Claims Handling Process Attributes: Perceptions Of Motor Insurance Policyholders In Lagos, Nigeria

Ajemunigbohun, Sunday Stephena,*, Sogunro, Ashim Babatundeb, Oluwaleye, Taiwo Olarinre

aDepartment of Insurance, Faculty of Management Sciences, Lagos State University, Ojo, Lagos State, Nigeria. Sunday.ajemunigbohun@lasu.edu.ng
bDepartment of Actuarial Science and Insurance, Faculty of Management Sciences, University of Lagos, Akoka, Lagos State, Nigeria. asogunro@unilag.edu.ng
cDepartment of Insurance, Faculty of Management Sciences, Ekiti State University, Ado-Ekiti, Ekiti State, Nigeria. taiwo.oluwaleye@eksu.edu.ng

ABSTRACT

Purpose: A claim is always requested at the maturity or occurrence of an event. The claim is a perception influencer and mirror image in the relationships between the insurers and their policyholders. This perception is thus crucial to the claims handling process. Therefore, this study aimed to assess the claims handling process explicitly attributed to the perceptions of motor insurance policyholders in Lagos, Nigeria.

Methodology: The study adopted a cross-sectional survey research design. The study population was the total number of registered motorists recorded in 2019 by the Motor Vehicle Administration Agency, 704,828. Thus, quota and convenience sampling methods were adopted in the questionnaire distribution and collection processes. A structured questionnaire was employed for data gathering. A total of 399 copies of the questionnaire were distributed, of which 287 were found usable, representing a 72% response rate. The data procedural technique employed were simple frequency percentages and Friedman’s rank test statistical method.

Results/Findings: This study confirms the importance of motor insurance policyholders attached to claims handling processes in Nigeria. This study recommended that claims handling procedures should be strategically designed to incorporate the various attributes explained to provide for a mutually beneficial ambience between policyholders and insurers. Furthermore, motor insurance providers should put in place attractive claims packages to boost the confidence level of the motoring communities. Given the implications of this study, research work is thus encouraged to look at behavioural factors that can influence the claims handling preferences of motor insurance policyholders in Nigeria.

1. INTRODUCTION

Often, circumstances emanating from loss events stimulate the insuring public towards the requirement for protective means. Arguably, many members of the insuring public pay little
attention to coverages of their risk until they are faced with one, which possibly gives them the chance of making possible claims on the insurer. Claim, being the heartbeat of the workability of insurance, is the most critical contact influencer between the insuring public and the insurer (Ayuba, Isyaka, & Azuoonwu, 2020; Hartwig, Lynch, & Weisbart, 2016). It serves as a critical path to truth that shapes the policyholders' ultimate perceptions of their insurers (Yusuf & Ajemunigbohun, 2015). Indeed, policyholders' perceptions around claims are usually informed by the defining relationships between the insurance firms and the insuring populace (Raghuram, 2019). Thus, the defining relationships are most widely present in motor insurance policies (Ajemunigbohun, 2018; Bulbul & Baykal, 2016; Jayasudha, 2015; Namukasa, Ssekaukba, & Bagenda, 2017; Onafalujo, Abass, & Dansu, 2011).

Motor insurance is designed to guarantee policyholders peace of mind. Therefore, it plays a vital role in protecting policyholders from pecuniary losses that motor vehicles can cause, ranging from loss of property, death, legal cost, and medical bills to loss of income (Epetimehin & Akinselure, 2016; Onafalujo et al., 2011; Murgatroyd, Lockwood, Garth, & Cameron, 2015). In Nigeria, mandatory motor insurance has become one of the dominant non-life insurance policies. Hence, it contributes appreciably to the premium income portfolio (Nigerian Insurers Association, 2018). However, the premium income is somewhat adversely affected by possible risk exposures facing motor users ranging from repair cost to motor vehicles on the occurrence of an accident, procurement cost on newer cars because of destruction beyond economic maintenance, or theft, to illegal claims against motor vehicle users due to third-party damage (Isimoya & Ajemunigbohun, 2019). Central Bank of Ireland (2017) opines that a claim in motor insurance addresses three major losses: losses for injury to parties other than the policyholder, losses to the policyholder involving fire, theft, and property damage, and losses for property damage to others.

