

Impact of Economic Uncertainty on Policyholders' Attitude towards Premium Payment Compliance for Third Party Motor Insurance Policy in Jos North Local Government Area of Plateau State

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ABSTRACT

One of the success metrics of a successful insurance business is the policyholders' attitude towards premium payment compliance. Economic uncertainty has been a persistent issue in Nigerian insurance sector influencing policyholders' attitude in fulfilling premium payment agreement for third party motor insurance policy. During periods of economic uncertainties, policyholders and insurance businesses face financial constraints, leading to policyholders reassessing their third party motor insurance policy benefits and compliance of premiums payment. As disposable incomes shrink, some policyholders may prioritize essential expenses over insurance premiums, resulting in a decline in policy purchases, loss of trust, dissatisfaction, policy cancellations or adjustments in coverage and low policy renewal rates of third party motor insurance policy among policyholders. Amid these challenging experiences policyholders go through during the period of economic uncertainty, this study examines the impact of the economic uncertainty on policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State. A descriptive survey design was employed, using both primary and secondary data sources. Data from 110 respondents were analyzed using descriptive statistics and inferential statistics. Findings from the study revealed that inflation and unstable exchange rate and changes in government economic policies as dimensions of economic uncertainty were found to significantly affect policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State. The study recommends that Government at all levels should implement economic policies that can reduce inflation rate and stabilizes the exchange rate to help third party motor policyholders keep pace with the rising challenges pose by economic uncertainty.

Keywords: Economic uncertainty, premium payment, policyholder attitude, third party motor insurance policy, inflation, unstable exchange rate, government economic policies

INTRODUCTION

Globally, insurance industry plays a critical role in mitigating financial risks and providing economic stability by compensating for losses incurred due to unforeseen events for. However, the efficacy of insurance sector is significantly influenced by prevailing economic

conditions. Economic uncertainty is characterized by inflation, unstable exchange rates and changes in government economic policies which pose unique challenges in policyholder's premium payment compliance. In some countries and areas, policyholders attitude towards premium payment compliance for third party motor insurance services vary and there might be skepticism due to a lack of understanding or trust in insurance businesses (Chen, & Li, 2019). Policyholders' attitudes towards premium payment compliance are influenced by various factors, which serve as significant determinants shaping policyholders' attitudes towards premium payment compliance. During periods of economic uncertainty, policyholders may perceive insurance as unbeneficial investment which affects their financial well-being, leading to more negative attitudes towards insurance products and providers (Mayers, 2018).

Some common challenging experiences of the policyholders in the payment of premiums for third party motor insurance policy are inflation, unstable exchange rate, and complex change in economic policies by the governments which expose developing regions to challenges of accessing unaffordable insurance services. However, in more economically stable regions, people often view insurance as a valuable risk management tool (Khinnwe 2016, Oyetao, 2019). According to Williams and Thompson, (2022), inflation as one of economic uncertainty factor can lead to higher prices, reducing the policyholders' disposable incomes which diminish purchasing power, making it difficult for policyholders to afford premiums. Inflation, characterized by a sustained increase in general price level, can influence policyholders' attitude, premium payment compliance and monetary policy responses. Lam and Sun (2021) argued that high and volatile inflation rates can disrupt economic stability leading to economic uncertainty, reduced investment, and distortions in response allocation and contributing to economic fluctuations. Chibuisi, Osu, Olunkwa (2022) studied the effects of inflation on customers satisfactions through numerical solution of advanced stochastic time-delay differential equations and suggest that adequate implementation of price control measure by the government of the day can cushion the adverse effects of inflation. Osuagwu (2020) discusses the relationship between inflation and economic fluctuations, stating that fluctuations in inflation rates can affect real economic activity by altering consumer purchasing power, production costs and investment decisions.

In Africa, one of the difficulties policyholders go through during economic uncertainty is the exchange rate uncertainty which reflects changes in labour market conditions and has direct effect on the operations of most insurance companies due to purchase of new products with foreign currency (Beck, & Webb, 2023). Smith (2018) explores the implications of high exchange rate on economic stability and effective monetary frameworks that aim to maintain stable exchange rates and reduced economic uncertainty. Chigozie, Egwe, Osu, Ishola (2024) numerically investigate and provide solutions to the adverse effects of unstable exchange rate on the investment returns of insurance industries and recommend that insurance should prioritize the protection of policyholders' trust whose patronage influences its investment returns by ensuring clarity and transparency in their service delivery.

