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Claims Management and Firm Performance of Insurance Companies in Nigeria: Moderating Effect of Marketing Factors

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ABSTRACT: The study aims to analyse the effect of claims management on firm performance of insurance companies through marketing factors. The data was collected from 776 of management, senior and junior (frontline) staff of selected Insurance companies in Lagos State using a questionnaire as a data collection tool. This research uses a quantitative approach with a survey method. Respondents were selected from the the 20 registered insurance companies across composite, general and life Insurance businesses in Lagos State through a stratified ransom sampling technique. The collected data were analysed using hierarchical regression analysis (HRA) to test hypothesis and evaluates the regression model specified. The collected data were analysed using hierarchical regression analysis (HRA) to test hypothesis and evaluates the regression model specified. The findings indicates that marketing factors significantly moderated the effect of claims management practices on firm performance of selected Insurance Companies ($\beta = -0.009$, $R^2\Delta = 0.002$; $F\Delta = 17.928$, $p < 0.05$). The study concludes that marketing factors moderated the effect of claims management practices on firm performance of selected Insurance Companies in Lagos State. The study therefore recommends that the management of selected insurance companies in Lagos State focus on creating a positive marketing factor that bolsters claims management practices to achieve a sustainable performance in the industry. This may involve developing marketing policies and training that encourage employee involvement, job satisfaction, and a positive working environment.

KEYWORDS: Claims Management Practices, Claims Process, Risk Management, Marketing Factors, Firm Performance

1. INTRODUCTION

A claim on an insurance policy is a demand on an insurer to fulfill its portion of the commitment made when the contract with the insured was written (Kazungu & Barasa, 2017). A claim is a statement to an insurance company that payment is required under the terms of a policy. The claim management process is a combination of all managerial decisions and processes concerning the settlement and payment of claims in accordance with the terms of the insurance contract (Gessese, 2018). The insurance company's obligation to pay a claim to the insured (the customer) is governed by the terms of the insurance policy and the policyholder's payment of premiums and use of insurance benefits. How a claim is resolved speaks volumes about the quality of an insurance company. A well-managed claim builds customer relationships against all odds, aids in regulatory compliance and fraud detection and prevention, and contributes to regulatory compliance (Kazungu & Barasa, 2017). Kelly (2008), as referenced in Gessese (2018), notes that effective claims management facilitates the identification and payment of legitimate claims; facilitates the accurate assessment of the reserve associated with each claim; permits regular reporting; reduces unnecessary costs; prevents protracted legal disputes; and expedites claims processing.

