EFFECTS OF FIRE INSURANCE ON THE GROWTH OF NIGERIA'S INSURANCE INDUSTRY

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Abstract
This study assessed the effect of fire insurance on firms' growth in Nigeria's insurance industry. Specifically, this study investigated the effect of fire insurance written premiums and fire insurance ceded premiums on the asset growth rate of selected insurance firms in Nigeria. Secondary data used in this study were obtained from the published business reports of ten insurance companies in Nigeria, covering the period from 2011 to 2022 and data were scrutinized using descriptive statistics and correlation analysis and panel regression estimation techniques. The result of the fixed effect model, based on Hausman verification, then showed that fire insurance written premium and fire insurance ceded premium exert a significant positive effect on asset growth rate. Therefore, this study established that fire insurance has a significant positive effect on the firm growth of the Nigerian insurance industry. Hereafter, the authors suggested that insurance firms should put in more effort to encourage, attract, and retain more clients in the area of fire insurance policy since this will help enhance their level of growth.

Keywords: *Fire Insurance, Written Premium, Ceded Premium, Firm Growth.*

1. INTRODUCTION

The insurance sector is essential to a country's economic growth because it offers both people and corporations risk management and financial protection. The impact of fire insurance on the expansion of Nigeria's insurance business is a topic of great significance given the country's continuously changing economic environment. Because fire events provide a significant danger to both the personal and business sectors, fire insurance, as a subset of the larger insurance market, occupies a special place. The operations of the fire insurance business differ from those of other insurance businesses in that they insure against fire-related hazards. It also contains other causes and events that are often covered by the risk insurance policy for fires (Fadun, Aduloju & Ukpong, 2024; Agarwal, 2021).

Because of its specialty and larger losses incurred by both individual and business entities when a destructive fire occurs, it is inevitable to have a fire policy as a means of protection against unwanted losses. According to Proshare (2018), the Nigerian public is reluctant to purchase a fire policy due to insurers' inadequate payment in the event of losses from insured risks. This has resulted in a lack of patronage and a decrease in premiums generated for investments in the country's capital and money markets. The poor settlement of claims has left customers with a negative perception of insurance (Fadun, 2023; Ajemunigbohun, Sogunro & Oluwaleye, 2022).

Given that the growth of insurance companies is tied to their financial health and solvency, fire insurance as a class of insurance should have a contributory effect through its written premium. This is based on the belief that written premiums would enhance internally generated funds for growth-oriented activities **(**Osariemen & Ifuero, 2022). Firstly, premiums may contribute to the profit enhancement of the company which may in turn attract investors and encourages continuous participation of shareholders, such that financial capacity for growth is enhanced (Tomislava,

Marko & Ivan, 2017). Secondly, proper and adequate premium collection may facilitate customers' claim recovery and satisfaction (Ajemunigbohun, Sogunro & Oluwaleye, 2022)**.**

On the other hand, insufficient premiums may reduce the capacity of the insurer to satisfy insured customers appropriately (Oladunni & Okonkwo, 2022). This may affect existing customers' response to payment as and when due and also discourage potential policyholders (Alshadadi & Deshmukh, 2017). In turn, this may cause a decline in the premium of insurance policies and coupled with increasing liability and cost, would cause a decline in the performance and profitability of the firm rather than increasing growth. Since premiums are estimated based on the expectation of future losses, their occurrence may require larger claims than projected, and following the principle of contribution, reinsurance may be used as a way to manage this expectation (Fadun, 2023; Fadun, Aduloju & Oluwaleye, 2023)**.**

Based on the positivity of insurance ceding argued from the perspective of risk diversification, Aduloju and Ajemunigbohun (2017) opined that ceded premium makes it possible for insurance companies to diversify risk and reduces the level of claim payable directly from their accounts to the insured in the case of risk occurrence. Hence, insurance companies can enhance growth through ceding as it would enhance the financial capacity for growth-oriented activities **(**Oluwaleye**,** Kolapo & Osasona, 2022**).** However, from the perspective of the premium attached to ceding, Onyele and Ariwa (2019) put forward that the ceding premium is an operating expense to the firm, which may likely reduce the possible profit realizable from the insurance policy (Hsu-Hua & Chen-Ying, 2012). In line with this, it is affirmed that insurance companies that ceded less grow faster than those insurers that ceded more of their insurance policies to others. As such, the proponents of this argument believed that fire insurance ceding premiums would be detrimental to firm growth since it can affect financial capacity for a higher level of performance and profitability.

