

‘Ignorant drivers’ or ‘difficult system’ Unpacking the Factors Behind Motor Insurance Claims in Accra

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Introduction

- Transport services facilitate development (SDG 1, 2, 3, and 10)
- Increased mobility is often linked to higher rates of crashes and injuries
 - ✓ 1.19 million lives each year
 - ✓ 40% in Africa
 - ✓ 22% in the U.S.
 - ✓ 27% in Europe (Sam et al., 2008)



Introduction

- To improve traffic safety and reduce the financial burden of crashes
 - UN Decade of Action for Road Safety
 - UN Second Decade of Action (2021-2030)
 - African Action Plan for the Global Decade of Action for Road Safety
- Key actions
 - ✓ Road improvements
 - ✓ Vehicular condition improvements and
 - ✓ Traffic enforcement
 - ✓ Insurance regulations and practices



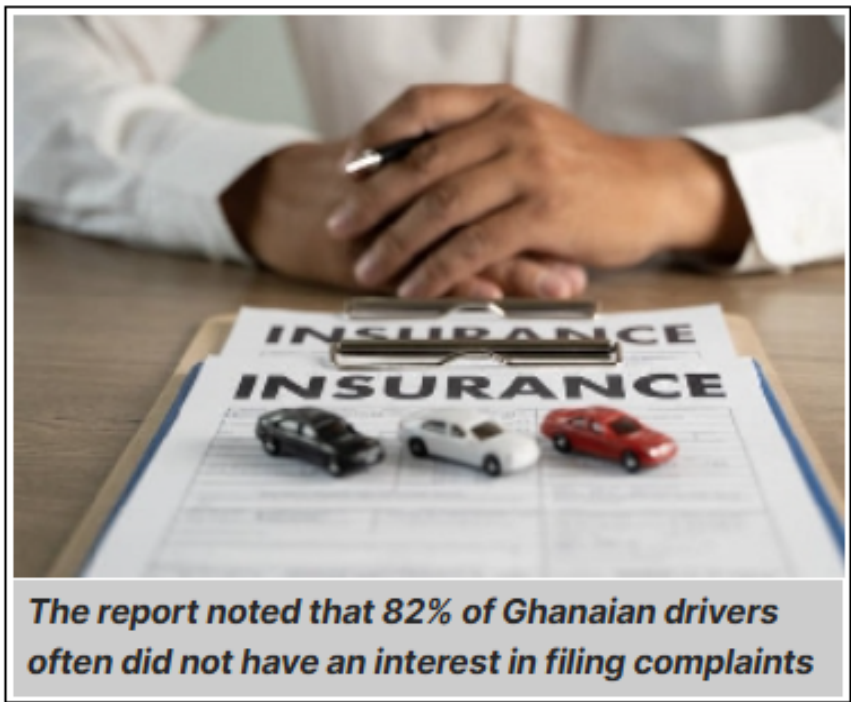
Introduction

- Motor insurance is a legal requirement to operate a vehicle in most countries
- Motor insurance accounts for 50% of all non-life insurance products in many African countries
- However, Asamoah (2016) notes that the percentage of drivers making insurance claims (12%) remains relatively low compared to other non-life insurance (90%)

Commercial, private drivers do not see any benefit of vehicle insurance - Report

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The report noted that 82% of Ghanaian drivers often did not have an interest in filing complaints

Majority of drivers both commercial and private do not see any benefit from insurance companies in Ghana due to the perceived unwillingness and refusal of payments of claims.

The event, which brought together stakeholders from various sectors took place on Wednesday January 25, 2023 in Accra, to launch YAFO "Driver MO" report and to find ways of improving the insurance sector.

Nathaniel Dwamena, President of YAFO, said that most drivers expressed discontent with comprehensive insurance as it is expensive compared to income levels.

He said the drivers only showed interest in vehicle insurance because it was mandatory and enforced by the police.

He said drivers complained about delays in insurance claims and sometimes to the extent of not being paid by the insurance company.

Introduction

- This study explores factors associated with motorists' likelihood to make an insurance claim.
- It is situated in Accra, which has Ghana's highest vehicular population and crash incidents. (Sam et al., 2023).
- The focus on insurance claims stems from the lack of literature addressing the factors influencing drivers' decisions to make insurance claims as an alternative financing source for damages.

