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Impact of Economic Volatility on Policyholders Attitude towards Purchase of Insurance Policies in Plateau State

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Abstract
The assessment of policyholders' attitude towards the purchase of insurance policies during economic volatility is one of the major objectives of insurance industry in Nigeria. The fear of perceived economic downturns shapes consumer preferences regarding different types of insurance policies which results to decline in insurance policy purchases, loss of trust, dissatisfaction, policy cancellations or adjustments in coverage and low policy renewal rates among policyholders. Considering the consumer risk behaviours policyholders display during inflationary periods or financial inclusion in fragile economic settings, this study examines the impact of economic volatility on policyholders' attitude towards the purchase of insurance policies in Plateau State. A descriptive survey design was employed, using both primary and secondary data sources. Data from 200 respondents were analyzed using descriptive and inferential statistics, including multiple regression analysis. Findings from the study revealed that income instability, inflation and unstable exchange rate were found to significantly reduce policyholders' willingness to renew or purchase new policies in Plateau State. The study recommends that insurance firms in Plateau State should adopt inflation-indexed insurance policies to safeguard policyholders from the challenges pose by economic volatility towards the purchase of insurance policies.

Keywords: Economic volatility, insurance uptake, policyholder attitude, inflation, exchange rate risk, Nigeria.

INTRODUCTION
Globally, the insurance industry is a critical component of the financial system, providing risk transfer, loss mitigation, and financial security to individuals and businesses. However, economic volatility presents significant challenges to insurance uptake. For example, income fluctuations, rising inflation and unstable exchange rate diminish purchasing power, making it difficult for policyholders to afford premiums, while unemployment further discourage discretionary spending on insurance (Kiprono, Mutai and & Njeru, 2019). In Nigeria, economic

volatility is a recurring issue driven by factors such as dependency on oil revenue, policy inconsistencies, and global economic shocks. Nigeria experienced two economic recessions between 2016 and 2020, coupled with inflation rates exceeding 15% and persistent unemployment (CBN Annual Report, 2024). These factors have significantly influenced consumer behavior, particularly regarding non-essential expenditures like insurance.

In the context of Plateau State, economic volatility is compounded by unique regional challenges such as ethno-religious conflicts, low industrialization, and a dependence on agriculture. Agriculture, which employs a significant portion of the population, is highly susceptible to external shocks, including fluctuating commodity prices and climatic variations. Economic volatility diminishes the penetration rate of insurance services, making it difficult for policyholders to afford premiums, while unemployment further discourage discretionary spending on insurance (Kiprono, Mutai and & Njeru, 2019). Such vulnerabilities often lead to financial insecurity, reducing individuals' ability to invest in long-term protective measures like insurance (Adamu & Yusuf, 2022). Furthermore, there is a widespread lack of understanding of insurance in Plateau State, with many perceiving it as a luxury rather than a necessity. Awareness levels are low, and misconceptions about insurance persist. For instance, some individuals associate insurance with superstitious beliefs or view it as incompatible with religious values, which further discourages its adoption. Insurance penetration, defined as the ratio of total insurance premiums to GDP, remains low in Nigeria at less than 1%, compared to the global average of 7% (Okeke, Ume, & Adewole, 2020). Despite these challenges, insurance plays a vital role in mitigating the financial risks associated with uncertainties. For example, life insurance provides security for dependents, while property and casualty insurance protect assets from damages and theft. Health insurance also ensures access to medical care, reducing the financial burden of illness. These benefits underscore the importance of increasing insurance uptake, especially in regions like Plateau State, where vulnerability to economic shocks is high (Rejda, 2021). Economic volatility not only affects the ability of individuals to purchase insurance but also shapes their attitudes toward it. For many policyholders, financial uncertainty leads to prioritizing immediate needs over long-term investments. However, the failure to maintain insurance coverage during volatile periods can exacerbate financial risks, creating a vicious cycle of vulnerability (Hansen & Sargent, 2021).