Claim as a construct is regarded as a pecuniary delivery to an individual or organization due to certain goods or services (DiNapoli, 2013). It is also due to a policyholder under an insurance policy (Angima & Mwangi, 2017). Rose (2013) mentions that the methodological process in claim handling is the sine qua non for an insurer's profitability and persistent sustainability. Qaiser (2013) avers that claim handling includes providing quality services to claimants, who must be treated carefully. It further comprises re-evaluating costs related to litigation and monitoring and future settlements to cut down on disputes and procrastination to reduce insurers' expenses (Leverty & Grace, 2012).
1.1. Statement of the Problem

Settlement of claims has been one of the essential functions of insurance, but the techniques of handling claims in the past had created a debilitating perception among the insuring populace. This perception is much more pronounced among motor insurance policyholders since it is a highly recognized and patronized form of insurance that contributes largely to the portfolio of non-life insurance firms (Ibiwoye, Adeleke, & Aduloju, 2011; Pricewaterhousecoopers, 2015). As a result, policyholders are better satisfied when the need for claims arises, and adequate settlement is made. Still, when claims are unsettled, laws relating to motor insurance may not have been adhered to. This unfavourable situation, encountered by motor insurance providers, may further create an unpalatable perception among policyholders, negatively affecting claims handling processes. In addition, low purchase of motor insurance policies is likely to result in poor claims handling. Therefore, low-risk aversion may continue to grow among motor insurance policyholders, which will affect compliance with motor insurance regulations.

1.2. Objective of the Study

The study objective is focused on presenting an analytical perception of motor insurance policyholders' claims handling process attributes, with specific reference to ranking the speedy settlement of claims, transparency of claims process, easy contact with providers anytime, prompt communication systems, good feelings and staff care, and multiple channels to connect with providers.

2. LITERATURE REVIEW

2.1. Conceptual Review

The claim is defined as a demand or request for payment on delivery of goods purchased or services provided (DiNapoli, 2013). It is referred to as a request made by a policyholder upon the insurance company to pay their entitlement under an insurance policy (Nwankwo and Durowoju, 2011, as cited in Ajemunigbohun, Isimoya, & Ipigansi, 2019). It is thus described as a policyholder's right under an insurance contract (Basaula, 2016). Singh (2012) maintains that an insurance provider can adequately handle and transform claims by leveraging state-of-the-art claims mechanisms that align with robust business dynamics and complex managerial systems to enhance claims handling efficiency and efficaciousness.
Claims handling is a pathway to driving an insurer's improvement in customers' acquisition, retention, product development, and profitability for survival (Capgemini, 2011a). So, the precision, speediness, and effectiveness of claims handling are paramount for reducing costs, controlling risks, and achieving anticipated portfolio underwriting (IBM, 2012). However, managing a claim is daunting because it is critical to all facets of the firm, affecting policyholders' service delivery, cost reduction, competitive standing, risk situations, and IT facilities (TIBCO, 2011).

Claims handling is at the top agenda of many insurance firms. This is because it either makes or breaks the policyholders regarding their experience (Raghuram, 2019). However, an insurer who fails to settle claims to policyholders' satisfaction would attract less business as it is likely to dissuade continued patronage from such customers (Onesede, 2013). For this reason, it is expected for insurers to create necessary collaboration between their claims department and other operational departments comprising underwriting, marketing, and information technology (Bruggmann, Catlin, Chinczewski, Lorenz, & Prymaka, 2018).

