

CLAIMS SETTLEMENT AND RISK ATTITUDES: EVIDENCE FROM THE MOTOR INSURANCE POLICYHOLDERS

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Abstract: Claims, being the heartbeat of the workability of insurance, are the most critical contact influencer between the insuring public and the insurer. It serves as a critical path to truth that shapes the policyholders' ultimate perceptions of their insurers. Therefore, this study aimed at evaluating the relationships between claims settlement and risk attitudes, with specific reference to motor insurance policyholders in Lagos, Nigeria. The study adopted a cross-sectional survey research design. A survey based questionnaire was applied to 287 motor insurance policyholders. The findings show that claims settlements are significant in attracting reasonable risk attitudes. The study recommends that motor insurance providers should put in place fascinating claims packages in order to boost the confidence level of the motoring communities. Government should rejuvenate and empower the motor insurance public complaint commission to address issues relating to motor insurance claims of either party in the motor insurance contract. Future research work could direct attention to insurance fraud issues emanating from the insurance claims settlement manual.

JEL Classifications: G19, G22, N27

Keywords: Claims settlement, risk attitudes, motor insurance policyholders, theory of planned behaviour, Nigeria

1. Introduction

Motor insurance, being one of the transportation insurance modes, is designed as a risk management instrument to guarantee policyholders' peace of mind. It plays a crucial role in safeguarding policyholders from financial losses that motor vehicles can cause ranging from loss of property, medical bills, legal fees, to

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loss of income (Abdalla & Enaji, 2014; Gage, Bishop, & Morris, 2015). Historically, the appearance of motor vehicles on the road can be dated back to the year 1880s. The initial motor insurance policy emerged during the year 1890s (Ellis, 1983). Its emergence was after the failure of enacted regulation to control accidents of motor vehicles on the road. Motor insurance compensates victims who sustained bodily injuries and/or are obliged to repair motor vehicles damaged by the risk of collision and other third-party liability motor-related risks (Ibiwoye, Adeleke, & Aduloju, 2011). The compensation provided, in this regard, is encapsulated in the claims settlement mode and time.

Claims, being the heartbeat of the workability of insurance, is the most critical contact influencer between the insuring public and the insurer (Ayuba, Isyaka, & Azuoonwu, 2020; Hartwig, Lynch, & Weisbert, 2016). It serves as a critical path to truth that shapes the policyholders' ultimate perceptions of their insurers (Yusuf & Ajemunigbohun, 2015). Indeed, policyholders' perceptions around claims are usually informed by the defining relationships between the insurers and the insuring public (Raghuram, 2019). Thus, the defining relationships are most widely present in motor insurance policies (Ajemunigbohun, 2018; Bulbul & Baykal, 2016; Jayasudha, 2015; Namukaso, Ssekaukba, & Bagenda, 2017; Onafalujo, Abass, & Dansu, 2011). Although it is believed that roads can be better built and motor vehicles improved to tolerate mistakes, road risks can never be eliminated. Therefore, understanding motor users' attitudes is essential and significant in reducing the influence of human factors in road accidents and directing their attention to the importance of motor insurance.

However, the attitude of many motorists is disturbing as there seems to be an increase in the number of risk exposures motorists are faced with, which include loss of life and vehicle, risk of collision or damage to the vehicle, and other third-party motor-related risks (Magri, Farrugia, Valletta, & Grima, 2019; Segovia-Vargas, Camacho-Minano, & Pascual-Ezama, 2013). This attitude has created a great deal of apathy and very inauspicious perceptions regarding motor insurance as a formidable financial technique to safeguard policyholders' interests in the event of a motor-related losses (Kwanga, 2017). The negative perception has resulted in low patronage for a motor insurance policy by Nigerians, created by poor claims settlement (Isimoya, & Ajemunigbohun, 2019; Olowokudejo, Aduloju, & Ajemunigbohun, 2020). With poor claims settlement, policyholders develop low-risk aversion. Therefore, low-risk aversion is a major challenge of any insurance industry, as it remains the heartbeat to the demand for motor insurance (Botha, 2017). It is a major drawback in the quest to attract more policyholders into the portfolio of motor insurance providers, and adversely affected motor insurance providers in terms of perceived policyholder's perception. This makes it difficult for motorists to comply with the compulsory motor insurance law in Nigeria. The study objective is focused at evaluating the nexus between insurance claims settlement and risk attitudes of selected motor insurance policyholders in Nigeria.

