

Motor Insurance Policyholders' Satisfaction with Claims Handling Process in Ekiti State, Nigeria: An Empirical Exposition

¹Tajudeen Olalekan YUSUF, ²Taiwo Olarinre OLUWALEYE

¹Department of Actuarial Science and Insurance,
Faculty of Management Sciences, University of Lagos, Nigeria
Tyusuf@unilag.edu.ng

²Department of Finance (Insurance Unit),
Faculty of Management Sciences, Ekiti State University, Ado-Ekiti, Nigeria
taiwo.oluwaleye@eksu.du.ng

ABSTRACT

This research sought to assess motor insurance policyholders' satisfaction with the claims handling process in Ekiti State, Nigeria, focusing on loss notification, investigation, and claims settlement attributes. The research design for the study was a cross-sectional survey. The population of the study comprises all 30,322 registered motorists documented by the Ekiti State Motor Vehicle Licensing Office in the year 2021. A sample size of 395 was calculated using Taro Yamane's formula. Primary data was collected using structured questionnaires. The distribution and collection of questionnaires were done through convenience sampling methods. 395 copies of the questionnaire were disbursed to the respondents, out of which 382 representing a 97% response rate were found useful for analysis. The acquired data were analysed using descriptive and inferential methods in R software. The descriptive analysis results established that a higher percentage of respondents were not satisfied with the claims handling process, while Friedman's rank test result established the significance of motor insurance policyholders' satisfaction with loss notification, loss investigation, and claims settlement attributes among selected motorists in Ekiti State, Nigeria. This study recommends that motor insurance providers should redesign the claims handling process to remove bottlenecks and encourage policyholders to access claims, as this will improve the insured's level of satisfaction with the insurer's claims activities.

Keywords: Claim management, loss-notification, loss-investigation, claims-settlement, Nigeria.

1.0 INTRODUCTION

The success of an insurance business depends heavily on the efforts to fulfill its promises to the policyholders, and doing so actually helps improve customers' satisfaction with the insurance industry and increases the market value of the companies (Khadka &

Maharjan, 2017). As the insurer's doorway to the policyholder, claims processing provides insight for product improvement and increased effectiveness through better acquisition, expectation, retention, and business insight (Capgemini, 2011). The amount of the claim that the insurance company will pay to its customer in compliance with the contract depends on the amount paid as premium and benefits utilised by the insured. A claim's handling process gives an insurance transaction its flavour (Oyedokun & Gabriel, 2018). Customer satisfaction is crucial in the modern insurance industry because it fosters customer loyalty and facilitates the development of long-term, lucrative relationships with customers. Customer Satisfaction is the extent to which a client's expectations are fulfilled in a given transaction, and a significant factor in customer loyalty (Nebo & Okolo, 2016; Khadka & Maharjan, 2017). Delay in claims process, difficulty in claims payment and non-payment of claims on time weakens policyholder confidence, making it difficult to attract new policyholders and hence has an adverse effect on the insurance company's profitability (Falade & Oyedokun, 2022). The speed with which an insurance claim is resolved serves not only as a reliable indicator of the financial health of an insurance provider but also as one of the least expensive channels via which the insurance provider can advertise its services (Oyedokun & Gabriel, 2018). A swift claim settlement is essential to customer satisfaction because this is the main purpose of insurance in the opinion of the insured as averred by Nebo and Okolo (2016).

One of the most challenging issues that seems to have been bothering the insurance practitioners in claim management is delivering a superior customer experience because nothing is more essential to insurance policyholders than accessing a claim when loss occur. An effective claims handling process remains a tool for measuring customer level of satisfaction with insurance business activities (Singh, 2012). Claim settlement is one of the primary purposes of insurance but approaches to claim handling appear to have left the insured populace with a negative impression that reduced their level of satisfaction and impair the integrity of insurance companies. Effectiveness and efficiency of the claims handling attributes are important differentiators that define the customer experience with the insurer (Singh, 2012) and when these are not put in place, it will affect customer satisfaction, and lead to low insurance culture which will reduce the purchase of motor insurance policies.

Majority of studies carried out on insurance claim handling process and claim management such as Schaafsma, De-Wolf, Kayaian and Cameron (2012), Rose (2013); Yusuf and Ajemunigbohun (2015); Yusuf, Ajemunigbohun and Alli (2017); Oyedokun and Gabriel (2018); Oluwaleye, Shoyemi and Edewusi (2020) and Falade and Oyedokun (2022) focused on the policy-provider's view of claim handling process while the opinion of the policyholders was not considered. It is on these premises that this study attempts to carry out an investigation on the motor insurance policyholders' satisfaction with the claims handling process in Ekiti State, Nigeria with specific objectives to ascertain the motor insurance policyholders' satisfaction on loss notification attributes in Ekiti State; establish the motor insurance policyholders' satisfaction on loss investigation attributes in

Ekiti State; evaluate the motor insurance policyholders' satisfaction on claims settlement attributes in Ekiti State; and ascertain the significance difference of motor insurance policyholders' satisfaction on loss notification attributes, loss investigation attributes, and claims settlement attributes in Ekiti State; Nigeria.

2.0 RESEARCH QUESTIONS

From the problem identified above, the following questions were raised to validate the study objectives:

- i. How satisfied are motor insurance policyholders' in Ekiti State with loss notifications attributes?
- ii. How satisfied are motor insurance policyholders' in Ekiti State with loss investigation attributes?
- iii. How satisfied are motor insurance policyholders' in Ekiti State with claims settlement attributes?
- iv. What is the significance of motor insurance policyholders' satisfaction on loss notification, loss investigation, and claims settlement attributes in Ekiti State?

