AMERICAN JOURNALS
Open Access, Peer Reviewed Journals

American Journal of Business Management, Economics and Banking
ISSN (E): 2832-8078 Volume 26, | July - 2024

AUDIT COMMITTEE CHARACTERISTICS AND FINANCIAL PERFORMANCE OF QUOTED INSURANCE COMPANIES IN NIGERIA

Wobo, Henry Orowhuo1
Department of Accounting, Faculty of Management Sciences,
University of Port Harcourt, Rivers State, Nigeria

Nwigbo, Daima Martins2
University of Port Harcourt Business School, Rivers State, Nigeria
Email: tedumnwigbo@yahoo.co.uk
Corresponding Author: Email: henry.wobo@uniport.edu.ng

A B S T R A C T	K E Y W O R D S
The study investigated audit committee characteristics and financial performance in Nigerian insurance companies. The study adopted ex-post-facto research design. Utilizing data from eleven insurance companies listed on the Nigerian Exchange Group as at 31st December, 2023, the study employed purposive sampling to ensure comprehensive analysis. Descriptive statistics and Ordinary Least Squares regression analysis, facilitated by E-view-9 statistical package, are utilized for rigorous examination. Results revealed a significant positive association between audit committee size, composition, and Profit After Tax (PAT). However, the frequency of audit committee meetings revealed positive insignificant relationship with PAT. The findings underscored the importance of diverse and expert audit committee members, structured meeting schedules, and continuous training programs to enhance governance effectiveness and drive financial performance in the Nigerian insurance sector.	Committee Characteristics, Financial Performance

Introduction

Financial performance serves as a pivotal indicator for evaluating the stability, growth, and overall health of insurance companies, especially in Nigeria, where the insurance sector plays a fundamental role in the country's financial infrastructure. With Nigeria's economy continually evolving and facing various challenges, including regulatory changes, market dynamics, and consumer behaviors, assessing the financial performance of insurance firms becomes paramount to ensure their resilience and contribution to economic development. Adeyemi and Adekunle (2022) investigated the relationship between audit committee characteristics and financial performance of Nigerian insurance companies. Their findings, revealed a positive association between audit committee attributes (size, independence, expertise) and financial performance metrics. They recommended enhancing audit committee composition and effectiveness to improve financial performance in the insurance sector. This underscores the need for a comprehensive understanding of the factors influencing financial performance in the Nigerian insurance market.

One significant internal factor that has garnered attention in recent research is the composition and effectiveness of audit committees within Nigerian insurance companies. Okoye and Okafor (2019) found that greater independence and financial expertise in audit committees were linked to improved financial reporting quality, suggesting a need for stronger regulatory requirements and active committee participation to enhance transparency. Olufemi and Adesina (2021) revealed a positive correlation between audit committee attributes (independence, size, expertise) and financial performance indicators, recommending a focus on enhancing committee effectiveness and regulatory enforcement for transparency and accountability. Afolabi and Adeniyi (2020) identified a positive relationship between audit committee attributes (independence, size, expertise) and financial performance metrics, suggesting the prioritization of committee composition and effectiveness for improved company performance. Akindele and Adeoye (2018) also found a positive association between audit committee attributes (independence, size, expertise) and financial performance metrics, highlighting the importance of prioritizing committee composition and effectiveness for enhanced corporate performance and accountability. These studies underscore the broader significance of audit committee effectiveness in driving financial performance across various sectors and geographical regions, providing valuable insights for understanding the dynamics of audit committee oversight in insurance companies in Nigeria.

Statement of the Problem

The effectiveness of audit committees in influencing the financial performance of Nigerian insurance companies remains a critical area of concern amid evolving regulatory frameworks and market dynamics. While previous studies, such as those by Adeyemi and Adekunle (2022), Okoye and Okafor (2019), and Olufemi and Adesina (2021), have examined the relationship between audit committee characteristics and financial performance within the Nigerian insurance sector, there exists a lack of consensus on the specific attributes that significantly impact financial outcomes. Additionally, the literature predominantly focuses on audit committee characteristics in broader corporate governance contexts, leaving gaps in understanding the unique challenges and opportunities faced by insurance companies in Nigeria. Thus, a comprehensive investigation into the effectiveness of audit committees and their influence on financial performance metrics, considering factors such as committee size, composition, and frequency of meetings, is warranted to inform policy interventions and corporate governance practices aimed at enhancing transparency, accountability, and ultimately, the financial stability of Nigerian insurance firms.

Aim/Objective of the study

The aim of this study was to investigate the relationship between audit committee characteristics and financial performance of quoted insurance companies in Nigeria. However, specifically, the study sought to:

1. Ascertain the relationship between audit committee size and profit after tax of quoted insurance companies in Nigeria.

2. Assess the relationship between audit committee composition and profit after tax of quoted insurance companies in Nigeria.
3. Investigate the relationship between audit committee meetings and profit after tax of quoted insurance companies in Nigeria.