Despite the extensive research on economic volatility in insurance, there is a notable gap in the current literature on the impact of economic volatility on policyholders' attitude towards the purchase of insurance policies in Plateau State where policyholders are persistently faced with income fluctuations, inflation and unstable exchange rate which result to policyholders risk behaviours, 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 volatility and policyholders' attitude towards the purchase of insurance policies in Plateau State. Following the persistent adverse effects of economic volatility in the insurance sector, this study aims to examine how income fluctuation, inflation, and exchange rate instability shape policyholders' attitudes toward insurance purchases in Plateau State. Understanding these dynamics is essential for stakeholders, including insurance companies, policymakers, and financial educators, to develop strategies that improve policyholders' attitudes towards the purchase of insurance policies leading to insurance penetration and resilience during volatile economic periods.

Given these challenges, particularly in the context of Plateau State, it becomes necessary to explore how these factors influence policyholders' attitude towards the purchase of insurance policies through the following research questions;

1. To what extent has income fluctuations affect policyholders attitude towards purchase of insurance products in Plateau state?
2. To what extent has inflation influence policyholders' attitude towards purchase of insurance products in Plateau State?
3. To what extent has unstable exchange rates influence policyholders attitude towards purchase of insurance products in Plateau State?

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

1. To identify the effects of income fluctuation on policyholders' attitude towards purchase of insurance products in Plateau State.
2. To assess the impact of inflation on policyholders attitude towards purchase of insurance products in Plateau State.
3. To evaluate the effect of unstable exchange rate on policyholders attitude towards purchase of insurance products in Plateau State.

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

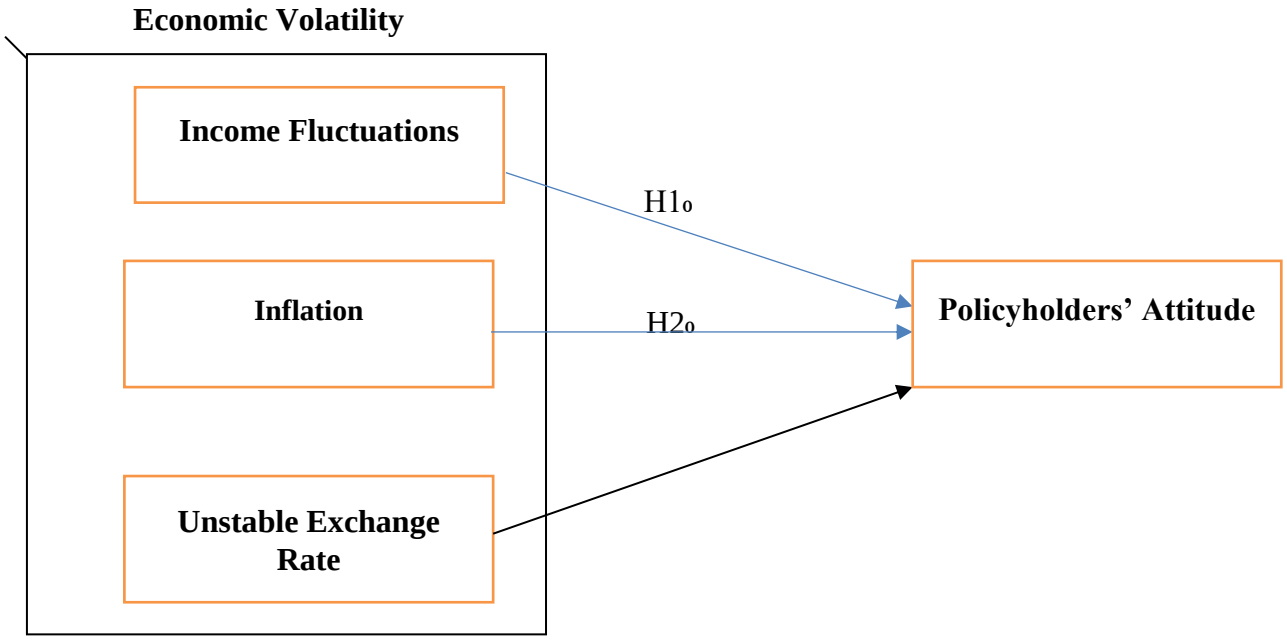

Figure 1: Conceptual Framework/Model

The conceptual framework/model for this study showed the hypothesized relationship between the variables designed to determine the influence of each of the constructs on policyholders' attitude towards the purchase of insurance policies in Plateau State.