Nigeria's insurance sector's growth has been subpar despite the increase in companies. Many companies experience slow growth, affecting their contribution to the country's income and output. One major issue is their subjection to government securities before other profitable investments, and investors are not easily drawn to these companies due to the risk they carry. This results in slow growth in the industry. Despite having several studies empirically conducted on the insurance industry, few of these studies are closely related to fire insurance and firm growth most especially in Nigeria. Specifically, it is recognized that there have been several studies on the association between re-insurance and a firm's performance as well relationship between risk transfer and the growth of Nigeria's insurance industry (Onyele & Ariwa, 2019) among others. Also, it is identified that a few of these studies such as Onyele and Ariwa (2019) incorporated fire insurance premiums in their model, only from the perspective of ceding premiums, yet the data used were industry-based.

In addition, it is noted that most of the related studies which were conducted on Nigerian insurance companies do not consider the effect of fire insurance on the growth of the insurance industry in Nigeria, and they do not use the most current data that this study employed. Therefore, this research attempts to fill the gap in the literature by exploring the effects of fire insurance on firm growth rates in the Nigerian insurance industry using the most current available data. Precisely, the objectives of this study are to:

i. investigate the effect of fire insurance written premium on the asset growth rate of insurance firms in Nigeria

ii. assess the effect of fire insurance ceded premium on the asset growth rate of insurance firms in Nigeria.

The other part of the paper is organized as follows: in section two, the review of relevant literature for the study is examined; in section three, a thorough discussion is held on the methods and model specification. Section four addresses the results and discussion of findings, and Section five presents the conclusion and recommendations.

2. REVIEW OF LITERATURE

Fire Insurance

Insurance is a contractual agreement between the insured (client) and the insurer (insurance company) to compensate the insured for a specified loss by a defined cause in exchange for premium payment (Fadun & Shoyemi, 2018). Fire insurance is a contract whereby the insurer undertakes to compensate the insured for any monetary losses he or she may incur as a result of the destruction or damage to property or products brought on by fire over a specific period in exchange for a premium (Fadun, Aduloju & Ukpong, 2024; Agarwal, 2021). Fire insurance is written or undertaken for unintentional fire accidents, beyond a limit, and are a result of ignition, light, or smoke from combustion. To file a fire insurance claim, one must first prove that there was a real fire or ignition and that it was unintentional; otherwise, a few disagreements may occur as a result of incorrect explanations for what caused the fire (Agarwal, 2021). Thus, the fire insurance is taken by the insured on possible accidental and unexpected fire on buildings, goods (raw materials, semi-finished and finished goods) in warehouses, plant and machinery, equipment and accessories, furniture and electrical fitting, contents in houses, shops, and hotels among others (Fadun, Aduloju & Ukpong, 2024; Etale, 2019). Fire insurance is guided by different insurance principles including subrogation; contribution, indemnity and utmost good faith.

When a fire incident occurs, fire insurance guarantees that the insurer will pay the maximum amount of loss on the item insured under its associated policy. To operate in good faith, it is also necessary for the insurers to supply and offer sufficient knowledge about terms and conditions that might impact the insurance contract. (Raji & Adegboyega, 2019).

Fire insurance Policy

A fire insurance policy is an insurance coverage that offers financial protection against fire-related losses or damages, as well as helps to reduce the financial effect of fire-related occurrences. It is the contract between the insurer (insurance company) and the insured (client) regarding the loss from a fire accident and the ways of fulfilling claim obligations by the insurer (Fadun, Aduloju & Ukpong, 2024; Agarwal, 2021). There are several fire insurance policies which include valued policy, valuable policy, specific policy, average policy, comprehensive policy, floating policy, adjustable policy, declaration policy, and re-instatement policy, among others (Bajaj, 2023).