Organisational Performance is viewed as a measure of a firm's actual output or results as assessed against its intended outputs and is thus related to its overall health over a given period of time (Angima & Jebiwott, 2022). The performance of Insurance Companies reflects the industry's growth, which eventually contributes to an economy's prosperity (Puiji et al., 2018). Financial performance and non-financial criteria serve as indicators. The indicators of financial performance include profit margin and total profitability (as measured by ratios like return on investment, return on sales, return on assets, and return on equity) (Angima & Jebiwott, 2022). The non-financial indicators, such as improved market share, service quality, innovation, and reputation that contribute to superior overall performance in comparison to competitors, are difficult to quantify. They may also include operational performance, efficiency, and overall effectiveness (Angima & Jebiwott, 2022).The claims process is vital for insurance businesses, serving as a key indicator of overall effectiveness and reliability, providing policyholders with insights (Hagos, 2019).Nigerian insurance companies face significant challenges in managing claims, struggling to ensure customer satisfaction, trust, and repeat business (Ajemunigbohun et al., 2022). According to a recent report by Ebong (2023), the Nigerian insurance industry has experienced a rise in claims from policyholders. Financial statements of 22 prominent insurance companies revealed that claims expenses exceeded N40 billion by the end of June 2017, marking a 17.3 percent increase from the previous year's N34.1 billion (Vanguard, 2017). This growth, in contrast to the 8.76 percent growth in premium income during the same period, raises concerns (Afolabi, 2018). The settlement of claims poses a challenge for many insurance companies in Nigeria, with past claims continuing to emerge, making the industry demanding and performance-oriented (Nwani & Omankhanlen, 2019). The Managing Director/Chief Executive Officer of Starco Insurance, one of Nigeria's leading insurance companies, acknowledged the company's commitment to settling outstanding claims and obligations promptly, expecting a recovery in business (Popoola, 2022). In light of the dissatisfaction among policyholders regarding unpaid claims, Nwoji (2023) highlights that some customers are expressing their frustration by personally holding insurance brokers accountable for selling policies without ensuring the reimbursement of claims. These incidents have resulted in a decline in market share for insurance companies (Nwoji, 2023; Ugwuanyim et al., 2021). This situation has prompted Standard Alliance, as reported by Vanguard magazine, to initiate a recapitalization process with the intention of resolving all pending claims once new investors come on board (Iwunze, 2022).In furtherance to the foregoing, the Nigerian insurance industry has long grappled with challenges related to claims payment, as highlighted in a report by the National Insurance Commission (NAICOM, 2022). Despite structural and regulatory reforms, concerns persist regarding the delayed claims settlement by insurance companies like Niger Insurance, Standard Alliance, and IGI Insurance. Customers, including Alika, await their rightful claims, raising questions about NAICOM's role in assisting policyholders. NAICOM has allowed financially strained insurance companies to continue operations and sell new policies, even with outstanding debts to policyholders. However, the commission clarified that it is not mandated by law to impose specific disciplinary measures on insurers failing to fulfill claim obligations, except in cases where liabilities surpass assets. Vanguard research (2022) revealed that as of the end of 2020, Niger Insurance had a surplus of N2.2 billion in assets over liabilities, with total assets declining slightly from N22.7 billion in 2019 to N22.1 billion. Similarly, Standard Alliance recorded a surplus of N3.9 billion in assets over liabilities by the end of 2020, with total assets decreasing from N13.5 billion in 2019 to N11.3 billion. Total liabilities also decreased from N8.1 billion in 2019 to N7.4 billion in 2020 for Standard Alliance. This analysis demonstrates the varied performance of Nigerian insurers, with some reporting profits and others facing losses. Additionally, the industry's return to shareholders is volatile and subject to fluctuations over time.

Several researchers, such as Oluwaleye et al. (2020), Angima and Mwangi. (2017), and Yusuf and Ajemunigbohun (2018), have investigated the effects of claims management on the profitability of Insurance Companies in Nigeria; the effects of underwriting and claims management on the performance of property and casualty Insurance Companies in East Africa; and the effectiveness, efficiency, and promptness of the claims handling process in the Nigerian Insurance Industry. In spite of this, none of this research explores the influence of marketing aspects and approaches on the relationship between claims management and the performance of insurance businesses, notably in Nigeria. Angima and Mwangi (2017) and Yusuf and Ajemunigbohun (2018), amongst others, recommended that future research study the impact of marketing factors on the relationship between claims management and organisational performance. light of this, the purpose of this study is to investigate the effect of claims management on firm performance of a selected Insurance Companies in Lagos State, Nigeria, with the goal of determining whether or not this effect is moderated by the marketing factors.

2. LITERATURE REVIEW

Claim Management

Claims management involves identifying, analyzing, preparing, and presenting a claim before negotiation and settlement (Yusuf et al., 2017). According to Ayuba et al. (2020), "claim" comes from the Latin word "Clamare," meaning "call out". Barry (2011) defines insurance claims as all activities that monitor the insured's compensation, restitution, reimbursement, or other remedy for loss, damage, or responsibilities. An insurance claim is a formal request for reimbursement under the insurance policy. The insurance company verifies the claim and compensates the insured (Ayuba et al.; 2020). In Yusuf, Ajemunigbohun, and Alli (2017), the core elements of a modern claim management system that can process all claim types should include: a component of case management along with the skill to calculating and processing complex reoccurring payments. TIBCO (2011) opined that for insurers to significantly enhance their claims management and promptly adapting to changing situations, they are required to make more profound infrastructural changes that align claims processing with organization objectives for customer service, operational cost and risk management.