LITERATURE REVIEW

There is a large body of literature on the relationship between volatility and the policyholders' attitude towards the purchase of insurance policies. Globally, insurance landscape faces a substantial challenge in the form of impact of economic volatility on policyholders' attitude. Despite the critical role of insurance in providing financial protection against uncertainties or risks, the current state of economic volatility in the region presents a multifaceted problem.

Policyholders encounter a range of issues during the period of economic volatility (Robinson & Clark, 2018). Brown, Davis, & Miller,(2020) aimed to explore the relationship between financial constraints and the likelihood of purchasing insurance products. The study specifically sought to determine whether income fluctuations influence insurance adoption rates among middle-income and low-income earners. The results indicated that income fluctuation negatively affect policyholders perception of insurance services but failed to discussed the impact of income fluctuation on policyholders attitude towards insurance uptake, with low-income earners being the most affected. Compared to the present study, Brown et al. (2020) provide a long-term perspective on economic instability on insurance industries in Nigeria, whereas the current research focuses on a specific geographical region (Plateau State) and considers policyholders' attitudes in a more immediate context. According to Adeyemi and Yusuf (2021) consumers shift their insurance priorities based on perceived financial risks. The study adopted a case study approach, focusing on insurance companies operating in Nigeria. 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 purchase of insurance policies which is one of the objectives of this study. The study also found that trust in insurance providers plays a role in purchase decisions during inflation. This research shares similarities with the current study by exploring how economic conditions influence consumer choices in the insurance sector. Williams and Thompson (2022) conducted a study to investigate the impact of inflation on policyholders' willingness to renew their insurance products. Findings showed that higher inflation rates correlate with lower policy renewal rates, particularly among policyholders with non-mandatory insurance plans. Consumers experiencing financial strain were more likely to downgrade their insurance plans or switch to cheaper alternatives. However, the study concentrate on policy renewals found that bundling discounts and flexible payment plans increased retention rates without the investigation of how inflation affects policyholders' attitude in the purchase of insurance policies. Chen and Li (2019), Williams and Green (2019) aimed to investigate how unstable exchange rate and consumer confidence levels influence insurance market growth in developing economies. The study focused on identifying key economic and psychological factors that affect insurance purchase decisions. The researchers employed a quantitative research approach, analyzing survey responses from 1,000 policyholders across emerging markets. They also incorporated macroeconomic indicators such as GDP growth, unemployment rates to evaluate their influence on insurance demand. The findings showed that higher consumer confidence leads to increased insurance purchases, particularly in health and life insurance segments. However, in times of economic distress, insurance adoption rates decline due to reduced disposable income and heightened financial insecurity. This study is relevant to the current research as it highlights the role of economic perception in shaping policyholders' insurance decisions unlike the present research that focuses on initial purchase attitudes of policyholders as a result of unstable exchange rate. Eke and Ugochukwu (2023) conducted a study to examine how behavioral economic principles influence insurance purchase decisions in Nigeria. The study explored psychological biases, risk perception, and decision-making heuristics affecting policyholders' choices. The study used a mixed-methods approach, combining structured surveys with experimental design techniques. This study aligns with the present research by examining consumer attitudes toward insurance in an economic context. However, it differs by focusing more on psychological biases in Nigeria rather than the impact of economic volatility on policyholders' attitude in the purchase of insurance policies in Plateau State.

