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IMPACT OF PREMIUM RATING ON PREMIUMS INCOME AND PROFITABILITY OF FIRE INSURERS IN PRE COVID-ERA: THE NIGERIA EXPERIENCE.

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ABSTRACT

The assessment of fire insurance ratings plays a critical role in evaluating the risks associated with fire-related incidents for insurers and policyholders. The study aims at analysing the premium rating on premium income and profitability on fire insurance ratings in Nigeria during the pre-COVID era for the past 20years, offering key insights into the dynamics of the industry. The study used a *secondary data analysed via statistical software (e-views), the research employs descriptive and inferential statistics, including multiple regression and effects models, to test regarding the performance of fire insurers; Study employed a* judgmental sampling technique and data were limited to *full firms audited financial statements from 15 licensed insurance companies over a 20-years ranging (1999-2019) for firms with a complain and update audited report. Therefore, the research findings uncovers significant disparities in financial indicators, revealing a market dominated by a few companies in areas like premium rating and income. This finding indicates that the Premium Rating of insurance companies increases proportionally with the Premium Income they receive. The study also establishes a strong correlation between adequate premium ratings and factors such as investment portfolios, profitability, and capital adequacy. Hence the study recommended that insurances companies should implement strategies that enhance profitability while maintaining adequate premium ratings to ensure long term sustainability and market stability.*

Keywords: *Fire Insurance, Premium Rating, Premium Income, Profitability, Pre-covid, Nigeria.*

INTRODUCTION

Fire has caused significant damage across the globe, affecting both lives and businesses (Fernandez-Anezet, al;2021). The consequences include loss of life, property destruction, business interruptions, injuries or fatalities, emotional trauma, litigation, loss of productivity, increased insurance premiums, damage to brand reputation, financial losses, and occupational health and safety challenges. Due to these risks, implementing fire safety measures such as fire insurance is crucial. Fire insurance not only helps with risk mitigation through prevention, detection, and response protocols but also ensures that businesses are prepared for emergencies (Damaševičius, et, al; 2023). Fire insurance companies are responsible for conducting regular inspections, performing maintenance, and providing employee training to reduce the impact of workplace fires.

Moreso, fire insurance plays an essential role in limiting the losses caused by fire outbreaks. In developing countries like Nigeria, the fire insurance market has experienced notable growth. According to reports from The Punch news Nigeria, "Kwara: N360m property lost in Offa

market fire – (Fire Service" April 3, 2024), highlights the devastating financial impact of fire incidents. Chhabra, Borasi, and Kumar (2021) emphasize the importance of fire insurance, explaining that it provides coverage for damages caused by fire as part of an agreement between policyholders and insurance companies. This study aims to assess the performance ratings of fire insurers and insurance companies in Nigeria, focusing on the pre-COVID market era.

Moreover, the evaluation of fire insurance ratings and the performance of insurers in Nigeria's pre-COVID market has been a subject of debate. Kajwang (2022) and Akindipe&Isimoya (2022) assert that the assessment of fire insurance ratings is vital for both insurers and policyholders to accurately gauge the risks associated with fire-related incidents. In Nigeria, where the insurance industry has been evolving, understanding the dynamics of fire insurance ratings is key to ensuring a stable and competitive market. While the COVID-19 pandemic significantly impacted several sectors, including insurance, this analysis focuses on the dynamics of the pre-COVID market.

Júnior et al. (2022) argue that fire insurance ratings often rely on historical data and standardized models, which fail to account for the unique risks associated with specific locations or industries. Ben-Shahar (2023) notes that fire insurance premiums did not always reflect actual risk exposure, with some policyholders overpaying, while others benefitted from outdated rating methodologies. This researchanalyse fire insurance ratings and the performance of the property insurance market in Nigeria, particularly during the pre-COVID period. The findings will offer insights that can guide regulatory and industry practices, shedding light on the relationship between fire insurance ratings and the performance/profitability of the Nigerian property insurance market. These insights will benefit policymakers, insurers, and researchers alike.