The primary objective of the claims management process is to effectively and efficiently resolve problems. It is considered a good practice for successful contractors to avoid litigation and arbitration when settling claims. According to Yadav (2014), claims settlement is an integral part of the insurance business, and the growth of the industry relies on customers and consumers of insurance services. Insurance operates as a mechanism to distribute losses incurred by a small number of insured individuals across a larger pool of individuals exposed to similar risks. Despite technological advancements, complete elimination of risk is not realistic, and underwriting risk remains a central focus of risk management for insurers. Mitigating this risk is crucial for the long-term profitability of insurance firms (Yusuf & Dansu, 2012). Considering these factors, the drive, accuracy, efficiency, and effectiveness of claims management procedures are key to controlling costs, managing risks, and meeting expectations for proper portfolio underwriting (IBM, 2011).

Effective claims management practices are often characterized by four key aspects: settling claims, detecting fraud, reducing costs, and avoiding litigation (Lalithchanadra & Kumari, 2015). Scholars such as Butler and Francis (2010) have emphasized that claims payment represents a significant cost for insurers, with approximately 80% of premiums allocated to claims payment and related handling charges. Therefore, claim management encompasses all managerial decisions and processes involved in settling and paying claims in adherence to the insurance contract's terms, as highlighted by Redja (2008). An insurance claim refers to a formal request made to an insurance company, seeking payment based on the policy's provisions. Upon receipt of a claim, the insurance company assesses its validity and proceeds to approve and disburse the payment to the insured individual on behalf of the insured party.

Firm Performance

Firm performance (FP) is vital to businesses as the major purpose of all business organizations is profit-making (Olanipekun et al., 2015). Angima and Mwangi (2017) state that firm performance is a general measure of a firm's actual output or results as assessed against its intended outputs and is thus related to its overall health over a given period of time and may be looked at from various perspectives. Triraharjo et al. (2019) defined firm performance as an organization's ability to gather and process people, financial, and physical resources to meet organizational goals. Hernaus et al. (2012) proposed that firm performance is a multidimensional which involves financial and nonfinancial measurements.

Financial performance is the achievement of economic objectives reflected in financial and market indicators (Hernaus et al., 2012). It is a measure of the change in an organization's financial state or the financial outcomes that result from management decisions and their execution by organization members (Carton, 2004). Profit margins, return on asset (ROA), return on equity (ROE), growth, costs, return on investment (ROI), and sales growth are financial metrics (Alrowwad et al., 2017). However, Bucklin and Sengupta (1993) as cited in Monday et al (2015) claim that financial measures of performance, such as sales and profit, may not clearly reflect the quality of the firm's performance. Financial measures are objective, simple, and easy to understand and compute, but in most cases, they suffer from being historical and are sometimes not readily available in the public domain. Geringer and Hebert (1991) suggest that financial data are often not published, and when that type of data is made public, it will be merely incorporated in calculations of financial performance. In fact, a financial measure is unlikely to capture the relative performance of the firms. An alternative way is to apply the non-financial measures, though subjective in nature, as supplements to the financial measures (Covin & Slevin, 1989; Sandberg & Hofer, 1987). The non-financial performance measures include product quality, customer satisfaction, on-time delivery, operational performance, productivity, employee satisfaction, strategic goal attainment, workforce development and improvement, efficiency and overall effectiveness including improved market share, quality of service, innovation and reputation which contribute to better overall performance in comparison with competitors (Richard et al., 2008). The combinations of these two measures (financial and non-financial) help the owners or managers to gain a wider perspective on measuring and comparing their corporate performance, in particular the extent of effectiveness and efficiency in utilizing the resources, competitiveness and readiness to face the growing external pressure (Chong, 2008).

Marketing factors

Marketing plays a key role in insurance market to meet supply and demand, because insurance products are products that are not seen, not touched, but exist only in the form of pledges (Zekaj, 2016). The four Ps are the four essential factors involved in marketing a good or service such as insurance to the public. These are the four Ps: the product (the good or service), the price (what the consumer pays), the place (the location where a product is marketed), and promotion (the advertising). Relatedly, Key success factors (or KSF) are business strategies that are critical to a successful relationship with your customers. Key success factors are decided by the needs and preferences of your market and customers, not by your business. Marketing is defined as a management process responsible for identifying, anticipating, and meeting consumer demand profitably (CMA, 2017). According to Ćurčić et al.