Research Questions.

The following research questions were answered

1. How does Audit committee size relate to profit after tax of quoted insurance companies in Nigeria?
2. What is the relationship between audit committee composition and profit after tax of quoted insurance companies in Nigeria?
3. What is the relationship between audit committee meetings and profit after tax of quoted insurance companies in Nigeria?

Research Hypotheses.

The study tested the following research null hypotheses;

H_{01}: Audit committee size does not significantly relate to profit after tax of quoted insurance companies in Nigeria.

H_{02}: There is no significant relationship between audit committee composition and profit after tax of quoted insurance companies in Nigeria.

H_{03}: There is no significant the relationship between audit committee meetings and profit after tax of quoted insurance companies in Nigeria.

2. LITERATURE REVIEW

2.1 Theoretical framework

Agency Theory

In the context of the relationship between audit committee characteristics and financial performance in insurance companies, the Agency Theory provides a suitable framework for understanding the dynamics at play. Developed by Jensen and Meckling (1976), Agency Theory posits that conflicts of interest arise between principals (such as shareholders) and agents (such as managers) due to divergent goals and information asymmetry. In the context of insurance firms, shareholders delegate decision-making authority to managers who may prioritize their own interests over shareholder wealth maximization. Audit committees act as monitoring mechanisms to mitigate agency conflicts by providing independent oversight of managerial actions, ensuring compliance with regulatory requirements, and safeguarding the integrity of financial reporting processes. Scholars such as Ahmad-Zaluki, Rahman, and Wan-Hussin (2020) and Abor and Dadjee (2020) have applied Agency Theory to examine how audit committee attributes, such as independence and expertise, influence financial performance outcomes by aligning managerial actions with shareholder interests and enhancing corporate governance mechanisms to mitigate agency costs.

2.2 Conceptual Review

Audit committee Characteristics

Audit committee characteristics encompass a range of attributes that define the composition, structure, and functioning of audit committees within organizations. These characteristics play a crucial role in ensuring the effectiveness of audit committees in fulfilling their oversight responsibilities related to financial reporting, internal controls, and risk management. Various scholars have examined these characteristics and their impact on organizational governance and financial performance. For instance, Chen, Cheng, and Yu (2020) emphasize the importance of audit committee independence in enhancing financial reporting quality and reducing the likelihood of financial misconduct. Similarly, Klein (2017) highlights the significance of audit committee expertise, arguing that members with relevant financial and industry-specific knowledge can provide valuable insights and guidance to management, particularly in complex regulatory environments such as the insurance sector in Nigeria.

Moreover, the diligence and proactiveness of audit committee members have been underscored by researchers such as Kakabadse, Kakabadse, and Kouzmin (2019), who argue that active engagement and continuous monitoring by audit committees are essential for detecting and mitigating emerging risks and ensuring regulatory compliance. Additionally, the size and diversity of audit committees have been explored by authors like Sharma, Kaur, and Sharma (2018), who suggest that larger and more diverse committees can offer a broader range of perspectives and expertise, leading to more robust oversight and decision-making processes.

Audit committee size

Audit committee size refers to the number of members comprising the audit committee within an organization, a crucial aspect of corporate governance that directly influences its effectiveness in oversight and decision-making processes. Scholars have extensively explored the impact of audit committee size on various governance outcomes and financial performance metrics. For instance, Ahmad-Zaluki, Rahman, and Wan-Hussin (2020) argue that larger audit committees tend to possess greater resources and expertise, enabling them to conduct more thorough evaluations of financial reporting practices and internal control systems, thus enhancing financial transparency and accountability.

Conversely, some researchers, such as Gholami, Pouraghajan, and Zarei (2021), suggest that smaller audit committees may facilitate more efficient communication and decision-making processes, leading to quicker responses to emerging issues and challenges. Moreover, the composition of audit committee size, including the balance between executive and non-executive members, has been studied by authors like Ntim et al. (2016), who found that a higher proportion of independent directors on audit committees is associated with improved financial reporting quality and reduced earnings management practices. Additionally, the industry-specific context can influence the optimal size of audit committees, as highlighted by studies such as Cheng, Cheng, and Chen (2020), who found that larger audit committees are more prevalent in industries with greater regulatory scrutiny and complexity, such as the financial services sector. In summary, audit committee size plays a crucial role in shaping governance dynamics within organizations, with implications for financial reporting quality, risk management effectiveness, and overall corporate performance.

Audit committee composition

Audit committee composition refers to the makeup of individuals serving on the committee, encompassing factors such as their expertise, independence, diversity, and qualifications, all of which play a critical role in determining the committee's effectiveness in fulfilling its oversight responsibilities. Numerous scholars have explored the impact of audit committee composition on corporate governance outcomes and financial performance. For instance, research by Bedard et al. (2019) emphasizes the importance of audit committee independence, suggesting that a majority of independent members can enhance the committee's objectivity and effectiveness in overseeing financial reporting practices and internal controls.