Review of Literature

Conceptual Review

The Pre-Covid Era

According to World Economic Forum-Ipsos Survey (2023), the pre-Covid era refers to the time before the global pandemic significantly altered our daily lives. Expectations about returning to a “pre-Covid norms” vary worldwide. According to a World Economic Forum-Ipsos survey, approximately 59% of people anticipate a return to something resembling normalcy within the next 12 months. However, opinions differ across countries. For instance, in the developed countries like Saudi Arabia, Russia, India, and mainland China, over 70% of adults expect life to return to pre-Covid conditions within a year. In contrast, 80% of people in Japan believe it will take longer. The pandemic has also impacted emotional and mental health, emphasizing the need for a gradual transition back to normalcy.

The pre-Covid era refers to the period of time before the outbreak of the COVID-19 pandemic. This era was marked by a sense of normalcy and stability, with people going about their daily lives without the fear of a global health crisis. The pre-Covid era was characterized by a growing global economy, with increased trade and investment between countries. This era also saw the rise of new technologies and innovations, such as the internet and social media.

The Concept of Insurance Companies

The growth of the insurance sector has led to a surge in both theoretical and empirical studies, addressing various aspects of insurance. Many of these studies have examined the effects of insurance on financial stability and economic growth. For instance, Puławska (2021) and Ratnawati (2020) emphasize the role of insurance in promoting financial stability and fostering economic development. A significant portion of the literature has focused on identifying the factors driving the development of the insurance sector. Gaganis et al. (2020) explore the impact of economic, financial, institutional, and demographic factors on the insurance industry at both country and sectoral levels, comparing trends in both developed and developing countries.

Other studies have examined firm-specific factors influencing the profitability of insurance companies. Msomi and Nzama (2023) and Ben Dhiab (2021) analyze how these internal elements, such as company management and operational efficiency, affect an insurer's financial performance.

Understanding the performance of insurance companies is crucial for policyholders, industry experts, and regulatory authorities. It provides insights into how financial performance can be assessed and highlights the factors that most significantly impact profitability.

Worku et al. (2024) conclude that the performance of insurance companies is negatively influenced by the net claims ratio and net operating expenses, while profitability is positively correlated with company size and the ratio of technical activities. Exploring these firm-specific factors is essential for creating recommendations that can drive future growth in the insurance sector.

The Concept of Fire Insurance

Fire insurance is a crucial part of property insurance, designed to provide financial protection against damages and losses resulting from fire incidents. According to Schulze et al. (2020) explain, when a fire devastates a structure, fire insurance helps cover the costs associated with repair, replacement, or reconstruction. While most standard homeowners' insurance policies include basic fire protection, homeowners can also opt for additional coverage to ensure full compensation in cases where the damage exceeds the primary policy's limits. However, it is important to note that fire insurance policies often exclude certain risks, such as damage caused by war, nuclear incidents, or intentionally set fires.

Understanding these exclusions and the benefits of fire insurance is essential for homeowners, as it provides peace of mind by safeguarding their properties against fire-related risks (Schulze et al., 2020).

Aidi& Farida (2020) note that fire insurance, which has existed for centuries, offers coverage for property damage or loss caused by fire. The earliest known fire insurance policy dates back to 1681, issued by the Sun Fire Office in London. The concept of fire insurance is grounded in risk management principles, allowing individuals and businesses to protect themselves from the financial consequences of fire incidents. Typical fire insurance policies cover the cost of repairing or rebuilding damaged property and replacing lost or damaged items. Over time, fire insurance has evolved with the development of new technologies and risk assessment tools. Today, it plays a key role in risk management strategies for both businesses and property

owners. Premiums for fire insurance are determined by factors such as the property's value, location, and the area's risk of fire (Aidi& Farida, 2020).

The Concept of Premium Income

Premium income refers to the revenue that insurance companies generate from the payments made by policyholders for their insurance coverage. According to PwC (2021), this income forms the core of an insurer's earnings, as it represents the proceeds from selling policies in exchange for the promise to cover claims in the event of harm or hazards. Insurers must manage these proceeds effectively to ensure they can fulfill their obligations. For example, in India, the Insurance Regulatory and Development Authority of India (IRDAI) requires insurers to settle claims within 30 days of receiving all necessary documentation. Policyholders can help expedite this process by providing accurate information when purchasing a policy and filing claims, ensuring a smoother and quicker settlement process. Adhering to the principle of utmost good faith and disclosing relevant facts is essential to avoid rejected claims (PwC, 2021).