In the context of Jos North Local Government Area of Plateau State, insurance industry plays a critical role in mitigating financial risks and providing economic stability by compensating for losses incurred due to unforeseen events (Adamu, & Yusuf, 2022). However, the efficacy of this sector is significantly influenced by prevailing economic conditions. Practically, changes in government economic policies play a major role in purchase and premium payments compliance of policyholders. The recent Nigerian economic policies in the removal of

fuel subsidy, increment of value added tax (VAT) and high electricity tariff have negatively contributed to the decelerated delay of premium payment of policyholders of insurance companies. Chigozie, Bright, Kevin and Chukwuka (2024) through a mathematical approach investigated the effect of government policy of fuel subsidy removal on Nigerian economy and recommend that the Nigerian government should diversify and develop other economies and conduct a well-designed communication campaign to highlight and tackle the negative impact of fuel subsidy and the benefits from its removal and compensating measures for the poor to cushion the adverse effects of fuel subsidy removal. Williams and Green (2019) points out that fuel subsidy removal could lead to higher macro-economic instability through rising energy prices and inflation in Nigeria.

Despite the extensive research on economic uncertainty in insurance which revealed the studies carried-out by other researchers in across countries and other regions excluding Jos North Local Government Area of Plateau State, there is a notable gap in the current literature on the impact of economic uncertainty on policyholders attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State where policyholders are constantly faced with adverse effects of economic uncertainty which often results to policyholders delay in their premium payment, dissatisfaction, loss of trust, policy cancellations or adjustments in coverage and decline in insurance policy purchases. Addressing this gap in the literature would contribute to a more comprehensive understanding of the impact of the relationship between economic uncertainty and policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State.

Given these challenges, particularly in the context of Jos North Local Government Area of Plateau State, it becomes necessary to explore how the dimensions of economic uncertainty influence policyholders' attitude towards the premium payment compliance for third party motor insurance policy through the following research questions;

1. To what extent has inflation influences policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State?
2. To what extent does unstable exchange rate influences policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State?
3. To what extent have changes in government economic policies influence policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State?

In line with the research questions, the study has the following objectives;

1. To analyze the effect of inflation on policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State.
2. To investigate the impact of unstable exchange rate on policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State.

3. To examine the influence of changes in government economic policies on policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State.

From the background and the domain of the constructs of this study, economic uncertainty is characterized by inflation, unstable exchange rate and changes in government economic policies in which the conceptual model of this study was conceived and presented below as:

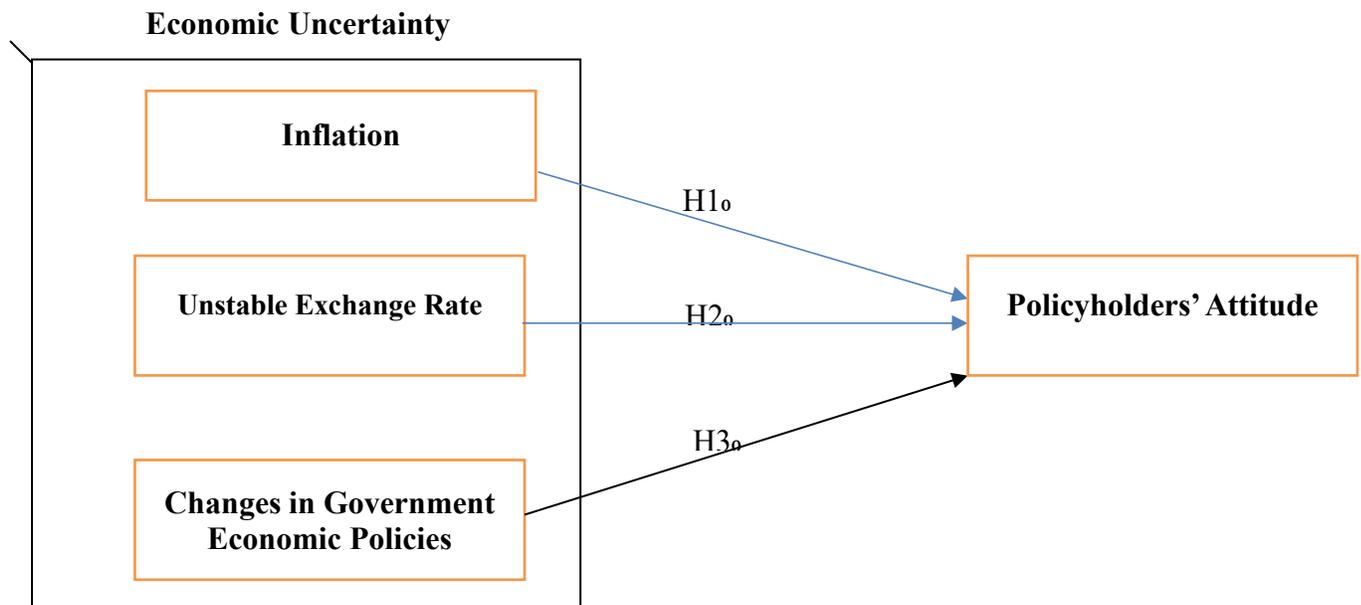


Figure 1: Conceptual Framework/Model

The conceptual framework/model for this study showed the hypothesized relationship between the variables designed to determine the influence of each of the independent constructs on policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State.

