



Research Paper

Poor Claims Settlement and Demand for Insurance Policies in Nigeria

¹OYETUNJI, Oyefemi Ismail Oyelami

¹ADEPOJU, Jadesola, Abiodun

¹OLADOKUN, Razak Ayodele

¹Department of Accountancy, The Polytechnic, Ibadan, Nigeria

Corresponding Author: ADEPOJU, Jadesola, Abiodun

ABSTRACT

This study investigates the poor claims settlement and demand for insurance policies in Nigeria to provide empirical evidence which would assist not only the insurance companies but also the policymakers by using these findings to design future insurance services and policies that can be geared towards promoting insurance market development. The population focused in the study included few licensed insurance firms in Nigeria. This is due to the fact that they dominate and control the larger interest in the market share. Total distributed questionnaires were 130, and a total of 115 responses were well filled with analysis and returned which is a very good percentage response. Chi-squared statistics and correlation with the tabulated contingency table on the basis of an assumptions were employed. The results show that poor claim settlement have significant effect on demand for Insurance policies in Nigeria and that there is long term and significant relationship between poor claim settlement and demand for insurance policies in Nigeria. The study therefore, recommend that insurance industry should be redefined through appropriate Acts, introducing competitions and innovations in the services so as to compete effectively and meet consumer needs by dealing with changing expectations of policyholders so as to ensure that satisfaction of all the parties are guaranteed.

KEYWORDS: Insurance Companies, Demand, Policyholders, Market development

Received 24 July, 2021; Revised: 07 August, 2021; Accepted 09 August, 2021 © The author(s) 2021.

Published with open access at www.questjournals.org

I. INTRODUCTION

The relationships between financial sector and economic growth remain an inconclusive debate in economic literature (Adu, 2013; Kabir and Halder, 2018). The Neo classical economists suggested that if there is no technological development in the economy, growth will occur at a steady state. However, Endogenous growth theory opposed the earlier submissions and stated that the existence of investment and growth in a sector of the economy can provide positive externalities for the other sectors of the economy. Hence, recently the financial sector has been recognized as one of the viable channels fostering economic growth if properly regulated and can move the economy up far above a steady state transforming and improving industries to create positive externalities for other sectors of the economy (Yusuf, Ajemunigbohun, & Alli 2017). This simply shows that it is possible for the financial system to systematically promote the economic growth in the economy.

One of the core components of the financial system is insurance business, which had substantial potential for expanding positive externalities to other sectors of the economy. It is possible for the insurance business to generate positive externalities through financial intermediations, risk transfer, as well as employment generation which will also promote economic growth in the economy (Outveviller, 1990; Ward & Zurbruegg, 2000). It should also be noted that most of the developing countries including Nigeria, had felt the impacts of financial market on their economic growth (Chukwulozie, 2006). Although, lack of effective functioning of the market among other factors constitute major constraints leading to differences in the operations of the sector across the economies (Kabir & Halder, 2018). In order to avert the obstacles confronting the financial markets in the developing economies, government and policy makers were not helping the situations as conducive and favorable laws were neither provided nor enacted, which made situation becoming tensed for the operators and the customers. Areas of interests that needed to be focused by the authorities include the legal

aspects of the market, economic and political as well as social factors/ consideration. These factors will go a long way in creating avenue not only for generating more positive externalities but also will promote the economic development

Notably, the main reason for insurance business in an economy is to make the economy more resilient for the people. It is one of the security measures used to protect oneself, family as well as properties against unplanned or unforeseen adverse events. Insurance business entails selling of promises to people in order to indemnify them or to restore them to their original financial position in case of eventual loss. The promises are in form of policies to the customers (policy holders). This apparently means that the policy holder (the insured) has to pay for future in form of premium upfront to the insurer an amount specified by the insurer within a future period of time. The policy holder receives a document called insurance policy which sets out the terms and conditions in which the insured will be financially compensated. On the occurrence of the event, the policy holder approaches the insurer so as to collect or redeem the payments of premium as the company has agreed to pay back the amount on the occurrence of the events within or over a particular future period. The amounts described constitute claim from the insurer. It is of utmost importance for the insurer to follow all the rules and theories guiding insurance practice so as not to jettison the confidence of the policy holder not only in terms of timely payment of claims but also as regards commensurate amounts according to the insurance policy. To do this the premium income ab initio must be sufficiently enough using a standard insurance rate to cover the claim cost as well as other underwriting costs (Diacon, 1983; Harrington and Niehaus, 2006; Epetimehin and Ekundayo, 2012; cited in Afolabi, 2018). Any attempt to violate this basic insurance theory will not only be difficult for the insurer to pay the claims but will also tarnish the image of the company as well as having adverse effects on the profitability of the company in the long run. Also, it has been noted that accumulated previous years claim showing up subsequent years including increasing claim costs makes it difficult for some insurance firms to pay claims as at when due and has reflected negatively on the firm's performance (Yusuf and Dansu, 2014; Lalithchandira and Kumari, 2015). Firms passing through such situations always look for alternatives by paying lower claims or not paying at all, in some cases which would make the customers going through pains in what was clearly started as a cordial relationship when the sales representative making promises that they will be there when things go wrong but experiences have reportedly been harsh eventually in most cases. The cases of corruptions, misappropriation of fund as well as fraud cannot be left out as among those factors facilitating poor claims in Nigerian insurance industry.