(2019), the insurance services market can be best defined as the ratio between the demand of individuals and companies who have the need to purchase specific insurance services, either voluntarily or due to legal requirements, and possess the necessary financial capacity, willingness, and authorization to enter into insurance contracts. The researchers further argue that the potential market for insurance services encompasses all existing insurers, as well as individuals and legal entities who are either entering into or renewing insurance contracts with existing insurance companies, provided they meet the necessary criteria. These criteria include the presence of need, financial capacity, willingness, and authority. It is important to note that the absence of any of these factors renders the existence of a comprehensive insurance market invalid (Njegomir, 2011). Kumar and Reinartz (2016) posit that effective marketing strategies can enhance the reputation and brand image of an insurance company, which in turn can positively impact customer perception and satisfaction. This, in turn, can have a direct impact on the claims management process and overall performance of the company. Moreover, marketing efforts can also influence the perception of the insurance company's financial stability and reliability. Effective marketing communications that highlight the company's financial strength and ability to meet claims obligations can instill confidence in policyholders and potential customers. This, in turn, can contribute to a positive claims experience and overall company performance.

2.2Empirical Review

Knowing what drives a market is essential for businesses since it allows them to better predict outcomes and tailor their marketing strategies accordingly. Kimberly and Melanie's (2015) research reveals that knowing and understanding current students is crucial for effective relationship marketing methods for universities. According to the findings of Nugroho and Irena (2017), the marketing mix, customer attributes, and psychological factors all have a substantial impact on consumers' intent to buy "W" brand products at the same time. However, only the quality of the product, the impact of culture on consumers' attitudes, and the influence of consumers' psychology on their desire to buy Brand "W." Based on their research, Kayabasi and Mtetwa (2016) concluded that a company's export performance is strongly influenced by the quality of its marketing, which in turn is strongly influenced by the quality of its marketing. This suggests that an emphasis on international markets is crucial for the growth of marketing expertise and that marketing efficiency helps to account for export results.

As Mahlow and Wagner (2016) discovered, there is no universally accepted best practice in the insurance industry when it comes to claims operations due to the variety of strategic ideas each company follows. The mutual firms that Maichel-Guggemoos and Wagner (2018) studied had lower premiums, total claims costs, and operating expenses per contract than their publicly traded counterparts. In contrast, the premiums for vehicle third-party liability insurance, the total claims costs, and the operating expenses per contract are all lower for businesses that have a larger portion of the motor insurance market. In Nigeria, Victor (2013) examined the "Impact of Insurance on Economic Growth". The cointegration and Error Correction model was used to analyze data from 1998-2007. The results supported the alternate hypothesis that insurance premiums affect economic growth. According to the report, the government should promote insurance industry growth to boost investment, output, and employment

Olufemi and Yeside's (2016) empirical research shows that there is a link between service quality and insurance demand. Furthermore, it demonstrates a correlation between insurance demand and market conditions prior to the implementation of SERVQUAL measurement. Underwriting and claim management procedures used by the Firm are positively related to non-financial performance, according to Angina and Mwangi (2017), but not to financial performance. The loss ratio was found to have a negative association with profitability, ROA, ROE, profit margin, and net profit margin in a study of non-life insurers by Sipparit et al. (2016). Also, the loss ratio and profitability of a corporation were affected by its industry. Meiliyah and Zulhawati (2021) did a similar analysis, this time evaluating how various variables influenced insurance firms' bottom lines in Indonesia. Results showed that premium income growth was significantly influenced by risk-based capital, return on investment, and the ratio of claim and premium growth. The study finds that risk-based capital has a negative but insignificant effect on premium income growth, while investment return has a negative and substantial effect on premium income growth. This study hypothesizes, based on the contradictory results, that:

H_0: The effect of claims management on the firm performance is not significantly moderated by government policy by marketing factors

2.3 Theoretical Review

The resource-based perspective and strategic decision theory underpin this study. RBV assumes diverse and immobile resources. Heterogeneous organizations have different talents, competencies, and resources. Organizations could not use diverse strategies to compete if they had the same resources. Short-term, immobile resources don't migrate between companies. The RBV emphasizes employee empowerment as one of the company's non-imitable assets that will assure long-term competitive advantage. Human resources with advanced capabilities, high motivation, and a good working environment will perform better (Katou & Budhwar, 2007; Waiganjo et al., 2012). The insurance industry, a service sector that relies on its workforce, will gain from enhanced performance, competitive advantage, and sustainable growth. Given the RBV theory's dynamic nature, the strategic decision supported and explained claims management and organizational performance.