Fire Insurance Written Premium

Premium is the cost of insurance. It indicates the proactive use of insurance to shift the adverse financial impacts resulting from an accident away from the business and other economic entities. (Boksova & Strouhal, 2014). Insurance is used in insurance companies to cover insurance risks, acquisition expenses, management costs, savings items, and insurance business margins (Boksova & Strouhal, 2014). Fire insurance written premium is the sum of the total amounts the insured is required to pay an insurance company for insurance coverage. In other words, a fire insurance written premium is the entire amount that insureds are expected to pay for insurance coverage on policies issued by the insurer for a specified period. Fire insurance written premiums include premiums from new fire insurance agreements, renewals, modifications, and reinsurance.

(Boksova, 2015). It represents the main source of income for fire insurance coverage. However, it is for a policy that has already taken effect, regardless of how much has previously been earned. Fire insurance written premiums can be classified as income from non-life insurance or general insurance coverage, which can be ceded to other insurance companies.

Fire Insurance Ceded Premium

Fire insurance ceded premium is the amount paid by the primary insurer to another insurance company in exchange for transferring a portion of the fire risk. It is the agreeable measure of risk that the reinsurer assumed. In other words, it simply means transferring part of the fire risk to a ceding insurance company in other to avoid being exposed to an accumulated fire risk. A primary fire insurer can diversify its underwriting risk and strengthen its solvency by outsourcing some premiums to other insurers (called reinsurers), while the main insurer, is entirely liable for claim payments to its policyholders regardless of whether its reinsurance arrangements are executed (Chen, Hamwi & Hudson, 2001). Fire insurance ceded premium allows the ceding companies to share part of the responsibility and in doing so, the larger proportion of the hazards caused by fire can be reduced, since the responsibility can be shared among many reinsurance companies (Fadun, Aduloju & Oluwaleye, 2023)**.**

Firm Growth

Firm growth is the continuous expansion of the organisation in the specific activity that becomes her daily routine (Fadun & Oye, 2021; Fadun & Oye, 2020). Firm growth can be described in terms of an increase in generated income, adding value, and increasing the size of a firm (asset base), sales, employees, and other beneficial factors in the company (Silwimba & Fadun, 2022; Gupta, Guha & Krishnaswami, 2013). A firm's growth can be assessed using qualitative attributes

like market standing, product excellence, and customer contentment. A comprehensive understanding of the firm concept is crucial for evaluating growth and identifying the extent of a business's development, what it delivers to the market, the assets it is in control of, and its legal structure (Silwimba & Fadun, 2022; Gupta, Guha & Krishnaswami, 2013). Firm growth contributes immensely to a country's economic success, it represents a prerequisite for competitive advantage, financial capacity, and sustainability both at the individual firm's level and of the economy as a whole (Fadun, 2018; Gancarczyk & Iturriagagoitia, 2015). Firm growth is the increase in a company's financial structures that results in its business profitability and sustainability. In other words, firm growth is the degree of achievement in the purpose and vision of the organisation which explains the organisation's performance during the years of existence and its level of competitiveness to obtain recognition in the global market (Gupta, Guha & Krishnaswami, 2013). Invariably, insurance firms' growth is systematically shaped by their ability to reduce risk that comes up in their environment and operations, improve business performance and overall efficiency, and a nation's economy in general (Idowun & Fadun, 2022; Fadun, 2021).

