

UNIVERSITI TEKNOLOGI MARA

**PERSPECTIVE OF MOTOR
POLICYHOLDER TOWARDS
ADOPTION OF TELEMATICS
TECHNOLOGY**

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ABSTRACT

For many years, Malaysia is facing difficulties and serious issue on motorist's road safety. Bank Negara Malaysia reported that Malaysia has a high data records of road accidents, an increase in claims, and serious issues with the claims management process in the motor insurance industry, and these statistics were supported by Persatuan Insurance Am Malaysia. Over the years, the Malaysian regulator has been pushing for higher standards, and many initiatives have been taken to improve the conduct requirements in the motor insurance sector to enhance consumer road safety. Today the wind of advance technology landed for motor insurance called telematics application. Telematics is a new approach to claim management in the digital which may reduce motor insurance claims and make a greater effort to demonstrate safe driving habits for drivers. A large number of insurers in North America and Europe are adopting this technology to price risks and transforming the digital environment into new innovative service channels for motor insurance. In Malaysia, the general insurance industry was still at a developing stage, where further enhancements were made in order to elevate the overall performance. The Malaysian Insurance Institute (MII) looked at new approaches to claims management in the digital innovation by zooming in telematics method that may change all the old ways of doing motor insurance into a new approach of telematics practice in Malaysia. Through the use of telematics, a motor insurance company is able to measure individual driving behaviour and exposure characteristics, which carries a more realistic estimation of corresponding risk for each driver. This modern insurance telematics model has attracted the attention and interest of many insurance companies around the world. In this study, consumers will gain a better understanding of the wireless data collection concepts corresponding through the telematics devices, which have the potential to secure the driver's safety for good culture of travel behaviour and also improve the better way of living. The aim of this study is to concentrate on individual perceptions of the value of telematics technology. In this study, two theories were used to support the framework. The Technology Acceptance Model (TAM) and the Social Cognitive Theory (SCT) were tested in the context of motor insurance policyholders or drivers. In this study, purposive sampling technique was used to collect responses from 174 respondents, and the data were analysed using SmartPLS-SEM version 3.3.3. The selected respondents in this study are individual motor insurance policyholders in Selangor. The research question is distributed in the study area, and the breakthrough of the sample size is determined using G-Power software. The finding indicates that there was no relationship between driving behaviour and perceived ease of use was found, but perceived usefulness significantly affected driving behaviour. Furthermore, claim experience was found to be significant for both perceived ease of use and perceived usefulness. In line with literature, both perceived ease of use and perceived usefulness significantly affected the intention to adopt telematics technology. The results of this study show that telematics can have a significant impact on drivers' intentions to adopt this technology. The problem observed in this study could be used to address the critical issue of the highest road accident rate and rising costs of motor insurance claims in Malaysia. Therefore, concerns about telematics adoption need to be addressed among motor policyholders in order to identify the proportionate approach that can be taken through the application of telematics technology to motor policies in Malaysia, which would be applicable to similar studies in other developing countries.

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CHAPTER ONE

INTRODUCTION

1.1 Preamble

This chapter discuss the overall background of the study which comprises the current situation of motor insurance policyholder in Malaysia, problem statement, research objective, the significance of the study, the scope of study and the definition.

1.2 Background of the Study

There is considerable current research interest in how the internet and related technologies can offer significant value in improving routine living environments, particularly in the innovation and development of motor insurance technology. This shifting landscape of technological phenomena has the potential to widen the gap in how Malaysia's motor insurance sector must improve or mend appropriate ways and strategies to achieve success in its transformation to a digital insurance environment in order to address the serious issues of road accidents with driver and motor policyholder safety. In this study, the policyholder's perspective is used to present an overview of issues affecting motor insurance in relation to driver attitude behaviour acceptance of new telematics technology.

In Malaysia, Motor insurance is governed by statutory provisions under the Road Transport Act 1987 (RTA, 1987) and all Malaysian drivers, and it is the driver's responsibility to have motor insurance coverage for their vehicle in the event of a road accident (RTA, 1987). The law mandates that every owner of a motor vehicle must have motor insurance policy. According to Bank Negara Malaysia (BNM) (2010), a motor policyholder is a vehicle owner who purchases an insurance policy or takaful certificate (collectively referred to as insurance policies) to cover against liabilities arising from bodily injury, including death, to any third party, which is to provide compensation to members of the public who suffer injury or loss of life as a caused of a road accident caused by the vehicle owner's driving behaviour. Indirectly, policymakers require motorists to purchase motor insurance coverage to protect innocent third parties as well as the at fault motorist driving from liability (Amoo, 2002). However, Persatuan