Theoretical Foundation

The theories that support the influence of the income fluctuation, inflation and unstable exchange rate on policyholders' attitude toward purchase of insurance policies 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 income fluctuation, people tend to make irrational financial decisions based on their perceived losses or gains. The theory introduces the concept of diminishing sensitivity, where the marginal impact of gains and losses decreases as their magnitude increases. In accordance to expected utility theory (EUT) developed by John von Neumann and Oskar Morgenstern in 1944, this study offers insights into the fundamental concept in economics that explains how individuals make decisions during inflation by maximizing their expected utility rather than choosing based solely on expected monetary values. This theory provides insights into how policyholders in Plateau State may behave in the face of income fluctuation. During periods of financial instability, individuals may either prioritize insurance as a safety net or forego it due to financial constraints. Those who follow the principles of EUT will only purchase insurance if the expected utility of being insured exceeds the expected utility of remaining uninsured. In agreement to the theory of behavioral finance introduced by Hersh Shefrin in 2000, this study offers valuable insights into the psychological principles and financial decision-making, challenging the assumption that individuals always act rationally during unstable exchange rate. The theory suggests that cognitive biases, emotions, and heuristics significantly influence financial choices, including investment and insurance decisions. This theory provides an understanding of how policyholders in Plateau State make decisions about insurance products when they are faced unstable exchange rate. For example, individuals experiencing financial instability may succumb to biases such as myopic loss aversion, leading them to underinsure themselves. Conversely, during economic downturns, herd behavior may prompt an increased demand for insurance as people react to collective fears about financial insecurity.

Hypotheses Development

Considering the difficulties policyholders go through during the period of economic volatility in the purchase of insurance policies, it is important to understand the factors that influences policyholders attitude. Policyholders often find themselves navigating a complex and sometimes frustrating terrain characterized by income fluctuations, inflation and unstable exchange rate during the period of economic volatility. These challenges, if left unaddressed, have the potential to erode the policyholders' attitude towards the purchase of insurance policies, in Plateau State.

During periods of economic uncertainty, consumers prioritize essential expenses, often viewing insurance as a discretionary expense rather than a necessity (Smith & Jones, 2018). This shift in priorities can lead to reduced demand for certain types of insurance, especially life insurance and long-term investment-linked policies, as individuals struggle with job insecurity and decreased disposable income. It can be deduced from reviewed literature that most of the existing studies 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 Plateau State adjust their insurance preferences in response to income fluctuations, inflation and unstable exchange rate. 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 insurance purchasing decisions amidst economic uncertainty.

Hence, we hypothesize:

$H1_0$: Income fluctuations do not significantly affect policyholders' attitudes towards purchase of insurance policies in Plateau State.

$H2_0$: There is no significant relationship between inflation and policyholders' attitude towards purchase of insurance policies in Plateau State.

$H3_0$: There is no significant relationship between unstable exchange rate and policyholders' attitude towards purchase of insurance policies in Plateau State.

By doing so, the aim is to provide targeted interventions and policy measures that can reduce the adverse effects of economic volatility, ultimately fostering a more conducive environment for the growth of the insurance sector by enhancing the policyholders' attitude towards the purchase of insurance policy in Plateau State.

METHODOLOGY

The study made use of a descriptive survey design. The population of this study is made up of policyholders of 17 insurance industries in Plateau State. According to NAICOM and PLASCHEMA, there are 1100 individuals in Plateau State who are policyholders or have direct exposure to insurance products, including life, health, property, motor, and other forms of insurance. Therefore, the population of this study comprises 1100 individuals who are policyholders or have direct exposure to insurance products in plateau state. This population reflects a broad spectrum of insurance users across multiple insurance companies operating within the state. By targeting this group, the study captures a diverse and representative sample, allowing for a comprehensive analysis of how economic volatility affects policyholders' attitudes toward the purchase and use of insurance products by selecting five insurance industries out of 17 insurance industries in Plateau State.