3.0 LITERATURE REVIEW

3.1 Concept of Insurance Claim

Falade and Oyedokun (2018) defined an insurance claim as a formal **request made** by a policyholder to the insurer for compensation relating to risk covered. Every insurance contract is a contract of promise to the policyholder sealed in the policy. The policyholder paid a premium to the insurer who assured to indemnify the insured against any loss that occurred in the event covered and restore the policyholder's financial standing to what it was before the loss happened (Taofeek, 2018). A claim is a demand made by an individual or entity to an insurer for compensation for a loss that the insurer may be liable to pay for (Brooks, Popow & Hoopes, 2005, cited in Yusuf, Ajemunigbohun & Alli, 2017). Krishnan (2010) and Asokere and Nwankwo (2010) also submitted that the term "claim" refers to a policyholder's demand for an insurer to fulfil a contractual obligation. Claims settlement is one of the insurance company's key responsibilities. An insurance company's capacity to pay claims quickly is the key indicator of its viability, and it is also one of the most affordable marketing strategies (Oyedokun & Gabriel, 2018). Moreover, the administration of insurance claims is essential for the protection of insurance policyholders, as well as for the enhancement of the industry's public image and competitiveness (OECD, 2004).

3.2 Claim Handling Processing

Claim process is one of the vital issues in claim management. It follows a step-by-step process used by insured person seeking payment from the insurance company, sometimes through a broker or agent, for losses sustained as a result of the covered risk (Krishnan, 2010). IBMC (2011) asserted that claims processing enables insurers to increase

customer demand, trust, support, and business acumen for new products development and organisational profitability. Therefore, the impetus, exactness, competence and efficiency of claims management procedures are crucial for cost control, risk management, and achieving expectations required for proper portfolio underwriting. According to Brooks, Popow, and Hoopes (2005) claims handling process entails acknowledging and assigning the claim, locating the policy, getting in touch with the policyholder or the representative, investigating and documenting the claims, calculating the cost of loss and loss amount, and concluding the claims, that is, making the claims payment. Efficient claim handling process contributes positively to insurer and policyholder's relationship because payment of a claim is an historic moment that shapes the relationship between an insurer and insured. (Yusuf & Abass, 2013), non-payment of claims when due lowers the confidence of the policyholders, which makes it more difficult to recruit new policyholders and has a negative impact on the insurance company's profitability (Diacon, 1983).

3.3 Claim Management and Customer Experience

Customer experience is the direct or indirect interaction a customer has with organisational- service, competence, dealings and how the company product is satisfactory to the clients' needs (Boudlaie, Shahidi, Kenarroodi & Nik, 2020). Pine and Gilmore (1999) argued that a firm does not sell experiences, but rather provides products, services, and content enabling customers to build their own unique experiences, which shaped their perception of the organisation. One of the key factors that influence how customers perceive brands is customer experience (Addis and Holbrook, 2001). A solid claims management process should be proactive in identifying, settling and analyse real claim, report periodically, minimise gratuitous expenditures, avoid protracted legitimate disputes, deal with claimants cautiously, and expedite claims (Falade & Oyedokun, 2022).

According to Avaya (2012), enhancing the quality of the claims experience can reduce irrelevant factors and significantly contribute to the development of policyholder loyalty and satisfaction. Insurers who conduct personal claims management in a less strict and unique method in binding all parties can improve optimum customer awareness and better achieve remarkable customer retention. Filip (2013) averred that insurance policyholders become dissatisfied when their claim payment is delayed or its process is handled below their expectation. A key factor in a company's success is the customer experience while successful claim handling experience are memorable, distinctive and notably unforgettable (Pine & Gilmore, 2011, Sharma & Chaubey, 2014).

3.4 Concept of Motor Insurance

Every motorist must have motor insurance coverage since they run the danger of being involved in an accident on the road and other risks, whether their vehicle is moving or not. Motor insurance is poised to be a powerful instrument in reducing drivers' liability to highway users (Augustine & Ayoni, 2021). Motor insurance is a special type of insurance designed to shield vehicle owners from financial losses that can result from damage to or theft of their vehicles. Motor insurance is a defence against the risks of

property accident (covering theft and accident damage to the vehicle), liability (covering third-party legal responsibility to protect against bodily injury or damage to another party's property), and medical and life insurance-takes care of emergency medical expense, cost of funeral or the agreed sum insured life in case of death (Zerou, 2016).

Ajemunigbohun (2018) stated that auto insurance reduces the risk of financial loss for insurers in the event of an accident and it is basically designed to guarantee policyholders peace of mind. It has been observed that motor insurance attracts a substantial premium amount into the financial portfolios of non-life insurance companies, hence boosting the financial stability, continuity, and survival of insurance industry as a whole (Nigerian Insurers Association, 2018).

4.0 THEORETICAL REVIEW

This study was underpinned by Adam Smith's rational choice theory proposed in the eighteenth century. The essential assumptions of this theory proposed that individuals have selfish desires, maximize benefits, and take action based on information at their disposal (Wittek, 2013). This theory presumes that an individual will conduct a cost-benefit analysis to determine whether a specific choice is suitable for them. Humans are represented as logical, consistent, and narrowly self-interested individuals who use the most efficient ways to achieve their stated goals. This theory assumed policyholders to be risk averse for two reasons: If an insured is confident that the claim he will receive in the event of a loss will exceed the premium paid, he or she will buy insurance. If the customer is unsure whether the claim they will receive in the event of a loss will exceed the cost of insurance they will not buy insurance. If the premiums are lower than the value, astute individual will purchase motor insurance coverage (Alaka, Ajemunigbohun & Balogun, 2022).