2. Literature review

2.1. Theory of Planned Behaviour

Planned behaviour, as a theory, was propounded to depict social values, attitude and controlled behaviour of mankind in business related activities (Zhang &

Cain, 2017). This theory commenced as the theory of reason action in the 80's to predict individuals' intents to get involved in behavioural events at a specific place and time (Ajzen, 2011). It is a well-designed estimates of risk attitude regarding a behaviour of interest, perceived behavioural intention and control, and subjective values. The outcome of previous studies (such as Brahmana, Brahmana, & Memarista, 2018; Mai, Nguyen, Vu, Bui, Nguyen, & Do, 2020; Kautonen, Van Gelderen, & Tornikoski, 2013) have shown that the theory of planned behaviour (TPB) has contributed extensively to insurance behavioural studies. This theory is thus considered typical for business activities even if the new venture may develop abruptly due to a chance realised. With TPB, two major sources of intent, that is, motivation to act for an intended behaviour and possibility of a given behaviour (Mamum, Rahman, Munikrishnan, & Permarupan, 2021). It is necessary to note that TPB contends that intent is a direct antecedent of behavioural performance. TPB stipulates, in principle, that the more acceptable the attitude and subjective value, the higher the perceived behavioural control, the stronger an individual's intent concerning the performance of insurance behaviour (Harrison, 2019; Sung, Yam, Yung, & Zhou, 2011). This theory explains how the insurers' claimsettlement affects the risk attitudes of motor insurance policyholders.

2.2. Conceptual clarifications

2.2.1. Claims Settlement

Claim is seen as a request for paying the delivery of either goods purchased or services provided (DiNapoli, 2013). It is referred to as a demand made by a policyholder on an insurer concerning his/her entitlement under an insurance contract (Ajemunigbohun, Isimoya, & Ipigansi, 2019). Singh (2012) maintains that claims can be properly settled when an insurer provides state-of-the-art claims mechanisms that are in alignment with robust business dynamics, and detailed managerial systems that will enhance the efficiency and efficaciousness of claims settlement processes. Claims settlement has been the pathway to driving an insurer's development in customers' acquisition, retention, product development, and profitability for survival (Capgemini, 2011). It either makes or breaks the policyholders in terms of their experience (Raghuram, 2019). However, insurer who fails to settle claims to the satisfaction of the policyholders would attract less business as it is likely to dissuade continued patronage from such customers (Onesede, 2013). For this reason, it is expected for insurer to create necessary collaboration between its claims department and other operational departments comprising underwriting, marketing, and information technology (Bruggmann, Catlin, Chinczewski, Lorenz, & Prymaka, 2018).

Claims settlement is a functional aspect of the insurance business and is thus noted as the end product of insurance transactions. It is an ideal instrument for measuring the perceived image of an insurance company. Therefore, adequate claims settlement awakes and attracts policyholders to demanding insurance policies of any kind (Afolabi, 2018; Kwanga, 2017; Lawrence, Evans & Richard, 2017; Yadav & Mohania, 2015). Nyce (2007) sees it as one of the functional areas of the insurance business, aside from marketing and underwriting. In furtherance of his submission, the claims settlement process is designed to achieve a fair settlement under the

applicable insurance policy provisions. Accordingly, claims settlement that exceeds the promised amount payable under the policy increases insurance costs for all policyholders. Rejda and McNamara (2014) came up with a submission that claims settlement, as a function of insurance, makes provision for several primary objectives. These objectives include verification of loss events, fairness and promptness of claims payment, and self-service assistance to the policyholders.