Similarly, the expertise of audit committee members, particularly in accounting and finance, has been highlighted by authors like Bédard and Gendron (2010), who argue that such expertise enables committee members to better understand complex financial issues, ask relevant questions, and provide informed guidance to management. Moreover, the diversity of audit committee composition, including factors such as gender and professional backgrounds, has gained attention from scholars such as Ebrahim and Mathews (2018), who suggest that diverse perspectives can lead to more robust discussions and decision-making processes, ultimately enhancing the quality of governance outcomes. Additionally, the qualifications and experience of audit committee members, particularly in relation to regulatory requirements and industry-specific knowledge, have been studied by researchers like Kwon, Simunic, and Stein (2016), who found that committees with members possessing relevant qualifications are associated with improved financial reporting quality and reduced likelihood of financial misconduct. In summary, audit committee composition plays a pivotal role in shaping governance dynamics within organizations, with implications for financial reporting integrity, risk management effectiveness, and overall corporate performance.

Audit committee meetings

Audit committee meetings represent structured gatherings where committee members convene to discuss and address matters related to financial reporting, internal controls, risk management, and compliance within an organization, thereby fulfilling their oversight responsibilities. These meetings serve as a fundamental mechanism for facilitating communication, decision-making, and accountability among committee members, management, external auditors, and other stakeholders. Various scholars have examined the significance of audit committee meetings in corporate governance and its impact on financial performance. For instance, research by Fatima and Ghazali (2020) emphasizes that regular and well-documented audit committee meetings are associated with improved financial reporting quality, which in turn enhances investor confidence and positively influences financial performance metrics such as earnings per share and return on assets.

Similarly, the effectiveness of audit committee meetings in addressing emerging risks and challenges has been studied by authors such as Amran et al. (2019), who found that proactive engagement and thorough discussions during meetings are positively correlated with firms' financial performance, as they help mitigate risks and capitalize on opportunities. Moreover, the agenda setting and decision-making processes during audit committee meetings have gained attention from researchers like Suriani et al. (2021), who suggested that committees with clear agendas focused on strategic issues are more likely to contribute to enhanced financial performance by aligning governance efforts with organizational objectives. Additionally, the composition and dynamics of audit committee meetings, including factors such as attendance, participation, and follow-up actions, have been explored by scholars such as Abor and Dadjee (2020), who argue that active involvement and monitoring of meeting outcomes are essential for translating governance activities into tangible improvements in financial performance. In summary, audit committee meetings play a crucial role in shaping governance practices and have significant implications for financial performance outcomes, highlighting the importance of effective oversight and communication in achieving organizational objectives.

Financial Performance

Financial performance of insurance companies refers to the assessment of their profitability, solvency, efficiency, and overall effectiveness in generating returns for shareholders while managing risks and meeting policyholder obligations. This metric is crucial for evaluating the stability, growth, and competitiveness of insurance firms within the financial services sector. Scholars have extensively examined various dimensions of financial performance in the insurance industry. For instance, research by Liu, Li, and Lu (2020) focuses on profitability measures such as underwriting margin and investment returns, highlighting their impact on insurers' ability to generate sustainable earnings. Additionally, studies by Oseifuah et al. (2019) emphasize the significance of solvency ratios such as the solvency margin and risk-based capital adequacy in ensuring insurers' ability to honor claims and withstand adverse events. Efficiency metrics, including expense ratios and combined ratios, have been explored by authors like Cheng and Deng (2021), who suggest that efficient cost management and underwriting practices are critical for enhancing insurers' financial performance and competitiveness. Moreover, the role of financial performance in influencing market dynamics and regulatory interventions has been studied by researchers such as Kakes and Moraga-González (2019), who argue that performance metrics serve as benchmarks for regulatory oversight and market competition, shaping insurers' strategic decisions and market positioning. In summary, financial performance metrics provide valuable insights into insurance companies' operational efficiency, risk management practices, and long-term viability, serving as essential indicators for stakeholders, including investors, regulators, and policyholders, in assessing the industry's health and prospects.

Profit after tax

Profit after tax (PAT) in the context of insurance companies refers to the net income generated by insurers after deducting all operating expenses, claims payments, and taxes from their total revenue. For insurance companies, PAT serves as a crucial indicator of financial performance, reflecting their ability to effectively manage risks, underwrite policies, and generate profits for shareholders. Several studies have explored the determinants and implications of PAT specifically within the insurance industry. For instance, research by Kporsu et al. (2020) examines the impact of underwriting risk, investment risk, and reinsurance on insurers' profitability, highlighting the importance of effective risk management practices in enhancing PAT. Similarly, studies by Batten et al. (2019) and Vencappa et al. (2021) investigate the influence of macroeconomic factors such as interest rates, inflation, and economic growth on insurers' PAT, emphasizing the sensitivity of insurance companies' earnings to changes in the broader economic environment. Moreover, the role of regulatory frameworks and accounting standards in shaping insurers' PAT has been studied by authors like Al-Hares and Lashgari (2021), who analyze the impact of regulatory changes on insurers' financial reporting practices and profitability levels. In summary, PAT is a key performance metric for insurance companies, reflecting their ability to manage risks, generate underwriting profits, and deliver value to stakeholders in a dynamic and challenging business environment.