Table1: Policyholders of five Selected Insurance industries for each insurance policy in Plateau State

S/N	Insurance Industry	Life Insurance	Health Insurance	Property Insurance	Motor Insurance	Others
1	Leadway Assurance	50	96	90	100	20
2	AIICO Insurance	30	87	50	95	15
3	NEM Insurance	16	60	30	92	13
4	Mutual Benefits	10	40	20	70	
5	Cornerstone Insurance	8	31	15	50	12
	Total	**114**	**314**	**205**	**407**	**60**

Source: NAICOM 2024 Annual Report

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 population to be selected, thereby enhancing the representativeness of the population of this study. To determine the sample size, the researcher employed the Taro Yamane formula, which provides an appropriate means of selecting a representative sample from a large population.
The Yamane (1967) formula is given as:

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

Where:
n = sample size

N = total population (1100)

e = margin of error (0.05)

$$n = \frac{1100}{1+1100(0.05)^2} = \frac{1100}{1+1100(0.0025)} = \frac{1100}{3.75} = 293$$

According to the Taro Yamane formula, the sample size of the study is 293.

The data sought is primary and secondary in nature. To ensure that the research instrument (questionnaire) effectively measures the constructs of this study it intended to assess, content validity was employed. The questionnaire items were adapted based on a comprehensive review of relevant literatures that aligned with the research objectives. 293 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 0.83, 0.80 and 0.79 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
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 multiple regression method was utilized to empirically estimate the influence of income fluctuation, inflation and unstable exchange rate as dimensions of economic volatility on policyholders' attitude towards purchase of insurance policies in Plateau State.

Model Specification
The model specifications for this study are formulated as Multiple Regression Analysis to tests the three hypotheses and they are as follows:

$$Y_i = \beta_0 + \beta_1 X1 + \beta_2 X2 + \beta_3 X3 + \mu i$$

Where:
Y_i = Policyholders' Attitude
$\beta 0$ = Constant
βi = Coefficient of each operationalized independent variable
X_1 = Income Fluctuation (IF)
X_2 = Inflation (I)
X_3 = Unstable Exchange Rate (UER)
μ_i = Error term given at 5% level of significance.

RESULTS AND DISCUSSION OF FINDINGS

Descriptive Statistics

293 copies of the questionnaire were administered to the respondents, 200 of them were returned to show a success rate of about 100%. The returned questionnaires were subsequently subjected to data analysis.

GENDER			AGE			EDUCATIONAL LEVEL		
Response	**NO. RESPONDENT**	**PERCENTAGE (%)**	**Response**	**NO. RESPONDENT**	**PERCENTAGE (%)**	**Response**	**NO. RESPONDENT**	**PERCENTAGE (%)**
Male	120	60%	**0-20**	0	0%	**SSCE**	45	22.50%
Female	80	40%	**21-30**	40	20%	**HND**	25	12.50%
			31-40	50	25%	**B.SC**	100	50.00%
			41-50	70	35%	**M.Sc**	25	12.50%
			51 and above	40	20%	**Others**	55	27.50%
Total	**200**	**100%**	**TOTAL**	**200**	**100%**	**Total**	**200**	**100%**

Source: Field research, 2025

Test of Hypotheses

Test of Hypothesis One

The Hypothesis One in null form is restated as follows;

$H1_0$: Income fluctuations do not significantly affect policyholders' attitudes towards purchase of insurance products in Plateau State.

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]	.929	.929	10.52946	.929	2587.330	1	198	.000

a. Predictors: (Constant), IF

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	286855.922	1	286855.922	2587.330	.000[b]
	Residual	21952.158	198	110.869		
	Total	308808.080	199			

a. Dependent Variable: PA

b. Predictors: (Constant), IF

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Correlations			Collinearity Statistics	
		IP	Std. Error	Beta	T	Sig.	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	3.857	.829		4.655	.000					
	PA	.249	.005	.964	50.866	.000	.964	.964	.964	1.000	1.000

