

DRIVERS OF FRAUDULENT INSURANCE CLAIMS IN
PUBLIC SERVICE VEHICLES INDUSTRY IN
NYERI COUNTY KENYA

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A Thesis Submitted to the School of Business Management and
Economics in Partial Fulfillment of the Requirement for the Award of the
Degree of Master of Business Administration (Marketing) of
Dedan Kimathi University of Technology

MARCH 2017

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B211-0010/2011

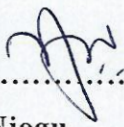
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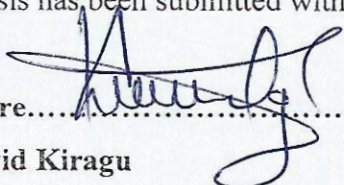
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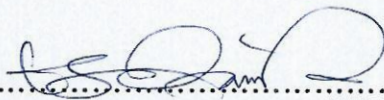
DECLARATION

This is my original work and has not been presented in any other university or college for examination purpose.

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This thesis has been submitted with our approval as the supervisors.

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ABSTRACT

This study seeks to assess the drivers for involvement in fraudulent insurance claims in public service vehicle industry in Nyeri County, Kenya. The study was guided by the following specific objectives, to determine the involvement of policyholders, insurance intermediaries, employees of insurance companies and insurance claims investigators and adjusters in fraudulent claims of 2NK Sacco in Nyeri County, Kenya. The research concentrated on a registered public transport service provider in Nyeri Town, Kenya officially known as 2NK. It has recorded one hundred and eight one claims since 2010. Target population for this study was 181 policyholder from 2NK. The study used simple random sampling as its sampling design whereby 124 respondents who were 69% of the target population were considered. A self-administered, questionnaire was used to collect data from the target respondents. The study achieved a response rate of 66.1%. Data analysis was conducted using statistical package for social sciences (SPSS) to generate descriptive and inferential statistics. The results indicated that involvement of insurance policyholders, insurance intermediaries, insurance employees and insurance investigators and adjusters have a positive effect on insurance fraud at claims processing stage. The study findings revealed that policy holders perpetrated fraud when procuring police abstract and when seeking medical assistance incase of any injury. In addition, being in contact with policy documents, appointment of loss adjuster, choosing the garage to be used, assessment points and the place where the vehicle was assessed had a positive and significant effect on insurance fraud during claim settlement processes. The study recommends that policyholders should be investigated to determine whether the claims they forward for processing involves fraudulent dealings. The study further recommends that insurance intermediaries should be interrogated to establish whether they could be involved in fraudulent dealings. Future research could focus on a comparative study to determine whether the findings of this study also apply to other insurance policies.