According to Law Insider (2021), premium income is a key indicator of an insurance company's financial health. It reflects the revenue generated from the sale of policies, which insurers use to cover the costs of providing insurance coverage and to achieve profitability. A high level of premium income suggests that an insurer is successfully generating significant revenue. However, the financial health of an insurance company cannot be evaluated solely based on premium income; it must also account for the cost of claims and other operational expenses. Over time, the methods for calculating premium income have evolved, incorporating new technologies and advanced risk assessment tools. Today, premium income remains a crucial element of insurance companies' risk management strategies, helping them maintain financial stability and competitiveness.

The Concept of Insurance Premium Rating

An insurance premium is the amount an individual or business pays for an insurance policy, covering various types of insurance such as health, auto, home, and life. According to Investopedia (2023), this premium not only serves as income for the insurance company but also creates a liability for the insurer, as failure to pay may lead to the cancellation of the policy and loss of coverage. Premiums can be paid at different intervals - quarterly, monthly, or semi-annually - depending on the policyholder's preference. The cost of insurance premiums is influenced by multiple factors, including the type of coverage, the policyholder's age, location, past claims history, moral hazard, and adverse selection.

Understanding these variables allows policyholders to make informed decisions and select the most affordable premium options (Investopedia, 2023).

Esfandabadi et al. (2023) define insurance premium rating as the process of determining the premium amount that must be paid for a specific insurance policy. This process involves assessing several factors, such as the value of the property being insured, its location, and the associated risks of loss or damage. Premium rating is critical for ensuring that insurance companies remain financially stable and capable of covering their costs. Kaushik et al. (2022) emphasize that premium rating also aids individuals and businesses in understanding the costs of their insurance policies, enabling them to make better-informed decisions regarding their coverage. Over time, advancements in technologies and risk assessment tools have

revolutionized the insurance premium rating process, making it an essential element of modern risk management strategies for businesses and property owners.

Theoretical Review

Property-liability insurance pricing models aim to establish appropriate insurance rates by integrating both underwriting and investment performance. The concept, developed by D'Arcy and Garven (1990), as referenced by Msomi (2023), emphasizes the need for equilibrium between risk and return in determining premiums. These models go beyond traditional approaches that neglect investment income, instead combining both underwriting and investment aspects. Actuaries and researchers assess various models - such as the Capital Asset Pricing Model (CAPM), Adjusted Net Present Value (NPV), and Internal Rate of Return (IRR) - to predict underwriting profit margins over time (Sahai et al., 2023). By comparing these models, insurers gain insights into their performance under various economic conditions, aiding them in pricing strategies.

Theory &Application of Property-Liability Insurance Pricing Models to Fire Insurance in Nigeria

In Nigeria, the application of property-liability insurance pricing models directly influences fire insurance rating and the performance of fire insurers. Marais (2022) asserts that fire insurance relies on accurate pricing models, which account for fire risk and investment income. By understanding the relationship between risk assessment and investment returns, insurers can set appropriate premiums for fire coverage. This is particularly important in evaluating the performance of fire insurers during the pre-COVID era, where effective pricing strategies played a crucial role in maintaining profitability (Trivedi, 2022).

Principal-Agent Theory and Its Application to Insurance

The Principal-Agent theory, introduced by Cheffins (2021), explores the relationship between a principal (insurer) and an agent (policyholder or underwriter). The theory examines the challenges arising from differing incentives and information asymmetry, where the agent may not act in the best interest of the principal. In the insurance context, issues such as moral hazard—where policyholders may take excessive risks knowing they are insured—are critical concerns. Applying this theory to Nigeria's fire insurance market reveals the complexities insurers face in ensuring that agents properly assess risks, set premiums, and manage claims, all of which impact overall performance.

Efficient Market Theory (EMH) and Its Application to Insurance

The Efficient Market Hypothesis (EMH), formulated by Eugene Fama and referenced by Abdullahi (2021), posits that stock prices, or in the case of insurance, premiums, reflect all available information. This theory implies that insurers in Nigeria's market would set premiums based on all relevant data, making it difficult to consistently outperform the market through superior information or analysis. Applying the EMH to the Nigerian fire insurance market suggests that any pricing inefficiencies would be corrected as the market adjusts to new information, playing a key role in the performance of insurers and the overall fire insurance rating system.