Market failures or inefficiencies in references to claim practices are in three phases. First is the inadequacy of customers' information with respect to relative quality assessment of claims handling practices of insurance companies. Second is the existence of agency relationship that gives the insurer liberty to control policyholders' affairs but restricted capacity to the policyholder to monitor the insurer's behaviour. Third is the insurer's capacity to act in an opportunistic manner at the time of claim (Feinman, 2014). Feinman (2014) stressed that inefficiency or failure in the insurance market milieu becomes endemic for claims settlement due to factors such as asymmetric information, agency problem, and insurers' risks of opportunism. According to Porrini (2017), insurers oftentimes suffer from information lack regarding the risk characteristics of individual persons in the contract of insurance. This asymmetry encompasses insurance contract in two ways: *moral hazard* and *adverse selection*. In the agency relationship, individual performance differences are often ignited by their expectant incentives and access to numerous information (Feinman, 2016). Feinman (2018) states that opportunism can be systematic, intentional or negligent. While the insured opportunism includes misrepresentation of application at the time of loss situation or claims settlement, which further creates a fraudulent act; the insurer's opportunism takes the form of appreciable gains from pre loss attitude which include denial or procrastination of claims settlement, either in whole or part, misrepresentation of drafted policy language, etc

2.2.2. Risk Attitudes

Risk is defined as a situation where the outcome is uncertain and there exists a possibility of loss. (Arunajatesan & Viswanathan, 2017). According to Egerue (2017), risk is described as the deviation of future outcomes from the expected or predicted values. Risk is an unlikely event with either a positive or negative impact on specific objectives (Rejda & McNamara, 2014). However, attitude is defined as an individual disposition to react with a specific degree of favour or disfavour (Taofeeq & Adeleke, 2019). Therefore, Risk attitude is described as an individual enlightenment towards either avoiding or preferring risk when deciding on how to proceed in the circumstances embedded with the uncertain outcome. (Glanz, Greeke, LaRussa, Stuart, Rintell, Chitmis, & Healy, 2016). Risk attitude functions as an individual perception of risk with the tendency of experiencing an adverse event (Lippi, Barbieri, Piva, & De Bondt, 2018).

2.2.3. Motor Insurance

Motor insurance is a pecuniary tool to safeguarding insurers' risks against motormishaps (Olowokudejo, Aduloju, & Ajemunigbohun, 2020). According to Zerou (2016), it is a contract between the insured and the insurer, in which the insured agrees to pay premium and the insurer, agrees to pay losses as per the policy. It

was further simply put as the protection to risk of accident on property (covering accident damage on the motor and theft), liability (covering third-party legal responsibility to others' property damage or bodily injury) and medical coverage and death (takes care of emergency medical expense, cost of funeral or the agreed sum insured life in case of death). According to Falegan (1991) as cited in Onafalujo et al. (2011), motor insurance provides for bodily injury or property destruction to the third-party emerging from the use of vehicles. It is most times categorised in line with vehicle usage embodying private cars, goods carrying vehicles, commercial vehicles, public authorities' vehicles, passengers carrying vehicles, mechanical plants of specific structure, and agricultural and forestry vehicles (Bassey, 2018; Ngwuta, 2007). More so, earlier submission by Akintayo (2004) stated some characterising procedures connected to motor insurance to include period of insurance, vehicle value, hired vehicles of not less than twelve months, no claim discount, betterment, waivers, policies cancellation, etc.

2.3. Review of Previous Studies

Several surveys have been devoted both in Nigeria and other countries of the world to identify claims handling processes in insurance and how they are in relations to policyholders' perception in motor insurance (e.g. Bortoluzzo, Claro, Caetano, & Artes, 2011; Gangil & Vishnoi, 2020; Gurung, 2016; Islam & Hossain, 2018; Yusuf & Ajemunigbohun, 2015).

In reference to a study carried out by Jiandong (2016), model for created to explain claim happenings, reporting, and controlling of insurance companies' mechanisms. The study derived a formula that includes the joint distribution and the joint moments for the combination of claims reporting and control procedures such as loss Incurred But Not Reported (IBNR), loss Reported But Not Settled (RBNS), loss Settled (S). A generalised model known as Poisson claim arrival was employed. The study concluded that a relationship between the claim happenings, reporting, and controlling metrics probably affects IBNR, RBNS, and Settled claims' volatilities.

Angima & Mwangi (2017) examined the relationships between underwriting and claims management and the financial performance of property and casualty insurance companies in East Africa. The study adopted descriptive research design. The study employed both primary and secondary data. While questionnaire survey was as a primary source for collection of data from 82 property and casualty firms' members of staff, the secondary data was procured from yearly financial report for the period 2010 to 2014. To analyse the data, a linear regression model was exerted in the research outcome. The study confirmed and established significant relationships between the variables.