Strategic choice theory explained how moderating variables (marketing factors and government policy) affect claims management and organizational performance of selected Insurance Companies in Lagos State, Nigeria, but it had less explanatory power than the RBV. Strategic management theory RBV has many applications (Crook et al., 2008). Rapidly changing industry circumstances and the assumption that competitive advantage is a better source of superior performance explain the increased emphasis on resources and capabilities as the basis for strategy and performance (Grant, 2008; Goddard, et al., 2009). Performance differences across enterprises depend on whether their resources and abilities are distinctive, scarce, inimitable, and non-substitutable (Barney, 1991; Hitt et al., 2001; Newbert, 2008; 2014).

3. METHODOLOGY

This quantitative study examines the relationship between independent variables, claims management practices (claims planning, claims control, claims monitoring and evaluation, claims payment, and claims complaints), and the dependent variable, profitability. This study used survey research. This design matches related studies (Marafa et al., 2019; Angima, & Mwangi, 2017; Ehiorobo, 2020; Madu, 2021; Ntwali, 2020). The survey included Lagos State Insurance Companies. The National Insurance Commission (NAICOM) has fifty-three (53) registered insurance companies in composite, general, and life business (NAICOM, 2022). Nigeria has 14 life insurance firms, 27 general non-life insurance companies, and 12 composite insurance companies (NAICOM, 2022). This study focused on 20 Lagos-based composite, general, and life insurance companies for clarity. Management, senior, and frontline insurance company employees were targeted. These Nigerian insurance companies were chosen based on market capitalization and Gross Premium Written (GPW). These insurers also contractually settle claims on underwritten policies (Ugwu, 2022). These insurance companies were chosen because they were listed on the Nigerian Stock Exchange (NSE) in 2021.

Ngui & Maina, (2019); Waititu, 2016; Zaidi et al., (2018) utilized Krejcie and Morgan's (1970) sample size table to calculate 597 and add 30% attrition to get 776. Using Krejcie and Morgan's (1970) sample size, tier-one banks' senior management employees were sampled using proportional stratified sampling. Then, a simple random selection method was used to choose respondents from each deposit money bank so that all workers in the three cadres (management, senior, and junior (frontline)) had an equal chance of being selected. Respondents completed a modified questionnaire. The survey used a 6-point Likert scale. The research instrument's options span from Very High to Very Low, with scale ratings from 6 to 1. The tool Claims planning (0.772), Claims control (0.779), Claims monitoring and evaluation (0.826), and marketing factors (0.838) have Cronbach's Alpha reliability coefficients. Hierarchical Multiple linear regression in SPSS 27 tested the hypothesis. Study regression equation:

FP = Њ$_0$ + Њ$_i$CMP + Њ$_z$MF + Њ$_{iz}$CMP*MF+ e$_i$.......... Eq

4. RESULTS AND DISCUSSION

Management, senior management, and junior staff of Nigerian insurance firms were surveyed for this research. The researchers distributed 776 questionnaires to the sample population, and 664 were properly completed and returned. Participants answered 85.6 percent of the survey questions. The findings of the hierarchical regression analysis (performed at a 5% level of significance) are shown in Table 4.1.

Table 4.1a: Goodness of Fit for Summary of multiple regression analysis for effect of Claims management on Firm performance of Selected Insurance Companies in Lagos State, Nigeria as moderated by marketing factor

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.964[a]	.930	.930	6.99677	.930	8636.996	1	654	.000
2	.968[b]	.938	.938	6.57621	.008	87.323	1	653	.000
3	.969[c]	.940	.939	6.49259	.002	17.928	1	652	.000

a. Predictors: (Constant), Claims Management Practices
b. Predictors: (Constant), Claims Management Practices, Marketing Factor
c. Predictors: (Constant), Claims Management Practices, Marketing Factor, Claims Management*Marketing Factors