2.3 Empirical review

Adeyemi and Adekunle (2022) investigated the relationship between audit committee characteristics and financial performance of Nigerian insurance companies. They used structured questionnaires and regression analysis to find a positive association between audit committee attributes (size, independence, expertise) and financial performance metrics. Their recommendation suggests enhancing audit committee composition and effectiveness to improve financial performance in the insurance sector.

Okoye and Okafor (2019) explored audit committee characteristics and financial reporting quality in Nigerian firms. Through mixed methods, they found that greater independence and financial expertise in audit committees were linked to improved financial reporting quality, suggesting a need for stronger regulatory requirements and active committee participation to enhance transparency.

Olufemi and Adesina (2021) examined audit committee composition and financial performance among Nigerian insurance firms. Their quantitative study revealed a positive correlation between audit committee attributes (independence, size, expertise) and financial performance indicators, recommending a focus on enhancing committee effectiveness and regulatory enforcement for transparency and accountability.

Afolabi and Adeniyi (2020) investigated the impact of audit committee characteristics on financial performance in Nigerian listed banks. Using structured questionnaires and regression analysis, they identified a positive relationship between audit committee attributes (independence, size, expertise) and financial performance metrics, suggesting the prioritization of committee composition and effectiveness for improved bank performance.

Akindele and Adeoye (2018) explored audit committee characteristics and financial performance among listed companies in Nigeria. Their quantitative study revealed a positive association between audit committee attributes (independence, size, expertise) and financial performance metrics, highlighting the importance of prioritizing committee composition and effectiveness for enhanced corporate performance and accountability.

Ahmad-Zaluki et al. (2020) examined the impact of audit committee attributes on financial performance in Malaysian listed firms. Their findings suggest that greater audit committee independence and expertise enhance financial reporting quality and contribute to improved financial performance. The study underscores the importance of effective corporate governance mechanisms in enhancing firms' sustainability and competitiveness.

Abor and Dadjee (2020) investigated the relationship between corporate governance, audit committee characteristics, and financial performance in sub-Saharan African microfinance institutions (MFIs). Their study found that strong corporate governance, characterized by independent and knowledgeable audit committees, leads to better financial performance and sustainability in MFIs. The findings emphasize the importance of governance mechanisms in enhancing transparency and investor confidence in the microfinance sector.

Amran et al. (2019) focused on the effectiveness of audit committees and their impact on financial performance in Malaysian public listed companies (PLCs). They found that audit committees with greater effectiveness contribute to improved financial reporting quality and market perception of firms' governance quality. The study highlights the critical role of audit committees in promoting transparency and accountability in the Malaysian capital market.

Suriani et al. (2021) analyzed audit committee attributes and corporate governance mechanisms' impact on financial performance in Shariah-compliant firms in Malaysia. Their findings suggest that well-structured and proactive audit committees, coupled with robust corporate governance practices, lead to better financial performance indicators in Shariah-compliant firms. The study underscores the importance of effective governance mechanisms in driving sustainable growth and value creation in Islamic finance.

3. METHODOLOGY

The study employed ex-post-facto research design due to the availability of preexisting data, ensuring that outcomes were not manipulated and reducing potential researcher bias. In the context of this study, the population comprised of the twenty-five (25) insurance companies listed on the Nigerian Exchange Group (NXG) as at 31st December, 2023. The period covered by this investigation spanned from 2016-2023. Purposive sampling technique was utilized to select eleven (11) companies with up-to-date annual financial reports covering all relevant variables, allowing for a comprehensive analysis of the variables under investigation (Appendices). Data analysis techniques including descriptive statistics, and Ordinary Least Squares (OLS) regression analysis were employed using E-view-9 statistical package, enabling rigorous examination of the variables. In accordance with the existing scholarly discourse, the econometric model can be delineated as follows:

PAT = f (ACS, ACC, ACM) ….. i

Where;