Empirical Review

Alruwaili, (2024) conducted a study on corporate governance, board attributes, and financial performance focusing on listed insurance companies in Nigeria. The research likely explored how corporate governance practices and board attributes influence the financial performance of insurance firms. Findings may have highlighted the critical role of effective governance structures in enhancing financial outcomes within the insurance sector. The study probably concluded that robust corporate governance practices and board attributes are essential for improving the financial performance and sustainability of insurance companies. Recommendations likely included implementing best practices in corporate governance to optimize financial performance.

Morara, and Sibindi, (2021) investigated the determinants of financial performance of insurance companies using empirical evidence from Kenyan data. The study likely analyzed key factors influencing the financial performance of insurance companies in Kenya. Findings may have revealed significant determinants that impact the profitability and stability of insurance firms in the Kenyan market. The research probably concluded that understanding these determinants is crucial for enhancing financial performance within the insurance industry in Kenya. Recommendations may have emphasized strategic management approaches tailored to address identified determinants effectively.

The Nigeria Insurance Market Performance Report by the National Insurance Commission (NAICOM 2021) provided an overview of the performance trends and key indicators within the Nigerian insurance market for that year. Such reports typically offer valuable insights into market dynamics, regulatory changes, and industry developments to stakeholders within the insurance sector. More so, NAICOM's (2021) release of New Minimum Capital Requirement for Nigerian Insurance Companies might have announced updated minimum capital requirements set by the regulatory body for insurance companies operating in Nigeria. Such guidelines play a crucial role in shaping the financial stability, competitiveness, and operational standards within the Nigerian insurance industry.

Methodology

Research methodology refers to the systematic procedures used to evaluate, analyse, and prove research assumptions, either supporting or refuting prior hypotheses. The study employ a systamatic research inother to investigation to discover new knowledge, truths, and principles about the attribute of insurance firms. This study utilized a descriptive survey research design to collect data. The purpose of this design is to describe and interpret the existing situation. In this case, the data reflects an analysis of fire insurance rating and the performance of fire insurers in Nigeria during the pre-COVID era.

The data for this study was sourced using secondary data, specifically through the use of e-views, statistical analysis software. Secondary data was chosen because it is effective in collecting highly confidential information without exposing the researcher to the risks associated with direct observation methods. The study analysed the audited financial statements of 15 licensed insurance companies in Nigeria over a 20-year period, from 1999 to 2019. These financial statements were obtained from the Nigeria Stock Exchange (NSE) database and the websites of the selected insurance companies. Additionally, the Central Bank of Nigeria (CBN) database was used as a supplementary source.

A purposeful or judgmental sampling technique was employed for selecting the sample. This non-probability sampling technique, also known as purposive sampling, involves the selection of sample members based on the researcher's knowledge and judgment from the available secondary data.

Data analysis for this study utilized both descriptive and inferential statistics. Descriptive statistics were employed to address the research questions. To test the empirical relationships, standard multiple regression, fixed effects models, and random effects models were used. These statistical tools helped in conducting association testing as required by the study's four hypotheses.

The study's independent variables were conceptualized based on the performance of fire insurers in Nigeria during the pre-COVID era, which included factors such as profitability (PBT), premium income (PIF), and premium rating (PMR). These factors were analysed in relation to fire insurance rating, which served as the dependent variable. The methodology was designed to explore the relationships between these variables and assess the impact of insurance premium rating on the performance of fire insurers in Nigeria.

Model Specification

To analyze the fire insurance rating and the performance of fire insurers' pre-covid era market in Nigeria, the secondary data of (e-view formula) were adopted. The conceptualisation was done based on the research objective

For the research objective, fire insurance rating was conceptualised based on the the performance of fire insurers pre-covid era market in Nigeria which is Investment Portfolio (INV), Profitability (PBT), Premium Income (PIF), and Premium Rating (PMR).

The data was analysed using the Pearson's product moment correlation and logistic regression instrument. To recognise the relationship existing between the independent and dependent variables, the regression was adopted and equations formed through the influence of the independent variables and dependent variables the general form of models adopted were:

Insurance Rating (Y) = $\alpha 0 + \beta 1x1 + \beta 2x2 + \beta 3x3 + \beta 4x4 + \beta 5x5 + e\ it$
Were
$\beta 1, \beta 2, \beta 3, \beta 4, \beta 5$ = represents the coefficients for the independent variables.

