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Full Length Research Paper

Claims Management and Performance of Insurance in Nigerian Manufacturing Companies.

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ABSTRACT

In Nigeria's industrial sector, fraud prevention and claims administration are key aspects of the insurance sector. It is critical to comprehend the relationship between claims administration and fraud prevention if fraudulent activities represent substantial obstacles. This study examines the relationship to provide information that will help improve fraud prevention and detection strategies in the manufacturing business. A sample of 18 manufacturing enterprises was randomly chosen from a pool of 67, and 239 respondents completed a structured questionnaire to provide primary information. Validity and reliability testing confirmed the study's methodological validity by ensuring the data-gathering instrument was reliable. Multiple linear regression, correlation analysis, and descriptive statistics were used to explore various aspects of claims management and their influence on fraud prevention. The findings confirmed the relevance of technological integration in reducing fraud risks, accelerating claims processing, and improving communication, as previously stated in the research. Finally, the study adds to the development of knowledge about fraud prevention and claims management in Nigeria's manufacturing sector, providing useful information to industry players, administrators, and insurers. Proposed actions to safeguard consumers and insurers include improving fraud detection systems and strengthening the integrity of the insurance business.

1.0 Introduction

The Nigerian insurance sector plays a pivotal role in safeguarding the economic interests of businesses across various industries. As reported by Business Day in 2020, there were 57 registered insurance companies. However, a more recent update from Punch in 2023 indicates a significant growth, with the total number of registered insurance companies rising to 67 (Punch, 2023; Business Day, 2020). This comprises 13 in life insurance, 27 in general insurance, 12 in composite insurance, three in reinsurance, four in Takaful, and eight in microinsurance (Punch, 2023). Regulated by the National Insurance Commission (NAICOM), these entities play a crucial role in mitigating risks and stabilizing the financial position of individuals and firms (Thane, 2011). Oke (2012) discussed the significant contribution of insurance to economic growth, emphasizing its role in sustaining demand, encouraging production, and fostering employment. As a financial protection mechanism, insurance enables firms to manage various risks, supporting real investment and fostering economic growth (Geneva, 2022). The

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Nigerian insurance market having a 2022 turnover of 1.619 billion USD, addresses diverse needs through various segments such as life, non-life, takaful, and microinsurance (Atlas-Mag.net, 2019; Fodio et al., 2023). This sector's anticipated growth, particularly in life insurance, is projected to reach a market share of 48.3% by 2027 (Fodio et al., 2023). Given Nigeria's economic indicators, including a GDP of 440.83 billion USD and a population of 213.4 million inhabitants, effective risk management strategies, with insurance at the forefront, are crucial for supporting businesses, especially in sectors like manufacturing (Atlas-Mag.net, 2019; Fodio et al., 2023).

In manufacturing firms, insurance plays a critical role in mitigating various practical risks that can significantly impact operations and profitability (Surminski, 2014). For instance, unpredictable fluctuations in market demand pose a substantial challenge, leading to overstocking or understocking of inventory, which can disrupt production schedules and increase costs (Nsikan et al., 2023; Oluajo, 2021). Supply chain disruptions caused by factors like transportation delays, raw material shortages, or supplier issues can halt production lines, resulting in lost revenue and customer dissatisfaction (Surminski, 2014)

The efficient operation of seaports is also vital for manufacturing firms, as they serve as crucial nodes in the global supply chain network, connecting manufacturers to retailers and consumers (Nagi et al., 2021; Ibeawuchi & Chinedum, 2018). However, Nigerian ports often face challenges such as congestion, unclaimed containers, and logistical delays, which can severely impact manufacturing firms reliant on timely imports and exports (Maritime Report, 2021). These challenges translate into tangible disruptions, including delayed delivery of raw materials or finished goods, increased inventory holding costs, and missed market opportunities. Despite efforts to improve risk management in the maritime sector, studies indicate a lack of structured mechanisms for managing risks in Nigerian port administration (Dias et al., 2019). This lack of effective risk management exacerbates the challenges faced by manufacturing firms operating in Nigeria, increasing their exposure to potential disruptions and losses. These challenges make insurance indispensable for manufacturing firms as a means of providing financial protection against unforeseen events and disruptions in supply chains (Tang and Musa, 2011). Insurance coverage can help manufacturing firms mitigate the financial losses incurred due to supply chain disruptions, including costs associated with production downtime, inventory spoilage, and delayed shipments (Nsikan et al., 2023).

Efficient claims management is paramount for the overall performance and sustainability of manufacturing companies in Nigeria (Yusuf & Ajemunigbohun, 2015). Investigating the relationship between claims management and insurance performance is imperative, as claims management represents a critical aspect of insurance operations (Banmore et al., 2023). A well-managed claim process positively impacts customer relationships, regulatory compliance, fraud prevention, and overall organizational performance (Kazungu & Barasa, 2017). The significance of insurance in the risk management framework of manufacturing companies cannot be overstated, making it crucial to understand how claims management practices influence the sector's performance.