ACS= Audit Committee Size

ACC= Audit Committee Composition

ACM= Audit Committee Meetings

PAT= Profit After Tax

4. Results and Discussion of Findings

Table 1: Descriptive Statistics

	PAT	ACS	ACC	ACM
Mean	5.821974	5.021739	5.000000	3.695652
Median	6.113044	5.000000	5.000000	4.000000
Maximum	6.739106	7.000000	7.000000	5.000000
Minimum	2.260071	4.000000	4.000000	2.000000
Std. Dev.	0.783431	0.802472	0.788811	0.839830
Skewness	-2.192626	0.222157	0.274659	-0.520556
Kurtosis	10.27752	2.217093	2.346939	2.797260
Jarque-Bera	138.3695	1.553187	1.395790	2.156282
Probability	0.000000	0.459970	0.497632	0.340227
Sum	267.8108	231.0000	230.0000	170.0000
Sum Sq. Dev.	27.61940	28.97826	28.00000	31.73913
Observations	88	88	88	88

Source: computed using Eview9

The descriptive statistics provide valuable insights into the distribution and characteristics of the variables under study, including Profit After Tax (PAT), Audit Committee Size (ACS), Audit Committee Composition (ACC), and Audit Committee Meetings (ACM). The mean PAT value of 5.822 indicates the average profitability level of the insurance companies, with a median of 6.113 suggesting a slightly right-skewed distribution. In contrast, ACS and ACC exhibit relatively stable means and medians around 5, indicating consistent sizes and compositions of audit committees across the sample. However, there is noticeable variability in ACM, with a mean of 3.696 and a median of 4, suggesting some dispersion in the frequency of audit committee meetings among the insurance companies. The standard deviations provide further insights into the dispersion of data points around the mean, with higher values for ACM indicating greater variability compared to ACS and ACC. The skewness and kurtosis values offer insights into the distribution's symmetry and peakedness, with negative skewness for PAT indicating a left-skewed distribution of profitability, and positive values for ACS, ACC, and ACM indicating slight deviations from normality. The Jarque-Bera tests for normality reveal significant deviations from normality for PAT, suggesting a departure from the normal distribution, while ACS, ACC, and ACM exhibit p-values above the significance threshold, indicating a closer fit to the normal distribution. Overall, these descriptive statistics provide a comprehensive overview of the variables' distributions and characteristics, laying the foundation for further analysis and interpretation of the results.

Test of Hypotheses 1-3

H_{01}: Audit committee size does not significantly relate to profit after tax of quoted insurance companies in Nigeria.

H_{02}: There is no significant relationship between audit committee composition and profit after tax of quoted insurance companies in Nigeria.

H_{03}: There is no significant the relationship between audit committee meetings and profit after tax of quoted insurance companies in Nigeria.

Table 2 Regression Analysis

Dependent Variable: PAT
Method: Panel Least Squares
Date: 05/05/24 Time: 21:17
Sample: 2016 2023
Periods included: 8
Cross-sections included: 11
Total panel (unbalanced) observations: 88

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	7.037142	0.753959	9.333582	0.0000
ACS	4.279334	0.297634	3.938514	0.0033
ACC	2.208568	0.302679	2.689073	0.0046
ACM	3.332935	0.116237	2.864269	0.5765

R-squared	0.649222	Mean dependent var	5.821974
Adjusted R-squared	0.602738	S.D. dependent var	1.783431

S.E. of regression	0.654182	Akaike info criterion	2.072080
Sum squared resid	17.97410	Schwarz criterion	2.231093
Log likelihood	-43.65785	Hannan-Quinn criter.	2.131647
F-statistic	7.512714	Durbin-Watson stat	1.997542
Prob(F-statistic)	0.000391		

Source: computed using Eview9

The regression analysis conducted on the relationship between audit committee characteristics and Profit After Tax (PAT) of quoted insurance companies in Nigeria provides valuable insights into the hypotheses under investigation. Hypothesis H01 posits that audit committee size does not significantly relate to PAT. However, the results revealed a statistically significant positive coefficient for audit committee size (ACS) with a p-value of 0.0033, indicating that larger audit committee sizes are associated with higher PAT. Therefore, H01 is rejected, suggesting that audit committee size does indeed influence PAT. Similarly, H02, which proposes no significant relationship between audit committee composition and PAT, is also rejected as the coefficient for audit committee composition (ACC) is positive and statistically significant (p = 0.0046). Additionally, H03, which states no significant relationship between audit committee meetings and PAT, is rejected, as the coefficient for audit committee meetings (ACM) is positive though not statistically significant (p = 0.5765). Overall, these findings underscore the importance of audit committee characteristics in influencing the financial performance of insurance companies in Nigeria, emphasizing the need for effective governance mechanisms to enhance profitability.

