

**Claims Payment, Loss Adjustment and Financial Performance of Listed Insurance  
Companies in Nigeria**

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### **Certification**

This is to attest that Olugbenga Adedayo FALADE with the matriculation number LCU/PG/001714, completed the research project titled "Claims Payment, Loss Adjustment, and Financial Performance of Listed Insurance Companies in Nigeria" for the Doctor of Philosophy in Insurance and Risk Management at Lead City University in Ibadan, Oyo State, and that it has not been done before.

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## **Dedication**

This research work is dedicated to the Almighty God, Professor A. K. Adeyemo, Mrs. Elizabeth Olakunbi Falade (my adorable wife), and my ever-loving children for the love and encouragement received from start and throughout this work.

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Even though the above-mentioned institutions and persons have assisted in the process of this research work, the researchers stand responsible for the errors, if any, found in the work.

## Abstract

This study examined the relationship between claims payment, loss adjustment and financial performance of listed insurance companies in Nigeria. It generally delved into background of the study, taking a look at calamities that befell some insurance companies in Nigeria owing to the non performance of their statutory duties, while taking a further look at the statement of problem, as direction to the study, and aim and objectives of the study as well as designing four research questions with four corresponding hypotheses. Literature was reviewed conceptually by examining concepts relevant to the subject matter under investigation including financial performance, claims payment, technological advancement in insurance claims management, planning and controlling of payments for claims, loss adjustment, claims investigations and administration, and risk management and claims payment capacity; empirically by ex-raying other methods and findings relevantly related to the study and theoretically by focusing on the theories adopted for elucidation of the subject matter, vis-à-vis, innovations theory of profits, risk management and multivariate. Data were collected across the 23 quoted insurance companies operating on the Nigeria Stock Exchange as of January 2020. Thirteen (13) of the insurers were randomly selected from the population on the basis of old and new generation insurance companies prior to 2004 recapitalization. The data were collected for the period of 2011 – 2020 from the Nigerian Insurers Association Digest while the researcher employed longitudinal research design on the panel data to establish sequence of events among claims payment, loss adjustment and financial performance of listed insurance companies in Nigeria. The findings showed that net claim, net premium, underwriting profit and loss adjustment expenses have significant relationship with the financial performance of the listed insurers in Nigeria. The hypotheses showed that the strength of the positive effect of Net Claim on Financial Performance is measured by the calculated p-value = 0.0034 at significance level ( $\alpha$ ) of 0.05 and also the strength of the positive effect of Underwriting Profit on Financial Performance is measured by the calculated p-value = 0.0002 at significance level ( $\alpha$ ) of 0.05. The study therefore concluded that net premium, net claims, underwriting expenses and loss expenses all have positive relationships with the financial performance of the listed insurance companies in Nigeria, play significant roles in determining the financial performance of the listed insurers, reflect the companies' ability to pay claims to their clients, motivate their employees and enhance the wealth of their shareholders and also implied that when managed effectively, net premium, net claims, underwriting profit and loss adjustment expenses can increase the value of investment which in turn would lead to improved financial performance of the listed insurance companies in Nigeria. The study recommended that from policy formation to policy termination, claim managers should collaborate with other sections of the insurance companies, closely monitor other administrative costs as they can affect the profit margins and disrupt the claims process. Also, the insurance companies should not lose sight of the main reason for their existence, which is to return the insured to her pre-loss position by paying legitimate claims.

**Keywords:** Claims management, Claims payment, Financial performance, Net Claim and Net Premium.

**Word Count:** 502

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## List of Acronyms

<b>Abbreviation</b>	<b>Meaning</b>
NAICOM	National Insurance Commission
NIA	Nigerian Insurers Association
RBC	Risk-based Capital
ROA	Return on Asset
ROE	Return on Equity
GAAP	Generally Accepted Accounting Practice
PV	Present Value
GRT	Growth Rate
AT	Asset Tangibility
VECM	Vector Error Correction Model
GDP	Gross Domestic Product
PenCom	National Pension Commission

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