Similarly, Richter, Schiller and Schlesinger (2014) asserted that a person's behavioral attitude toward insurable risk will alter if they have less trust in the insurers' entire purchasing procedure or if they believe they will not be treated fairly. Given to the unpredictability of the future, insurance decisions are typically not based solely on utility, but also the agent's behavioral pattern. Thus, this theory helps determine policyholders' capacity for making specific judgments about their preferred product and, in turn, helps them make decisions that will improve their purchasing decisions.

5.0 REVIEW OF RELATED STUDIES

In Nigeria's insurance industry, Yusuf and Ajemunigbohun (2015) look into the effectiveness, efficiency, and timeliness of the claims-handling procedure. Data for this study were gathered through a field survey of insurance firms, specifically the claims department. Suitable data were analysed using one-sample statistics. This study result revealed that effective claims management can further improve the way the insurance industry operates.

According to the study carried out by Nebo and Victor (2016) on the effects of customer satisfaction strategies on the performance of selected insurance firms in Enugu

metropolis using survey research design. Twenty out of the forty-nine insurance firms quoted in the Nigerian Stock Exchange were selected for the study. Using a standardised questionnaire, primary data were gathered among twenty managers and 128 customers. Data were analysed using principal component and multiple linear regression tools. Among the strategies employed for customer satisfaction, prompt settlements of claims, timely communication, fair premium, prompt attendance to customer complaints, quality insurance products, fair premium, detailed explanation of policy and understandable of policy documents, thorough explanation of policies and explanation of product benefits took a significance impact on performance of the selected insurance companies.

Yusuf, Ajemunigbohun and Alli (2017) examined claim management process in Nigeria insurance industry using descriptive research design. Data collected through the administration of structured questionnaire was analysed using T-test statistics. The authors affirmed that swift claim process is essential to the long-term viability and profitability of insurers. Insurance businesses are required to establish morally and legally sound principles to direct their claim processes and also to shape their interactions with both current and potential clients. Furthermore, this study's findings confirmed the importance of claims investigation, documentation, acknowledgement, assignment, information system, claim officiating, and adequate professionalism in claim handling process.

Ajemunigbohun (2018) investigated the experiences of insurance customers with claims-handling procedures among Nigerian motor insurance policyholders from the construction, oil and gas, haulage, and manufacturing industries. A descriptive design and intentional sampling were both employed. Impressive findings were obtained using 127 sample parameters through a structured questionnaire. Data were analysed using Kolmogorov Smirnov Test. This work established that Nigerian insurance firms frequently give consumers the option of repairs while paying out claims. The result also reveals that policyholders asserted that replacement options frequently provided by the insurers for settling auto claims are not satisfactory and cash indemnification resulted from claims settlement often do not equivalent to loss sustain.

Using a sample of 102 customers chosen using the convenience sampling approach, Gessese (2018) investigated the impact of the motor insurance claims handling process on customer satisfaction at an Ethiopian insurance firm (EIC). Descriptive and inferential statistics were utilised in analysing data collated for the investigation. As evidenced by Pearson correlation coefficients customer satisfaction and the motor insurance claim handling process have a substantial statistical connection. Furthermore, regression result also shows that speeding up the handling of motor insurance claims could improve client satisfaction generally, leading to more policy renewals and referrals to others, so improving word-of-mouth advertising.

The study was carried out by Ajemunigbohun, Isimoya and Ipigansi (2019) on homeowner's insurance claims fraud of Nigeria insurance industry based on expert assessment. The primary data were sourced from 221 participants drawn from thirty-one general insurance companies. Data collected was analysed using one-way T-test statistics.

Based on experts' opinions assessment, the T-test analysis provides empirical proof that insurance claims fraud detections may greatly lowered homeowner's insurance premium costs. Additionally, the results showed that a quick, precise, efficient, and effective insurance claims process is essential for reducing cost due to risk management and underwriting capacity growth.

Gangil and Vishnoi (2020) examined the customer perception towards the general insurance using a sample of two-hundred respondents to establish the perception of the policyholders in Gwalior region. Data collected was analysed using Cronbach alpha reliability method, factor analysis and multivariate technique. The study results revealed that the following factors loyalty, openness, dependability, expertise, and convenient services influence customers' perceptions of general insurance in the study area.

Ajemunigbohun, Sogunro and Oluwaleye (2022) explored the attributes of claim handling process through motor insurance policyholder. For data collection, the study employed a structured questionnaire using a cross-sectional survey research methodology. A total of 287 copies of the survey were deemed to be valid for analysis. Simple frequency percentages and the Friedman's rank test statistical approach were used as the data procedural technique. The study highlights the importance of policyholders' claims processing attributes. Findings from this study revealed that the most crucial factor in handling motor insurance claims is transparency in the claims process, and this is followed by prompt communication with insurance, ease of reaching an insurance provider at any time, speed in handling claims, a variety of channels to reach an insurance provider and staff attention.

6.0 RESEARCH METHOD

A cross-sectional survey design was used for this study because it allows the researcher to collect data from large respondents whose characteristics and status are relevant to the investigation, within a space of time without any influence on their opinion (Asenahabi, 2019; Kothari & Garg, 2016; Jongbo, 2014). This research design assist in gathering data for the study and address the research objectives. The study's population comprised thirty thousand, three hundred and twenty-two (30,322) registered motor vehicles in Ekiti State (Ekiti State Motor Vehicle Licensing Office, 2021). All the registered motorists users in Ado metropolis are the targeted population. This area was chosen since there is a lot of vehicular mobility because it is the state capital of Ekiti State and has the largest corporate environment, institutional work place and insurance companies' offices. Convinient sampling techniques was utilised in administering questionnaire and data gathering. This sampling techniques was adopted because it save researcher's time, give easy access to the respondents and it is cost effective. The research instrument was distributed in Ado metropolis and in licensing office among registered motorists. Because the target population included all registered motorists in Ekiti metropolitan, the sample size was computed using Taro Yamane's formula. (1967) formula as cited in Adam (2020) as follows:

$$n = \frac{N}{1 + N(e)^2}$$

Where n= calculated sample size, N= population size, e= precision of sampling error in proportion of (0.05)

$$n = \frac{30,322}{1 + 30,322(0.05)^2}$$

$$n = 394.79$$

The sample size as calculated above was approximated to 395. Out of this, seven questionnaire was not returned by the respondents and six was not fit for analysis. The responses of 382 participants (97% response rate) were fit and chosen as being pertinent for data analysis. The researcher was able to retrieve this percentage of data collection because of the involvement of research assistants in the distribution and collection process.