Despite the role and contributions of insurance business to the economic growth and development of the economy, it is regretted that in Nigeria with population of over 200 million remains very shallow (Oyekunle and Momoh, 2013) and the growth expected since its inception in 1921 has not been significant until 1980s (Tajudeen, & Adebawale, 2013). The industry had been unable to convince the larger portion of the population of the better claims. Most of the insurers in Nigeria found it difficult to settle claims and other financial obligations of their previous customers (Uranta, 2004 cited by Aduloju, Awoponle & Oke, 2008; Akinbola 2014). Likewise, the experience from policy holders seemed not enough in convincing prospective customers into the contract. This consequently called for reform of the industry in which many problems were resolved excluding fire insurance policy on both motor vehicles and burnt houses claims which still remained unresolved (Ayuba & Isyaka, 2020). Hence, the relationship between poor claims settlement and demand for insurance policies in Nigeria rates are just evolving (Johri (2009); Tajudeen, *et al* 2013) and Nebo and Okolo (2015). It is based on this premise that this study is interested as shown that insurers were able to cover less than five percent of the insurable population and also less than one percent of the insured contributes to Gross Domestic Products of Nigerian economy (Usman and Salami, 2008). Therefore, in view of the above assertion, this study intends to answer the following research questions: What are the effects of poor claims on demand for insurance policies in Nigeria? What are the long term relationships between poor claim settlement and demand for insurance policies in Nigeria?

The objectives of the Study:

The broad objective of this study is to determine the impact of poor claims on demand for insurance policies in Nigeria. While the specific objectives of the study include:

- (i) To determine effects of poor claims on Demand for Insurance Policies in Nigeria.
- (ii) To determine the long term relationship between poor claim settlement and demand for insurance policies in Nigeria.

In line with the research objectives of this study and in search of the answers to various research questions, the following hypotheses were postulated:

H_{01} : Poor claim settlement does not have significant effect on Demand for Insurance Policies in Nigeria.

H_{02} : There is no significant long term relationship between poor claim settlement and demand for insurance policies in Nigeria.

There is the need for more empirical studies on relationship between poor claims settlement and demand for insurance policies in Nigeria. This is particularly important considering series of fraudulent practices associated with insurance business in Nigeria despite various established reforms in the country. This explains more on the rationale for our study. The rest of the paper is organized as follows: the next section presents the literature review. The third section provides the specification of the model. The fourth section reports the empirical findings of the study. The last section concludes the paper.

II. LITERATURE REVIEW

Conceptual Review

Insurance Claim

Insurance is, essentially, a contract by which one party gives a consideration, typically paid in money, in exchange for a promise from another party to make a return payment if a certain loss has occurred. The word insurance means a contract whereby one undertakes to indemnify another or pay or allow a specified or ascertainable amount or benefit upon determinable risk contingencies (Bierly, 1990). The concept of insurance claim had been defined by various authors submitting similar meaning: Irukwu (1989) defines insurance claim as an insurance contract in which the insurer undertakes to indemnify the insured against a loss, which may or may not arise at a future date or to pay a certain amount of money in the happening of a certain event. Crawford (2007) defined claim as the heartbeat of insurance that are the most contract the insuring public has with the industry and thus, critical moment of truth that shapes a customer's overall perception of their insurers. Singh (2007) views claims as the defining moment in the customer relationship for insurance firms, with a firm's success often defined by one factor: the customer's experience around claims. AIRMIC (2009) stated that claims handling is the basis on which an insurance company is ultimately judged by clients and the key issue affecting the reputation of the insurer. It represents the legitimated delivery of the promise at the heart of the insurance contract; which, indeed, for many insurance companies, excellent claims handling service is considered to be a differentiator that distinguished them from the competition. According to Asokere & Nwankwo (2010) claim is a demand made by the insured person to the insurer for the payment of benefits under a policy. It is the defining moment in the relationship between an insurer and its customer (Francis & Butler, 2010).