2.2 Review of Related Theory

Resource-Based View (RBV) Theory

Resource-based view theory is associated with the work of Barney (1986) and Wernefelt (1998) which identified a business organization as an administrative setting with a collection of different profit-generating resources that are material, human, and financial in nature. In line with this, the theory recognized that the combination of these variables provides different services and plays different roles in organizational activities, but they all have ways of enhancing organizational performance, hence, profitability and growth of the firm can be facilitated (Silwimba & Fadun, 2022; Akpan, Nnamseh, Etuk, Edema & Ekanem, 2020). The inference from this is that fire

insurance premiums can be identified as financial resources and current assets to the firm, such that the ability and capacity of the insurance firm to generate enough of this resource as well as engage the resource in business activities adequately may translate into higher growth-oriented investment, especially tangible assets, hence, the tendency for increased growth.

2.3 Empirical Review

Numerous academic investigations have explored the relationship between fire-related insurance and company performance in various insurance sectors and countries. Hsu-Hua and Chen-Ying (2012) investigated the Taiwan property-liability insurance sector, using data from 1999 to 2009. The researchers discovered a correlation between higher return on assets (ROA) and lower reinsurance purchases across insurers, suggesting that companies with stronger financial performance are less inclined to rely on reinsurance while those heavily reliant on reinsurance perform worse as a corporation.

Sing'ombe (2016) focused on Kenya's general insurance companies and reported a positive but not very strong correlation between reinsurance and financial performance. Additionally, they discovered that the underwriting profit ratio was inversely correlated with retention rates, and retention levels did not correlate with underwriting profits. To enhance underwriting profitability, the study recommended effective management of claim expenses and underwriting standards by insurance companies.

Aduloju and Ajemunigbohun (2017) conducted an analysis of the performance of reinsurance and ceding companies within the insurance industry of Nigeria. Analysing data from 56 insurance companies using correlation analysis, they found that the acquisition of reinsurance significantly

boosts insurers' premium income. They recommended giving proper attention to reinsurance facilities and viewing reinsurance as a key risk management tool, rather than just a cost center.

Adebowale and Obalola (2018) analysed the utilization of reinsurance and non-life business performance in the Nigerian insurance sector. Through regression analysis and logarithmic transformation of the model, they identified a statistically significant link between performance variables and reinsurance usage. The study recommended that Nigerian non-life insurance businesses adopt various risk management strategies in addition to reinsurance protection to enhance their overall performance.

Onyele and Ariwa (2019) conducted an empirical study on risk transfer and the expansion of the insurance sector in Nigeria. They found a long-term relationship between risk transfer mechanisms and the expansion of the insurance market, with significant long-term relationships observed for fire and auto insurance policies. However, there were no significant long-term relationships for accident, marine, and employers' liability claims. The study suggested implementing aggressive measures to improve efficacy and efficiency in the Nigerian insurance sector.

Emelia (2019) examined factors influencing the financial success of insurance businesses in Mauritius, using data from 122 non-life and 98 life firms over the period 2008 to 2016. Analyzing the data panel estimation procedures, the study revealed that an increase in reinsurance dependency and firm size positively influenced the underwriting profit ratio. However, a unit increase in the combined ratio and leverage of life insurers negatively impacted return on assets (ROA). Increases in the combined ratio and gross written premium positively affected insurance companies' profitability in the non-life sector, but market concentration and foreign exchange had a negative effect.

Morara and Sibindi (2021) studied the Kenyan insurance sector's solvency, underwriting risk, and profitability for the time frame between 2009 and 2018. Analyzing data with descriptive statistics and correlational analysis, they found that Kenyan insurance companies' solvency status had steadily improved over time, with a positive correlation between solvency and financial performance. However, they also discovered an increasing underwriting risk.

Oluwaleye, Funso, and Osasona (2022) examined the influence of insurance risk management on fixed capital creation in Nigeria by using the autoregressive distributed lag-bound cointegration test methods. They found that the impact of life insurance claims and non-life insurance activities on gross capital formation was negligible, and there was no long-term relationship between GCF and independent risk management. The study recommended regulatory agencies develop programs to attract citizens to use insurance policies, as this would increase insurance investment and Nigeria's gross capital formation.