Rejda and McNamara (2014) opine on important methodologies that insurers should consider in claims handling, including loss investigation, proof of loss occurrence, and loss settlement decisions. Capgemini (2011b) declares that the methodological techniques are more of a perception that can help the insurer's confidence in achieving product design, improvement, and the firm's desire. According to Michael (2008), as cited in Yusuf and Ajemunigbohun (2015), the sustenance of modern claims handling metrics that can assist total claims structure should make up case-control facilities and control the complexity of future remittance. Therefore, in attaining significant improvement in claims handling and promptly adjusting to emerging situations, insurers must make more decisive structural changes in alignment with a firm's claims handling contents (TIBCO, 2011).

Market failures or inefficiencies in claim practices focus on three phases. First is the inadequacy of customers' information concerning relative quality assessment of claims handling practices of insurance companies. Second is the existence of an agency relationship that gives the insurer liberty to control policyholders' affairs but limited capacity to the policyholder to monitor the insurer's behaviour. The third is the insurer's capacity to act opportunistically at the time of claim (Feinman, 2014). Feinman (2014) stressed that inefficiency or failure in the insurance market milieu becomes endemic for claims settlement due to asymmetric information, agency problem, and insurers' risks of opportunism.
According to Porrini (2017), insurers often suffer from a lack of information regarding the risk characteristics of individual persons in the insurance contract. This asymmetry encompasses insurance contracts in two ways: moral hazard and adverse selection. In the agency relationship, individual performance differences are often ignited by their expectant incentives and access to information (Feinman, 2016). Feinman (2018) states that opportunism can be systematic, intentional, or negligent. For example, the insured's initiative could include a misrepresentation of application at the time of loss or claims settlement, further creating a fraudulent act. The insurer's opportunism takes the form of appreciable gains from the pre-loss attitude, which include denial or procrastination of claims settlement, either in whole or part, misrepresentation of drafted policy language, and so on.

Motor insurance protects insurers' risk of financial loss against an accident (Olowokudejo, Aduloju, & Ajemunigbohun, 2020). According to Zerou (2016), it is a contract between the insured and the insurer, where the insured agrees to pay the premium, and the insurer agrees to pay losses per the policy. It was further simply put as the protection against the risk of an accident on the property (covering accident damage on the motor and theft), liability (covering third-party legal responsibility to others' property damage or bodily injury) and medical coverage and death (takes care of emergency medical expense, cost of a funeral or the agreed sum insured life in case of death). According to Falegan (1991), as cited in Onafalujo et al. (2011), motor insurance provides coverage against loss or damage to a third party from using a vehicle. It is always grouped according to vehicle usage: private cars, commercial vehicles, passenger-carrying vehicles, goods-carrying vehicles, public authorities' vehicles, agricultural and forestry vehicles, and mechanical plants of unique design (Ngwuta, 2007). Thus, some of the general regulations, according to Akintayo (2004), are said to include: the value of vehicles, period of insurance, policy cancellation, no claim discount, cars paid up, and vehicle hires under contract for not less than twelve months and not being for a hire purchase contract.

2.2. Theoretical Review

This study is pinned on the rational choice theory. The theory assumes that if consumers have adequate information regarding their needs, they will increase their satisfaction as a reason for consuming various commodities, bearing their relative prices, income, and preferences in mind. However, changes in consumers' pay concerning costs of desired items influence the number of such commodities a reasonable consumer will purchase (Clarke, 2016). This creates an
atmosphere where insurance premium reduces, and there subsists a desire for an increment in the purchase of insurance (Du, Feng, & Hennessy, 2014). However, because of uncertainty regarding future occurrences, insurance decisions are not always based on utility alone but the individual policyholder's attitude (Richter, Schiller, & Schlesinger, 2014). This theory explains and informs the perceptions that policyholders rethink the purchase of insurance products. The consumer/rational choice theory assists in finding out policyholders' ability to make concrete judgments concerning their preferred outcome and thus inform choices to enhance their buying decisions.

2.3. Empirical Review

Several surveys have been conducted, both in Nigeria and other countries of the world, to identify claims handling processes in insurance and policyholders' perception of motor insurance (Bortoluzzo, Claro, Caeteno, & Artes, 2011; Gangil & Vishnoi, 2020; Gurung, 2016; Islam & Hossain, 2018; Krishnamoorthy, & Jayakumar, 2020; Mathiraj & Nagalakshmi, 2020; Yusuf & Ajemunigbohun, 2015).