Butler and Francis (2010) asserted that claims represent the largest single cost to insurers and 80.0 per cent of all premiums are spent on claims payment and associated handling charges. Hence, Redja (2008) opined that claim management includes all managerial decisions and processes concerning the settlement and payment of claims in accordance with the terms of insurance contract. Vaughan & Vaughan (2008) defines claim as the notification to an insurance company that payment of an amount is due under the terms of a policy. Capgemini (2011) explained that claim is the gateway to the customer that will drive improvement in the insurers' customer acquisition, retention, enterprise business intelligence for product development insights and profitability for the next several years. While, DiNapoli (2013) explained that claim represents a demand presented for the payment of money due for goods that have been delivered or services that have been provided. Afolabi (2018) defined an insurance claim as a formal request to an insurance company, asking for a payment based on the terms of the insurance policy.

Demand for insurance policy

Scholars have been able to link the response of the customers engaging in financial services with demand for insurance policy (Ward & Zurbruegg, 2002; Beck & Webb 2003; Hussels, Ward & Zurbruegg 2002; 2010). Onafalujo, Abass & Dansu, 2012 stated that the number of insurance products or packages that the insured is willingly and able to purchase at a time so as to transfer the risk to the insurer within a specified terms of agreement has been classified as demand for insurance.

There exist many factors that encourage people to be involved in insurance business. Those factors tend to have positive or negative influence on the insurers and the insured. Economic factor focuses on the price of the insurance product, income as the long term factor that encourages demand for insurance policy (Beck and Webb (2003). Although, higher level of incomes has been associated with higher risks. Lewis 1989 stated that positive relationship exists between demand for life insurance and income. Yet, the rate of subscription to insurance policy (life policy) especially in advanced economy is much higher than those of developing economy. This is due to many factors that failed to provide conducive environments for the insured. The political, legal and social factors including education, communication and physical equipments in Nigeria seemed lacking some features compared to what operates in the developed economies (Nwankwo and Durowoju, 2011). Specifically, Browne *et al*, (2010) found that the relationship between the proportion of foreign insurance companies and motor vehicle premium density is negative and statistically significant. It simply shows that a highly competitive internal insurance market, with low prices, might not be so attractive for foreign firms. It was also stated that the relationship between general liability and foreign insurance market share is positive and significant, which means that due to numerous claim defaults noted among the domestic insurance firms, the

increasing rate of foreign insurance companies in Nigeria fosters a highly competitive domestic market, which results in lower prices and increased insurance consumption.

III. RESEARCH METHODOLOGY

Survey research design method had been employed in this study. This is due to the convenient means of gathering and analyzing similar information in due process (Abbott, 2002; 2004). Field survey was used to collect data among the sampled insurance companies and the basic instrument employed in gathering the data was a structured questionnaire which have been divided into two parts. The first part is made of personal data and the second part shows related variables in the study. The population focused in the study included the few licensed insurance firms in Nigeria. This is due to the fact that they dominate and control the larger interest in the market share (National Insurance Commission, 2015). Stratified sampling technique was also adopted where twenty five companies chosen from head administrative sections of Oyo and Lagos states with 130 questionnaires distributed and only 115 responses were well filled and returned which is a very good percentage response. The hypothesis was also tested using Chi-square and correlation with the tabulated contingency table on the basis of an assumption of five percent level of significance.

IV. FINDINGS AND DISCUSSIONS

Table 1. Roles of insurers in poor claims settlements and insurance demand policies in Nigeria

| Variables | SA | A | SD | D | U | Total | t-statistics |
|--|----------|----------|--------|--------|--------|----------|--------------|
| The insurers and the insured are acting in the interest of the public | 24(21) | 54(46) | 14(12) | 13(11) | 10(8) | 115(100) | 4.08(0.000) |
| Insurance companies have been implicated of various misconducts | 50(43.4) | 44(38.2) | 3(2.6) | 11(9) | 7(6) | 115(100) | 9.23(0.000) |
| Insurers have been blamed for poor claims in the pasts | 51(44) | 50(43) | 3(2.6) | - | 11(9) | 115(100) | |
| There are past evidence where insurers have been accused of misconducts leading to poor claims | 32(28) | 28(24) | 17(15) | 20(17) | 18(16) | 115(100) | 6.86(0.000) |

Source: Author's computation, 2021.

