Ignorant drivers or a 'difficult system'? Unpacking the Factors Behind Motor Insurance Claims in Accra

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Background

In many African countries, including Ghana, increased mobility is often linked to higher rates of road crashes and injuries. Globally, traffic crashes claim approximately 1.19 million lives each year. Despite having fewer vehicles and less extensive transport networks compared to Europe and the United States, Africa experiences disproportionately high rates of road traffic-related mortality and disability, making it the third leading cause of death and injury in the region. The continent also suffers from the highest incidence of pedestrian fatalities, with 40% of road traffic crash victims being pedestrians, compared to 22% in the U.S. and 27% in Europe. To alleviate the financial burden of these incidents and create safer road conditions, governments worldwide have implemented insurance regulations alongside existing interventions such as improvements to road infrastructure. However, despite the requirement for valid insurance to drive in Ghana, the proportion of drivers who file insurance claims remains low. This study's focus on insurance claims arises from the lack of literature addressing the factors influencing drivers' decisions to make insurance claims as an alternative financing source for damages. This gap persists despite existing research on topics like comprehensive insurance demand, motor insurance risk premium estimation, and motor insurance policy premium modelling.

Aim

This study examines the factors that influence likelihood of motorists making an insurance claim.

Method

Data collection was conducted using 427 drivers along major travel routes in Accra by five research assistants with the Kobo Toolkit, a free and open-source data collection platform. Respondents were reached through a spot sampling approach, with each questionnaire taking approximately 25 minutes to complete. The questionnaire comprised two main sections. Part A gathered socio-demographic information, including respondents' age, sex, driving experience, and type of insurance coverage. Part B evaluated factors influencing motorists' likelihood of making an insurance claim. This section included questions on the severity of previous crashes, attribution of responsibility, insurance coverage procedures, and legal requirements, measured using a five-point Likert scale (1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree, 5 = Strongly Disagree). Both descriptive (frequencies and percentages) and inferential (binary logistic regression) statistical methods were utilised to analyse the data, while all ethical considerations were strictly upheld.

Results

The findings indicate that motorists were less likely to file post-crash insurance claims for minor accidents. Similarly, poor knowledge of the legal requirements for insurance claims also resulted in a lower likelihood of making post-crash insurance claims. Compared to respondents with primary education, those with other educational levels - Junior High School, Senior High School, Vocational Schools, and Tertiary schools have lower chances of making insurance claims when involved in crashes. Regarding the payment of repair costs from crashes, motorists who finance such repairs out of pocket and those who fail to cover the cost entirely all recorded a lower chance of making insurance claims. These insights have important practical and policy implications, particularly in improving the efficiency and effectiveness of Ghana’s motor insurance claims process. The study recommends streamlining the claims process and reducing the time between claim submission and payout to encourage more drivers to utilize their insurance benefits.

Conclusions

The study suggests that crash severity, legal insurance requirement, drivers' educational level, and the person/instituion responsible for the payment of repair/damages in the last crash reduce the likelihood of reporting crashes to insurance companies.