Onafalujo et al. (2011) conducted their study on the relationship between risk perception and the demand for insurance with implications for Nigerian motor users. The study adopted a cross-sectional survey research design with a sample size of 305 participants among commercial motorists in Lagos, Nigeria. Descriptive statistics and Pearson's correlation coefficient technique were employed for data analysis. The study established that price, income, and religion influence the risk perceptions of Nigerian motorists.

Also, Borda's and Jedrzychowska's (2012) research study was based on the relationship between attitudes and decisions of motor insurance buyers in Poland. While a questionnaire survey instrument was employed among 153 participants, Pearson's correlation coefficient method was used in analyzing collected data. The study stressed the importance of distribution models, customers' loyalty, and choice influencers in motor insurance purchases. In conclusion, the study revealed vital interrelationships between motor insurance offers and intermediating agents.

Rao and Pandey (2013) investigated factors influencing India's general insurance business claims. The study examines insurers' claims behaviour against operating losses. A factor analysis was conducted among study variables, while multiple regression was used for data...
analysis. The study recommended that insurers not isolate possible strategies in their claims handling processes.

An assessment of employee perceptions on the purchase of motor insurance was conducted by Epetimehin and Akinselure (2016). A survey research approach was adopted with a sample size of 250 participants. The study employed simple frequency percentages and Chi-square statistical techniques in the data analysis. The study affirmed the significant relationship between the perception of employees at Joseph Ayo Babalola University and the purchase of motor insurance. The study recommended that employees consult an insurance professional when purchasing motor insurance.

Ajemunigbohun (2018) assessed policyholders' experience of claims settlement methodologies in the motor insurance business in Nigeria. While the questionnaire survey was a primary source of data gathering from 127 selected motorists in Lagos, Nigeria, a descriptive research design was adopted. The study used a Kolmogorov-Smirnov t-test to ascertain policyholders' experience of the various claims settlement methods comprising cash, repair, and replacement options. The study confirmed that motor insurance providers mainly offer the repair option to settle motor insurance claims.

3. RESEARCH METHODS

To attain the study objective, a cross-sectional survey research design was adopted. This research design was adopted because it allowed the researcher to collect data from several cases within identical time-space and at a single point in time. It further assists in a large and representative sample from the population of interest (Kothari & Garg, 2016; Oyeniyi, Abiodun, Obamiro, Moses, & Osibanjo, 2016). Data collection was conducted through a survey strategy around selected motorists within the 52 licensing stations of the Motor Vehicle Administration Agency in Lagos State, Nigeria. The research instrument employed was a structured questionnaire. The device was designed to consist of two parts, A and B. While part A comprised the personal profile of participants, part B was intended to contain survey items relating to constructs under study. The participants' views about the research instrument were designed to reflect a five-point Likert-type scale from strongly agree to strongly disagree (Cooper & Schindler, 2014).

The study population comprises the aggregate of registered motorists in Lagos State, recorded at 704,828 (Motor Vehicle Administration Agency, 2019). The choice of Lagos State as a study
area was supported by the fact that the state had the highest volume of motor insurance premium generation and claims settlement in Nigeria (Nigerian Insurers Association, 2018). Therefore, quota and convenience sampling methods were adopted in the data distribution and collection processes. The research instrument was distributed to all licensing stations in a stratified manner and collected on the availability and readiness of the selected motorists in all the 52 licensing stations. Since the target population comprised all registered motorists in the Lagos metropolis, the sample size was calculated with Taro Yamane's (1967) formula, as cited in Ajay and Masuku (2014), to be 399. Of this, 287 participants' responses were selected as beneficial for data analysis (72% response rate). The data procedural technique employed were simple frequency percentages and Friedman's rank test statistical method.