The key challenges in current claims management practices within the Nigerian insurance industry pose significant obstacles to effective insurance services for manufacturing companies. Challenges include struggles to ensure customer satisfaction, trust, and repeat business, as evidenced by a rise in claims and delayed settlements (Ajemunigbohun et al., 2022). Financial statements reveal a 17.3 percent increase in claims expenses to over N40 billion by June 2017, exceeding the growth in premium income (Adedeji, 2018). The industry's challenges are exemplified by Standard Alliance's recapitalization process to resolve pending claims (Ironkwe, 2019). These challenges collectively present a pressing research problem, necessitating a thorough investigation into the current state of claims management in the Nigerian insurance sector. These challenges pose significant repercussions for the performance of manufacturing companies relying on insurance services. Dissatisfaction among policyholders, delays in claims settlement, and declined market share for insurers impact the manufacturing industry (Banmore et al., 2023). Instances of holding insurance brokers accountable for unpaid claims lead to a decline in market share. The National Insurance Commission's (NAICOM) role and the varied performance of insurers further compound the challenges, emphasizing the urgency of addressing these issues to maintain the stability and continuity of manufacturing operations.

Different researchers have examined how claim settlements can impact customer satisfaction (Pattnaik et al., 2020; Adhikari, 2021; Augustine & Akindipe, 2022). Pattnaik, et., al, (2020) study on claim settlement in health insurance discovered that a customer-centric claim settlement system helps alleviate patient anxiety and ensures Health Insurance Companies (HICs) cover medical expenses in case of hospitalization. However, failure to honor commitments can lead to high Out of Pocket expenses and financial hardship: low customer satisfaction and false, ineligible, and inflated claims negatively impact HICs' business model. In addition, Adhikari, (2021) examined the impact of claim settlement on customer satisfaction, focusing on clarity of settlement advice, claim procedure, and payment of claim. Studies (Ntwali et al. 2020; Olarinre et al, 2020;

Ajemunigbohun et al 2019; Ajemunigbohun, et., al, 2022; Agarwal, 2023; Settipalli, and Gangadharan, 2023; Kajwang, 2022) have explored the impact of fraud on claims management and performance. Researchers have developed fraud detection strategies using social network data and BiRank algorithms. They found that technology can minimize fraud, reduce turnaround times, and improve communication with clients. Cooperation between claim managers and insurers can prevent fraudulent claims and improve profitability. Scholars have researched on insurance claims management and customer satisfaction (Kyi, 2023; Thangam & Karthikeyan, 2020; Ali, 2020; Pattnaik et al., 2020; Adhikari, 2021; Augustine & Akindipe, 2022) by showing a positive association between the claim initiation/notification process, claim handling procedure, claim payment, service quality, and satisfaction. Factors influencing customer satisfaction include policy retention, clear, transparent information, and simple claim procedures. Thus, the study aims to investigate the effect of claims management and insurance performance in Nigeria's manufacturing context. By addressing these objectives, the study aims to contribute valuable insights into improving claims management practices and fostering a conducive environment for manufacturing companies to thrive in partnership with the insurance sector. Claims management is measured using promptness, fairness, efficiency, and effectiveness of benefit decisions while insurance performance is measured using fraud prevention and customer satisfaction.

The rest of the paper is structured as follows: Section 2 presents the literature review which comprises conceptual, empirical, and theoretical review adopted in this study. Different theories associated with the research topic were presented. The underpinning theory related to claims management and insurance performance was detailed in the section. Section 3 explains the research methodology used in the study. Section 4 presents the results and the discussion of the findings. Lastly, Section 5 discusses the conclusion, recommendation, and limitation / further study of the research findings.

3.0 Method and Materials

3.1 Study area

The study was carried out in Nigeria, focusing on all the insured Nigeria manufacturing companies originated from Nigeria. Nigeria is situated in the western part of Africa, positioned at coordinates 9.0820° N, 8.6753° E. Nigeria encompasses thirty-six states and federal capital territory (FCT) Abuja, making it thirty-seven states. This geographical context provides a backdrop for understanding the scope and locations of the study's participants within Nigeria's diverse administrative regions. In the 67 insured manufacturing firms, we assumed that each of the insured manufacturing companies have at least fifteen (15) employees making it, a total of 1,005 employees. The Taro Yamane sample size determination is calculated at 5% desired level of precision (e) with the total population of 1, 005.

$$n = \frac{N}{1 + Ne^2}$$

Where N is the total population and n is the sample size.

$$n = \frac{1005}{1+1005(0.05^2)};$$

$$n = \frac{1005}{1 + 2.5125};$$

$$n = \frac{1005}{3.5125};$$

$$n = 286.15$$

The sample size (n) is approximately 286.