LITERATURE REVIEW

In today's dynamic economic landscape, the insurance industry plays a crucial role in mitigating financial risks for individuals and businesses. Economic uncertainty serves as a fundamental driver influencing policyholders' perceptions, behaviors, and decisions regarding insurance products and services. This literature review aims to explore the intricate relationship between economic uncertainty and policyholders' attitudes towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State.

Insurance is designed to protect the financial well-being of an individual, company or other entity in the case of unexpected loss. In exchange for payments from the insured (called premiums), the insurer agrees to pay the policyholder a sum of money upon the occurrence of a specific event. In most cases, the policyholder pays part of the loss (called the deductible), and the insurer pays the rest (Ibrar, 2015). Studies have demonstrated the impact of economic uncertainty on policyholders' attitudes towards premium payment compliance across different contexts. For instance, during inflation, policyholders may prioritize essential insurance coverage,

such as health insurance or property insurance, while reducing discretionary spending on non-essential policies (Hofmann & Baier, 2019). Findings indicated that during inflation, there is a noticeable shift in consumer preference toward short-term insurance plans with flexible premium payment structures without considering the impact of inflation on policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State which is one of the objectives of this study. Economic uncertainty presents significant challenges to policyholder's premium payment compliance, making it difficult for policyholders to afford premiums (Gatzert, & Schmeiser, 2018). The consequences of unstable exchange rate can be far-reaching, including reduced economic growth, increased poverty, and social unrest which have significant negative impacts on businesses, including reduced sales, decreased profits, and increased risk of bankruptcy (Hansen, & Sargent, 2021; Eke & Ugochukwu, 2023). However, their studies concentrate on consequences of economic uncertainty and its negative impacts on businesses without the investigation of how unstable exchange rate affects policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State. The impact of changes in government economic policies can be diverse, including monetary policy mistakes, fiscal policy errors and external shocks such as changes in global commodity prices (Outreville, 2013). Findings indicated that during changes in government economic policies, policyholders may delay or decline in paying the premium of their policy without considering the impact of its effects on policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State. According to Cummins and Doherty, (2006), the basic requirements of an insurance contract is the premium which serves as the consideration and without this consideration, there is no cover. This revealed that a fair premium is one which can easily cover claim cost, underwriting expenses, administrative expenses, and a suitable profit during inflation without examining how inflation affects policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State. During the periods of economic uncertainties such as recession or financial crises, individuals and businesses become more risk-averse, leading to increased demand for insurance products as a means of financial protection (Bauer, 2017). The study examined impact of recessions or financial crises on insurance business without studying the impact of inflation, unstable exchange rate and changes in government economic policies on policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State. Moreover, perceptions of insurers' financial stability and ability to honor claims become critical factors influencing policyholders' trust and confidence in insurance providers during economic turbulence (Lam & Sun, 2021). Compared to the present study, Lam et al. (2021) provide a long-term perspective of economic instability on policyholders' trust in Nigeria, whereas the current research focuses on a specific geographical region (Jos North LGA, Plateau State) and considers policyholders' attitude towards premium payment compliance in a more immediate context.

Theoretical Foundation

The theories that support the the impact of inflation, unstable exchange rate and changes in government economic policies on policyholders' attitude towards premium payment compliance for third party motor insurance policy are discussed. Following the prospect theory propounded by Daniel Kahneman and Amos Tversky in 1979, this research provides a framework that

individuals evaluate outcomes relative to a reference point rather than in absolute terms. This means that when faced with inflation, policyholders may become more risk-averse, leading to increased demand for insurance products as a means of mitigating financial uncertainties. The theory introduces the concept of diminishing sensitivity, where the marginal impact of gains and losses decreases as their magnitude increases. In accordance to the economic stress theory was proposed by Leonard in 1981, economic stress theory posits that unstable exchange rate can induce stress and anxiety among individuals, influencing their perceptions and behaviors. As economic uncertainty rises, policyholders may perceive insurance as a form of financial security, leading to a positive attitude towards insurance business offerings. This theory provides insights into how policyholders in Jos North LGA, Plateau State may behave in the face of unstable exchange rate. During periods of unstable exchange rate, individuals may either prioritize insurance as a safety net or forego it due to financial constraints. In agreement to the theory of risk perception theory was proposed by Paul in 1980, this study that central to understanding the impact change in government economic policies on policyholders' attitudes towards premium payment compliance is the concept of risk perception. Drawing from risk perception theory, individuals' subjective assessments of risk are influenced by contextual factors, including economic conditions. During periods of change in government economic policies, heightened uncertainty and perceived financial vulnerability may lead individuals to prioritize risk mitigation strategies, thus fostering a more positive attitude towards insurance as a means of protection.