The study conducted by Oladunni and Okonkwo (2022) on risk retention and Nigerian insurance companies' claims administration. They found that the ratio of risk retention had a statistically significant influence on the Nigerian insurance sector’s claims management. The study recommended that insurance companies prioritize training and retraining of personnel to implement efficient underwriting and claims management procedures, using automated, actuarial evaluation, and cloud computing technologies.

3. METHODS

This study is based on a longitudinal research design. This is because this design permits the collection and analysis of time series data for more than one unit (firms). Hence, the investigation of different insurance firms over a series of years on the subject matter of this study. The aggregate

count of insurance companies that are officially registered and listed in Nigeria as public companies is fifty-eight (NAICON, 2022). This study uses a sample of ten insurance firms in Nigeria. The research employed a purposive sampling approach to select insurance businesses based on data availability and accessibility for the study's variables of interest. Data used in this study were extracted from the yearly business reports of ten selected insurance firms quoted on the Insurance Digest report by Nigeria's Insurance Association and data covered ten years spanning from 2013-2022. The study utilized descriptive and inferential analysis methods. Descriptive analysis methods used are mean, standard deviation, minimum, and maximum values. On the other hand, the inferential analysis employed are correlation and regression analysis techniques. In line with the nature of data and the need to consider firm heterogeneity, this study employed a panel regression estimation procedure which included pooled OLS, fixed effect and random effect model estimation, Hausman test, and another post-estimation test.

Model Specification

The present research used the model established by Onyele and Ariwa (2019) in which the growth of the insurance industry is taken as the dependent variable with premiums paid by insurance companies on fire insurance, accident insurance, motor vehicle insurance, employers liability insurance and marine insurance engaged as explanatory variables. The model therefore is specified thus:

$$INSG = (FI, AI, MVI, ELI, MII)$$

$$INS = \propto_0 + \propto_1 FI + \propto_2 AI + \propto_3 MVI + \propto_4 ELI + \propto_5 MII + u - - - - - - - - - - - - - - - (i)$$

Where INSG is the growth of the insurance industry while FI, AI, MVI, ELI, and MII are fire insurance, accident insurance, motor vehicle insurance, marine insurance, and employers' liability insurance's premium paid by insurance companies respectively with u representing the error term of the model. However, this model is modified by using growth measures at the firm level, specifically asset growth, the premium paid by insurance on fire accidence is retained (in this study termed as fire insurance ceded premium), while other aspects of the paid premium will be ignored to focus specifically on the theme of this study. In addition to the identified variables, this study will include fire insurance premiums collected by insurance firms (that is, fire insurance written premium) with the inclusion of control variables which are profit after tax, leverage, and firm age. Therefore, the model for this study is specified as:

Model for Objective One

Functional representation

$AGR = (FIWP, PAT, LEV, AGE)$

Linear representation

$$AGR = \propto_0 + \propto_1 FIWP_t + \propto_2 PAT_t + \propto_3 LEV_t + \propto_5 FA_t + u - - - - - - - - - - (ii)$$

Model for Objective Two

Functional representation

$AGR = (FICP, PAT, LEV, FA)$

Linear representation

$AGR = \propto_0 + \propto_1 FICP_t + \propto_2 PAT_t + \propto_3 LEV_t + \propto_4 FA_t + u - - - - - - - - - - - - (iii)$

Where AGR represents the asset growth rate of the firm, while FIWP, FICP, PAT, LEV, and AGE are fire insurance written premium, fire insurance ceded premium, profit after tax, leverage, and age respectively.