Thus, this study examined how claims management and performance measured using customer satisfaction and fraud prevention as displayed in Figure 1 relate to each other in Nigeria's industrial sector. Taro Yamane's (1967) sample size calculation method was used to determine the sample size of 286 respondents. Of all the sample size, only 239 respondents filled the questionnaire appropriately. To guarantee that every selected organization had an equal chance of participating, the study employed a simple random selection procedure. To gather primary data on a range of fraud prevention and claims management variables, a methodical questionnaire was created and administered to participants. To confirm the validity of the survey instrument, a reliability test was performed on a portion of the questionnaire responses before the major data analysis. With coefficients ranging from 0.75 to 0.87, the test findings demonstrated strong reliability and demonstrated the predictability and consistency of the questionnaire items. Demographic characteristics of the respondents and important criteria about fraud detection and claims management were compiled using descriptive statistics such as percentage distributions and frequency. The associations between these variables were then examined using correlation analysis, and the computation of variance inflation factors, or VIF, was used to determine the multicollinearity of the predictors in the regression model. Finally, the impact of claims management on performance in Nigeria's industrial sector was evaluated using multiple linear regression analysis. The decision-making significance level for regression analysis was established at 5% to guarantee the validity and dependability of the study's findings.

The research model for claims management and fraud prevention is thus: Y = f(X)

Where:
Y = Dependent Variable = Fraud Prevention (FP)
X = Independent Variable = Claims Management
X = (x_1, x_2, x_3, x_4)
x_1 = Promptness (PPN)
x_2 = Fairness (FSS)
x_3 = Efficiency (ECN)
x_4 = Effectiveness of benefit decision (EBD)
The model is formulated as:
$FP = \beta_{\circ} + \beta_1 PPN_1 + \beta_2 FSS_2 + \beta_3 ECN_3 + \beta_4 EBN_4 + e$;
where $\beta_{\circ}$ is the constant; β_1 is the estimated coefficient of PPN; β_2 is the estimated coefficient of FSS, β_3 is the estimated coefficient of ECN, β_4 is the estimated coefficient of EBN and e is the stochastic error term.

The research model for the claims management and customer satisfaction is thus: Y = f(X)

Where:
Y = Dependent Variable = Customers Satisfaction (CS)
X = Independent Variable = Claims Management
X = (x_1, x_2, x_3, x_4)
x_1 = Promptness (PPN)
x_2 = Fairness (FSS)
x_3 = Efficiency (ECN)
x_4 = Effectiveness of benefit decision (EBD)

The model is formulated as:
$CS = \beta_{\circ} + \beta_1 PPN_1 + \beta_2 FSS_2 + \beta_3 ECN_3 + \beta_4 EBN_4 + e$;
where $\beta_{\circ}$ is the constant; β_1 is the estimated coefficient of PPN; β_2 is the estimated coefficient of FSS, β_3 is the estimated coefficient of ECN, β_4 is the estimated coefficient of EBN and e is the stochastic error term.

3.2 Research Hypothesis
Based on the model, formulated above, the hypothesis and the research conceptual model are formatted as:
H01: Claims management has no significant effect on fraud prevention in Nigerian manufacturing companies.
H02: Claims management has no significant effect on customer satisfaction in Nigerian manufacturing companies.

Figure 1: Conceptual Model *Source: Researcher's Conceptual Model, 2024.*

4.0 Results and Discussion

The demographic characteristics of the respondents presented in Table 1 are diverse, including gender, educational background, years of work experience, and management levels. The gender distribution of respondents indicates that 65.3% of the respondents are male, indicating that males exceed females in this sample. In contrast, female respondents account for 34.7% of the total, demonstrating a visible but minor presence as displayed in Figure 2. The majority of respondents (75.7%) had either an HND or a B.Sc., according to the analysis of their educational backgrounds. Furthermore, 17.2% of respondents had ND/NCE qualifications, showing a significant proportion from lower-level educational backgrounds. A smaller but substantial 7.1% hold advanced academic credentials, such as master's or doctoral degrees. According to the distribution of respondents by years of work experience, 45.2% of the participants were between the ages of 5 and 10 years as shown in Figure 3. Those with less than 5 years of experience account for 33.1%, showing a significant percentage of very young professionals. Respondents with more than 10 years of experience make up 21.7% of the sample, demonstrating a small but significant individual with extensive professional experience as shown in Figure 4. In terms of management levels, most respondents (51.5%) work at the lowest levels of their organizations. This demonstrates a significant number of people in operational or entry-level management jobs. Middle management is the second most prevalent category, with 33.1% of the sample. The top management level had the least representation, with 15.4% of all respondents displayed in Figure 5.