Hypotheses Development

Considering the difficulties policyholders go through during the period of economic uncertainty in the payment of their premium compliance for third party motor insurance policy, it is important to understand the factors that influences policyholders attitude. Policyholders often find themselves navigating a complex and sometimes frustrating terrain characterized by inflation, unstable exchange rate and changes in government economic policies during the period of economic uncertainty. These challenges, if left unaddressed, have the potential to erode the policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State. During periods of economic uncertainty, policyholders prioritize essential expenses, often viewing insurance as a discretionary expense rather than a necessity (Smith & Jones, 2018). This shift in priorities can lead to decline or delay in the payment of the premium by the policyholders. It can be deduced from reviewed literature that most of the existing studies focus on broader national or international perspectives, overlooking regional differences in economic conditions, cultural perceptions of insurance, and local market dynamics. Additionally, while prior research has explored financial constraints and insurance adoption, limited attention has been given to how policyholders in Jos North LGA, Plateau State adjust their insurance preferences in response to inflation and unstable exchange rate and changes in government economic policies. This study seeks to bridge this gap by providing localized insights into the behavioral tendencies of policyholders within the region, contributing to a more nuanced understanding of policyholders' attitude towards premium payment compliance for third party motor insurance policy amidst economic uncertainty.

Hence, we hypothesize:

- H1₀: There is no significant relationship between inflation and policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State.
- H2₀: There is no significant relationship between unstable exchange rate and policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State.
- H3₀: There is no significant relationship between changes in government economic policies and policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State.

By doing so, the aim is to provide targeted interventions and policy measures that can reduce the adverse effects of economic uncertainty, ultimately fostering a more conducive environment for the growth of the insurance sector by enhancing the policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State.

METHODOLOGY

The study made use of a descriptive survey design. According to NAICOM and PLASHEMA 2024 annual report, there are ten (10) insurance industries operating in Jos North LGA, Plateau State. In consideration to the adverse effect of various dimensions of economic uncertainties on the insurance sector which have led to close down operations of some of the branches of insurance industries due to decline in policy purchases, loss of trust, dissatisfaction, policy cancellations or adjustments in coverage and low policy renewal rates of third party motor insurance policy among policyholders in Jos North LGA, Plateau State, policyholders of five (5) insurance industries was randomly selected from the available ten (10) insurance industries in Jos North LGA, Plateau State to serve as the population of this study.

Table1: Policyholders of five Selected Insurance industries for third party insurance policy in Jos North Local Government Area, Plateau State

S/N	Insurance Industry	No of Policyholders for third party insurance policy
1	Leadway Insurance	50
2	AIICO Insurance	35
3	Industrial and General Insurance	25
4	Royal Exchange Assurance Plc	30
5	Cornerstone Insurance Plc	28
	Total	168

Source: Researchers' Fieldwork, 2025.

To determine the sample size, the researcher employed the Taro Yamane formula, which provides an appropriate means of selecting a representative sample from the population of the study.

The Yamane (1967) formula is given as:

$$n = \frac{N}{1+N(e)^2}$$

Where:

n = sample size

N = total population (168)

e = margin of error (0.05)

$$n = \frac{168}{1+168(0.05)^2} = \frac{168}{1+168(0.0025)} = \frac{168}{1.42} = 118$$

According to the Taro Yamane formula, the sample size of the study is 118.

To avoid bias, the study adopted a stratified sampling technique. Stratified sampling technique is advantageous to this study because it provides equal chances for each member of the stratum of the population to be selected, thereby enhancing the representativeness of the population of this study. The strata are made up of five (5) insurance industries. The strata consist of the policyholders of these insurance industries that shared similar attributes or characteristics. A sample from each stratum is taken in a number that is proportional to its size when compared to the population. These subsets of the strata are then pooled to form the sample. The above reasons formed the basis for the use of stratified sampling for this study.

Proportional allocation formula was applied to each stratum to ensure even-spread as captured in Table 2. The proportionate formula used is given as:

$$nh = \frac{nN_h}{N}$$

Where;

nh = number allocated each class strata

n = Total sample

Nh = Total population of each strata

N = Total population

Table 2: Selected Sample

S/N	Insurance Industry	No of Policyholders for third party insurance policy	Sample for each stratum
1	Leadway Insurance	50	118x50/168 = 35
2	AIICO Insurance	35	118x35/168 = 24
3	Industrial and General Insurance	25	118x25/168 = 18
4	Royal Exchange Assurance Plc	30	118x30/168 = 21
5	Cornerstone Insurance Plc	28	118x11/168 = 20
	Total	168	118

Source: Field Survey, 2025.

From the table above, 35 questionnaires will be distributed to the policyholders of Leadway insurance, 24 questionnaires will be distributed to the policyholders of AIICO Insurance, 18 questionnaires will be distributed to the policyholders of Industrial and General Insurance, 21 questionnaires will be distributed to the policyholders of Royal Exchange Assurance Plc and 20 questionnaires will be distributed to the policyholders of Cornerstone Insurance Plc. This amounts to a total of 118 questionnaires distributed to staff of five (5) selected insurance industries in Jos North Local Government Area of Plateau State as respondents.