Methods

- The study surveyed 427 motorists (Madina, Adenta, Teshie, Mallam, and Kingsway) - 85% response rate.
- Eligible criteria: Age, license status, driving experience, and crash history
- Data collection Points: Major fueling stations (spot sampling approach)
- A structured questionnaire (Part A-B)

Methods

- Five research assistants are using tablet computers through the Kobo Toolkit platform.
- Principal Component Analysis (PCA) – reduce items from 29 to 19 variables using Varimax rotation
- Binary logistics regression analysis using respondents' decision to make an insurance claim in their last recorded crash (Yes, No) as the dependent variable.
- Adherence to ethical procedures was followed to the latter

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Result (Factor analysis)

	Factor loading	% Of variance	Eigen values	α	Mean
Insurance coverage procedure		29.093	5.819	0.845	3.37
It takes a long time to process a claim	.943				3.38
The insurance company provides clear information on how and when to report a traffic crash	.935				3.16
The procedure for making a claim requires much paperwork	.909				3.61
Insurance companies may easily reject claims if the slightest violation is seen	.908				3.52
Obtaining a police report is processing an insurance claim is easy to come by	.880				3.23
I am aware of the process to make an insurance claim	.843				3.30

Result (Factor analysis)

	Factor loading	% Of variance	Eigen values	α	Mean
The legal requirements		20.11	4.02	0.75	2.71
I have read the insurance policy and am familiar with the benefits.	.833				2.70
I have read the policy and am familiar with all potential violations.	.818				2.68
My insurance agent explained the benefits or coverage of my policy.	.808				2.64
My insurance agent explained all potential violations of my policy.	.790				2.66
The choice of words and terminology on the Certificate of insurance is easier to understand	.719				3.00
I am aware of a law that requires all crashes to be reported to the insurance companies.	.690				2.59

Result (Factor analysis)

	Factor loading	% Of variance	Eigen values	α	Mean
Responsibility for the crash		11.937	2.387	0.953	1.87
If a female driver causes a crash	.839				1.77
If a crash resulted from the fault of other drivers	.796				1.84
If a male driver causes a crash	.737				1.93
If the cause of the crash cannot be assigned to any party	.573				1.94

Result (Factor analysis)

	Factor loading	% Of variance	Eigen values	α	Mean
Severity of the crash		6.395	1.279	0.884	3.11
A crash that leaves 1 or 2 people hospitalised	.754				2.63
A minor traffic crash where victims sustain slight injuries and may require first aid at best	.659				3.44
A crash that results in minor damage(s) to vehicle(s)	.644				3.26

Predictors of motorist claim for motor insurance

- $\ln(p / (1 - p)) = \beta_0 + \beta_1 * (\text{Severity of Accident}) + \beta_2 * (\text{Responsibility for Crash}) + \beta_3 * (\text{Insurance Coverage Procedure}) + \beta_4 * (\text{Legal Requirements}) + \beta_5 * (\text{Sex}) + \beta_6 * (\text{Age}) + \beta_7 * (\text{Level of Education}) + \beta_8 * (\text{Driving Experience}) + \beta_9 * (\text{Type of Vehicle}) + \beta_{10} * (\text{Causal Factor}) + \beta_{11} * (\text{Accident Severity}) + \beta_{12} * (\text{Insurance Cover})$

Predictor	p	OR	95% CI	
			Lower	Upper
Crash Severity	< .001	0.4532	0.3057	0.672
Crash responsibility	0.883	0.9745	0.6911	1.374
Insurance coverage procedure	0.155	0.7501	0.5045	1.115
Insurance law requirement	0.006	0.6676	0.4994	0.893
Educational level attained				
Primary	Ref			
Junior High School	0.002	0.1903	0.0673	0.538
Senior High School	0.02	0.3034	0.111	0.829
Vocational School	0.009	0.2145	0.0677	0.68
University/Technical				
University/Polytechnic	0.022	0.252	0.0775	0.819
Payment of repair				
Insurance Company	Ref			
Self (out of pocket)	< .001	0.1205	0.0568	0.255
Cost of damage was not paid for	< .001	0.0478	0.0205	0.111

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Conclusion

- Crash severity (situational) and legal insurance requirement (difficult systems) significantly influenced claim outcome.
- Educational level attained among drivers and the agent responsible for the payment of repair/damages.

Recommendation

- Improve insurance claims processes given the reluctance of motorists to file insurance claims due to perceived procedural barriers
- Flexible, lower-cost options for processing claims related to minor crashes
- Leverage technology to improve the efficiency and accessibility of the insurance claims process

Not expected!

- The findings of this study also shed light on the extents of crash under-reporting in Ghana, particularly for incidents that may be considered as minor incidents

Thanks for your attention