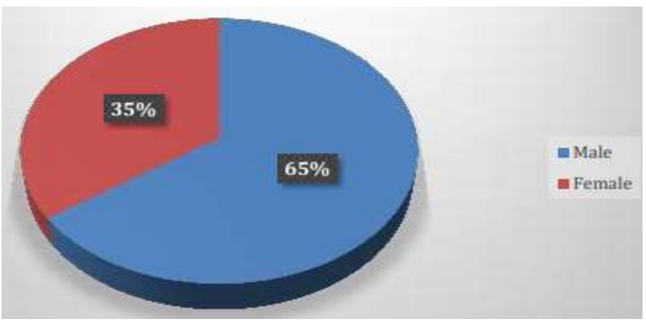

Figure 2: The percentage of respondents showing the gender

Figure 3: The educational level of the respondents in the Nigeria Manufacturing companies.

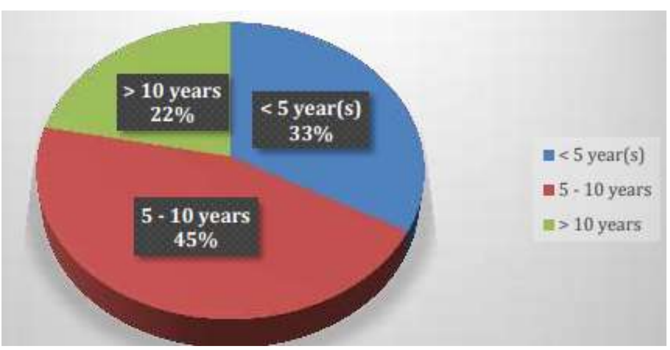

Figure 4: The chart showing the years of working experience

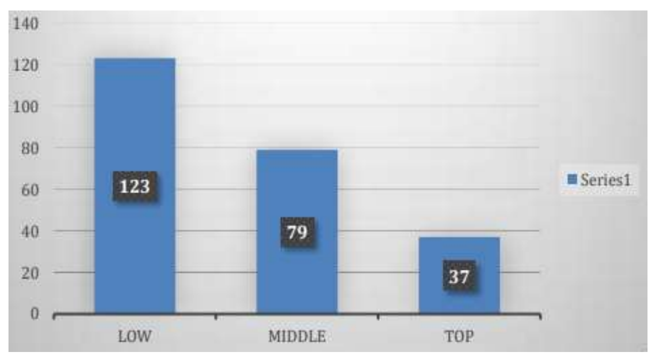

Figure 5: The level of management of the respondents in the Nigeria manufacturing companies.

Descriptive statistics give a comprehensive overview of respondents' responses across a variety of variables. Participants reported a mean customer satisfaction score of 4.065, indicating general satisfaction. The relatively low standard deviation of 0.497 indicates little disagreement among the sample members' perspectives on customer satisfaction, implying a clear consensus. The mean score in the Fraud Prevention area is 4.359, indicating a strong conviction in the effectiveness of fraud prevention techniques. The standard deviation of 0.594 indicates a high amount of response variability. Although most individuals have a good attitude toward fraud prevention, there appears to be considerable variety in individual attitudes, as seen by the standard deviation, which shows diverse points of view on the subject. The mean service promptness score is 4.163. This shows that people value quick service delivery. The standard deviation of 0.648 indicates some level of perspective differences. Although the majority of individuals rate promptness positively, there is some variation due to individual reactions. Fairness has a mean score of 4.252, showing that most individuals believe in fairness. The standard deviation of 0.432 indicates that respondents agree significantly on the fairness of processes. This agreement shows that individuals are content with the perceived fairness of interactions and have a common understanding. Efficiency, with a mean score of 4.175, indicating that respondents had a positive attitude toward process efficiency. The standard deviation of 0.641 suggests considerable variance in perspectives. Although the majority of participants expressed positive judgments about efficiency, the standard deviation indicates that there are various perceptions in the sample. The efficacy of Benefit Decision has a mean score of 3.765, suggesting a moderate level of perceived efficacy. The standard deviation of 0.703 suggests that respondents had a wider range of opinions on the efficacy of benefit decisions as shown in Figure 6 below.