Salleh, Kassim, Yazid, & Rashid (2018) embarked on a study aimed at determining the factors influencing consumers' attitudes towards insurance claims fraud. The study was descriptive in its design and employed a questionnaire survey for obtaining data from 210 respondents. In an attempt to decisively analyse the collected data, a multiple regression technique was adopted. The study established the influential effects of moral hazard, economic issues, and perceived fairness on insurance claims fraud. With this result, the study confirmed a positive nexus between consumers' attitude and insurance claim fraud.

Ajemunigbohun, Sogunro, & Oluwaleye (2020) conducted their study on the claims handling process attributes, with respect to the perceptions of motor insurance policyholders in Lagos, Nigeria. The study employed cross-sectional survey design with the sample size of 287 participants among selected motor insurance policyholders in Lagos, Nigeria. Both descriptive statistics and Friedman's rank test were adopted for data analysis. This study established a mean rank test among speedy settlement of claims, transparency of the claims process, easy contact with providers anytime, prompt communication network with providers, staff care for the policyholders in claims handling, and multiple channels to connect with the providers.

Oyetunji, Adepoju, & Oladokun (2021) research was based on the relationship between poor claims settlement and demand for insurance policies in Nigeria. While a structured questionnaire was used to gather information from 115 participants, Pearson's correlation coefficient technique was adopted in the data analysis. The study stressed the importance of prompt and adequate claims settlement in order to attract patronage for insurance policies. In conclusion, the study revealed vital interrelationship between claims settlement and demand for insurance. The study established further that the different cycles of claims procedures are important in attracting more premium income, customers' patronage, market efficiencies, and the like.

2.4. Gap identified

Jiandong (2016) observes that there seem to be a functional framework for claims processing, reporting and handling of insurance companies' mechanisms; with the tendency to enhance quality service provisions and satisfy customers' expectations profitably. For risk attitude, decision makers' analyses have always been affected either as a risk averse, risk neutral, or risk seeking individual (Obayelu, Olowe, & Falaye, 2017; Oladeinde & Oladeinde, 2014). Considering the numbers of existing literature investigated on claims settlement and risk attitude, there seems to be limited numbers of research conducted in relation to insurance studies. With the core importance of these adopted variables, empirical studies among Nigeria's motorists are rare, and then, appear not to have been extensively explored. This is a major gap in Nigeria which calls for intervention and part of which initiate this study. More so, theoretical choice of rational choice was a gap as there seems not to be no existing studies where these selected variables were related (i.e. claims and risk attitude). Furthermore, this study differs from existing studies in Nigeria, by examining claims settlement in relation to risk attitudes among Nigeria's motorists. There is therefore the gap in the relationships that this study seeks to fill by using multinomial logistics regression technique.

3. Methodology

To attain the study objective, a cross-sectional survey research design was adopted. The reason for the adoption of this research design was because it provided the researcher with chances of collecting data from a number of cases within identical time space; and at a single point in time. It further assists for large and representative sample from the population of interest (Kothari & Garg, 2016; Oyeniyi, Abiodun, Obamiro, Moses, & Osibanjo, 2016). Data collection was conducted through survey strategy around selected motorists within the 52 licensing stations of Motor Vehicle Administration Agency in Lagos State, Nigeria. The research instrument

employed was structured questionnaire. The instrument was designed to consist of two parts, A and B. While part A comprised of personal profile of participants, part B was designed to contain survey items relating to construct understudied. More so, the participants' views in relation to the research instrument were designed to reflect five Likert-type scale measurements from strongly agree to strongly disagree (Cooper & Shindler, 2014).

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

On the validity of the research instrument, congruent and logical validity were employed. While the former was carried out through measures of construct understudied from well-grounded literature, the latter was structured via the allocation of a set of drafted questionnaire to few selected motorists and some members of academics in the field of insurance and transportation. These experts scrutinized the instrument and came up with reasonable suggestions which assisted the researchers in the survey items on the questionnaire. The Cronbach alpha value of the reliability test of the research instrument for items was 0.832, above the standard required value of 0.7.

