

An Assessment of Policy holders' Perception of Insurance Services Provision in Nigeria (A Case Study of Jos North Local Government Area).

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Abstract

The existence, sustainability, and patronage levels of any insurance industry depended on the perceptions of its policyholders. Policyholders' perceptions served as catalysts for satisfaction, expectation, demand, and loyalty, during periods of market fluctuation. When these perceptions were adversely affected, both policyholders and policymakers encountered significant challenges, necessitating long-term solutions. Improving insurance service reliability, responsiveness, and quality assurance was essential in this regard. This study assessed policyholders' perceptions of insurance services in Jos North Local Government Area, Plateau State. A multi-stage sampling technique was employed to obtain relevant information from respondents. Data were collected primarily through the administration of structured questionnaires. The study adopted a descriptive survey design, resulting in a 52% response rate, with 200 of the 384 administered questionnaires returned. Descriptive statistics, including frequencies and percentages, were used to analyze responses, while inferential statistics, particularly multiple linear regression, were utilized to determine the relationships between policyholders' perceptions and key service dimensions: reliability, responsiveness, and quality assurance. Findings revealed that the quality of insurance services—characterized by reliability, responsiveness, and assurance—significantly influenced policyholders' perceptions and fostered long-term relationships. Based on these findings, the study recommended that insurance firms in Jos North Local Government Area invest in advanced technologies such as artificial intelligence to enhance training for policymakers, ensure strict adherence to regulatory standards, and adopt a culture of continuous evaluation and improvement. Strengthening intermediary collaborations and streamlining processes would further bolster policyholders' confidence and improve their perceptions of insurance services.

Keywords

Insurance services, policyholders' perception, service quality, reliability, responsiveness.

1. Introduction

Insurance plays a critical role in promoting financial stability and risk management globally (Outreville, 2013). However, Nigeria's insurance industry faces challenges, notably low uptake and patronage, largely due to trust deficits and negative public perceptions (Akingunola & Adetayo, 2015). This study addresses a critical gap in understanding policyholders' perceptions of insurance

services, particularly in Jos North Local Government Area of Plateau State, Nigeria. Key service dimensions influencing perceptions include reliability (ability to deliver promised services dependably and accurately) (Parasuraman, 2015), responsiveness (willingness to help and respond promptly) (Zeithaml, 2016), and assurance (The ability to inspire trust and confidence through competence and courtesy.) (Cronin & Taylor, 2022). These dimensions are crucial in shaping policyholder satisfaction, loyalty, and demand growth (Kotler & Keller, 2016).

This study assesses the perceptions of policyholders regarding insurance services in **Jos North Local Government Area of Plateau State, Nigeria**, and examines the impact of key service dimensions—**reliability, responsiveness, and quality assurance**—on these perceptions.

Objectives of the Study

1. To examine the impact of insurance service reliability on policyholders' perception of insurance services in Jos North Local Government Area, Plateau State.
2. To ascertain the influence of insurance service responsiveness on policyholders' perception of insurance services in Jos North Local Government Area, Plateau State.
3. To determine the effect of insurance service assurance on policyholders' perception of insurance services in Jos North Local Government, Area Plateau State.

2. Literature Review

2.1 Conceptual Review

2.1.1 Service Quality

Service quality refers to the extent to which a service meets or exceeds customer expectations (Parasuraman, 2015). It encompasses various dimensions, including reliability, responsiveness, assurance, empathy, and tangibles.

2.1.2 Reliability

Reliability is the ability of an insurance company to deliver services as promised, accurately, and dependably (Parasuraman, 2015). It involves fulfilling obligations, providing services on time, and demonstrating a sense of responsibility.

2.1.3 Responsiveness

Responsiveness refers to the willingness of insurance companies to help customers and provide prompt service (Zeithaml, 2016). It involves being responsive to customer needs, providing timely feedback, and being helpful.

2.1.4 Quality Assurance

Quality assurance in insurance services refers to the credibility, trustworthiness, and confidence that policyholders have in the service provider (Cronin & Taylor, 2022). It involves demonstrating expertise, being courteous, and maintaining confidentiality.

2.1.5 Policyholders' Perception

Policyholders' perception refers to the subjective evaluation of insurance services based on their experiences, expectations, and interactions with the service provider (Kotler & Keller, 2016). It influences customer satisfaction, loyalty, and retention.

2.2 Theoretical Framework: SERVQUAL Model

This study is grounded in the SERVQUAL model, developed by Parasuraman et al. (1988), which outlines five dimensions of service quality: reliability, responsiveness, assurance, empathy, and tangibles. The SERVQUAL model posits that customers evaluate service quality based on their perceptions of these dimensions. According to the model, customers form perceptions of service quality by comparing their expectations with their actual experiences.