Congruent and logical realities were employed on the research instrument's validity. While the former was carried out through measures of construct understudied from well-grounded literature, the latter was structured via the allocation of a set of drafted questionnaires to a few selected motorists and some members of academics in the insurance field and transportation. These experts scrutinized the instrument and came up with reasonable suggestions, which assisted the researchers in the survey items on the questionnaire. As a result, the Cronbach alpha value of the reliability test of the research instrument for items was 0.827, above the standard required value of 0.7.

4. RESULTS, ANALYSIS, AND DISCUSSION

4.1. Descriptive Analysis of Participants' Responses

Table 4.1: Participants' Perceptions of Motor Insurance Policies

<table>
<thead>
<tr>
<th>Variables</th>
<th>Response Label</th>
<th>Frequency</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you have a motor insurance policy?</td>
<td>Yes</td>
<td>252</td>
<td>87.8</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>35</td>
<td>12.2</td>
</tr>
<tr>
<td>Was there any need for claims in the last 12 months?</td>
<td>Yes</td>
<td>63</td>
<td>22.0</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>224</td>
<td>78.0</td>
</tr>
<tr>
<td>Was there any access to claims in the last 12 months?</td>
<td>Not at all</td>
<td>130</td>
<td>45.3</td>
</tr>
<tr>
<td></td>
<td>Once</td>
<td>109</td>
<td>38.0</td>
</tr>
<tr>
<td></td>
<td>Twice</td>
<td>26</td>
<td>9.1</td>
</tr>
<tr>
<td></td>
<td>Thrice</td>
<td>16</td>
<td>5.6</td>
</tr>
<tr>
<td></td>
<td>Four times and above</td>
<td>6</td>
<td>2.1</td>
</tr>
<tr>
<td>What level of satisfaction towards motor insurance policy have you derived?</td>
<td>Very dissatisfied</td>
<td>22</td>
<td>7.7</td>
</tr>
<tr>
<td></td>
<td>Dissatisfied</td>
<td>55</td>
<td>19.2</td>
</tr>
<tr>
<td></td>
<td>Satisfied</td>
<td>193</td>
<td>67.2</td>
</tr>
<tr>
<td></td>
<td>Very satisfied</td>
<td>17</td>
<td>5.9</td>
</tr>
<tr>
<td>Was there a possibility to stop dealing with motor insurance providers?</td>
<td>Very unlikely</td>
<td>92</td>
<td>32.1</td>
</tr>
<tr>
<td></td>
<td>Unlikely</td>
<td>125</td>
<td>43.6</td>
</tr>
<tr>
<td></td>
<td>Quite likely</td>
<td>48</td>
<td>16.7</td>
</tr>
<tr>
<td></td>
<td>Very likely</td>
<td>22</td>
<td>7.7</td>
</tr>
</tbody>
</table>
What level of satisfaction have you derived from claims handling and settlement?

<table>
<thead>
<tr>
<th>Satisfaction Level</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very dissatisfied</td>
<td>27</td>
<td>9.4</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>65</td>
<td>22.6</td>
</tr>
<tr>
<td>Satisfied</td>
<td>170</td>
<td>59.2</td>
</tr>
<tr>
<td>Very satisfied</td>
<td>25</td>
<td>8.7</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2020