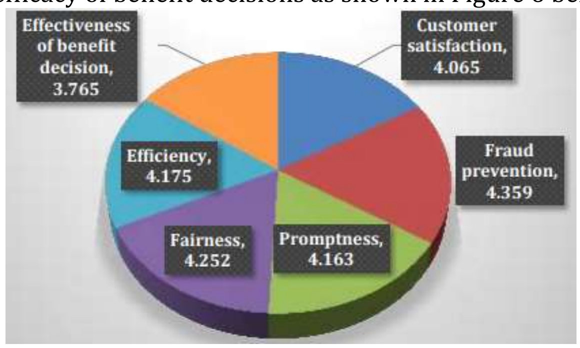

Figure 6: Descriptive Statistics; Number of observations = 239. *Source: Researcher's Computation, 2024*

Table 1 provides a comprehensive evaluation of the relationships between the variables, including the results of multicollinearity analysis using the variance inflation factor (VIF) and tolerance levels (1/VIF), as well as correlation analysis using the Pearson product-moment correlation coefficient. The Pearson product-moment correlation coefficient was used to examine customer satisfaction (CSF) as well as the following: fraud prevention (FPT), promptness (PPN), fairness (FSS), efficiency (ECN), and effectiveness of benefit decision. The results showed a moderate positive correlation (0.432) between consumer satisfaction and fraud prevention (FPT). Similarly, a strong positive correlation of 0.667 exists between Promptness (PPN) and Customer Satisfaction, implying a strong relationship. Positive correlations with Fairness (FSS), Efficiency (ECN), and Effectiveness of Benefit Decision (EBD) range from 0.543 to 0.511. These indicate moderate associations. The correlation coefficients give useful information on the association between customer satisfaction and other aspects of insurance services. Furthermore, the multicollinearity analysis, which includes tolerance levels and VIF, is essential for verifying the bivariate analysis results. To identify weak correlations, the study ensures that the correlation coefficients are less than 0.75. The tolerance levels (1/VIF) vary from 0.258 to 0.459, while the VIF values range from 2.179 to 3.872, both are less than the acceptable limits of 1 and 10 respectively. This shows that there are no substantial issues with multicollinearity among the independent variables. VIF values less than 10 indicate a decent degree of independence between each variable and the others, supporting the validity of the subsequent regression analysis. Furthermore, tolerance levels less than 1 ensure that each variable provides unique information, minimizing the probability of multicollinearity.

Table 1: Correlation Analysis and Multicollinearity Test

Variables	CSF	FPT	PPN	FSS	ECN	EBD	VIF	1/VIF
Customer satisfaction (CSF)	1.000							
Fraud Prevention (FPT)	0.432	1.000						
Promptness (PPN)	0.667	0.478	1.000				2.179	0.459
Fairness (FSS)	0.543	0.561	0.597	1.000			3.872	0.258
Efficiency (ECN)	0.465	0.524	0.411	0.624	1.000		2.934	0.341
Effectiveness of benefit decision (EBD)	0.511	0.463	0.499	0.610	0.643	1.000	2.588	0.386

Where VIF indicates variance inflation factor and 1/VIF indicates tolerance level. Source: Researcher's Computation, 2024

Table 2 shows the regression analysis results for the variable Fraud Prevention. Based on a coefficient of 1.074 and a standard error of 0.168, both of which are significant at the 0.05 level of significance, the constant term Fraud Prevention is predicted to be 1.074 with all predictor variables set to zero. Promptness (PPN) has a p-value of 0.004, a standard error of 0.058, and a coefficient of 0.343 when the effects of the other predictor factors are added together. According to this, there is a statistically significant positive correlation between promptness and fraud prevention, meaning that being more prompt can help prevent fraud. Similarly, Fairness (FSS) positively and statistically significantly affects Fraud Prevention (p-value = 0.015, coefficient = 0.427, standard error = 0.132). Preventing fraud and enhancing fairness are positively correlated. Efficiency (ECN) has a positive statistically significant impact on preventing fraud (p=0.039, coefficient = 0.278, standard error = 0.054). Preventing fraud benefits from increased efficiency. The EBD's (Effectiveness of Benefit Decision) coefficient is 0.683 and its standard error is 0.044. As indicated by a p-value of 0.142, which is higher than the 0.05 level of significance, this variable does not approach statistical significance at that significance level. Fairness, efficiency, effectiveness, and promptness of benefits decisions are the predictor factors that, with an adjusted R-square of 0.765, explain 76.5% of the variation in fraud prevention. An indication of the overall significance of the regression model is the F-statistic of 9.765 (P-value = 0.000). The results show how important it is to minimize fraud and to respond promptly, fairly, and efficiently. Important details about the factors influencing fraud prevention are provided by the Adjusted R-square and F-statistic values, which also show the statistical significance and reliability of the model. The model equation derived from the regression analysis for the impact of claims management on the fraud prevention is as follows:

FPT =1.074 + 0.343 PPN + 0.427 FSS + 0.278 ECN + 0.683 EBD

In this equation, FP represents Fraud Prevention, while PPN, FSS, ECN, and EBD denote the predictor variables Promptness, Fairness, Efficiency, and Effectiveness of Benefit Decision, respectively.