The study variables were operationalised and modeled in specific terms towards the study objective as clearly stipulated below:

Model specification

Model 1

$$1a. \quad \ln \left(\frac{P(Y=RS)}{P(Y=RN)} \right) = a_o + a_1 ICS \quad (1)$$

$$1b. \quad \ln \left(\frac{p(Y=RA)}{p(Y=RN)} \right) = b_o + b_1 ICS \quad (2)$$

Likewise, c_o, c, d_o, d_1 are the regression constants

However, the data analytical technique employed for the study was multinomial logistics regression. The technique was employed because it connects with results of polytomous discretevariables whose categorical values were more than two categories. The statistical tool allowed for the identification and comparison of parameter calculations to the response variable's reference category (Asampana, Nantomah, & Tungosiamu, 2017). It is thus seen as an extension of the binomial (dichotomous) model (Senyefia, Adams, & Prah, 2019).

4. Results, Analysis, and Discussion

4.1. Descriptive Analysis of Participants Responses

Table 4.1: Participants' Perceptions of Motor Insurance Policies

Variables	Response Label	Frequency	Percentage
Do you have motor insurance policy	Yes	252	87.8
	No	35	12.2
Need for claims in the last 12 months	Yes	63	22.0
	No	224	78.0
Access to claims in the last 12 months	Not at all	130	45.3
	Once	109	38.0
	Twice	26	9.1
	Thrice	16	5.6
	Four times and above	6	2.1
Level of satisfaction towards motor insurance policy	Very dissatisfied	22	7.7
	Dissatisfied	55	19.2
	Satisfied	193	67.2
	Very satisfied	17	5.9
Possibility to stop business with a motor insurance provider	Very unlikely	92	32.1
	Unlikely	125	43.6
	Quite likely	48	16.7
	Very likely	22	7.7
Handling and settlement of claims	Very dissatisfied	27	9.4
	Dissatisfied	65	22.6
	Satisfied	170	59.2
	Very satisfied	25	8.7

Source: Field Survey, 2020

Table 4.1 reveals that large number of the participants representing 87.8 percent confirmed their possession of motor insurance policies. The participants with just 12.2 percent expressed their lack of motor insurance cover. While 78 percent of the respondents expressed their non-request for motor insurance claims in the last 12 months, 22 percent noted their claims notification for motor insurance. More so, 45.3 percent of the respondents admitted not to have access to motor insurance

claims in the last 12 months. Among the other participants, 38 percent claimed to have access once, 9.1 percent claimed twice, 5.6 percent claimed thrice, and 2.1 percent only claimed to have access four times and above. This is an indication that among all the participants surveyed, only 45.3 percent indicated not to enjoy access to motor insurance claims in the last 12 months. Participants' level of satisfaction with respect to motor insurance revealed that while 7.7 percent were very satisfied, 19.2 percent dissatisfied, 67.2 percent satisfied, and 5.9 percent very satisfied. This proves that majority of the participants exhibited high level of satisfaction in motor insurance policies with a total of 73.1 percent responses. Accordingly, the participants expressed the possibility to stop patronising a motor insurance provider with very unlikely recorded at 32.1 percent, unlikely 43.6 percent, quite likely 16.7 percent, and very likely 7.7 percent. Ultimately, the majority of the participants had shown that they are unlikely to stop patronising their current motor insurance provider with an indication of 75.7 percent overall. Conclusively, participants' responses to handling and settlement of claims by their motor insurance providers revealed that while 9.4 percent were very satisfied, 22.6 percent dissatisfied, 59.2 percent satisfied, and 8.7 percent very satisfied. This proves that majority of the participants expressed high level of satisfaction in the handling and settlement of their claims by motor insurance providers with a total of 67.9 percent responses.