Source: Researchers' Findings 2023

Table 4.1a presents the summary of hierarchical regression analysis which was used to test how Marketing Factor (MF) moderates the effect of Claim Management Practices (CMP) and Firm Performance of Selected insurance companies in Lagos State, Nigeria. The predictors are Claim Management Practices, Marketing factor and interaction of claim management practices and marketing factor aggregated, (CMP*MF) while the dependent variable is selected insurance companies' firm performance aggregated. The results in Table 4.1a shows that $R^2 = 0.930$ and adjusted $R^2 = 0.930$ for Model I. This indicates that claim management practices explained 90.3% variation in the firm performance of Selected insurance companies in Lagos State, Nigeria. With the inclusion of marketing factor in Model II as an independent variable, there was an increase (R^2 change) of 0.008 or 0.8% from 0.930 to 0.938. Thus, claim management practices and marketing factor explain 93.5% of the systematic changes in firm performance of Selected insurance companies in Lagos State, Nigeria.

In the model III, when the interaction term/variable was introduced in the model, R^2 is 0.940 while adjusted R^2 is 0.939. Introducing the interaction variable marginally increase the R^2 change to 0.002. This signifies an improvement in the explanatory power of the model. That is, it has an additional contribution to the variation in selected insurance companies' firm performance in the model. The interaction of the moderator (marketing factor) and claim management practices magnifies selected insurance companies' firm performance.

Table 4.1b: ANOVA for Regression Claims Management and Firm Performance of the Selected Insurance Companies in Lagos State, Nigeria as moderated by marketing factor.

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	422822.296	1	422822.296	8636.996	.000[b]
	Residual	32016.429	654	48.955		
	Total	454838.726	655			
2	Regression	426598.733	2	213299.367	4932.172	.000[c]
	Residual	28239.992	653	43.247		
	Total	454838.726	655			
3	Regression	427354.464	3	142451.488	3379.329	.000[d]
	Residual	27484.262	652	42.154		
	Total	454838.726	655			
a. Dependent Variable: Firm Performance						
b. Predictors: (Constant), Claims Management Practices						
c. Predictors: (Constant), Claims Management Practices, Marketing Factor						
d. Predictors: (Constant), Claims Management Practices, Marketing Factor, Claims Management*Marketing Factors						

Source: Researchers' Findings 2023

Tables 4.1b show an F statistic of $F\,(1,654)$ is 8638.996, $p < 0.05$ for Model 1, where claim management practices aggregated is the independent variables. This implies that claim management practices have a significant effect on firm performance of Selected insurance companies in Lagos State, Nigeria.Model II which included marketing factor as a moderating variable shows an F statistic of $F\,(2,653)$ is 4932.172, $p < 0.05$. This implies that the fitted model of claim management practices with the inclusion of marketing factor (moderating variable) as an additional variable has a significant effect on firm performance of selected insurance companies in Lagos State, Nigeria.

Model III which introduces the interaction term with the independent variable show an F statistic of $F\,(3,652) = 3379.329$, $p < 0.05$. This implies that the fitted model of claim management practices and marketing factor with the interaction term (moderating variable) has a significant effect on firm performance of selected insurance companies in Lagos State, Nigeria.

Table 4.1c: Regression coefficients for Regressing Claims Management and Firm Performance of the Selected Insurance Companies in Lagos State, Nigeria with the inclusion of Marketing factor

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.904	1.055		3.700	.000
	Claims Management Practices	.975	.010	.964	92.935	.000
2	(Constant)	2.978	.997		2.987	.003
	Claims Management Practices	.782	.023	.774	34.225	.000
	Marketing Factor	1.029	.110	.211	9.345	.000
3	(Constant)	-10.245	3.274		-3.129	.002
	Claims Management Practices	.938	.043	.927	21.769	.000
	Marketing Factor	1.883	.229	.387	8.217	.000
	Claims Management*Marketing Factors	-.009	.002	-.323	-4.234	.000
a. Dependent Variable: Firm Performance						

Source: Researchers' Findings 2023

Table 4.1c shows the regression coefficient results with three models. In Model I, the dependent variable (firm performance of selected insurance companies) was regressed on the independent variable (claims management practices). The results of the regression analysis revealed that claims management practices (β = 0.975, t = 92.935, $p < 0.05$) has positive and significant effect on firm performance of Selected insurance companies. This implies that one unit change in claims management practices is associated with 0.975 change in firm performance of selected insurance companies. The overall model confirmed that claims management practices had a significant contribution to the firm performance of Selected insurance companies (F (1,654) = 8636.996, p < 0.05).