Primary sources of data were employed to guarantee that essential information was appropriately gathered for this investigation. In order to fulfil the study's research goals, offer relevant data for the testing of research hypothesis, and achieve the study's broad objectives, a structured questionnaire was used as the research instrument for collecting the data. This method was selected because it complemented the chosen study design, was not expensive, it encouraged a large sample size, and easy to administer (Kothari & Garg, 2016). The research instrument consists 'Section A' and 'Section B'. Section A explained the respondent personal profile, Section B comprised of survey items pertaining to claim handling processes: loss notification attributes, loss investigation attributes and claim settlement attributes. Furthermore, the participants' satisfaction in relation to research instrument was graded on a four-point Likert scale with the responses "Very dissatisfied," "Dissatisfied," "Satisfied," and "Very Satisfied."

The research instrument was evaluated for relevance, adequacy, language comprehensiveness, appropriateness of content, and representativeness. Cronbach alpha was used in the reliability test with test result above 0.9, which was consistent with statistical inferences regarding the scale's reliability. The acquired data were examined using descriptive and inferential statistics. These two were carried out using R software, 4.2.1. Version. Descriptive analysis presented the data using frequency table and charts. While inferential analysis was carried out using Friedman rank test to check the significance differences of policyholders' satisfaction on claims handling attributes.

7.0 RESULTS AND DISCUSSIONS

7.1 Descriptive Result

Table 1: Respondents' Responses on Motor Insurance Policy and Level of Satisfaction with Claims handling process

Variables	Response Label	Frequency	Percentage
Do you have motor insurance policy	Yes	382	100
How long have you been Holding a Motor Insurance Policy?	Less than Five years	171	44.8
	Five but less than 10 years	91	23.8
	Ten but less than fifteen years	82	21.5
	Fifteen but less than twenty years	23	6.0
	Twenty and Above	15	3.9
Type of motor insurance policy	Third-Party	275	72.0
	Third-Party, Fire and Theft	75	19.6
	Comprehensive	32	8.4
What inform your Choice of Motor Insurance Policy	Value of the vehicle	58	15.2
	Regulation by Government	277	72.2
	Friends & Society	17	4.5
	Fear of losing the vehicle	16	4.2
	Cheap Insurance Premium	7	1.8
	Financial Stability	7	1.8
Need to report a claim?	Yes	66	17.3
	No	316	82.7
How many times have you ever access claims	Not at all	324	84.8
	Once	38	9.9
	Twice	20	5.2
Reason for not reporting claims	I don't trust them	38	9.9
	Difficult process	166	43.5
	Licence is not genuine	38	9.9
	Don't know I have to make claims	60	15.7
	Other Reasons	80	20.9

Variables	Response Label	Frequency	Percentage
Satisfied with insurer handled loss notification	Very dissatisfied	51	13.4
	Dissatisfied	159	41.6
	Satisfied	147	38.5
	Very satisfied	25	6.5
Satisfied with insurer handled loss investigation	Very dissatisfied	50	13.1
	Dissatisfied	161	42.1
	Satisfied	140	36.6
	Very satisfied	31	8.1
Satisfied with insurer handled claims settlement	Very dissatisfied	53	13.9
	Dissatisfied	135	35.3
	Satisfied	168	44.0
	Very Satisfied	26	6.8

Source: R Analysis Output, 2022

Table 1 revealed that all the participant purchased motor insurance policy and that 44.8 percent of the participants have been holding motor insurance policies for less than five years, 23.8 percent for five but less than ten years, 21.5 percent for ten but less than fifteen years, 15.7 percent for fifteen but less than twenty years and 3.9 percent for more than twenty years. 72 percent of the respondents have third-party insurance, 19.6 percent have third-party, fire and theft insurance and 8.4 percent has comprehensive insurance policy.

15.2 percent claimed that value of the vehicle informed their choice of motor insurance policy, 72.2 percent for government regulation, 4.5 percent for friends and society, 4.2 percent for fear of losing the vehicle, 1.8 percent posits that cheap insurance premium informed their choice of motor insurance, and 1.8 percent confirmed that financial stability informed their choice of motor insurance policy. This suggested that a higher proportion of respondents bought auto insurance due to mandatory government regulation.

Also, 17.3 percent of respondents confirmed that there has been a need for them to report claims since they have been holding a motor insurance policy, while 82.7 percent confirmed that there is no need for them to report claims. The reason for not reporting claims revealed that 9.9 percent of the respondents don't trust motor insurance providers on claims handling process, 43.5 percent did not report claims due to difficult process, 9.9 percent does not make claims because their driver's license is not genuine, 15.7 percent don't know they have to make claims, and 20.9 percent don't make claims because they did not involve in an accident.

The survey found that 55% of policyholders were dissatisfied with how motor insurance policy providers handled the loss notification process, 13.4 percent were very dissatisfied while 41.6% were dissatisfied, 38.5% were satisfied and 6.5% were very satisfied.