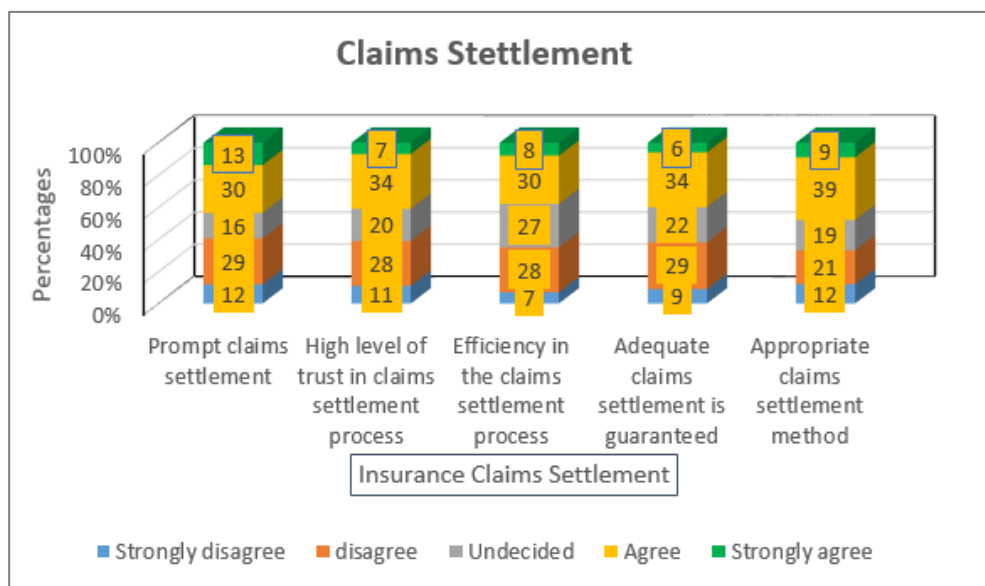
Table 4.2: Claims settlement

Variables	Scale Level					Mean	Std Dev.
	SD	D	U	A	SA		
	1	2	3	4	5		
I buy motor insurance policy due to prompt claims settlement.	12.2	28.6	15.7	30.0	13.6	3.04	1.273
I buy motor insurance policy because I have high level trust in claims settlement process.	11.1	27.5	19.9	34.1	7.3	2.99	1.166
I buy motor insurance policy due to efficiency in the claims settlement process.	6.6	27.9	27.2	30.3	8.0	3.05	1.081
I buy motor insurance because adequate claims settlement is guaranteed.	9.4	28.6	21.6	33.8	6.6	3.00	1.127
I buy motor insurance policy because appropriate claims settlement method is always provided (such as repairs, cash, replacement)	11.5	21.3	18.8	38.7	9.8	3.14	1.198

Source: Field Survey, 2020

In Table 4.2 (and Fig 4.1), the claims settlement items for which data were sought from the entire respondents were *promptness*, *high level of trust*, *efficiency*, *adequacy*, and *method appropriateness in claims settlement*. The respondents responded to the various items, wherein 43% expressed their agreement in terms of *prompt claims settlement*, 16% indifferent, and 41% flaunted their disagreement. For *high-level trust in claims settlement*, while respondents expressed 41% in support, 39% were in disagreement with it. Then, 20% were indecisive. As for the *efficiency of claims settlement*, 38% of the entire respondents displayed their agreement, 27% were indecisive, and 35% disagreed. For *adequacy of claims settlement*, 40% agreed, 22% undecided, and 38% expressed their displeasure. For the *appropriate claims settlement method*, 48% agreed, 33% disagreed, and 19% indifferent. In all, there seems to be an indication that while claims settlement is slightly prompt, respondents' trust in claims settlement is on the rise. Thus, the results further proved that efficiency in claims settlement rises by 3%. The adequacy of claims settlement also indicated a 2% increase, while the appropriateness of the claims settlement method indicated 15%.

Figure 4.1. Respondents' opinions regarding Insurance claims settlement



4.2. Test of Hypothesis

H_0 : Claims settlements have no significant effect on the risk attitudes of motor insurance policyholders

Table 4.3. Multinomial Regression Result for Claims Settlement vs. Risk Attitude

Pseudo R-Square								
Cox and Snell						.027		
Nagelkerke						.035		
McFadden						.018		
Likelihood Ratio Tests								
		Model Fitting Criteria		Likelihood Ratio Tests				
		-2 Log Likelihood of Reduced Model						
Effect				Chi-Square	Df	Sig.		
Intercept		121.892		.700	2	.705		
Claims Settlement		129.058		7.867	2	.020		
Parameter Estimates								
							95% Confidence Interval for Exp(B)	
							Lower Bound	Upper Bound
Risk Attitude Constructs ^a		B	Std. Error	Wald	Df	Sig.	Exp(B)	
Risk Averse	Intercept	-.088	.861	.011	1	.918		
	ClaimsSettlement	-.469	.311	2.276	1	.311	.626	.340 1.150
Risk Seeking	Intercept	.355	.492	.516	1	.471		
	Claims Settlement	.249	.158	2.479	1	.115	1.283	.941 1.750
a. The reference category is: Risk Neutral.								

a. The reference category is: Risk Neutral.