Table 4.1 above reveals that a large number of the participants representing 87.8 per cent, confirmed their possession of motor insurance policies. The participants, with just 12.2 per cent, expressed their lack of motor insurance cover. While 78 per cent of the respondents said they had not requested motor insurance claims in the last 12 months, 22 per cent noted their claims notification for motor insurance. More so, 45.3 per cent of the respondents admitted not having access to motor insurance claims in the last 12 months. Among the other participants, 38 per cent claimed access once, 9.1 per cent claimed twice, 5.6 per cent claimed thrice, and 2.1 per cent claimed access four times and above. This indicates that among all the participants surveyed, only 45.3 per cent indicated not enjoying access to motor insurance claims in the last 12 months. Participants' satisfaction levels concerning motor insurance revealed that 7.7 per cent were very dissatisfied, 19.2 per cent dissatisfied, 67.2 per cent satisfied, and 5.9 per cent very satisfied. This proves that most participants exhibited high satisfaction with motor insurance policies, totalling 73.1 per cent of responses. Accordingly, the participants expressed the possibility of stopping patronizing a motor insurance provider, with very unlikely recorded at 32.1 per cent, unlikely at 43.6 per cent, quite likely at 16.7 per cent, and very likely at 7.7 per cent. Ultimately, most participants had shown that they are unlikely to stop patronizing their current motor insurance provider, with an indication of 75.7 per cent overall. Conclusively, participants' responses to handling and settlement of claims by their motor insurance providers revealed that 9.4 per cent were very satisfied, 22.6 per cent dissatisfied, 59.2 per cent satisfied, and 8.7 per cent very satisfied. This proves that most participants expressed a high level of satisfaction in handling and settling their claims by motor insurance providers, with a total of 67.9 per cent responses.

Table 4.2: Participants' Opinions on Claims Handling Process Attributes

<table>
<thead>
<tr>
<th>Variables</th>
<th>Response Label</th>
<th>Frequency</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Speedy settlement of claims</td>
<td>Not important</td>
<td>23</td>
<td>8.0</td>
</tr>
<tr>
<td></td>
<td>Fairly important</td>
<td>38</td>
<td>13.2</td>
</tr>
<tr>
<td></td>
<td>Important</td>
<td>158</td>
<td>55.1</td>
</tr>
<tr>
<td></td>
<td>Extremely important</td>
<td>68</td>
<td>23.7</td>
</tr>
<tr>
<td>Transparency of the claims process</td>
<td>Not important</td>
<td>11</td>
<td>3.8</td>
</tr>
<tr>
<td></td>
<td>Fairly important</td>
<td>34</td>
<td>11.8</td>
</tr>
<tr>
<td></td>
<td>Important</td>
<td>137</td>
<td>47.7</td>
</tr>
<tr>
<td></td>
<td>Extremely important</td>
<td>105</td>
<td>36.6</td>
</tr>
</tbody>
</table>
Table 4.2 above revealed the participants' attributable responses about their level of importance attached to the claims handling processes. For **speedy settlement of claims**, 55.1 per cent of participants see it as important, 23.7 per cent as extremely important, 13.2 per cent and 8 per cent as fairly important and not important, respectively. For **transparency of the claims process**, 36.6 per cent account for extremely important and 47.7 per cent important. While 1.8 per cent was fairly important, 3.8 per cent did not see it as important. For **easy contact with the provider anytime**, 53.3 per cent of the entire motorists see it as important, and 26.8 per cent account for extremely important. While 15.3 per cent saw it as not important, 4.6 per cent did not see it as important. For **regular and prompt communication**, 56.8 per cent of the participants see it as important, and 26.1 per cent account for extremely important. While 11.5 per cent see it as fairly important, 5.6 per cent never saw it as important. For **good feelings and staff care**, 54 per cent of the participants see it as important, and 20.9 per cent account for extremely important. While 16.7 per cent see it as fairly important, 8.4 per cent do not see it as important. For **multiple channels to connect with the provider**, 48.8 per cent of the participants see it as important, and 25.4 per cent account for extremely important. While 15.7 per cent see it as fairly important, 10.1 per cent do not see it as important. The results are consistent with Kavitha, Latha, and Jamuna's (2012) findings regarding some factors inducing the uptake of general insurance (motor insurance inclusive).
4.2. Friedman’s Rank Test

For Friedman's two-way analysis of variance by rank, the null hypothesis stipulates that K repeated measures or matched groups come from identical populations with the same median (Siegel & Castellan, 1988). Under a null hypothesis, Friedman's test presumes that the response variable has a similar underlying continuous distribution. It thus requires at least an ordinal measurement of the variable. The data are usually cast in a two-way tabular representation comprising n rows and K columns. While the rows represent the individuals/blocks or matched sets of individuals, the column represents the numerous treatments/conditions.