The results in model II revealed that claims management practices (β = 0.782, t = 34.225, $p < 0.05$) and marketing factors (β = 1.029, t = 9.345, $p < 0.05$) has positive and significant effect on firm performance of Selected insurance companies. This implies that one unit change in claims management practices and marketing factors is associated with 0.782 and 1.029 change in firm performance of selected insurance companies. The regression coefficients for claims management practices and marketing factors revealed that they affect firm performance of selected insurance companies in a positive and significant way. The overall model also confirmed that claims management practices and marketing factors had a significant contribution to the firm performance of Selected insurance companies (F (2, 653) = 4932.172, p < 0.05).

Model III considered existence of the interaction effect and thus the independent variables were Claims Management Practices (CMP), Marketing Factors (MF), Interaction of CMP and MF. When interaction was included in the model, the explained variation in selected insurance companies' firm performance increased to 93% (R^2 = 0.930) with an adjusted R-squared value of 0.930. R^2 changes (ΔR^2) from 0.938 in Model II to 0.940 in Model III (ΔR^2 = 0.002). Further, the overall model was statistically significant (F = 4932.172, p < 0.05). The change in F ratio (ΔF = 17.928) at p < 0.05 was statistically significant. The results were further confirmed by the beta coefficient of the interaction term (β = -0.009, t = -4.234, p < 0.05) thus indicating moderating effect of marketing factors with a total effect of -0.009 at 95% confidence level. Therefore, based on the moderation rule by Mackinnon et al. (2007) that a variable has a moderating effect if the coefficient of the variable is significant both before and after moderation, marketing factors is actually a moderating variable. Therefore, the model showing the relationship between the independent variables and the dependent variables was expressed as follows:

FP = -10.245 + 0.938CMP + 1.883MF – 0.009CMP*MF ………………… Eq. (i)

Where:

CMP = Claims Management Practices

MF = Marketing Factors

FP = Firm Performance

The regression equation established shows that taking all factors (Claims management practices, Marketing factors, Interaction of Claims management practices and Marketing factors (CMP*MF) into account, constant at zero, firm performance of Selected insurance companies would be -0.009 which is negative. As seen in Model III, when interaction is included in the model, the effect of any improvement in claims management practices and marketing factors by a single unit would results into a corresponding increase in firm performance of Selected insurance companies by 0.938, 1.883 respectively. However, an increase in the interaction variable (CMP*MF) will lead to -0.009 units decrease in firm performance. The results suggest that marketing factors has a statistically negative and significant moderating effect on the effect of claims management practices on firm performance of selected insurance companies in Lagos State, Nigeria. Marketing factors may significantly impact on selected insurance companies' efficiency. Hence, selected insurance companies in Nigeria need a supportive marketing factor for the successful implementation of claims management practices. This would make them more profitable and perform better. Based on the results, the null hypothesis eight (H_08) which states that claims management practices have no significant effect on firm performance of the selected insurance companies in Lagos State, Nigeria as moderated by Marketing factors is hereby rejected.

5. DISCUSSION OF FINDINGS

The results of hierarchical regression analysis for hypothesis eight on the combined moderating effects of claims management on firm performance is not significantly moderated by government policy by marketing factors. The results suggest that marketing factors has a statistically negative and significant moderating effect on the effect of claims management practices on firm performance of selected insurance companies in Lagos State, Nigeria. Marketing factors may significantly impact on selected insurance companies' efficiency. Hence, selected insurance companies in Nigeria need a supportive marketing factor for the successful implementation of claims management practices. This would make them more profitable and perform better. Based on the results, the hypothesis which states that claims management practices have no significant effect on firm performance of the selected insurance companies in Lagos State, Nigeria as moderated by Marketing factors is hereby rejected.