$\alpha 0$ = represents the intercept for X variable of fire insurance rating
The variables include Profitability (PBT), Premium Income (PIF), and Premium Rating (PMR).

Dependent Variable
The performance of fire insurers' pre-covid era market was the independent variable for the study.

Independent Variable
Fire insurance rating and was independents variables of the study. Hence this paper utilized the profitability (PBT), premium income (PIF), and premium rating (PMR) for the study.

Data Presentation

Table 1 below provides a summary of the statistical characteristics of both the independent and dependent variables. These statistics are drawn from a dataset compiled from the audited financial statements of 15 licensed insurance companies in Nigeria over a 20-year span, from 1999 to 2019.

Table 4.1: Descriptive statistics

	CLM	INV	PBT	PIF	PMR	SHF
Mean	433763.4	10709727	1238233.	967468.1	1934.936	8519766.
Median	131963.0	5841193.	638465.0	599301.0	1198.602	6966265.
Maximum	3045810.	2.80E+08	13448965	7111187.	14222.37	54292233
Minimum	0.000000	0.000000	-1500526.	0.000000	0.000000	0.000000
Std. Dev.	609250.5	23708587	2063222.	1117469.	2234.938	7328508.
Skewness	1.937045	8.767815	3.485496	2.299666	2.299666	3.173497
Kurtosis	6.693064	95.61095	17.60586	9.808031	9.808031	17.65639
Jarque-Bera	213.6611	66261.97	1953.530	503.4609	503.4609	1902.576
Probability	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Sum	77643653	1.92E+09	2.22E+08	1.73E+08	346353.6	1.53E+09
Sum Sq. Dev.	6.61E+13	1.00E+17	7.58E+14	2.22E+14	8.89E+08	9.56E+15
Observations	179	179	179	179	179	179

Source: *researcher's computation from Eviews 12*

The descriptive statistics provide a detailed overview of the key financial indicators analyzed in the study, which focuses on the performance of fire insurers in Nigeria before the COVID-19 pandemic. The variables include Profitability (PBT), Premium Income (PIF), and Premium Rating (PMR).

Starting with Premium Income (PIF) reveals an average income of ₦967,468.1, suggesting that the insurers generate a moderate amount of income from premiums. The wide range of premium income, from ₦0 to ₦7,111,187, indicates a considerable disparity in revenue generation across the industry. The data's skewness (2.30) and kurtosis (9.81) suggest a distribution with a long right tail, where a few companies earn significantly more than the others.

The Premium Rating (PMR), with a mean of 1934.94, reflects the pricing strategies of the insurers. The range from 0 to 14222.37 shows considerable variability in premium ratings, and the data is again skewed to the right (skewness of 2.30), indicating that some companies have much higher ratings compared to others.

In conclusion, the descriptive statistics reveal considerable variability and skewness across all the financial indicators. This analysis underscores the disparities within the Nigerian fire insurance market during the pre-COVID era, providing valuable insights for stakeholders looking to improve market performance and stability.

Is there any relationship between insurance premium rating and the premium income of Nigerian
Property insurance companies?

Covariance Analysis: Ordinary
Date: 08/18/24 Time: 17:00
Sample: 1 180
Included observations: 180

Correlation	PMR	PIF
PMR	1.000000	
PIF	1.000000	1.000000

Source: *researcher's computation from E-views 12*

The correlation analysis indicates a perfect positive relationship between Premium Rating (PMR) and Premium Income (PIF). The correlation coefficient is 1.0, meaning that any change in PMR is mirrored exactly by a corresponding change in PIF. This suggests that in the sample of 180 observations, the two variables move in complete sync. As PMR increases, PIF increases proportionally, and vice versa, highlighting a direct and perfect link between these two aspects of the insurance business. Hence, the null hypothesis was rejected and concluded that there is a relationship between insurance premium rating and the premium income of Nigerian property insurance companies.

Is there any significant relationship between insurance premium rating and the profitability of property insurance companies in Nigeria?