The data sought is primary nature. To ensure that the research instrument (questionnaire) effectively measures the constructs of this study it intended to assess, face and content validity were employed. The questionnaire items were adapted based on a comprehensive review of relevant literatures that aligned with the research objectives. 118 copies of the questionnaire on a 5-point likert scale to measure the feedback for the constructs of this study were administered to the respondents. To validate the content, the draft instrument was reviewed by two experts in the department of insurance and one expert in research methodology at the University of Jos. Their suggestions were incorporated to improve clarity, relevance, and item appropriateness. This form of expert review establishes face and content validity of the instrument. To test the reliability of the instruments of the constructs of this study, a pilot study was conducted at the University of Jos, Plateau State, to test the internal consistency of the questionnaire. A sample of 30 staff members under insurance coverage was randomly selected and administered the questionnaire. The responses were analyzed using Cronbach's Alpha via SPSS version 25. The analysis yielded a Cronbach's Alpha coefficient of 0.73, 0.719 and 0.717 indicating a high level of internal consistency among the items. A Cronbach's Alpha value above 0.70 is generally considered acceptable, as it shows that the instrument is reliable for data collection purposes (George & Mallery, 2003).

Method of Data Analysis

The statistical methods such as descriptive and inferential statistics were used for the analysis of the data. The descriptive statistics (tables, frequencies and simple percentages) were employed to summarize items on the questionnaire. The inferential statistics such as Chi-Square Analysis was utilized to empirically examine the impact of digital marketing strategies on the service quality of insurance industries in Jos North LGA, Plateau State. The model for Chi-Square Analysis is specified in a functional relationship as follows;

$$X^2 = \frac{\sum(F_0 - F_e)^2}{F_e}$$

X^2 = Chi-square

\sum = Summation

F_o = Observed Frequency

F_e = Expected Frequency.

The researcher made use of Statistical Package for Social Sciences (SPSS) as software to analyze the data collected.

RESULTS AND DISCUSSION OF FINDINGS

Descriptive Statistics

118 copies of the questionnaire were administered to the respondents, 110 of them were returned to show a success rate of about 100%. The returned questionnaires were subsequently subjected to data analysis.

Table 3: Distribution and Receipts of Questionnaire

S/N	Respondent	No. of Distributed Questionnaire	No. of Returned Questionnaire	No. of Questionnaire Not Returned
1	Leadway Insurance	35	34	1

2	AIICO Insurance	24	23	1
3	Industrial and General Insurance	18	16	2
4	Royal Exchange Assurance Plc	21	19	2
5	Cornerstone Insurance Plc	20	18	2
	Total	118	110	8

Source Research Survey, 2025

Table 4: Gender, Age and Educational Level Distributions

GENDER			AGE			EDUCATIONAL LEVEL		
Response	NO. RESPONDENT	PERCENTAGE (%)	Response	NO. RESPONDENT	PERCENTAGE (%)	Response	NO. RESPONDENT	PERCENTAGE (%)
Male	58	52.73%	0-20	17	15.46%	SSCE	16	14.55%
Female	52	47.27%	21-30	38	34.55%	HND	20	18.18%
			31-40	32	29.09%	B.SC	34	30.91%
			Above 40	23	20.90%	M.Sc	15	13.63%
						Others	25	22.73%
Total	110	100%	Total	110	100%	Total	110	100%

Source: Field research, 2025

Test of Hypotheses

This section of the project concerns testing the null hypotheses earlier stated.

Hypothesis One

H1₀: There is no significant relationship between inflation and policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State.

Table 5: Contingency table showing the relationship inflation and policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State

Response	Leadway Insurance	AIICO Insurance	Industrial and General Insurance	Royal Exchange Assurance Plc	Cornerstone Insurance Plc	Total
Agreed	20(18.2)	12(12.1)	16(14.1)	18(18.9)	8(10.1)	74
Undecided	4(4.9)	3(3.3)	2(3.8)	8(5.6)	3(2.7)	20
Disagree	3(3.9)	3(2.6)	3(3.1)	3(4.2)	4(2.2)	16
Total	27	18	21	29	15	110

Source: Fieldwork 2025

From the functional relationship of Chi-Square Analysis Method, let

$$(Fe)_{ij} = \frac{\Sigma(\text{ROW}_i)(\text{COLUMN}_j)}{\text{GRAND TOTAL}}$$

Where:

(fe)_{ij} = expected frequencies for ith row and jth column.