The above table 1, pinpointed the impacts of the insurers in poor claims settlements and insurance demand policies in Nigeria. While most of the respondents support the opinion that the two sides of the parties are acting in the interest of the public with a total number of 78 respondents which represents (50.4%); Only 27(23%) disagreed, while 10(8%) respondents are undecided. Also, due to the experience that were gathered on the various misconducts on the parts of the insurers which might facilitate poor claims, it was noticed that majority of respondents 94(81.6%) agreed that insurance firms have been implicated of misconducts in the past. Just 14 respondents disagreed and only 7 (6%) remains undecided. On the augments of the blamed on the insurance firms for poor claims, majority of the respondents 101(87%) also support the submissions by agreeing with the statement, although only 3(2.6%) respondents disagreed and just 11(9%) remains undecided. It was noticeably discovered that insurance companies played one of the vital roles in poor claims and which has eventually had enormous impacts on the demand for insurance policies in the sector of the economy.

Table 2. Supervision of poor claim settlements by regulatory bodies in Nigeria

| | | | | | | | |
|---|--------|--------|--------|--------|--------|----------|-------------|
| Enforcements of anti social practices has exposed poor claims and other misconducts in Nigeria. | 27(23) | 26(23) | 18(16) | 27(23) | 17(15) | 115(100) | 6.94(0.000) |
| Appropriate measures have been established monitoring poor claims in Nigeria | 20(17) | 38(33) | 7(6) | 22(19) | 28(24) | 115(100) | 7.22(0.000) |
| Insurance decree/acts is adequate for supervision and regulation of insurance business in Nigeria | 4(3) | 32(28) | 25(22) | 25(22) | 29(25) | 115(100) | 7.33(0.000) |
| The performance of rating insurance and financial operators in Nigeria is satisfactory | 22(19) | 16(14) | 20(17) | 18(16) | 34(32) | 115(100) | 6.02(0.000) |

Source: Author's computation, 2021.

Economies need to be guided and regulated in order to prevent unnecessary abuse, and exploitations as well as ensuring smooth running of the economies. Table 2 above presents the question about the anti-social practices, which has exposed poor claims and other malpractices in Nigeria, most respondents 53(46%) still agreed with the statement, 45(39) respondents disagreed, while only 17(15) are yet to decide on the statement. Also, in terms of the establishments of the appropriate measures, monitoring poor claims in the economy, 58(50.4%) respondents agreed but 36 also agreed that the both the Acts and the monitoring bodies are not effective in achieving the desired results. 50 (43.4%) respondents disagreed that the Acts/ decrees are adequate for supervision of poor claims with consequence effects on demand for insurance policies.

Table 3 Satisfactory demand for insurance policies in Nigeria

| | | | | | | | |
|--|---------|---------|---------|---------|---------|-----------|-------------|
| Poor claims influence the demand for insurance policies in Nigeria | 39(34%) | 29(25%) | 18(16%) | 15(13%) | 14(12%) | 115(100%) | 6.77(0.000) |
| Insurance risk cultures have effects on demand for insurance policies in Nigeria. | 22(19%) | 24(21%) | 18(16%) | 27(23%) | 24(21%) | 115(100%) | 7.08(0.000) |
| The number of branches and the attitude of insurer's staff influence demand for insurance policies | 20(18%) | 23(20%) | 18(16%) | 21(18%) | 33(29%) | 115(100%) | 6.98(0.000) |
| Safety of transactions go a long way influences demand for insurance policies in Nigeria | 12(10%) | 34(30%) | 20(18%) | 18(16%) | 31(27%) | 115(100%) | 7.02(0.000) |

Source: Author's computation, 2021. **** Correlation is significant at the 0.01 level (2-tailed)**

The table 3 above shows the responses in respect of satisfactory demand for insurance policies in Nigeria. While a total of 68(59.1) agreed that poor claims influences demand for insurance policies, 33(29%) disagreed and 14(12%) are undecided at the time. In terms of the effects of insurance risk culture on demand for insurance policies, the responses recovered showed that 46(38%) agreed with the question, 35(29%) respondents disagreed and 24 remain undecided at this time. Also, in terms of the numbers of offices / branches opened across the country and its influence on the demand for insurance policies, 43(38%) respondents agreed with the question, 39(34%) disagreed and the remaining 33(29%) were undecided at this period.