Discussion of findings

The regression analysis findings align with several previous studies on audit committee characteristics and financial performance in both Nigerian and international contexts, albeit with some intricacies. Firstly, the positive relationship between audit committee size and Profit After Tax (PAT) observed in Nigerian insurance companies is consistent with findings from Adeyemi and Adekunle (2022), who reported a similar association between larger audit committee sizes and financial performance metrics. This consistency suggests that the size of the audit committee plays a crucial role in enhancing governance effectiveness and, consequently, financial outcomes. Similarly, the significant impact of audit committee composition on PAT, as indicated by the rejection of H02, resonates with studies by Olufemi and Adesina (2021), highlighting the importance of independent and knowledgeable committee members in improving financial performance. However, the lack of a significant relationship between audit committee meetings and PAT, contrary to H03, contrasts with findings by Okoye and Okafor (2019), who suggested a positive association between meeting frequency and financial reporting quality. This inconsistency may reflect differences in sample characteristics or regulatory environments between studies. Nevertheless, the overall alignment of the regression results with previous literature underscores the critical role of audit committee characteristics in shaping financial performance outcomes in the insurance sector, both in Nigeria and internationally.

5. CONCLUSIONS AND RECOMMENDATIONS

The study investigated the relationship between audit committee characteristics and financial performance of quoted insurance companies in Nigeria. The regression analysis revealed a significant positive association between audit committee size, and composition with Profit After Tax (PAT). However, our findings indicated a positive relationship between audit committee meetings and Profit After Tax (PAT), albeit statistically insignificant. These findings underscored the critical role of effective governance mechanisms, particularly audit committee attributes, in enhancing financial performance within the insurance sector. The study contributes to the existing literature by providing empirical evidence of the impact of audit committee characteristics on financial outcomes in the Nigerian insurance industry. Hence, the study concluded that there is a significant relationship between audit committee characteristics and financial performance of quoted insurance companies in Nigeria. Consequently, the investigator suggested thus;

1. Insurance companies should prioritize recruiting diverse and expert members for audit committees to bolster governance effectiveness and financial performance in Nigerian insurance companies.
2. Policy makers should establish structured meeting schedules and promote active engagement within audit committees to leverage the positive impact of regular and effective meetings on financial oversight and decision-making processes.
3. Insurance companies should invest in continuous training and development programs for audit committee members to enhance financial literacy, regulatory compliance, and risk management capabilities, thereby strengthening governance practices and driving sustainable growth in the insurance sector of Nigeria.

References

1. Abor, J., & Dadjee, K. (2020). Corporate governance, audit committee characteristics, and financial performance of microfinance institutions in sub-Saharan Africa. Journal of African Business, 21(2), 205-222.
2. Adeyemi, R., & Adekunle, A. (2022). Audit committee characteristics and financial performance of Nigerian insurance companies. International Journal of Accounting and Taxation, 10(1), 1-18.
3. Adeyemi, S. B., & Fagbemi, T. O. (2018). Audit Committee Characteristics and Financial Reporting Quality of Insurance Companies in Nigeria. African Journal of Economic Review, 6(1), 88-103.
4. Afolabi, O. R., & Adeniyi, M. A. (2020). Impact of audit committee characteristics on financial performance: Evidence from Nigerian listed banks. Journal of Accounting and Financial Management, 6(1), 1-13.
5. Ahmad-Zaluki, N. A., Rahman, R. A., & Wan-Hussin, W. N. (2020). Audit committee attributes and financial performance of Malaysian listed companies. International Journal of Business and Society, 21(3), 1082-1101.
6. Akindele, T. R., & Adeoye, A. O. (2018). Audit committee characteristics and financial performance among listed companies in Nigeria. International Journal of Management and Commerce Innovation, 5(1), 8-18.
7. Al-Hares, O. A., & Lashgari, M. (2021). The Impact of IFRS Adoption on Insurance Companies' Financial Performance: Evidence from Saudi Arabia. Journal of Risk and Financial Management, 14(7), 309.
8. Amran, N. A., Haniffa, R., & Abdul Rahim, R. (2019). Audit committee effectiveness and financial performance: A study of Malaysian public listed companies. Managerial Auditing Journal, 34(1), 2-22.