Decision: At a significance level of 0.05 and with degrees of freedom (DF) equal to (5, 233), the F-statistic is 9.765, and the associated probability (Prob) is 0.000. Since the p-value is less than the significance level (p-value < 0.05), the null hypothesis is rejected. Therefore, the analysis indicates that there is a statistically significant relationship between the variables (Promptness, Fairness, Efficiency, Effectiveness of Benefit Decision) and Fraud Prevention. Table 2 shows the regression analysis results for Customer Satisfaction, which gives information on how predictor factors influence the outcome. The constant term is significant at the 0.05 level of significance with a coefficient of 1.208, which is supported by a standard error of 0.547 and a p-value of 0.005. This means that Customer Satisfaction is expected to be 1.208 when all predictor factors are zero. According to a statistical analysis of the different predictor factors, Promptness (PPN) positively affects customer satisfaction in a statistically significant way. The coefficient is 0.011, with a standard deviation of 0.279 and a p-value of 0.000. Customer satisfaction rose by 0.011 for each unit increase in promptness. In comparison, Fairness (FSS) has a statistically significant positive impact on Customer Satisfaction with a coefficient of 0.133, a standard error of 0.076, and a p-value of 0.016. An increase in fairness has a positive impact on customer satisfaction. Efficiency (ECN) has a statistically significant positive effect on customer satisfaction, with a coefficient of 0.165, standard error of 0.195, and p-value of 0.025. A 0.165 positive effect on customer satisfaction is associated with increased efficiency. However, the Effectiveness of Benefit Decision (EBD) has a p-value of 0.034, a standard error of 0.781, and a coefficient of 0.181. Even with a lower statistical significance (a p-value greater than the standard 0.05 level), this variable has a positive influence on customer satisfaction. The predictor variables, Promptness, Fairness, Efficiency, and Effectiveness of Benefit Decision, account for about 68.5% of the variation in Customer Satisfaction, according to the model's updated R-square of 0.685. The statistical significance of the F-statistic of 12.765 (Prob = 0.000) demonstrates the regression model's overall accuracy. According to the results, the fairness, efficiency, effectiveness, and promptness of benefit decisions have a significant impact on customer satisfaction. The adjusted R-square and F-statistic values show the model's statistical significance and reliability, providing valuable insights into the variables affecting consumer satisfaction. The equation derived from the regression analysis for the impact of various factors on "Customer Satisfaction" is as follows:

CSF = 1.208 + 0.011 PPN + 0.133 FSS + 0.165 ECN + 0.181 EBD

Decision: At a significance level of 0.05 and with degrees of freedom (DF) equal to (5, 233), the F-statistic is 12.765, and the associated probability (Prob) is 0.000. Since the p-value is less than the significance level (p-value < 0.05), the null hypothesis is rejected. Therefore, the analysis indicates that there is a statistically significant relationship between the variables (Promptness, Fairness, Efficiency, and Effectiveness of Benefit Decision) and Customer Satisfaction.

Table 2: Regression result of fraud prevention and customer satisfaction

	Fraud Prevention			**Customer Satisfaction**		
Variable	**Coeff.**	**Std. Error**	**P-value**	**Coeff.**	**Std. Error**	**P-value**
Constant	1.074	0.168	0.000***	1.208	0.547	0.005***
Promptness (PPN)	0.343	0.058	0.004***	0.011	0.279	0.000***
Fairness (FSS)	0.427	0.132	0.015**	0.133	0.076	0.016**
Efficiency (ECN)	0.278	0.054	0.039**	0.165	0.195	0.025**
Effectiveness of benefit decision (EBD)	0.683	0.044	0.142	0.181	0.781	0.034**

Adj. R Square	0.765	Df = (5, 233)	Adj. R Square	0.685	Df = (5, 233)
F statistic	9.765	Prob = 0.000	F statistic	12.765	Prob = 0.000

Where DF indicates degree of freedom. Source: Researcher's Computation, 2024.

4.1 Discussion of Findings

4.1.1 Claims Management and Fraud Prevention

Investigations into claims management and fraud prevention are critical components of the complicated insurance market environment. Scholars such as Óskarsdóttir et al. (2022) and Ntwali et al. (2020) have made substantial contributions to fraud detection using unique methodologies. Ñskarsdóttir et al. developed a reliable approach for detecting fraud using social network data and the BiRank algorithm. Their approach marks a paradigm shift in the field, exceeding traditional claim-specific features by a significant margin. Parallel to this, Ntwali et al. explained how technology has a revolutionary impact on claims administration and fraud prevention. Their study focuses on how manual procedures degrade operational workflows and how technology adoption might enhance these workflows. Technology integration becomes a significant tool for detecting fraud while also improving claims processing efficiency. Furthermore, it is critical for increasing client communication, fostering transparency, and instilling trust in the insurance process. Olarinre et al. (2020) investigate the intricate relationship between claims management and overall profitability of Nigerian insurance companies, adding still another layer of complexity to the subject. Their findings reveal a positive association between increased profitability and well-managed claims. Strategic imperatives include collaborative synergy between claim management and other functional departments of insurance companies. This collaboration helps the insurance firm be more lucrative overall while also aiding in the avoidance of fraudulent claims. Furthermore, Ajemunigbohun et al. (2019) and (2022) publications give a detailed investigation of insurance claims fraud, notably in Nigeria's homeowner and car insurance sectors. Their findings support the development of effective anti-fraud measures and emphasize the crucial role that government involvement plays in erecting obstacles to fraudulent behavior. Ajemunigbohun et al. (2019) research identifies policyholder involvement as a reoccurring issue, emphasizing the importance of establishing mutually beneficial relationships in claims handling procedures. This builds positive relationships between policyholders and insurers while also increasing transparency.