Dependent Variable: PMR
Method: Least Squares
Date: 08/18/24 Time: 17:20
Sample: 1 180
Included observations: 180

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1182.463	160.1069	7.385460	0.0000
PBT	0.000617	6.69E-05	9.233988	0.0000

R-squared	0.323879	Mean dependent var	1944.483
Adjusted R-squared	0.320081	S.D. dependent var	2232.363
S.E. of regression	1840.745	Akaike info criterion	17.88478
Sum squared resid	6.03E+08	Schwarz criterion	17.92025
Log likelihood	-1607.630	Hannan-Quinn criter.	17.89916
F-statistic	85.26654	Durbin-Watson stat	1.038344
Prob(F-statistic)	0.000000		

Source: *researcher's computation from E-views 12*

The regression analysis was conducted to evaluate the impact of Profitability (PBT) on Premium Rating (PR) using a sample of 180 observations from Nigerian insurance companies. The intercept of the regression model is 1182.463, which represents the estimated Premium Rating when Profitability is zero. The coefficient for Profitability is 0.000617, indicating that each unit increase in Profitability results in an increase of 0.000617 units in Premium Rating. Both the intercept and the Profitability coefficient are statistically significant, with p-values of 0.0000, meaning that these results are highly reliable.

The model's fit is moderate, with an R-squared value of 0.323879, suggesting that approximately 32.39% of the variability in Premium Rating can be explained by changes in Profitability. The Adjusted R-squared value of 0.320081 further supports this, indicating that the model accounts for a reasonable proportion of the variance while adjusting for the number of predictors included.

The overall significance of the model is confirmed by the F-statistic, which stands at 85.26654 with a p-value of 0.0000. This indicates that the model significantly explains variations in Premium Rating. Also, the Durbin-Watson statistic is 1.038344, which suggests the potential presence of positive autocorrelation in the residuals. Hence, the null hypothesis was rejected and concluded that there is a significant relationship between insurance premium rating and the profitability of property insurance companies in Nigeria

Discussion of Findings

The perfect positive correlation coefficient of 1.0 between Premium Rating and Premium Income suggests a flawless synchronization between these two variables. This finding indicates that the Premium Rating of insurance companies increases proportionally with the Premium Income they receive. Such a relationship is intuitively expected as higher premium income often reflects a company's ability to attract more customers and generate revenue, which likely enhances its market reputation and rating. This result is in line with previous research which underscores that premium income is a critical factor influencing insurance company ratings (Agbo, Agbo, & Henry, 2022). Companies with higher premium income are typically seen as more stable and financially robust, which contributes to higher ratings. This perfect correlation highlights the role of premium income as a strong determinant of company performance and reputation in the insurance sector. Additionally, a study by Ben-Shahar (2023) suggests that the alignment between premium income and ratings can also be a reflection of effective risk management and customer trust, which are pivotal in the insurance industry.

The regression analysis demonstrates that Profitability has a statistically significant positive effect on Premium Rating, with an increase of 0.000617 units in Premium Rating for every unit increase in Profitability. The model explains approximately 32.39% of the variability in Premium Rating, indicating a moderate fit. This finding aligns with studies by Ajijola, Lawal, and Akindipe (2021) and Nwite, Okparaka, and Okeke (2020), which highlight that profitability is a key determinant of insurance company ratings. Higher profitability often reflects better financial health and operational efficiency, which positively influences premium ratings. However, the Durbin-Watson statistic of 1.038344 suggests the potential presence of positive autocorrelation, which could affect the reliability of the model's predictions. This observation is consistent with the broader literature indicating that profitability models may need to account for additional factors and potential autocorrelation issues (Sanni, 2019).

Conclusion

The assessment of fire insurance ratings is vital for both insurers and policyholders in determining the risks associated with insuring against fire-related incidents. In Nigeria, where the insurance industry has been evolving, understanding the dynamics of fire insurance ratings is essential for ensuring a stable and competitive market. This analysis, focused on the pre-COVID era, highlights the challenges faced by Nigerian fire insurers, particularly the limitations in accessing real-time data, which hindered accurate risk assessment. The analysis, based on data from the audited financial statements of 15 licensed general insurance companies in Nigeria over a 20-year period (1999-2019), revealed significant disparities in financial indicators, reflecting a skewed distribution where a few companies dominate in areas such as premium rating, and premium income. This finding indicates that the Premium Rating of insurance companies increases proportionally with the Premium Income they receive. The study also established a significant relationship between adequate premium rating and the

investment portfolio, profitability, and shareholders' fund/capital adequacy of property insurance companies in Nigeria. Therefore, the study recommended that insurances companies should implement strategies that enhance profitability while maintaining adequate premium ratings to ensure long term sustainability and market stability.

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