Calculation of expected frequencies (E₁)

$$\text{Formula} = \frac{(\text{Column Total})(\text{Row Total})}{\text{Grand Total}}$$

$$\text{Cell}_1\text{E}_1 = \frac{27 \times 74}{110} = 18.16$$

$$\text{Cell}_2\text{E}_2 = \frac{18 \times 74}{110} = 12.1$$

$$\text{Cell}_3\text{E}_3 = \frac{21 \times 74}{110} = 14.1$$

$$\text{Cell}_4\text{E}_4 = \frac{29 \times 74}{110} = 19.5$$

$$\text{Cell}_5\text{E}_5 = \frac{15 \times 74}{110} = 10.1$$

$$\text{Cell}_6\text{E}_6 = \frac{27 \times 20}{110} = 4.9$$

$$\text{Cell}_7\text{E}_7 = \frac{18 \times 20}{110} = 3.3$$

$$\text{Cell}_8\text{E}_8 = \frac{21 \times 20}{110} = 3.8$$

$$\text{Cell}_9\text{E}_9 = \frac{29 \times 20}{110} = 3.8$$

$$\begin{aligned} \text{Cell}_{10}E_{10} &= \frac{15 \times 20}{110} = 2.7 \\ \text{Cell}_{11}E_{11} &= \frac{27 \times 16}{110} = 3.9 \\ \text{Cell}_{12}E_{12} &= \frac{18 \times 16}{110} = 2.6 \\ \text{Cell}_{13}E_{13} &= \frac{21 \times 16}{110} = 3.1 \\ \text{Cell}_{14}E_{14} &= \frac{29 \times 16}{110} = 4.2 \\ \text{Cell}_{15}E_{15} &= \frac{15 \times 16}{110} = 2.2 \end{aligned}$$

Table 6: Calculation of X²

Cell	O	E	O-E	(O-E) ²	$\frac{(O-E)^2}{E}$
1	20	18,16	1.84	3.39	0.19
2	12	12.1	-0.1	0.01	0.00
3	16	14.1	1.9	3.61	0.26
4	18	19.5	-1.5	2.25	0.12
5	8	10.1	-2.1	4.41	0.44
6	4	4.9	-0.9	0.81	0.17
7	3	3.3	-0.3	0.09	0.03
8	2	3.8	-1.8	3.24	0.85
9	8	5.3	2.7	7.29	1.38
10	3	2.7	0.3	0.09	0.03
11	3	3.9	-0.9	0.81	0.21
12	3	2.6	0.4	0.16	0.06
13	3	3.1	-0.1	0.01	0.00
14	3	4.2	-1.2	1.44	0.34
15	4	2.2	1.8	3.24	1.47
Total	110				5.54

Source: Field work 2025.

$$\text{Chi-square } (X^2) = \frac{\sum (O-E)^2}{E} = 5.54$$

The Critical Value

Degree of freedom (df) in contingency table = (R-1) (C-1)
 Where R Rows and C-Columns = (5-1) (3-1)
 = (4) (2)
 = 6

Assume 5% level of significance at 6 degree of freedom

Chi-square (X^2) result from the table is 12.59

Decision

Since the calculated X (chi-square) value is less than the table value, the research rejects the null hypothesis and accepts the alternative hypothesis

Conclusion

Based on the above decision, the research concludes that there is a significant relationship between inflation and policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State.

Hypothesis Two

H2o: There is no significant relationship between unstable exchange rate and policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State.

Table 7: Contingency table showing the relationship between unstable exchange rate and policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State

Response	Leadway Insurance	AIICO Insurance	Industrial and General Insurance	Royal Exchange Assurance Plc	Cornerstone Insurance Plc	Total
Agreed	20(18.16)	16(17.5)	13(12.1)	14(12.8)	11(13.5)	74
Undecided	3(4.9)	8(4.7)	3(3.3)	2(3.5)	4(3.6)	20
Disagree	4(3.9)	2(3.8)	2(2.6)	3(2.8)	5(2.9)	16
Total	27	26	18	19	20	110

Source: Fieldwork 2025

Calculation of expected frequencies (E_1)

Formula	=	$\frac{(\text{Column Total}) (\text{Row Total})}{\text{Grand Total}}$	
Cell ₁ E ₁	=	$\frac{27 \times 74}{110}$	= 18.16
Cell ₂ E ₂	=	$\frac{26 \times 74}{110}$	= 17.5
Cell ₃ E ₃	=	$\frac{18 \times 74}{110}$	= 12.1
Cell ₄ E ₄	=	$\frac{19 \times 74}{110}$	= 12.8
Cell ₅ E ₅	=	$\frac{20 \times 74}{110}$	= 13.5
Cell ₆ E ₆	=	$\frac{27 \times 20}{110}$	= 4.9
Cell ₇ E ₇	=	$\frac{26 \times 20}{110}$	= 4.7
Cell ₈ E ₈	=	$\frac{18 \times 20}{110}$	= 3.3
Cell ₉ E ₉	=	$\frac{19 \times 20}{110}$	= 3.5
Cell ₁₀ E ₁₀	=	$\frac{20 \times 20}{110}$	= 3.6
Cell ₁₁ E ₁₁	=	$\frac{27 \times 16}{110}$	= 3.9
Cell ₁₂ E ₁₂	=	$\frac{26 \times 16}{110}$	= 3.8
Cell ₁₃ E ₁₃	=	$\frac{18 \times 16}{110}$	= 2.6
Cell ₁₄ E ₁₄	=	$\frac{19 \times 16}{110}$	= 2.8
Cell ₁₅ E ₁₅	=	$\frac{20 \times 16}{110}$	= 2.9