9. Batten, J. A., Hogan, W. P., & Wagner, N. F. (2019). Insurer profitability and inflation. The Quarterly Review of Economics and Finance, 73, 97-104.
10. Bédard, J., & Gendron, Y. (2010). Strengthening the financial reporting system: Can audit committees deliver? Corporate Governance: An International Review, 18(2), 112-124.
11. Bedard, J., Hoitash, R., & Hoitash, U. (2019). Audit committee financial expertise, gender, and earnings management. Auditing: A Journal of Practice & Theory, 38(1), 171-196.
12. Chen, S., Cheng, Y., & Yu, Y. (2020). Audit committee independence, audit quality, and earnings management: Evidence from China. Journal of International Accounting, Auditing and Taxation, 39, 100309.
13. Cheng, C. S. A., Cheng, L. T. W., & Chen, C. Y. (2020). Industry characteristics and audit committee characteristics: Evidence from Taiwan. Journal of Accounting and Finance, 20(1), 70-88.
14. Cheng, M., & Deng, Y. (2021). Efficiency determinants and financial performance of China's insurance industry. International Journal of Finance & Economics, 26(2), 2947-2963.
15. Ebrahim, A., & Mathews, M. R. (2018). Gender diversity and firm performance: Evidence from a major emerging market. International Journal of Accounting & Information Management, 26(1), 2-23.
16. Fatima, N., & Ghazali, N. A. M. (2020). Audit committee effectiveness, internal control quality, and financial reporting quality: An empirical analysis. Journal of International Accounting, Auditing and Taxation, 38, 100293.
17. Gholami, H., Pouraghajan, A., & Zarei, A. (2021). Does audit committee size matter? Evidence from Iran. International Journal of Disclosure and Governance, 18(1), 27-38.
18. Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. Journal of Financial Economics, 3(4), 305-360.
19. Kakabadse, N. K., Kakabadse, A. P., & Kouzmin, A. (2019). The proactive audit committee: The next frontier of corporate governance. Business Horizons, 62(3), 331-340.
20. Kakes, J., & Moraga-González, J. L. (2019). Competitive effects of regulatory standards on strategic risk-taking in the insurance industry. Journal of Financial Stability, 44, 100690.
21. Klein, A. (2017). Audit committee financial expertise and earnings management: The role of status. Journal of Accounting and Public Policy, 36(4), 289-305.
22. Kporsu, A. K., Appiah, K. O., & Olugbode, M. (2020). The Impact of Risk on Profitability of Insurance Companies: The Case of Ghana. Journal of Risk and Financial Management, 13(5), 106.
23. Kwon, S. Y., Simunic, D. A., & Stein, M. T. (2016). Audit committee financial expertise and financial reporting quality: The case of internet IPO firms. Auditing: A Journal of Practice & Theory, 35(4), 137-167.
24. Liu, C., Li, Y., & Lu, D. (2020). Nonlinear relationship between insurance underwriting risk and insurance company financial performance: Evidence from China. Emerging Markets Finance and Trade, 56(15), 3494-3512.
25. Ntim, C. G., Opong, K. K., Danbolt, J., & Thomas, D. A. (2016). Voluntary corporate governance disclosures by post-Apartheid South African corporations. Corporate Governance: An International Review, 24(3), 249-272.
26. Okoye, C. L., & Okafor, R. G. (2019). Audit committee characteristics and financial reporting quality: Evidence from Nigerian firms. Journal of Accounting and Finance, 19(6), 88-99.

27. Olowookere, E. I., & Salawu, R. O. (2020). Audit Committee Characteristics and Financial Performance of Insurance Companies in Nigeria. Journal of Finance and Accounting, 8(2), 43-56.
28. Olufemi, A. A., & Adesina, T. A. (2021). Audit committee composition and financial performance among Nigerian insurance firms. Journal of Finance and Accounting, 9(8), 1-15.
29. Oseifuah, E. K., Tweneboah, G., & Danso, A. (2019). Financial performance and solvency of insurance companies: Evidence from Ghana. Journal of Risk and Financial Management, 12(3), 119.
30. Sharma, A., Kaur, M., & Sharma, S. (2018). Corporate governance and firm performance: The role of size and composition of the audit committee. Global Business Review, 19(3), 684-697.
31. Suriani, S., Arshad, R., Mustapha, M. Y., & Azizan, N. (2021). Audit committee attributes, corporate governance mechanisms and financial performance of Shariah-compliant firms in Malaysia. International Journal of Islamic and Middle Eastern Finance and Management, ahead-of-print(ahead-of-print).
32. Vencappa, D., Giudici, P., & Gius, G. (2021). Interest rates and insurance company profitability: Evidence from European markets. The European Journal of Finance, 27(7-8), 743-759.

APPENDICES

Years	Companies	ACS	MALE	FEMALE	ACC	ACM	PAT	LOG-PAT
2023	AFRICA PRUDENTIAL PLC [CG+]	5	4	1	5	3	962,909	5.983585246
2022		5	3	2	5	4	1,493,249	6.174132233
2021		4	3	1	4	3	1,414,667	6.150654223
2020		5	3	2	5	3	1,446,029	6.160177003
2019		4	3	2	5	4	1,681,029	6.225575206
2018		6	5	1	6	4	1,952,900	6.290680005
2017		5	4	1	5	3	1,714,778	6.234207903
2016		5	4	1	5	4	1,019,173	6.00824791
2023	AFRICAN ALLIANCE INSURANCE PLC-	5	4	1	5	4	1,046,029	6.019543725
2022		5	4	1	5	4	-4,967,811	#NUM!
2021		5	4	1	5	4	2,800,322	6.447207972
2020		5	4	1	5	4	1,967,718	6.293962858
2019		4	3	1	4	5	-7,285,544	#NUM!
2018		4	3	1	4	5	-2,658,566	#NUM!
2017		4	3	0	3	4	-3,712,591	#NUM!
2016		4	4	0	4	4	2,945,619	6.469176572
2023	AXA Mansard Insurance Plc	4	4	0	4	4	5,484,106	6.73910584
2022		4	4	0	4	4	4,584,107	6.661254746
2021		4	4	0	4	4	2,490,693	6.3963202
2020		4	3	1	4	4	2,473,255	6.393268896
2019		4	3	1	4	4	4,839,330	6.684785238
2018		4	3	1	4	5	1,621,216	6.209840881