The survey revealed that 55.2 percent of respondents expressed dissatisfaction with how motor insurance providers handled loss investigation, with 13.1 percent very dissatisfied, 42.1 percent dissatisfied, 36.6 percent satisfied, and 8.1 percent very satisfied.

The participants' responses on how motor insurance providers handled claims settlement revealed that 13.9 percent were very dissatisfied, 35.3 percent were dissatisfied, 44 percent were satisfied, while 6.8 percent were very satisfied. This indicates that 51 percent of respondents expressed satisfaction with how motor insurance providers handled claims settlements.

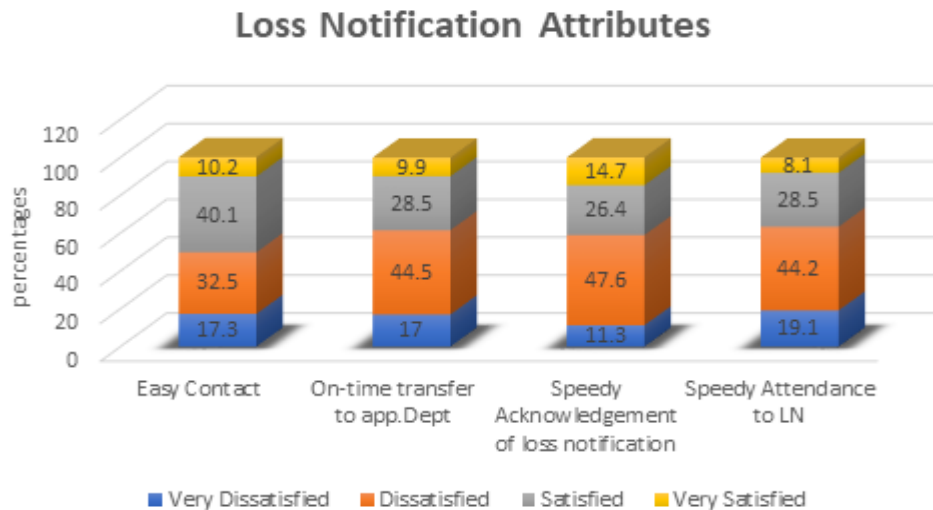


Figure 1: Motor Insurance Policyholders' satisfaction on Loss Notification attributes in Ekiti State, Nigeria

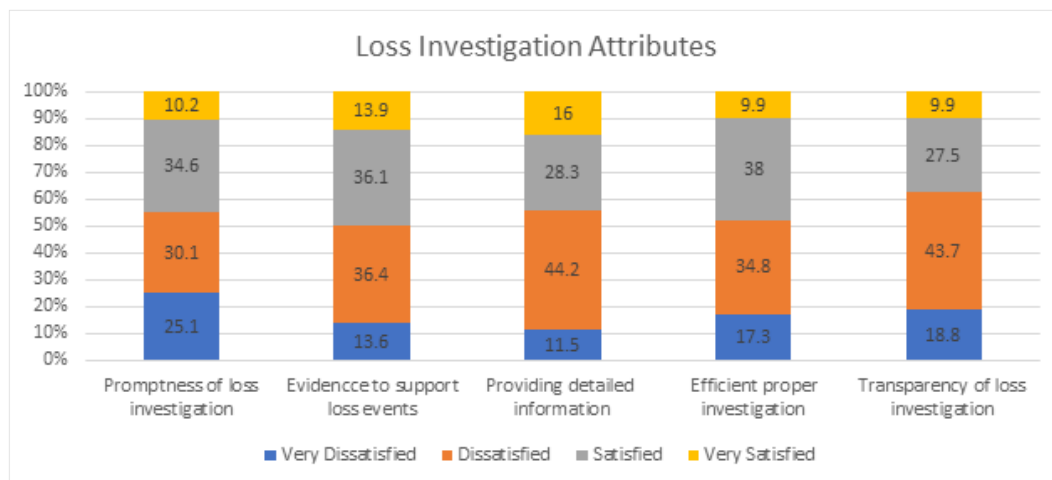


Figure 2: Motor Insurance Policyholders' Satisfaction on Loss Investigation Attributes in Nigeria



Figure 3: Motor Insurance Policyholders' Satisfaction on Claims Settlement Attributes in Nigeria

7.2 The Friedman Rank Test

Friedman's two-way analysis of variance by rank is a statistical technique for comparing matched samples across several groups when data are nonparametric. It is an alternative test to the F-test for two-way analysis of variance when there is an assumption that the data do not support the underlying hypotheses of the traditional ANOVA (Martin, Leblanc & Toan, 1993). A two-way table with n rows and K columns is often used to cast the data. The blocks of people or matched groups of persons are represented by the rows, while the conditions/treatments are represented by the columns. The test results are sorted according to the conditions by blocks ($1 \leq R \leq K$, $i=1, \dots$); (R_{ik} , $i=1 \dots n$; $k=1 \dots k$). Average ranks are used when there are ties. (Eisinga, Heskes, Pelzer, & Grotenhuis, 2017; Martin, Leblanc, & Toan, 1993; Siegel & Castellan, 1988).

The underline assumptions of Friedman's two-way test stated that:

- The observations in blocks should be mutually independent (that is, results from one block should not affect the results from other block)
- There should be three or more treatments
- The observations within each block may be ranked in order of magnitude.
- The dependent variables are measured on an ordinal scale (Likert scale).