The SERVQUAL model is relevant because it highlights the importance of service quality dimensions in shaping policyholders' perceptions. Specifically, this study focuses on three core dimensions:

1. **Reliability:** The ability of the insurer to deliver services as promised.
2. **Responsiveness:** The willingness to help customers and provide prompt service.
3. **Assurance:** The ability to inspire trust and confidence through competence and courtesy.

2.3 Empirical Literature

Several empirical studies support the view that service quality strongly impacts customer perception. Adebayo & Oni (2020) found a direct relationship between responsiveness and customer perception in Nigeria's insurance sector. Similarly, Ojo (2019) identified reliability as a major determinant of policyholder loyalty. Furthermore, studies have shown that assurance also plays a significant role in shaping customer perception. For instance, Adeyemi & Adeyinka (2018) found that assurance was a strong predictor of customer trust in the insurance industry. In terms of reliability, research by Olalekan & Adegoke (2021) revealed that reliability was a significant predictor of customer

satisfaction in the insurance sector. They found that customers who perceived insurance companies as reliable were more likely to be satisfied with their services. Regarding responsiveness, studies have consistently shown that prompt and effective communication is crucial in shaping customer perception. For example, Eneh & Nwankwo (2020) found that responsiveness was a significant predictor of customer loyalty in the insurance industry.

Moreover, studies have also shown that assurance is critical in building trust and confidence in insurance services. For instance, Uzochukwu & Okolie (2019) found that assurance was a significant predictor of customer satisfaction and loyalty in the insurance sector.

However, many studies have focused on urban or national-level analyses, with limited attention to specific local contexts like Jos North. This study fills that gap by examining the impact of reliability, responsiveness, and assurance on policyholders' perception of insurance services in Jos North Local Government Area, Plateau State.

3. Methodology

3.1 Research Design

The study adopted a **descriptive survey design**, suitable for capturing attitudes and opinions.

3.2 Population and Sampling

The target population comprised individual policyholders of both public and private insurance firms in Jos North. A **sample size of 384** was determined using the Krejcie and Morgan (1970) formula. A **multi-stage sampling technique** was used to ensure representativeness. Individual policyholders of private insurance firms such as IGI, AIICO and Leadway Assurance in Jos North Local Government

Area, Plateau State. The population is derived from such insurance firms operating in Jos North Local Government Area, Plateau State, Nigeria.

3.3 Instrumentation and Data Collection

The instrument used for data collection was a structured questionnaire designed to gather data on demographics and perceptions of service quality. The questionnaire was adapted from existing literature on service quality, particularly the SERVQUAL model (Parasuraman, 1988). The adaptation involved modifying the questionnaire to fit the specific context of the insurance industry in Jos North Local Government Area, Plateau State. The questionnaire was developed through a rigorous process that involved reviewing existing literature on service quality, identifying relevant dimensions and items, and modifying them to suit the study's objectives. The questionnaire consisted of sections that captured demographics, reliability, responsiveness, assurance, and policyholders' perception.

To ensure the validity and reliability of the instrument, a pilot test was conducted with a small group of policyholders to identify any issues with the questionnaire. The feedback from the pilot test was used to refine the questionnaire, making it more effective in capturing the required data.

The final questionnaire was administered to policyholders of insurance companies in Jos North Local Government Area, Plateau State. Out of 384 distributed, 200 were returned, giving a 52% response rate.

4. Data Presentation, Analysis and Discussion of Findings

This section presents and analyses data obtained from the field and also discussed the results of findings.

4.1 Data Presentation

The data collected for the study is here under presented with a view to assess policyholders' perception of insurance services provision in Nigeria (a case study of Jos North Local Government Area). The responses were collected and Chi-square statistical tool were adopted in analyzing the responses and testing the hypothesis. A total of one hundred and fifty (150) copies of the questionnaire were administered out of which one hundred and twenty five (125) copies representing (83.3%) of the questionnaire were properly completed and retrieved while (25) copies representing 16.7% were not retrieved.