Table 8: Calculation of X^2

Cell	O	E	O-E	(O-E) ²	$\frac{(O - E)^2}{E}$
1	20	18,16	1.84	3.3856	0.18643172
2	16	17.5	-1.5	2.25	0.12857143
3	13	12.1	0.9	0.81	0.06694215

4	14	12.8	1.2	1.44	0.1125
5	11	13.5	-2.5	6.25	0.46296296
6	3	4.9	-1.9	3.61	0.73673469
7	8	4.7	3.3	10.89	2.31702128
8	3	3.3	-0.3	0.09	0.02727273
9	2	3.5	-1.5	2.25	0.64285714
10	4	3.6	0.4	0.16	0.04444444
11	4	3.9	0.1	0.01	0.0025641
12	2	3.8	-1.8	3.24	0.85263158
13	2	2.6	-0.6	0.36	0.13846154
14	3	2.8	0.2	0.04	0.01428571
15	5	2.9	2.1	4.41	1.52068966
Total	110				7.25437113

Source: Field work 2025.

$$\text{Chi-square } (X^2) = \frac{\sum (O-E)^2}{E}$$

$$= 7.25437113$$

The Critical Value

$$\begin{aligned} \text{Degree of freedom (df) in contingency table} &= (R-1) (C-1) \\ \text{Where R Rows and C-Columns} &= (5-1) (3-1) \\ &= (4) (2) \\ &= 6 \end{aligned}$$

Assume 5% level of significance at 6 degree of freedom

Chi-square (X^2) result from the table is 12.59

Decision

Since the calculated X^2 (chi-square) value is less than the tabulated value, the research accept the null hypothesis and reject the alternative hypothesis.

Conclusion

Based on the above decision, the research concludes that there is a significant relationship between unstable exchange rate and policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State.

Hypothesis Three

H3₀: There is no significant relationship between changes in government economic policies and policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State.

Table 9: Contingency table showing the relationship between changes in government economic policies and policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State

Response	Leadway Insurance	AIICO Insurance	Industrial and General Insurance	Royal Exchange Assurance Plc	Cornerstone Insurance Plc	Total
Agreed	20(18.2)	10(8.1)	16(14.1)	18(16.1)	10(9.1)	74
Undecided	4(4.9)	2(3.3)	2(3.8)	8(7.9)	4(2.7)	20
Disagree	3(3.9)	2(2.6)	3(3.1)	3(4.2)	5(3.2)	16
Total	27	14	21	29	19	110

Source: Fieldwork 2025

From the functional relationship of Chi-Square Analysis Method,
 Calculation of expected frequencies (E_1)

$$\text{Formula} = \frac{(\text{Column Total})(\text{Row Total})}{\text{Grand Total}}$$

$$\text{Cell}_1E_1 = \frac{27 \times 74}{110} = 18.2$$

$$\text{Cell}_2E_2 = \frac{14 \times 74}{110} = 9.4$$

$$\text{Cell}_3E_3 = \frac{21 \times 74}{110} = 14.1$$

$$\text{Cell}_4E_4 = \frac{29 \times 74}{110} = 19.5$$

$$\text{Cell}_5E_5 = \frac{19 \times 74}{110} = 12.8$$

$$\text{Cell}_6E_6 = \frac{27 \times 20}{110} = 4.9$$

$$\text{Cell}_7E_7 = \frac{14 \times 20}{110} = 2.5$$

$$\text{Cell}_8E_8 = \frac{21 \times 20}{110} = 3.8$$

$$\text{Cell}_9E_9 = \frac{29 \times 20}{110} = 3.8$$

$$\begin{aligned} \text{Cell}_{10}E_{10} &= \frac{19 \times 20}{110} = 3.5 \\ \text{Cell}_{11}E_{11} &= \frac{27 \times 16}{110} = 3.9 \\ \text{Cell}_{12}E_{12} &= \frac{14 \times 16}{110} = 2.0 \\ \text{Cell}_{13}E_{13} &= \frac{21 \times 16}{110} = 3.1 \\ \text{Cell}_{14}E_{14} &= \frac{29 \times 16}{110} = 4.2 \\ \text{Cell}_{15}E_{15} &= \frac{19 \times 16}{110} = 2.8 \end{aligned}$$