Table4.2: Results of Friedman's Rank Test on Policyholders' Satisfaction with Claims Handling Process Attributes for Motor Insurance

Loss Notification	Survey Items	Mean Rank	Rank
i.	Easy contact with Insurer	2.43	2
ii.	On-Time transfer of loss notification to the appropriate department	2.31	3
iii.	Speedy acknowledgement of loss notification by the motor insurance provider	2.45	1

iv.	Speedy attendance to loss notification	2.26	4
Loss Investigation			
i.	Promptness of loss investigation	2.30	4
ii.	Evidence to support loss event	2.50	1
iii.	Detailed information about the cause of the accident	2.49	2
iv.	Efficient proper investigation	2.41	3
v.	Transparency of loss investigation	2.29	5
Claims Settlement			
i.	Speedy settlement of claims	2.10	6
ii.	Transparency of the Claims process	2.42	3
iii.	Easy contact with insurer	2.47	2
iv.	Frequency and timeliness of communication	2.41	4
v.	Good feelings and care of policyholder	2.25	5
vi.	Multiple channels to connect with the insurer	2.55	1

Source: R Analysis Output, 2022

Table 4.3.: Test-Statistics

Variables	N	Chi-Square	Df	Asymp. Sig/P-value
Loss Notification	382	56.799	3	$2.836e^{-12} = 0.0000000002836$
Loss Investigation	382	93.709	4	$2.2e^{-16} = 0.000000000000022$
Claims Settlement	382	174.673	5	$2.2e^{-16} = 0.000000000000022$

a. Friedman test result

Source: R Analysis Output, 2022

Friedman's test results showed statistically significant differences ($\chi^2 (3) = 56.799$, $p = 0.000 < 0.05$, $n=382$) in the level of satisfaction of motor insurance policyholders across the four selected attributes of loss notification. A close examination of the mean values revealed a layering of policyholder satisfaction that decreased from speedy acknowledgement of loss notification by the motor insurer ($M=2.45$) to easy contact with insurer when loss occur ($M=2.43$) to on-time transfer of loss notification to the appropriate department ($M=2.31$) to speedy attendance to loss notification ($M=2.26$).

For loss investigation, results established that there are statistically significant differences ($\chi^2 (4) = 93.709$, $p = 0.000 < 0.05$, $n=382$) in the motor insurance policyholders' satisfaction across the five selected attributes of loss investigation. Analysing the mean values critically revealed a declining sequence of policyholder satisfaction that decreased from evidence to support loss event ($M=2.50$) to providing detailed information about the cause of the accident ($M=2.49$) efficient proper investigation ($M=2.41$) promptness of loss investigation ($M=2.30$) to transparency of loss investigation ($M=2.29$).

Lastly, for claims settlement attributes, the Friedman test results indicated that there exist significant differences ($\chi^2(5) = 174.673, p = 0.000 < 0.05, n = 382$) in the motor insurance policyholders' level of satisfaction across the six selected qualities of claims settlement. A critical examination of average results showed a layer of policyholder satisfaction that decreased from multiple channels to connect with the motor insurance provider ($M = 2.55$) to easy contact with insurer anytime ($M = 2.47$) to transparency of the claims process ($M = 2.42$) to frequency and timeliness of communication ($M = 2.41$) to good feelings and care of policyholder ($M = 2.25$) to speedy settlement of claims ($M = 2.10$).

8.0 DISCUSSION OF FINDINGS

This investigation explored the policyholders' satisfaction on claims handling process among selected motor insurance policyholders in Ekiti State, Nigeria. For loss notification attributes, speedy acknowledgement of loss notification was ranked first, followed by easy contact with insurer which was ranked second, on-time transfer of loss notification to the appropriate department was ranked third while speedy attendance to loss notification was ranked fourth. The ranking showed a decreasing layer which indicated dissatisfaction with claims handling process on loss notification attributes. Speedy attendance to loss notification is vital to kick starting loss investigation because without appropriate loss investigation, claims processing and settlement will not be possible. This result corroborate the guidelines on claims management by Insurance Regulatory Authority (2012) and Yusuf and Abass (2013) that the policy provider should expedite action to attend to loss notification by availing appropriate claims form, specific documents require to filling a claim and provide additional advice that will assist in addressing the claim. Hence, there is need for motor insurance policy provider to attend to loss notification as at when due in order to improve policyholders level of satisfaction on claims handling process.

For loss investigation attributes, evidence to support loss events came first, followed by providing detailed information about the cause of the accident, an effective and proper investigation, promptness of the loss investigation and transparency of the loss investigation, all of which showed a descending order of policyholders' satisfaction levels. This result substantiates the prior research by Beer, Moster, and Mostert (2015) and Yusuf and Alli (2017) who affirmed promptness of loss investigation and documentation is vital to good claims handling process and transparency of loss investigation is important to prevent unwanted conflicts between the policyholder and the insurer. Therefore, motor insurer must handle loss investigation process with high level of sincerity that will prevent doubt and ensure policyholders satisfaction.

Lastly, for claims settlement attributes, the study established policyholders' level of satisfaction for multiple channels to connect with motor insurer to be first in ranking, followed by descending order level of satisfaction for easy contact with the motor insurance policy provider, transparency of the claims process, frequency and timeliness of communication, good feelings and care of policyholder and speedy settlement of claims. Insurer must provide multiple channels through which motor insurance policyholder can

connect with them and ensure effectiveness of such channels. The insurer should allow their customers to utilize cutting-edge technology to connect with them in real time to prevent late notification, improve claims handling process and enhance customer experience which in turn will improve customer level of satisfaction with claims handling process (Yusuf, Ajemunigbohun & Alli, 2017; and Ashturkar, 2014). Also, auto insurer should note that transparency is essential to creating and reinforcing insureds' trust, informed customers to make better choices among competing products and promote demand for insurance policy (Ajemunigbohun, Sogunro & Oluwaleye, 2022; Gangil & Vishnoi, 2020).