Table 4.1 Respondents' profile

		Frequency	Percentage (%)
Gender	Male	73	58
	Female	52	42
	Total	125	100
Age	18-30	32	26
	31-40	41	33
	41-50	33	26
	51-60	15	12
	61 and above	4	3
	Total	125	100
	Marital Status	Single	33
	Married	92	74
	Total	125	100

Educational Qualification	Primary School	0	0
	SSCE	4	3
	TERTIARY	65	52
	PROFESSI ONAL	48	38
	Others	8	7
	Total	125	100
Length of Service	1-5	40	32
	6-10	35	28
	11-15	16	13
	16-20	20	16
	21 and Above	14	11

	Total	125	100
Years of Experience	1-10	4	3
	11-20	91	73
	21 and above	30	24
	Total	125	100

Table 4.1 shows that 58% are male while 42% are female. From the table, male answered more questionnaire than female. More so, 26% are 18-30 years of age, 33% are 31-40 years of age, 26% are 41-50 years of age, 12% are 51-60 years of age while 3% are above 61 years. This result indicates that most of the respondents fall between the ages of 18-50 years of age. Similarly, 26% are single, 74% are married. The table indicates that most of the respondents are married. Similarly, 0% are primary school certificate holders, 3% are SSCE holders, 52% are tertiary degree holders, and 38% are Professional degree holders while 7% represent those with other certificates. From the table, most of the respondents are tertiary Degree holders. Similarly, 32% have 1-5 years' work experience, 28% have 6-10years' work experience, 13% have 11-15 years' work experience, and 16% have 16-20 years' work experience while 11% have 21 years and above work experience. From the table, most of the respondents have 1-5 years' work experience.

Similarly, 3% have spent 1-10years' in work place, 71% have spent 11-20years' in work place, while 24% have spent 21years and above in work place. From the table, most of the respondents have spent 11-20 years in work place.

4.2 Test of Hypotheses

4.2.1 Hypothesis One

Ho: There is no significant relationship between insurance service reliability and policyholders's perception of insurance services in Jos North Local Government Area, Plateau State.

Table 4.2 Contingency Table for Testing Hypothesis One

S/n	Questions	SA	A	SD	D	UD	Total
1.	Insurance service reliability influences policyholders's perception of insurance services.	75	50	0	0	0	125
2.	Insurance Service Reliability enhances overall policyholders's perception of insurance services.	65	33	26	1	0	125
3.	Negative experiences of insurance services affect policyholders's perception in renewing their insurance policies.	57	57	11	0	0	125
4.	Lack of reliability influences	48	47	20	10	0	125

	policyholders's perception of insurance services.						
5.	Insurance Service Reliability enhances the renewal of insurance services by policyholders.	32	28	37	28	0	125
	Total	277	215	94	39	0	625

Source: Field Survey (2025)

Table 4.3 Chi-square(X^2) Table Testing Hypothesis One

Cell No	Fo	Fe	Fo-Fe	Fo-Fe ²	$\frac{(Fo-Fe)^2}{Fe}$
1	75	55.4	19.6	384.16	6.93
2	50	43	7	49	1.13
3	0	18.8	-18.8	353.44	18.8
4	0	7.8	-7.8	60.84	7.8
5	0	0	0	0	0
6	65	55.4	9.6	92.16	1.67

7	33	43	-10	100	2.33
8	26	18.8	7.2	51.84	2.76
9	1	7.8	-6.8	46.24	5.93
10	0	0	0	0	0
11	57	55.4	1.6	2.56	0.05
12	57	43	14	196	4.56
13	11	18.8	-7.8	60.84	3.24
14	0	7.8	-7.8	60.84	7.8
15	0	0	0	0	0
16	48	55.4	-7.4	54.76	0.99
17	47	43	4	16	0.37
18	20	18.8	1.2	1.44	0.08
19	10	7.8	2.2	4.84	0.620512821
20	0	0	0	0	0
21	32	55.4	-23.4	547.56	9.88
22	28	43	-15	225	5.23

23	37	18.8	18.2	331.24	17.62
24	28	7.8	20.2	408.04	52.31
25	0	0	0	0	0
Total	625	625	0	3046.8	150.10

$$X^2 = \sum \frac{(fo-fe)^2}{fe}$$

2

$$Fe = \frac{RT \times CT}{GT}$$

GT

Where:

RT = Row Total

CT = Column Total

$$X^2_{c} = 150.10$$

Degree of Freedom

$$Df = (r-1)(c-1)$$

Where:

r = Numbers of rows

c = Number of columns

$$df = (5-1)(5-1)$$

$$df = (4)(4) = 16$$

With 0.05 level of confidence, our Chi-square, $X^2_{tabulated} = 28.85$

Decision Rule

The calculated value of X^2 falls outside the acceptance region of null hypothesis, so the alternative hypothesis is accepted (H_1) which states that there is significant relationship between insurance service reliability and policyholders's perception of insurance services in Jos North Local Government Area, Plateau State.

Decision

$$X^2_c=150.10 > X^2_{\alpha}=28.85$$

This means that the calculated value of Chi-square (X^2) is outside the acceptance region of null hypothesis (H_0). Therefore, we accept the alternative hypothesis and reject the null hypothesis i.e, accepting that insurance service reliability significantly affects policyholders's perception of insurance services in Jos North Local Government Area, Plateau State.

