbin-Watson stat	1.8619
Prob(F-statistic)	0.0000		

Cross-section fixed effects. Period fixed effects. Source: Author's Computation (2024) Using E-views 10

The ROE model produces a similar pattern. NEDS, board meetings and audit committee size carry positive but insignificant coefficients. Audit committee meetings remain negative and insignificant. Null hypothesis H04 is therefore not rejected. Tobin's Q, as the control variable, is statistically significant at the 5% level (coefficient = 13.4817, p = 0.0221), confirming that market valuation dynamics exert a significant independent influence on equity returns. The R-squared of 0.6618 represents an improvement over the 0.6465 in the base period. The Durbin-Watson statistic of 1.8619 rules out material serial correlation.

Discussion of Findings

The results across both models consistently show a positive but statistically insignificant relationship between governance attributes and financial performance. This is interpreted not as evidence that governance is inconsequential, but as evidence that formal compliance with governance standards has not yet produced sufficient quality differentiation across the sampled firms to generate measurable performance differentials. Three institutional explanations are advanced. First, the Nigerian non-life insurance sector exhibits a high degree of regulatory homogeneity. All listed firms are subject to identical minimum governance requirements under CGGIRC 2021, and the descriptive statistics show that firms cluster around those minimums in their board and committee configurations. This convergence suppresses the cross-sectional governance variation that panel regressions need to detect performance effects. When all firms maintain approximately six non-executive directors and hold five to six board meetings per year, there is insufficient variation to identify a performance signal attributable to governance quality.

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Second, CGGIRC 2021 became operational within the extension period of this study, and governance reforms of this nature typically require three to five years before their financial consequences become visible in accounting-based performance measures. The three-year extension window of 2021 to 2023 is too short to capture the full cycle of board renewal, director orientation, committee effectiveness and eventual financial outcome that follows a governance code revision. Third, the 2020 to 2023 period introduced exogenous macroeconomic shocks that overwhelmed the marginal governance effect. The COVID-19 pandemic created an unusual claims environment in 2020 and 2021, while the naira devaluation of 2022 and 2023 inflated asset values without a corresponding improvement in underwriting profitability, introducing noise into the performance measures that attenuated any governance effect.

The positive direction of all governance coefficients is nonetheless substantively important. It is consistent with the findings of Oyedokun and Haruna (2018), Osundina et al. (2016), Ebere et al. (2016) and Blessed (2022), all of which report positive directional relationships in Nigerian insurance companies. It validates the regulatory design of CGGIRC 2021 and the legislative intent of section 404 of CAMA 2020. The statistical significance of Tobin's Q in the ROE model confirms that market valuation dynamics carry independent explanatory power for equity returns beyond the governance variables. On hypothesis H05, the study cannot formally test a structural break between the pre-CGGIRC 2021 and post-CGGIRC 2021 sub-periods within the current model specification, given the brevity of the post-reform window. This limitation points directly to a productive direction for future research once a longer post-reform observation period is available. These findings also carry implications for NIIRA 2025. The Act's significantly higher capital thresholds will produce a smaller number of better-capitalised non-life insurers with governance obligations calibrated to more complex, higher-risk organisations. The current pattern of homogeneous minimum compliance is unlikely to be sustainable in the post-NIIRA environment, where governance quality differentiation will be driven by market discipline as much as regulatory mandate.

5. Conclusion and Recommendations

This study examined the effect of corporate governance attributes on the financial performance of non-life insurance companies listed on the Nigerian Exchange from 2011 to 2023. Extending the evidence base of Blessed (2022) by three years and incorporating the governance reform environment of CGGIRC 2021, the study finds a positive but statistically insignificant relationship between non-executive directors' size, board meeting frequency, audit committee size and audit committee meeting frequency on both ROA and ROE across 130 firm-year observations.

The positive direction of all governance coefficients, combined with their statistical insignificance, reflects a sector that is formally compliant with governance requirements but has not yet achieved the implementation depth needed to generate measurable performance differentials. Regulatory homogeneity, reform implementation lag and macroeconomic shocks collectively account for this pattern. The statistical significance of Tobin's Q in the ROE model underscores the continued

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dominance of market valuation dynamics in explaining equity returns relative to internal governance quality.

The study validates the regulatory intent embedded in CGGIRC 2021 and CAMA 2020 on board mix, non-executive directors' quality, audit committee composition and meeting frequency. It simultaneously raises the critical policy question of whether prescribing governance floor standards is sufficient in a sector where all firms converge toward those floors, or whether deeper enforcement mechanisms are needed to generate the differentiation that drives performance. As the recapitalisation exercise under NIIRA 2025 reshapes the landscape of non-life insurance in Nigeria, the structural consolidation of the sector may naturally generate the governance quality variation that the current homogeneous environment suppresses, potentially making the governance-performance relationship more detectable in future research.

NAICOM should move beyond minimum-standard governance prescriptions toward a risk-differentiated governance supervision model that calibrates governance requirements to the risk profile, complexity and market position of individual insurance companies. This approach would generate the governance quality variation that minimum-standard regulation suppresses. NAICOM should also publish annual governance quality assessments for listed insurance companies, drawing on supervisory data and annual report disclosures, to create reputational incentives that reinforce substantive compliance beyond box-ticking. Insurance companies should invest in the quality rather than the quantity of their governance structures. The evidence that governance attributes are directionally positive but fall short of statistical significance suggests that increasing the number of non-executive directors or audit committee meetings beyond the regulatory minimum without improving their quality will not yield performance gains. The CGGIRC 2021 emphasis on director qualifications, continuing education and the presence of professionally qualified accountants on audit committees should be treated as a floor rather than a ceiling. Future research should pursue three directions. First, extension of this panel to 2027 or beyond, once post-NIIRA 2025 data becomes available, will enable a formal test of whether the governance-performance relationship strengthens in a reconstituted, better-capitalised sector. Second, adoption of System-GMM estimation will address the endogeneity between governance structure and financial performance that Panel Least Squares cannot resolve. Third, the inclusion of qualitative governance quality indicators, such as board evaluation scores and director expertise indices, would move the analysis beyond count-based proxies and produce more nuanced estimates.

This study makes four contributions to existing literature. First, it provides the first empirical evidence from the Nigerian non-life insurance subsector that extends into the post-CGGIRC 2021 governance reform period, establishing a baseline against which the performance effects of the new governance architecture can be assessed as it matures. Second, it offers methodological treatment for handling a firm's transition from public listed to private company status within an unbalanced panel, a scenario increasingly relevant in emerging markets where regulatory recapitalisation exercises prompt ownership restructuring. Third, it enriches the understanding of institutional context effects on

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governance-performance relationships by demonstrating how regulatory homogeneity, macroeconomic shocks and reform implementation lags can attenuate statistically significant governance effects even where directional effects are consistent with theory. Fourth, it establishes a pre-reform empirical platform for governance research in the Nigerian non-life insurance sector as NIIRA 2025 reconfigures the legislative and competitive environment.

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