The data of the tests are ranked (Rik, i=1, ………….. n; k=1, ………., k) of the conditions by blocks; so, 1 ≤ R; k ≤ K, i=1, ……….). In a situation of ties, average ranks are adopted. The underlying presumptions of Friedman's test are (Conover, 1999 as cited in Pereira, Afonso, & Medeiros, 2015):

i. The n K-variate random variables are mutually independent, i.e., the results within one row do not influence the results within the other rows;

ii. The observations in each row can be ranked separately according to some criterion of interest.

Friedman's test determines if the rank totals for each of the treatments/conditions conducted significantly differ from the values that could be anticipated by chance (St. Laurent & Turk, 2013).

**Table 4.3:** Results of Friedman’s Rank Test on Motor Insurance Policyholders’ perceptions of Claims Handling Process Attributes
<table>
<thead>
<tr>
<th>S/N.</th>
<th>Survey Items</th>
<th>Mean Rank</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Speedy settlement of claims</td>
<td>3.36</td>
<td>4</td>
</tr>
<tr>
<td>2.</td>
<td>Transparency of the claims process</td>
<td>4.04</td>
<td>1</td>
</tr>
<tr>
<td>3.</td>
<td>Easy contact with a provider anytime</td>
<td>3.60</td>
<td>3</td>
</tr>
<tr>
<td>4.</td>
<td>Prompt communication network with the provider</td>
<td>3.63</td>
<td>2</td>
</tr>
<tr>
<td>5.</td>
<td>Staff care for the policyholders in claims handling</td>
<td>3.17</td>
<td>6</td>
</tr>
<tr>
<td>6.</td>
<td>Multiple channels to connect with the provider</td>
<td>3.21</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Authors’ Computations, 2020

The results of the Friedman Test indicated that there exists a statistically significant difference in policyholders' perceptions across the six selected attributes of the claims handling process in motor insurance (speedy settlement of claims, transparency of the claims process, easy contact with a provider anytime, prompt communication network with insurance provider, staff care for policyholders in the claims handling process, multiple channels to connect with the provider), $X^2 (2, n=287) = 244.73, p < 0.05)$. Thus, taking critical inspection of the mean values showed a descending layer in policyholders' perceptions from the transparency of the claims process ($M= 4.04$) to a communication network with the insurance provider ($M=3.63$) to easy contact with the provider anytime ($M=3.60$) to the speedy settlement of claims ($M=3.36$) to multiple channels connect with the provider ($M=3.21$), and a further decrease to staff care for policyholders in the claims handling process ($M =3.17$). The importance of these various attributes characterizing the claims handling processes was significantly ranked to justify the above explanations.

4.3. Discussion of Findings

This study confirms policyholders' perceptions of claims handling processes in the motor insurance business in Nigeria.

The result shows that transparency of the claims process is ranked first, which noted the highest perceived importance attributed by the motor insurance policyholders in Nigeria. This result corroborates an earlier study by the Organisation for Economic Corporation and Development
OECD, 2004), which proposed adequate, fair, and transparent claims evaluation in the claims handling processes of an insurance firm. Further studies (such as Swaraj, Aggarwal & Vishwakarma, 2019; Schwarez, 2014) suggested that transparency is critical to building policyholders' trust by making relevant information available to all stakeholders such as journalists, academics, consumers firms, or other market groups. Özen and Yurdakul (2020) added that insurance companies that can stand out appropriately would gain competitive influence in the market.

The results further show that a prompt communication system with the insurance provider is perceived as necessary by the motor insurance policyholders; hence it is ranked second. The development is supported by earlier studies (such as Unachukwu, Afolabi and Alabi, 2015; Asikhia, 2010), who opined that financial organizations would not be able to deliver their services efficiently and effectively if communication systems are lacking.