4. RESULTS AND DISCUSSION

Correlation Analysis

Table 1: *Correlation Matrix*

	AGR	FIWP	FICP	PAT	LEV	FA
AGR	1.00000					
FIWP	0.4040	1.00000				
FICP	0.4275	0.5426	1.00000			
PAT	0.3791	0.3867	0.6712	1.00000		
LEV	0.0857	0.0019	-0.0055	-0.0564	1.0000	
FA	-0.0106	0.0547	0.0018	-0.0537	0.0160	1.000

Source: ***Source:*** *E-view Output, (2023)*

Table 1 presented that asset growth rate has positive relationship with fire insurance written premium, fire insurance ceded premium, profit after tax and leverage, but the asset growth rate has a negative association with firm age, given the correlation coefficients of 0.4040, 0.4275, 0.3751, 0.0857 and -0.0106 respectively. This implies that asset growth rate moves in the same direction with fire insurance written premium, fire insurance ceded premium, profit after tax, and leverage, but in different direction relative to firm age. The result also revealed a relatively weak relationship between the pairs of variables engaged in the study, except between fire insurance ceded premium and fire insurance written premium as well as fire insurance ceded premium and profit after tax. Therefore, this result indicated that there is the possibility of the absence of multicollinearity in the model if the fire insurance ceded premium and fire insurance written premium are presented in different regression models.

Regression Analysis

Table 2: *Model 1: Estimation Result Series: AGR FIWP PAT LEV FA*

Coefficient	**Pooled**	**Prob**	**Fixed**	**Prob**	**Random**	**Prob**
C	3.055411	0.002	**7.279942**	**0.050**	3.596944	0.030
lnFIWP	.4112612	0.000	**.3514933**	**0.005**	.0299676	0.024
lnPAT	.1315069	0.103	**.1161636**	**0.167**	.2694946	0.709
lnLEV	-.0139952	0.818	**-.0525351**	**0.368**	-.0526204	0.374
lnFA	-.2357037	0.362	**1.122016**	**0.229**	.4554669	0.297
	R^2= 0.4960 Adj R^2= 0.4680 F-stats= 7.01 Prob(F-stat)= 0.0000		**R^2= 0.7310** **Adj R^2= 0.6735** **F-stats= 9.23** **Prob(F-stat)= 0.0000**		R^2= 0.6961 Wald chi2(5)= 13.99 Prob> chi2 = 0.0070	
	Restricted F-test= 8.41 (p < 0.05)					
			Hausman Test = 19.02 (P= 0.0008 < 0.05)			

Wald test (1.2874, p > 0.05), Pesaran test (-1.186, p > 0.05), Wooldridge test (1.0138, p > 0.05)

***NOTE:** * connote significance at a 5% level of significance.*
***Source: Source:** E-view Output, (2023)*

The estimation result presented in Table 2 showed that the most efficient estimator is the fixed effect estimator given the reported Hausman test result of 19.02 with a corresponding probability value of 0.0008. Specifically, the result of fixed effect estimation showed that fire insurance written premium exerts a significant positive effect on asset growth rate with coefficient and probability of .3514933 and 0.005($p < 0.05$). R^2 disclosed that about 73.1% of the systematic variation in the asset growth rate of insurance firms in Nigeria can be jointly explained by variation in fire insurance written premium and the included control variables. The estimation results presented in Table 2 indicate that there is insufficient evidence to reject the null hypothesis of panel homoscedasticity, the null hypothesis of no cross-sectional dependence, and the null hypothesis of no AR (1) panel autocorrelation, this conclusion is based on the reported statistics 1.2874, $p > 0.05$ for Wald test, -1.186 $p > 0.05$ for Pesaran test, and 1.0138, $p > 0.05$ for Wooldridge test. Therefore, it can be concluded from the analysis that the assumptions of equal variance of residual terms, cross-sectional independence, and lack of serial autocorrelation for the estimated panel-based model are true.

Table 3: *Model 2: Estimation Result Series: AGR FICP PAT LEV FA*

Coefficient	**Pooled**	**Prob**	Fixed	Prob	**Random**	**Prob**
C	2.563728	0.012	**7.236665**	**0.058**	3.606673	0.046
lnFICP	.1936821	0.024	**.1881521**	**0.002**	.0264085	0.737
lnPAT	.1488157	0.087	**.1130268**	**0.180**	-.0466047	0.568
lnLEV	-.0561836	0.365	**-.0466149**	**0.417**	-.0641026	0.265
LnFA	-.1465289	0.586	**-1.107656**	**0.249**	-.4872293	0.307
	R^2= 0.5278 Adj R^2= 0.4974 F-stats= 4.21 Prob(F-stat)= 0.0032		**R^2= 0.7297** **Adj R^2= 0.6720** **F-stats= 9.18** **Prob(F-stat)= 0.0000**		R^2= 0.6108 Wald chi2(5)= 12.85 Prob> chi2 = 0.0039	
	Restricted F-test= 10.06 ($p < 0.05$)					
			Hausman Test =17.59 (P= 0.0015 < 0.05)			