Effective communication is essential to a successful relationship, and it should occur from the outset of insurance contract to prevent confusion, provide appropriate information that will aid claims discussions, promote a higher level of satisfaction between the parties and achieve operational excellence in claims management (Logican, 2020; Unachukwu, Afolabi & Alabi, 2015; Shaw, 2013). The outcome is corroborated by prior research by authors including Ajemunigbohun, Olowokudejo, and Ukpong in 2022; Fernandez, Al-Riyam, Alabri, Al-Khatri and Busaidi, 2021 who noted that quick claim settlement enhanced consumer satisfaction and loyalty.

From the study, it was established that a higher proportion of respondents bought auto insurance due to mandatory government regulation. Auto insurer should handle claims process with high level of efficiency that will encourage policyholders to demand for motor policy willingly without compulsory government regulation. This is because policyholders' expectation and real experience in claims process serves as the most influential factor in buying decision (Bihani & Bhowal, 2016).

9.0 CONCLUSION AND RECOMMENDATIONS

This study's goal was to assess and evaluate how satisfied Ekiti State, Nigeria's auto insurance subscribers were with the claim handling procedure with special focus on loss notification, loss investigation and claims settlement attributes. The study's findings have unmistakably revealed the varying degrees of policyholder's satisfaction among loss notification attributes, loss investigation attributes and claims settlement attributes. Furthermore, it established significance of motor insureds' satisfaction on claims handling process. From all indication, the descending order of motor insurance policyholders' satisfaction explained that motor insurance policy providers need to redesign claims handling process to improve policyholders' satisfaction at every stage of claims process because policyholders' satisfaction with claims handling process is crucial to regaining the trust, confidence, integrity, and loyalty of policyholders and to promote policy renewal. Additionally, this will promote customers willingness to purchase motor insurance and policy retention.

The following recommendations were emphasised in order to adequately justify the study's findings:

- i. As a matter of importance, motor insurer should handle claims handling attributes with high level of efficiency to remove any bottlenecks in claims processes, this will help to regain motor insuring public trust and confidence on insurers claims activities. This could be achieved by ensuring that loss investigations are carried out as soon as possible after notice of loss and ensure that claims are paid without delay.
- ii. Motor insurance regulations should be revised and policies repackaged to allow for image redemption among various registered motorists. Policyholders should be able to purchase motor insurance policies willingly because of their trust in the policy providers and not necessarily because of government enforced regulations.

10.0 CONTRIBUTIONS TO KNOWLEDGE AND SUGGESTIONS FOR FUTURE RESEARCH

This study contributes to knowledge in terms of variables conceptual gap as earlier studies have always been focused on claim settlement while loss notification and loss investigation have been neglected. It sensitises the motor insurance providers and regulators on the level of satisfaction of the policyholders with claims handling attributes and ensures that the claims process is handled excellently to increase policyholders' satisfaction. It further establishes the need for the insurance regulators to revise motor insurance regulations and repackage policy outlooks to enable image redemption among registered motorists in Nigeria.

According to this study, future research should concentrate on the mediating effect of policyholders' satisfaction on the claims handling process and customers' retention.

REFERENCE

- Addis, M. and Holbrook, M.B. (2001). On the conceptual link between mass customization and experiential consumption: An Explosion of Subjectivity. *Journal of Consumer Behaviour*, 1, 50-66.
- Ajemunigbohun, S. S. (2018). Policyholder's experience of claims settlement methodologies in motor insurance business in Nigeria. *Annals of "Dunarea de Jos" University of Galati Fascicle I. Economics and Applied Informatics*, 1-11.
- Ajemunigbohun, S. S., Isimoya, O. A. & Ipigansi, P. M. (2019). Insurance claims fraud in homeowner's insurance: Empirical evidence from the Nigerian insurance industry, *FACTA UNIVERSITATIS Series*, 16(1), 103 – 116. <https://doi.org/10.22190/FUEO1901103A>
- Alaka, S. N., Ajemunigbohun, S. S. & Balogun, M. T. (2022). Risk management techniques and insurance buying behaviour: evidence from small and medium-sized enterprises in Lagos, *ACTA UNIVERSITATIS DANUBIUS*, 18(20), 42-64.

- Ajemunigbohun, S.S., Olowokudejo, F.F. & Ukpog, M. S. (2022). Claims settlement and risk attitudes: Evidence from selected motor insurance policyholders in Lagos State, Nigeria. *Journal of Accounting and Management*, 12(2), 215-228.
- Ajemunigbohun, S. S. Sogunro, A. B., & Oluwaleye, T. O. (2022). Claims handling process attributes: Perceptions of motor insurance policyholders in Lagos, Nigeria. *Journal of Corporate Governance, Insurance and Risk Management*, 9(1), 136-154.
- Ashturkur, P.B. (2014). Comparative study of the effectiveness of claims settlement operations in Indian life insurance companies. *International Journal of Advanced Research in Computer Science and Management Science*, 2 (11), 148-155.
- Augustine, S. Y. & Ayoni, M. O. (2021). Motor insurance business portfolio and the gross premium of insurance industry: A case of Nigeria, *Indian Journal of Commerce & Management Studies*, XII (1), 10-18.
- Beer, I.C., Mostert, F.J., & Mostert, J.H. (2015). The claims handling process of engineering insurance in South Africa. *Risk Governance and Control: Financial Markets and Institutions*, 5 (2), 15-21.
- Bihani, P. & Bhowal, A. (2016). Customer cost - Second important factor for image gap: Analysis of life insurance services - based on the data collection from Guwahati. *International Journal of Research-GrantHaalayah*, 4(3), 124-130.
- Boudlaie, H., Shahidi, A., Kenarroodi, M. & Nik, B. K. (2020). A qualitative study of customer experiences in the retail industry, *Technium Social Sciences Journal*, 8, 273-287.
- Brooks, P. J, Popow, D. J., & Hoopes, D. L. (2015). *Introduction to claims*. Pennsylvania: American Institute for Chartered Property Casualty Underwriters.
- Capgemini, E. (2011). Claims Transformation: Enhancing brand value by delivery on customer commitments, capturing efficiency gains, and optimizing indemnity expenditure.
- Diacon, S. (1983) "Principles of Economics. Study Course for CIIN Subject," 103
- Falade, O. A. & Oyedokun, G. E. (2022). Claims payment and financial performance of listed insurance companies in Nigeria. *Himalayan Economics and Business Management*, 3(2) 37-48.
- Fernandez, D., Al-Riyami, A. M., Alabri, A. M., Al-Khatri, S. S. & Al-Busaidi, T.A. (2021). Impact of claim settlement on sales of insurance policies of leading five insurance companies in sultanate of Oman. *IAR Journal of Business Management*, 2(3), 10-19.
- Filip, A. (2013). Complaint management: A customer satisfaction learning process. 3rd World Conference on Learning, Teaching and Educational Leadership. *Procedia - Social and Behavioral Sciences*, 93, 271 – 275.
- Gessese, Y. B. (2018). The effect of motor insurance claim management on customer satisfaction at Ethiopian Insurance Corporation, (Degree thesis, St. Mary's University, Addis Ababa).