The results thus established that easy contact with insurance providers anytime will enhance the claims handling process, as justified by the respondents and made third in the order of rank. This result aligned with earlier studies (such as Ashturkar (2014), DiNapoli (2013), Nwankwo and Durowoju (2011), and Yusuf, Ajemunigbohun and Alli (2017)) confirmed the need for insurers'-policyholders' relationships in the claims handling process. They submitted that close contact endears pro-activeness in claims handling as it provides policyholders with improved decisions in insurance and, thus, boosts insurers' interest in a more committed and enhanced claims handling process.

The results affirmed speediness in the claims handling process as it ranked fourth among the attributes considered by the respondents as important. The result supported earlier studies by Beer, Mostert, and Mostert (2015); Sheffer Insurance (nd); and Yusuf and Abass (2013), who noted that aside from claims costs, reporting claims speedily can help prevent unwarranted conflicts with insurers, having ensured proper investigation, preservation of employees' morale, and maintenance of compliance.

The results ranked multiple channels to connect with an insurance provider, among the various important attributes of motor insurance claims processes, as fifth. The result supported studies of Kaesler, Krause and Lorenz (2020) and Michaels (2013), who mentioned that the best pathway for an insurer is to clearly understand their organization's multifaceted capabilities,
target customers, and the competitive landscape. They stressed that with convenience in multiple channels, customers get involved in more frequent remote interactions with their insurers without personal contact.

The results, among other things, ranked staff care for policyholders in the claims handling process as sixth. The result supported Singh's (2012) findings, noting that a modern claims management system with trained and educated staff will provide customers' care and sensitivity in achieving operational claims efficiency and effectiveness. The result further corroborated the work of Yusuf, Ajemunigbohun and Alli (2017), adding that professional engagement in determining loss situation and amount significantly affects the claim handling process.

5. CONCLUSION AND RECOMMENDATIONS

Findings from the study have shown the significance of policyholders' perceptions of different process attributes in claims handling. It proved further that transparency in the claims process is the most crucial attribute in motor insurance claims handling process, followed by a prompt communication system with insurance, easy contact with insurance provider anytime, speed in claims handling process, multiple channels to connect with an insurance provider, and staff care in the claims handling process. Imperatively, designing an indemnity package to meet the expectations of insuring the populace strategically will attract a highly preferred image among motor users towards motor insurance policies. Therefore, embracing the appropriate claims handling process attributes in this study in redeeming policyholders' perceptions of motor insurance policies will sustain insurers' trust, confidence, honesty, reliability and competence in the heart of the insuring public.

To adequately justify the findings of this study, the following recommendations were suggested:

i. Claims handling processes should be strategically designed to incorporate the various attributes explained in a bid to provide for a mutually related ambience between policyholders and insurers;

ii. Motor insurance providers should put in place fascinating claims packages to boost the confidence level of the motoring communities;

iii. Regulators should take proactive steps in monitoring default of contractual agreement towards handling of motor insurance claims;
iv. Motor insurance regulations should be redesigned to allow for image redemption among numerous motoring communities;

v. Government should rejuvenate and empower the motor insurance public complaint commission to address issues relating to motor insurance claims of either party in the motor insurance contract.

5.1 Contributions to Knowledge and Suggestions for Future Research

This study contributes to knowledge in that it sensitizes the insurance industry's claims managers to ensure that claims handling process attributes are taken seriously and held passionately when dealing with the policyholders. This study will benefit the motor, ensuring communities increased confidence level, effective claims delivery, and the like. It further allows the regulators to develop ideas for redesigning motor insurance laws to redeem current motor insurance policyholders' perceptions.

The study suggests that further research should focus on the nexus between insurance claims settlements and behavioural attitudes of motor users in Nigeria. Research work is thus encouraged to look at behavioural factors that can influence claims handling preferences of motor insurance policyholders in Nigeria. Lastly, future research could direct attention to insurance fraud issues emanating from the insurance claims settlement manual.

References


Zerou, T. (2016). *The effect of opportunity and challenges on motor insurance: the case of Ethiopia Insurance Corporation.* Dissertation submitted to the School of Graduate Studies, ST. Mary’s University, for the award of Master’s Degree in Business Administration.