Table 10: Calculation of X²

Cell	O	E	O-E	(O-E) ²	$\frac{(O-E)^2}{E}$
1	20	18.2	1.8	3.24	0.1780
2	10	9.4	0.6	0.36	0.0383
3	16	14.1	1.9	3.61	0.2560
4	18	19.5	-1.5	2.25	0.1154
5	10	12.8	-2.8	7.84	0.6125
6	4	4.9	-0.9	0.81	0.1653
7	2	2.5	-0.5	0.25	0.1
8	2	3.8	-1.8	3.24	0.8526
9	8	5.3	2.7	7.29	1.3755
10	4	3.5	0.5	0.25	0.0714
11	3	3.9	-0.9	0.81	0.2077
12	2	2.0	0	0	0
13	3	3.1	-0.1	0.01	0.0032
14	3	4.2	-1.2	1.44	0.3429
15	5	2.8	2.2	4.84	1.7286
Total	110				6.0474

Source: Field work 2025.

$$\text{Chi-square } (X^2) = \frac{\sum (O-E)^2}{E} = 6.0474$$

The Critical Value

$$\begin{aligned} \text{Degree of freedom (df) in contingency table} &= (R-1) (C-1) \\ \text{Where R Rows and C-Columns} &= (5-1) (3-1) \\ &= (4) (2) \\ &= 6 \end{aligned}$$

Assume 5% level of significance at 6 degree of freedom

Chi-square (X^2) result from the table is 12.59

Decision

Since the calculated X (chi-square) value is less than the tabulated chi square value, the research accept the null hypothesis and reject the alternative hypothesis.

Conclusion

Based on the above decision, the research concludes that there is a significant relationship between changes in government economic policies and policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State.

Discussion of Findings

The result of the findings revealed that there is a significant relationship between inflation and policyholder's attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State during the period under review. Findings from the study revealed that frequent changes of the nation's economy such as inflation affects policyholder's attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State. Findings from the study also revealed that increase in prices of goods and services affect policyholder's attitude in buying insurance products for third party motor insurance policy in Jos North Local Government Area of Plateau State during the period under review. The result is in lines with the study carried out by Osuagwu (2020), it was found out that general increase in the prices of goods and services affect policyholder's attitudes toward premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State during the study period. It was also discovered from the result of the findings that many policyholders are not interested in buying insurance product because of the current inflation for third party motor insurance policy in Jos North Local Government Area of Plateau State during the study period.

The result of the findings also revealed that unstable exchange rate affects policyholder's attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State during the study period. The result of the findings also revealed that negative attitude of policyholders towards premium payment compliance during unstable exchange rate affects the selected insurance companies in the study area during the study period. Social attitude of policyholder's during unstable exchange rate affects premium payment compliance for third party motor insurance policy in Jos North Local Government Area of plateau state as revealed by the result of findings. The result is also in lines with study by Hassan & Karnataka, (2018), it was found out that social attitude of policyholder's toward premium payment compliance for third party motor insurance policy affect insurance companies in the study area during the period under review.

Findings from the result also shows that policyholder's display negative attitude towards premium payment under changes in government economic policies for third party motor insurance policy in Jos North Local Government Area of Plateau State during the study period. It was also found out from the result of the findings that present changes in government economic policies make policyholder's to perceive insurance business as less important. The result also revealed that insurance business might not drive optimally in this present economic uncertainty for third party motor insurance policy in Jos North Local Government Area of Plateaus State during the period under review. This is also in line with the study of Oyetayo (2019), it was found out that harsh economic situation affects the patronage of insurance business for third party motor insurance policy in Jos North Local Government Area of Plateau State during the period. The result of the chi-square shows that there is significant relationship between economic uncertainty and policyholder's attitude towards premium payment for third party motor insurance policy in Jos North Local Government Area of in Plateau state during the period under review. The three hypotheses were tested and the result revealed all the null hypotheses were rejected and the alternative hypotheses were accepted because $X^2_{\text{calculated}}$ is less than the tabulated X^2 at 5% level of significance. This implies that there is a significant relationship between dimensions of economic uncertainty such as inflation, unstable exchange rate, changes in government economic policies and policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State.

CONCLUSION AND RECOMMENDATIONS

In conclusion, the findings of this research after the analysis significantly revealed that dimensions of economic uncertainty such as inflation, unstable exchange rate, changes in government economic policies and policyholders' attitude towards premium payment compliance for third party motor insurance policy in Jos North Local Government Area of Plateau State. To address these effects, the following recommendations were made:

1. Insurance companies in Jos North Local Government Area of Plateau State should develop inflation-indexed insurance policies to help third party motor policyholders keep pace with the rising cost of living. This could include policies with inflation-adjusted premiums, benefits, or both, to ensure that third party motor insurance policyholders' coverage keeps pace with the eroding purchasing power of the naira.
2. Insurance companies should hedge against the unstable exchange rate by offering foreign currency-denominated policies or investing in foreign assets to protect third party motor policyholders' benefits from the depreciating value of the naira. This could include dollar-denominated third party fire and theft insurance plans that provide policyholders with an added layer of financial security in a volatile economy.
3. Government should try and implement economic policies that can reduce inflation rate and stabilizes the exchange rate in the country with immediate effect because it was found out from the study that the current economy situation affects third party motor policyholders attitudes towards premium payment compliance in the area.

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