Source: Researcher's Computation, 2020

The R-squared statistic (Cox & Snell and Nagelkerke and McFadden R-Square), as explained by the fitted model, implies that the claims settlement variations explain about 1.8% to 3.5% of the total variation in the measure of risk attitude. As regards the variables in the parameter estimate, a significant value improves the model and indicates a positive effect. The findings show that claims settlement insignificantly predicted ($= -0.469$, $SE = 0.311$, $p > 0.05$) risk-averse and also insignificantly predicted ($= 0.249$, $SE = 0.158$, $p > 0.05$) risk-seeking. The likelihood ratio tests of the multinomial regression indicate that there is a significant association between the predictor variable and the response variable. As a result, it can be concluded that claims settlements have a significant effect on motorists' risk attitudes in Lagos, Nigeria.

4.3. Discussion of Findings

From the empirical analysis conducted and the test of hypotheses carried out, this study has been able to address the research objectives raised. The result

shows that claims settlements have significant and positive relationships with the risk attitudes of motor insurance policyholders in Nigeria, thereby invalidate the null hypothesis and validate the alternate hypothesis. The result further justifies that claims settlements of motorists in Nigeria bring to bear their risk-seeking nature. This result, thus, proves that motorists in Nigeria are not behaviourally conscious of their insurance demand hence they are inversely and unevenly risk-averse. This study further confirms that they do not take necessary scientific steps to procure motor insurance policies that can serve as shock absorbers in the event of motor accident loss. This finding affirmed Sumaila's (2013) claim that drivers' behavioural understanding is essential and significant in reducing the influence of human factors in road traffic crashes through appropriate risk control strategies. This result corroborates the findings of Brown, Montalva, Thomas, & Velasquez (2017) but of divergent view to that of Kavitha, Latha, & Jamuna (2012). Brown et al. (2017) stated that policyholders' risk attitudes have significant effects over major choices of their life and thus play a substantial influence on their social, economic, health and welfare development. In contrary to the findings of hypothetical statement one, Kavitha et al. (2012) had admitted the significance of consumers' attitude towards general insurance products (motor insurance inclusive) as positive in terms of the increasing risk aversion of the policyholders toward their claims settlement methodology.

5. Conclusion and Recommendations

The findings have shown the significance of claims settlements on motorists' risk attitudes. The findings of the study, if adopted will lead to effective claims settlement and reasonable risk attitudes from motor insurance policyholders. The findings further affirmed that claims settlement was significant in attracting reasonable risk attitudes from policyholders. Thus, the study's outcome may be considered useful by policymakers and motor insurance practitioners in designing their strategies for improving claims settlement mechanisms among motorists in Nigeria. Therefore, embracing the claims settlement outcome in relation to motorists' risk attitudes provided for in this study will assist in redeeming policyholders' perceptions for motor insurance policies, as this will imbibe insurer's trust, confidence, honesty, reliability and competence in the heart of the insuring public.

To properly justify the findings of this study, the study recommended that claims settlement mechanisms should be strategically designed to imbibe mutually related ambiance between policyholders and insurers. Motor insurance providers should put in place claim settlement procedure that will boost the confidence level of the motoring communities. Government should rejuvenate and empower motor insurance public complaint commission to address issues relating to motor insurance claims of either party in the motor insurance contract. Motor insurance regulators should take proactive steps in monitoring the contractual agreement towards motor insurance claims settlement by ensuring that motorist's decision towards motor insurance is addressed. Motor insurance providers should corroborate efforts with other stakeholders to see how they can proffer solutions that can properly determine insurance claims function, insurance cost-effectiveness, and enhance market efficiency.

This study contributes to knowledge in that it sensitizes the claims managers to the need to ensure that claims settlement is taken seriously and handled passionately when dealing with motor insurance policyholders. This study benefits the motor

insuring communities in terms of increase in confidence level, effective claims delivery, and the likes. The study suggests that further research works should focus attention on nexus between claims settlements and premium income of the motor insurance in Nigeria. Lastly, future research work could direct attention at insurance fraud issues emanating from insurance claims settlement manual.

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