Test of Hypotheses

Hypothesis 1

H_0 : Poor claim settlement does not have significant effect on Demand for Insurance Policies in Nigeria.

| Variables | SA | A | UD | D | SD | TOTAL |
|--|-----|-----|-----|-----|-----|-------|
| Poor claims influence the demand for insurance policies in Nigeria | 34% | 25% | 16% | 13% | 12% | 100% |
| There are past evidence where insurers have been accused of misconducts leading to poor claims | 28% | 24% | 15% | 17% | 16% | 100% |

Source: Author's computation, 2021. **** Correlation is significant at the 0.01 level (2-tailed)**

The data on these variables are tabulated on the contingency table below:

Table 4 H01: Contingency Table

| Options | Q1 | Q2 | Q1 + Q2 | Difference | Mean | Deviation(x) | X ² |
|---------|-----|-----|---------|------------|------|--------------|----------------|
| SA | 34 | 28 | 62 | 6 | 6.2 | 4.2 | 17.64 |
| A | 25 | 24 | 49 | 1 | 4.9 | 2.9 | 8.41 |
| UD | 16 | 15 | 31 | 1 | 3.1 | 1.1 | 1.21 |
| D | 13 | 17 | 30 | -4 | 3.0 | 2.1 | 4.41 |
| SD | 12 | 16 | 28 | -4 | 2.8 | 0.8 | 0.64 |
| TOTAL | 100 | 100 | 200 | ∑D=0 | 20 | 11.1 | 32.31 |
| Mean | 10 | 10 | ∑=2 | | | | |

Source: Author's computation, 2021.

To test the stated hypothesis, the method of analytical technique employed for the purpose of this study is Chi-Square(x²). It is employed to prove the hypothesis through relevant selected questions from the questionnaire with the corresponding data. The above contingency table has been prepared based on the assumption of 5% level of significance, the critical value from the table shows 9.49, when df is 4. Hence, the calculated value of 32.31 is greater than the critical value of 9.49 (x²) which rejects the null hypothesis that poor claim settlement does not have significant effect on demand for insurance policies in Nigeria, and accept the alternate hypothesis that poor claim settlement have significant effect on demand for insurance policies in Nigeria. This means that payment of poor claims by the insurance firms discourages the insured from demanding from further policies in the industry. Also past evidence of misconducts from the insurers will continue ringing negative impacts on the insured 's mind for a very long time.

Correlation:

This test investigates the effects of poor claims and insurers misconducts on insurance demand policies in Nigeria. The result of the test shows that there is strong, negative and significant effect among poor claim, insurers' misconducts and demand policies in Nigeria. This negates the null hypothesis that there is no

significant effect between poor claims and insurance policies in Nigeria and is therefore rejected at 1% level. This shows that poor claims influences and insurers misconducts are inseparable analytical factor.

Table 5 Correlations

| | Poor_claim_influences | Insurers_Misconducts |
|---|-----------------------|----------------------|
| Pearson correlation | 1 | .638** |
| Poor_claim_studiesSig(2-tailed) | | .000 |
| N | 115 | 115 |
| Pearson correlation | .638** | 1 |
| Insurers_Misconducts Sig(2-tailed) | .000 | |
| N | 115 | 115 |

Source: Author’s computation, 2021. ** Correlation is significant at the 0.01 level (2-tailed)

The effects of poor claims will not only have negative impacts on the policies at this period alone but the future will also be jeopardized if not attended to in time coupled with various misconducts experience noticed on the part of insurers staff (Obasi ,2010; Shamsher, Naveen and Kumkum (2014).This unethical practices was not only required proper investigations but also needed a strict preventive measures in future(Saudhu and Bala, 2011; Ziaei, 2012).

Hypothesis 11:

H₀:To determine the long term relationship between poor claim settlement and demand for insurance policies in Nigeria.

Table 6

| Variables | SA | A | UD | D | SD | TOTAL |
|--|-----|-----|-----|-----|-----|-------|
| The performance of rating insurance and financial operators in Nigeria is satisfactory | 19% | 14% | 17% | 18% | 32% | 100% |
| Safety of transactions go a long way influences demand for insurance policies in Nigeria | 10% | 30% | 18% | 16% | 26% | 100% |

Source: Author’s computation, 2021. ** Correlation is significant at the 0.01 level (2-tailed)

The data on these variables are tabulated on the contingency table below:

Table 7 H02: Contingency Table

| Options | Q3 | Q4 | Q1 + Q2 | Difference | Mean | Deviation(x) | X ² |
|--------------|------------|------------|------------|-------------|-----------|--------------|----------------|
| SA | 19 | 10 | 29 | 9 | 2.9 | 0.81 | 17.64 |
| A | 14 | 30 | 44 | -16 | 4.4 | 2.4 | 5.76 |
| UD | 17 | 18 | 35 | -1 | 3.5 | 1.5 | 2.25 |
| D | 18 | 16 | 34 | 2 | 3.4 | 1.4 | 1.96 |
| SD | 32 | 26 | 58 | 6 | 5.8 | 3.8 | 14.44 |
| TOTAL | 100 | 100 | 200 | ∑D=0 | 20 | 10 | 42.05 |
| Mean | 10 | 10 | ∑=2 | | | | |

Source: Author’s computation, 2021.

In order to test the stated hypothesis, the method of analytical technique employed for the purpose of this study is Chi-Square(x²). It is employed to prove the hypothesis through relevant selected questions from the questionnaire with the corresponding data. The above contingency table has been prepared based on the assumption of 5%level of significance, the critical value from the table shows 9.49, when df is 4.Hence, the calculated value of 42.05 is greater than the critical value of 9.49 (x²) which rejects the null hypothesis that there is no significant long term relationship between poor claim settlement and demand for insurance policies in Nigeria and accept the alternate hypothesis that there exists a significant long term relationship between poor claim settlement and demand for insurance policies in Nigeria. This impliedly means that the type and nature of poor claims by the insurance firms will go a long way in determining the success or otherwise of the demand polices in the nearest future periods (Shamsher, Naveen and Kumkum (2014). Hence, the insurance industry should improve their performance rating including other financial operators in Nigeria, also embark on various safety measures of transactions as this will go a long way in influencing the demand for insurance policies in Nigeria (Nwankwo&Ajemunigbohun, 2013).

Correlation:

Performance rating and long term safety are being used by the financial regulatory agencies and authorities in regulating and monitoring of insurance claims in Nigeria. The results of the test revealed that there is positive and significant relationship between the two variables in Nigeria. This therefore, shows that the stated null hypothesis; that there is no significant long term relationship, no significant long term relationship between poor claim settlement and demand for insurance policies in Nigeria be rejected at 1% level. And accept the alternate hypothesis that there exists a significant the long term relationship between poor claim settlement and demand for insurance policies in Nigeria,Which depicts that performance rating and long term_ Safety are inseparable.

Table 8 Correlations

| | Performance_Rating | Long Term_Safety |
|---|--------------------|------------------|
| Pearson correlation | 1 | .702** |
| Performance_Rating Sig(2-tailed) | | .000 |
| N | 115 | 115 |
| Pearson correlation | .702** | 1 |
| Long Term_Safety Sig(2-tailed) | .000 | |
| N | 115 | 115 |

Source: Author’s computation, 2021. **** Correlation is significant at the0.01 level (2-tailed)**

The stated significant relationship is affirmed by the work of Capgemini (2011b), and Rose (2013) in which they further support the ratings by the regulatory bodies so as to ensure satisfaction of the customers because effective assistance provides quality outcomes and improve the norms of protection industry in the nearest future. The study however augured that most of the staff and the employees in the industry hardly abide by the rules, procedures and regulations which is not only against the ethical codes of the industry but also has not attracted adequate corresponding punishment.

V. CONCLUSIONS AND RECOMMENDATIONS

This study attempts to examine poor claims settlement and demand for insurance policies in Nigeria with the Nigerian insurance industry as research ground for its empirical assessment.The findings have shown the importance of the different cycles of claims on the board.Insurance business entails such market that requires transparency in all forms ranging from inception when the customers are being introduced to the financial sector and files or documents opened down to when they are claiming indemnities according to the terms of the business. All the medium transactions such as processing of customers file or records as well as access to them and how they are being treated should be honestly explained to the customers including all the premiums charged/required to be paid at every point in time otherwise , there would be problem abinitio which will create negative perception of insurance business as well as delay in the claims on the parts of the parties in the long run .It has so far confirmed that great case handling of good claims is vital to back up plans' benefit and long term profitability and sustainability of the industry.

For policy requirement of insurance industry should be redefined through appropriate Acts introducing competitions and innovations in the services so as to compete effectively and meet consumer needs by dealing with changing expectations of policyholders. Appropriate agencies might also need to be established that will continue to look into the grievances and complaints of the customers/ policyholder in order to regulate the misconducts of the officers and desired punishments attached accordingly.

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