Wald test (2.0371, p > 0.05), Pesaran test (-1.237, P> 0.05), Wooldridge test (1.2959, p > 0.05)
***NOTE:** * connote significance at a 5% level of significance.*
***Source:** E-view Output, (2023)*

The estimation results reported in Table 4.4 indicate the most efficient estimator is the fixed effect estimator given the reported Hausman test result of 17.59 with a corresponding probability value of 0.0015. Specifically, the result of fixed effect estimation showed that fire insurance ceded premium exerts a significant positive effect on asset growth rate with coefficient and probability of .1881521 and 0.002($p < 0.05$). R^2 reported indicated that about 72.97% of the systematic variation in the asset growth rate of insurance firms in Nigeria can be jointly explained by variation in fire insurance ceded premium and the included control variables. The estimation results presented in Table 4.4 indicate that there is insufficient proof to reject the null assumptions of panel homoscedasticity, no cross-sectional dependence, and no AR (1) panel autocorrelation. This conclusion is supported by the reported statistics of 2.0371 ($p > 0.05$) for the Wald test, -1.237 ($p > 0.05$) for the Pesaran test, and 1.2959 ($p > 0.05$) for the Wooldridge test. This suggest that the assumptions of equal variance of residual terms, cross-sectional independence, and lack of serial autocorrelation for the estimated panel-based model are true.

Discussion of Findings

Research results showed that fire insurance written premium enhances the asset growth rate of selected Nigerian insurance firms in Nigeria, that is growth of insurance written premium facilitates an increase in the asset growth rate of these firms. This could be because these firms can gain more financial capacity to attend to profit-yielding investment which in the process enhances the physical asset capacity of the firm. The result therefore is in line with that of Lasisi (2018) and Kambiro and Ayneshet (2019), although these studies were conducted with a focus on overall premium and firm performance, rather than asset growth rate.

The result also revealed that the asset growth rate can be improved with the growth of fire insurance ceded premiums. The result indicated that despite fire insurance ceded premium being income reducing factor, it can be more beneficial to the growth of the insurance firms, possibly because these insurance firms are able to shift part of the burden in the form of claims, to other insurance firms. They do not have to bear claims associated with a fire insurance policy but share the same with others, giving them room to harness the proportion bared by other insurance in expanding their asset base, hence the tendency for growth enhancement. This is consistent with the results of, Akpan et al. (2020), and Onyele and Ariwa (2019) among others, although most of these studies were not specifically on growth measures, but on performance measures.

5. CONCLUSION AND RECOMMENDATIONS

In line with the study's outcome, the researchers concluded that fire insurance written premium has a positive effect on the asset growth rate of Nigerian insurance firms and that this effect is statistically remarkable. It is also concluded that fire insurance ceded premium has a significant improving effect on the asset growth rate of fire insurance in Nigeria. Overall, this work established that fire insurance has a significant effect on the firm growth of the Nigerian insurance industry. Based on the results and conclusions of this research, the following suggestions are made, insurance firms should put in more effort to encourage, attract, and retain more clients in the area of fire insurance policy since this will help in enhancing their level of growth. Insurance firms should ensure that part of their fire insurance written policy is ceded to other insurers in order to explore the benefit of minimizing exposure to policy risk and sharing associated claims since this will facilitate more growth for the ceding firm. Insurance firms need to be strategic in the process of fire insurance ceding, to ensure that such action will not make them lose the overall benefit of the premium received, given that the written premium has a greater impact on growth.

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