2017		4	3	1	4	5	1,367,821	6.136029267
2016		5	3	2	5	4	1,040,379	6.017191577
2023	CORNERSTONE INSURANCE PLC	5	4	1	5	4	1,931,567	6.285909777
2022		5	3	2	5	4	1,831,760	6.262868571
2021		5	3	2	5	4	2,740,811	6.437879089
2020		5	3	2	5	3	1,774,919	6.249178538
2019		5	3	2	5	3	2,931,985	6.467161744
2018		6	4	2	6	5	1,278,788	6.106798552
2017		6	4	2	6	5	- 2,577,503	#NUM!
2016		6	4	2	6	5	- 1,889,787	#NUM!
2023	CORONATION_INSURANCE_PLC+B16	5	4	1	5	4	87,435	4.941685314
2022		5	4	1	5	4	93,758	4.972008335
2021		5	4	1	5	4	- 1,929,816	#NUM!
2020		6	5	1	6	5	215,492	5.333431152
2019		6	5	1	6	5	-308,981	#NUM!
2018		6	4	2	6	5	-417,272	#NUM!
2017		6	4	2	6	5	315,643	5.499196162
2016		6	5	1	6	5	91,973	4.963660353
2023	INTERNATIONAL ENERGY INSURANCE PLC	7	5	2	7	2	137,685	5.138886629
2022		7	4	3	7	2	-154,746	#NUM!
2021		7	5	2	7	2	-722,574	#NUM!
2020		4	2	2	4	3	-635,091	#NUM!
2019		4	2	2	4	3	267,414	5.42718414
2018		4	2	2	4	3	362,773	5.559634956
2017		4	2	2	4	2	263,363	5.420554761
2016		4	2	2	4	2	- 3,794,747	#NUM!
2023	GUINEA INSURANCE PLC.	5	3	2	5	2	-64,758	#NUM!
2022		5	3	2	5	2	-64,756	#NUM!
2021		5	3	2	5	3	-23,489	#NUM!
2020		5	3	2	5	3	-227,673	#NUM!
2019		5	3	2	5	2	-795,042	#NUM!
2018		5	3	2	5	2	99867	4.999422004
2017		6	5	1	6	2	182	2.260071388
2016		5	4	1	5	2	38290	4.583085366
2023	LASACO ASSURANCE PLC.	5	4	1	5	3	4,048,758	6.607321819
022		5	4	1	5	3	1,316,102	6.119289549

2021		6	4	2	6	4	261,384	5.417279
2020		6	4	2	6	4	679,357	5.832098055
2019		6	4	2	6	4	315,745	5.499336482
2018		6	4		4	4	736,279	5.867042414
2017		6	4	2	6	4	83930	4.923917223
2016		6	4	2	6	4	87290	4.940964493
2023	LINKAGE ASSURANCE PLC	6	4	2	6	4	89,589	4.952254689
2022		5	3	2	5	3	2,566,891	6.409407427
2021		5	3	2	5	3	- 3,990,638	#NUM!
2020		5	4	1	5	3	201,752	5.304817849
2019		6	4	2	6	3	191093	5.281244779
2018		6	4	2	6	3	7949390	6.900333804
2017		5	4	1	5	3	810200	5.908592239
2016		6	4	2	6	3	963464	5.983835492
2023	MUTUAL BENEFITS	7	5	2	7	4	1,192,399	6.076421603
2022		7	5	2	7	4	- 2,447,486	#NUM!
2021		7	5	2	7	4	- 9,268,196	#NUM!
2020		7	5	2	7	4	1,157,705	6.063597909
2019		6	5	1	6	4	- 10785460	#NUM!
2018		6	5	1	6	4	1017516	6.007541247
2017		5	4	1	5	4	-48603	#NUM!
2016		5	4	1	5	4	1118963	6.048815726
2023	PRESTIGE ASSURANCE PLC [BLS]	5	3	2	5	3	2048002	6.311330376
2022		5	4	1	5	3	1515552	6.180570842
2021		6	4	2	6	3	1249944	6.096890556
2020		5	4	1	5	3	17255372	7.236924326
2019		4	3	1	4	3	1578507	6.198246512
2018		6	4	2	6	3	5277322	6.722413594
2017		5	4	1	5	3	3082690	6.488929854
2016		5	4	1	5	3	1440165	6.158412252

Source: Nigerian Exchange Group bulletin, 2023.