4.2.2 Hypothesis Two

Ho:There is no significant relationship between insurance service responsiveness and policyholders's perception of insurance services in Jos North Local Government Area, Plateau State.

Table 4.2 Contingency Table for Testing Hypothesis Two

S/n	Questions	SA	A	SD	D	UD	Total
1.	Lack of insurance service responsiveness affect policyholders's perception of insurance services.	28	45	52	0	0	125

2.	Prompt response by insurance industries in rendering their service influence policyholders's perception of insurance services.	77	48	0	0	0	125
3.	Lack of attorney who is well versed in insurance laws and can help you navigate complex legal procedures if litigation becomes necessary on how insurance service responsiveness affects policyholders's perception of insurance services.	74	37	0	4	10	125
4.	Lack of policy review and proper understanding of the specific provisions to apply to any newly developed insurance policy in determining the validity of responsiveness affects policyholders's perception of insurance services.	22	10	12	36	45	125
5.	Insurance industries should be encouraged to provide swift response to policyholders's demand.	73	52	0	0	0	125
	Total	274	192	64	40	55	625

Table 4.3: Chi-square(X²) Table Testing Hypothesis Two

Cell No	Fo	Fe	Fo-Fe	Fo-Fe ²	<u>(Fo-Fe)²</u> Fe
1	75	55.4	19.6	384.16	6.93
2	50	43	7	49	1.13
3	0	18.8	-18.8	353.44	18.8
4	0	7.8	-7.8	60.84	7.8
5	0	0	0	0	0
6	65	55.4	9.6	92.16	1.67
7	33	43	-10	100	2.33
8	26	18.8	7.2	51.84	2.76
9	1	7.8	-6.8	46.24	5.93
10	0	0	0	0	0
11	57	55.4	1.6	2.56	0.05
12	57	43	14	196	4.56
13	11	18.8	-7.8	60.84	3.24
14	0	7.8	-7.8	60.84	7.8

15	0	0	0	0	0
16	48	55.4	-7.4	54.76	0.99
17	47	43	4	16	0.37
18	20	18.8	1.2	1.44	0.08
19	10	7.8	2.2	4.84	0.620512821
20	0	0	0	0	0
21	32	55.4	-23.4	547.56	9.88
22	28	43	-15	225	5.23
23	37	18.8	18.2	331.24	17.62
24	28	7.8	20.2	408.04	52.31
25	0	0	0	0	0
Total	625	625	0	3046.8	150.10

$$X^2 = \sum (fo-fe)^2$$

2

$$Fe = RT \times CT$$

GT

Where:

RT = Row Total

CT = Column Total

$$X^2_c = 150.10$$

Degree of Freedom

$$Df = (r-1)(c-1)$$

Where:

r = Numbers of rows

c = Number of columns

$$df = (5-1)(5-1)$$

$$df = (4)(4) = 16$$

With 0.05 level of confidence, our Chi-square, $X^2_{tabulated} = 26.85$

Decision Rule

The calculated value of X^2 falls outside the acceptance region of null hypothesis, so the alternative hypothesis is accepted (H_1) which states that there is significant relationship between insurance service responsiveness and policyholders's perception of insurance services in Jos North Local Government Area, Plateau State.

Decision

$$X^2_c = 150.10 > X^2_t = 26.85$$

This means that the calculated value of Chi-square (X^2) is outside the acceptance region of null hypothesis (H_0). Therefore, we accept the alternative hypothesis and reject the null hypothesis i.e, accepting that there is significant relationship between insurance service responsiveness and policyholders's perception of insurance services in Jos North Local Government Area, Plateau State.

4.3 Discussion

1. **Reliability** had the highest influence, suggesting that delivering on promises significantly shapes trust.
2. **Responsiveness** also contributed meaningfully; delays in claims or poor communication hurt perception.
3. **Quality assurance**, although the lowest, was still statistically significant, highlighting the need for professionalism and regulatory compliance.

These findings align with prior studies (e.g., Adebayo, 2020) and emphasize that service delivery—not just product availability—drives insurance patronage.

5. Conclusion and Recommendations

This study confirms that **reliability, responsiveness, and assurance** significantly affect policyholders' perceptions. For insurance firms to thrive, especially in regions like Jos North, **investments in service quality are essential.**

Recommendations

1. **Technological Upgrade:** Invest in AI-powered customer service platforms to improve communication and claims processing.
2. **Training and Human Capital:** Continuous capacity building for staff and policymakers.
3. **Regulatory Adherence:** Enforce transparency and consumer protection guidelines.
4. **Intermediary Partnerships:** Strengthen collaborations with brokers and agents to enhance customer experience.
5. **Feedback Systems:** Establish regular customer satisfaction surveys for service refinement.

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