Consistent with previous research findings, this study sheds light on the complicated features of claims administration, particularly its role as a protection against fraud in Nigeria's ever-changing manufacturing economy. The implementation of efficient processes and robust communication channels appear to be critical components in the ongoing battle against fraud risks, supporting Ntwali et al.'s (2020) advocacy for technological integration. Like Ntwali et al.'s (2020) emphasis on technology, this study recognizes the crucial need to update claims processing systems in Nigeria's manufacturing business. Using cutting-edge technologies becomes more than merely a suggestion in an environment where fraud concerns could be numerous—it becomes a strategic imperative. The capacity of technology integration to expedite operations increases the efficacy of claims management while also increasing communication channels and ensuring a proactive and rapid response to any fraudulent behavior. Furthermore, Olarinre et al.'s (2020) results on the association between increased profitability and a well-managed claims system indicate an essential consideration for insurance firms operating in Nigeria's industrial sector. An effective claims system becomes apparent as a vital aspect in attaining financial success, in addition to serving as a deterrent to fraud. The symbiotic relationship between increased profitability and sound claims management practices suggests that investing in a strong claims infrastructure has benefits that extend far beyond risk mitigation and actively support the financial stability of insurance companies navigating the challenges of the manufacturing industry.

4.1.2 Claims Management and Customer Satisfaction

Examining the relationship between customer satisfaction and claims management, several research studies provide incisive insights that make sense of the relationship. Kyi (2023), Thangam, Karthikeyan (2020), and Ali (2020) all emphasize the need to collaborate across claims management to define and affect the greater area of customer satisfaction. Kyi's extensive study demonstrates the relationship between several areas of claims management and the difficult topic of customer satisfaction. Notably, Kyi establishes a positive association between critical components such as the procedure of starting and informing claims, the efficacy of the claim handling process, the timeliness of claim payouts, the overall quality of services, and the ultimate indicator of customer satisfaction. This comprehensive perspective highlights the necessity of a seamless and client-focused claims experience, considering claims management as more than simply a functional procedure and a crucial aspect in determining customer satisfaction. Adhikari (2021) emphasizes the importance of clear settlement advice and simple claim procedures in affecting and anticipating consumer contentment, adding another layer of intricacy to the narrative. The issue of transparent information emphasizes the necessity of clear communication in providing a positive and pleasant experience for customers navigating the difficulties of claims settlement. Adhikari (2021) insights support a strategy that emphasizes transparency and simplicity, since they recognize how vital they are in generating client satisfaction. Furthermore, Augustine and Akindipe's (2022) analysis highlights the relationship between premium income and claims settlements in Nigerian non-

life insurance companies. This study indicates a clear association, emphasizing the vital role that quick claims handling plays in guaranteeing client satisfaction while also contributing significantly to insurance firms' bottom lines. The established relationship between premium income and claims settlements emphasizes the significance of claims management as a component of a wider strategy for ensuring both financial stability and customer satisfaction.
Consistent with the network of findings derived from previous research, this study extensively dissects the relationship that connects customer satisfaction and claims management in Nigeria's dynamic manufacturing industry. The positive relationship shown by Kyi is mirrored perfectly in the statistics, emphasizing the need to build a good claims process that incorporates processing, initiation, and rapid payment ways to increase customer satisfaction. In keeping with Adhikari (2021) beliefs, this research emphasizes the need of clear communication and simple processes in the wider claim management framework. Consistent with Adhikari (2021) remarks, this research emphasizes the need for an all-encompassing claims management method that goes beyond procedural efficacy and includes an accessible and transparent framework. These findings corroborate Adhikari (2021) assertion that claims procedures must be simple and clear to generate high levels of customer satisfaction, highlighting the interdependence of these requirements.