- Gangil, R. & Vishnoi, S. (2020). Customer perception towards general insurance: A factor analysis approach. *Journal of Management Research and Analysis*, 7 (1), 15-20.
- International Business Machine Corporation. (2011) Three ways to improve claims management with business analytics. USA.
- Insurance Regulatory Authority (2012). Guidelines on claims management for the insurance industry. 1-12.
- Khadka, K. & Maharjan, S. (2017). *Customer satisfaction and customer loyalty: A case study of Trivsel*, [Degree thesis, Centria University of Applied Sciences, Pietarsaari]. *Centria University of Applied Sciences*.
- Krishnan, B. (2010). Claims management and claims settlements in life insurance. *The Journal of Insurance Institute of India*, 36 (July-December), 49-5.
- Logican, (2020). The Importance of Effective Insurance Claims Management. <https://www.logican.co.uk/importance-effective-insurance-claims-management/>
- Nebo, G. N. & Okolo, V. O. (2016). Effects of the strategies for customer satisfaction on the performance of insurance firms in Enugu metropolis, *Journal of Business and Management*, 18(5), 78-90.
- Nigerian Insurers Association (2018). *Nigeria Insurance Digest*. Lagos: Nigeria's Insurer Association.
- Organisation for Economic Cooperation and Development, (2004). OECD Guidelines for Good Practice for Insurance Claim Management.
- Oluwaleye, T. O., Shoyemi, O. S. & Edewusi, D. G. (2020). Effects of claims management on profitability of insurance companies in Nigeria, *British Journal of Management and Marketing Studies*, 3(4), 106-114.
- Oyedokun, G. E., & Gabriel, F. G. (2018). Effects of claims management on profitability of listed insurance companies in Nigeria. *American Journal of Management*, 18(5), 37-45.
- Pine, J., & Gilmore, J. H. (1999). *The experience economy: Work is theatre and every business a stage*. Boston: Harvard Business School Press.
- Richter, A., Schiller, J. & Schlesinger, H. (2014). Behavioral insurance: Theory and experiments. *Journal of Risk and Uncertainty*, 48, 85-96.
- Rose, S. (2013). Predictive claims processing: Transforming the insurance claims life cycle using analytics. *SAS White Paper*, 1 – 8.
- Singh, V. (2012). Global trends in non-life insurance: Claims. Capgemini
- Schaafsma, F., De Wolf, A., Kayaian, A. & Cameron, I. (2012). Changing insurance company claims handling processes improves some outcomes for people injured in road traffic crashes. *BMC Public Health*, 1-9. <http://www.biomedcentral.com/1471-2458/12/36>
- Sharma, M., & Chaubey, D. S. (2014). An experical study of customer experience and its relationship with customer satisfaction towards the services of banking sector. *Journal of Marketing & Communication*, 9, 18-27.

- Shaw, S. (2013). Claims Management: An important part of a successful insurance program. CompleteMarkets Editor.
- Taofeek, S. A. (2018). Effect of claims payments on profitability in the Nigerian Insurance Industry” *Advances in Social Sciences Research Journal*, 5(4).
- Unachukwu, J. C., Afolabi, M. A., & Alabi, E. (2015). Effect of prompt claims settlement on the Performance of Nigeria insurance industry. *International Journal in Management and Social Sciences*, 3 (4), 411-423.
- Yusuf, O. T. & Abass, O. A. (2013). Investigating the roles of claims manager in claims handling process in the Nigeria insurance industry. *Journal of Business and Finance*, 1(02), 69-74.
- Yusuf, T. O., & Ajemunigbohun, S. S. (2015). Effectiveness, efficiency and promptness of claims handling process in the Nigerian insurance industry, *European Journal of Business and Economics*, 10(2), 80-88.
- Yusuf, T. O., Ajemunigbohun, S. S. & Alli, G. N. (2017). A critical review of insurance claims management: A study of selected insurance companies in Nigeria. *SPOUDAI Journal of Economics and Business*, 67 (2), 69-84.
- Witteck, R. (2013). Rational Choice Theory.
https://www.researchgate.net/publication/281206368_Rational_Choice_Theory
- Zerou, T. (2016). The effect of opportunity and challenges on motor insurance: The case of Ethiopian Insurance Corporation. [Dissertation submitted to the School of Graduate Studies, ST. Mary’s University for the award of Master’s Degree in Business Administration].