Concurring with the study findings is Obanuyi (2019) who carried out study on the nexus between interest rate and Nigeria economic growth. The study established that the necessary policies for promoting economic growth needs to be formulated and properly implemented. In a related study, Fashagba (2019) examined implementing marketing strategies to penetrate insurance market in Nigeria. The study reveals that insurance customer's perception can be influenced and changed if the right marketing strategies are implemented. Similarly, Oteh (2016) examined awareness level and cost perception, identify factors that influence or hinder acceptance and tested the relationships between socioeconomic factors and healthcare insurance acceptability. Findings shows that many people lack awareness of healthcare insurance benefits due to lack of reliable contact/information.

Furthermore, Angima and Mwangi (2017), carried out a study on effects of underwriting and claims management on performance of property and casualty insurance companies in east Africa. The findings show a consistency that there is a significant positive relationship between underwriting and claims management practices employed by the firms and non-financial performance, but the relationship with financial performance was insignificant. In tandem is Maseke and Lipinge (2021) that examined the factors influencing clients in choosing insurance companies. The results showed that majority of participants chose insurers as a result of agents/broker persuasion. The findings support the results of Iyodo et al., (2018) explored the effect of insurance industry performance on economic growth in Nigeria. Insurance is a cover from financial loss. The findings of the study revealed that non-life insurance penetration had a positive and substantial effect on the economic growth in Nigeria during the period. In consonance is Fadun and Shoyemi (2018) who researched the effect of complete protection venture on financial development in Nigeria utilizing yearly information from 2000 to 2015 has not been embraced. The discoveries showed that there is a solid positive connection between Nigeria's monetary development and all out-protection speculation; and there is a positive relationship between complete protection venture and GDP in Nigeria.

The theory underpinning this study resource-based view assumptions that states Rapidly changing industry circumstances and the assumption that competitive advantage is a better source of superior performance explain the increased emphasis on resources and capabilities as the basis for strategy and performance (Grant, 2008; Goddard, et al., 2009). Performance differences across enterprises depend on whether their resources and abilities are distinctive, scarce, inimitable, and non-substitutable (Barney, 1991; Hitt et al., 2001; Furrer et al., 2008; Newbert, 2008; 2014). For competitive advantage, Barney (1995) organized distinctive, rare, and inimitable resources. Finally, Porter (1991) calls the RBV circular since it assumes successful firms have unique resources. Porter (1991) says this argument is true by nature, thus if the RBV is circular, it cannot be empirically falsified.

6. CONCLUSIONS AND RECOMMENDATIONS

The current study focuses on the moderating effect of marketing factors on the relationship between claims management and the firm performance of a selected Insurance Companies located in Lagos State, Nigeria, The findings of the study have shown that marketing factors have a statistically negative and significant moderating effect on the relationship between claims management practicesand firm performance of Selected insurance companies in Lagos State, Nigeria. The regression coefficients for claims management practices and marketing factors revealed that they individually affect firm performance of Selected insurance companies in a positive and significant way. The findings implied that insurance companies in Nigeria need to monitor their marketing strategies and activities to maximize the positive impact of claims management practices on performance. The study has reinforced the notion that marketing efforts that prioritise transparent and timely communication regarding claims processes play a crucial role in building trust and confidence among policyholders. Clear communication about the claims process, updates on claim status, and proactive customer service can contribute to a positive claims experience, leading to higher customer satisfaction and loyalty. Also, effective marketing campaigns that highlight the strengths of a company's claims management capabilities, such as quick claims settlement, fair assessment, and hassle-free processes, can attract new customers and retain existing ones. By showcasing their claims management expertise, insurance companies can differentiate themselves from competitors and gain a competitive advantage in the market. Based on the findings of the current study, the following recommendation has been put forward. In order to enhance performance of the selected insurance companies, the management of selected insurance companies in Lagos State focus on creating a positive marketing factor that bolsters claims management practices to achieve a sustainable performance in the industry. This may involve developing marketing policies and training that encourage employee involvement, job satisfaction, and a positive working environment. In addition, management of selected insurance companies in Lagos State should integrate claims management practices and marketing strategies in their overall business strategy. By considering claims management and marketing as interconnected and mutually reinforcing functions, insurance companies can improve their performance and gain a competitive advantage in the market.

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