5.0 Conclusion and Recommendations

5.1 Conclusion

This study provided a comprehensive review of claims management and how it influences insurance performance in Nigerian manufacturing companies. The two primary research subjects were fraud prevention and consumer satisfaction. The study employed a detailed research approach, with 239 respondents from 18 randomly selected industrial businesses providing primary data. The analysis of sociodemographic characteristics revealed facts about the sample's composition, revealing that males made up a substantial section of the population (65.3%) and that most participants possessed HND/B.Sc. degrees (75.7%). The sample's diversity was highlighted by the range of management levels and years of work experience, which provided a well-rounded perspective. The prevalence and percentage distribution of factors such as management level, years of work experience, education level, and gender provided an accurate representation of the respondents' demographics. For example, 75.7% of respondents had an HND or B.Sc. degree, 45.2% had worked for five to ten years, and 84.6% were in low to middle management positions. These findings contribute to a more detailed comprehension of the demographic composition of the selected industrial companies. In terms of descriptive statistics, the means and standard deviations reflected the respondents' perceptions on various aspects of claims management. Customer satisfaction, fraud prevention, promptness, fairness, efficiency, and the effectiveness of benefit options were all assessed. The relatively high mean values for each of these criteria suggested that respondents had a generally positive attitude toward them. The multicollinearity test and correlation analysis revealed the relationships among the variables. Customer satisfaction was shown to be positively related to the effectiveness of benefit options, fraud prevention, promptness, fairness, and efficiency. The variance inflation factors (VIF) and tolerance levels validated the regression analysis's reliability, indicating acceptable levels of multicollinearity.

The study's hypotheses were tested using regression analysis. The studies revealed that claims management considerably increases customer satisfaction and fraud prevention in Nigerian manufacturing companies. These findings imply that a well-managed claims system not only reduces fraud but also enhances customer happiness, both of which are crucial to the insurance industry's overall performance in the manufacturing sector. This study gives valuable insights into the relationship between insurance performance and claims management in Nigerian manufacturing. The findings emphasize the importance of excellent claims procedures in encouraging fraud prevention and guaranteeing client satisfaction, with practical implications for insurance companies in this area.

5.2 Recommendations

The investigation on claims management and its influence on insurance performance within Nigeria's manufacturing sector yielded significant findings. The study concludes that effective claims management practices play a pivotal role in both fraud prevention and customer satisfaction. Consequently, the study recommends that:

i. Insurance companies in the Nigerian manufacturing sector should invest in advanced technological solutions to streamline claims processes, detect fraud, and enhance communication with clients.
ii. There is a need for collaboration between claim managers and other sections within insurance companies to prevent fraudulent claims and improve overall profitability.
iii. Emphasis should be placed on continuous training and capacity building for insurance professionals, particularly in the areas of fraud prevention strategies and customer satisfaction enhancement.
iv. Insurance entities should prioritize transparency in settlement advice and straightforward claim procedures to predict and enhance customer satisfaction.

v. Manufacturing companies in Nigeria should consider adopting best practices in claims management, as a well-managed process not only contributes to fraud prevention but also positively impacts overall financial health.

6.0 Contribution to Knowledge

This study contributes significantly to the present body of knowledge by providing insightful information regarding the relationship between insurance performance and claims management in Nigerian manufacturing enterprises. The findings advance the understanding of the implications of claims management in a specific industrial setting on fraud prevention and customer satisfaction. The findings provided specific recommendations for business owners, legislators, and insurance experts. These ideas will help to advance the ongoing discussion about how to improve claims management and overall performance in Nigeria's insurance market.

7.0 Limitations and Suggestions for Further Studies

The study has certain limitations that should be considered. First and foremost, the results may not be relevant to an increasing number of Nigerian manufacturing organizations due to the limited sample size (18 manufacturing businesses out of 67 total). Because of the small sample size, concerns have been raised about how broadly the results of the research can be applied to the entire organization. Another limitation is the study's cross-sectional design, which gives a snapshot at a certain point in time. This design decision may make it more difficult to identify causal relationships between claims management and insurance performance. As a result, the study may be unable to draw clear conclusions about the cause-and-effect relationships. Furthermore, bias may occur from the manufacturing companies' self-reported data, which is a potential source of bias. It is likely that respondents will accidentally submit information that portrays their activities in a more positive light, affecting the study's unbiasedness and accuracy. Finally, challenges in data collection may restrict the study. There may have been constraints in accessing comprehensive and exact data on all relevant variables, affecting the granularity and depth of the research.

Future research may examine a variety of approaches to overcome these limitations and advancing knowledge. Using a longitudinal strategy, researchers would be able to give an improved viewpoint by documenting the dynamic evolution of insurance performance and claims management over time. The study's external validity might be enhanced by expanding the sample size to cover a broader range of manufacturing businesses, perhaps from many industries. This would allow for a more in-depth investigation of the various techniques employed in Nigeria's industrial sector. Future research studies may use qualitative research methods such as focus groups and in-depth interviews. This would give a more complete understanding of the many subjective experiences and perspectives of key people involved in the claims processing process.

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