a. Dependent Variable: IF

The Model Summary table shows that the regression model has a very high R value of 0.964, indicating a strong positive correlation between income fluctuations (IF) and policyholders' attitudes toward the purchase of insurance products (PA). The R Square (0.929) reveals that 92.9% of the variation in insurance product purchase attitudes can be explained by income fluctuations alone. The Adjusted R Square, which adjusts for the number of predictors in the model, is also 0.929, confirming the model's robustness. The standard error of the estimate (10.529) suggests a moderate spread of actual data points around the regression line. The Change Statistics further confirm that the model is statistically significant, as the R Square Change is 0.929 and the F Change value is 2587.330, with a significance value of 0.000, well below the 0.05 threshold. The ANOVA (Analysis of Variance) table provides further evidence of the model's overall statistical significance. The F-statistic is 2587.330, and the associated p-value is 0.000, indicating that the model significantly predicts the dependent variable. Specifically, the Regression Sum of Squares (286,855.922) compared to the Residual Sum of Squares (21,952.158) shows that most of the variability in attitudes toward insurance purchase is explained by income fluctuations. With a total sample size of 199, and only one predictor, the model shows a very strong explanatory power, making it statistically valid to conclude that income fluctuations significantly affect the dependent variable. The Coefficients table provides detailed insights into the nature of the relationship between the independent variable (IF) and the dependent variable (PA). The unstandardized coefficient (B) for EF is 0.249, meaning that for every one-unit increase in income fluctuation, the attitude toward purchasing insurance increases by 0.249 units, assuming all else remains constant. The t-value of 50.866 with a significance level of 0.000 indicates that this relationship is highly statistically significant. Furthermore, the standardized beta coefficient (0.964) implies a strong positive impact of income fluctuation on insurance attitude. The collinearity statistics (Tolerance = 1.000, VIF = 1.000) suggest no multicollinearity concerns, reinforcing the validity of the results. Based on these results, we reject the null hypothesis ($H_0$1). Thus, the study concludes that income fluctuations significantly affect policyholders' attitudes towards the purchase of insurance products in Plateau State.

Test of Hypothesis Two

The Hypothesis Two is restated as follows:

$H2_0$: There is no significant relationship between inflation and policyholders' attitude towards purchase of insurance products in Plateau State.

Model Summary

	R				Change Statistics

Model		R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.974[a]	.949	.948	35.27895	.949	3660.788	1	198	.000

a. Predictors: (Constant), I

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4556233.166	1	4556233.166	3660.788	.000[b]
	Residual	246431.709	198	1244.605		
	Total	4802664.875	199			

a. Dependent Variable: PA

b. Predictors: (Constant), I

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	-4.112	2.957		-1.391	.166					
	I	.882	.015	.974	60.504	.000	.974	.974	.974	1.000	1.000

a. Dependent Variable: PA

The Model Summary presents a very strong correlation (R = 0.974) between inflation (I) and policyholders' attitude toward purchasing insurance policies (PA). The R Square value is 0.949, indicating that 94.9% of the variability in insurance purchasing attitudes can be explained by inflation. This is a very high explanatory power, suggesting that inflation is a dominant factor affecting policyholder attitude. The Adjusted R Square is also 0.948, showing that the model's strength remains intact even after adjusting for sample size and number of predictors. The standard error of the estimate (35.279) indicates some spread in the data but is still acceptable given the high R^2 value. The F Change of 3,660.788 and its significance level (Sig. F Change = 0.000) confirm the model's overall significance. The ANOVA table reinforces the model's validity, with a very large F-statistic of 3,660.788 and a p-value of 0.000. These values mean that the regression model explains a statistically significant portion of the variability in policyholders' attitudes. The Regression Sum of Squares (4,556,233.166) is vastly larger than the Residual Sum of Squares (246,431.709), demonstrating that most of the change in the dependent variable (PA) is due to the predictor (inflation). With 199 observations, the model is statistically sound and highly reliable for inference. According to the Coefficients table, the unstandardized coefficient for inflation (I) is 0.882, suggesting that a one-unit increase in inflation leads to a 0.882 unit increase in policyholders' attitude scores toward purchasing insurance. This indicates a strong positive effect.

Although the constant (-4.112) is negative and not statistically significant (p = 0.166), this does not affect the strength of the relationship between LIP and FPIC. The standardized beta coefficient is 0.974, meaning inflation has a very strong impact. The t-value is 60.504 with a p-value of 0.000, confirming that the relationship is statistically significant. There are no multicollinearity issues, as shown by the Tolerance (1.000) and VIF (1.000) values. Therefore, we reject the null hypothesis and this means there is a statistically significant relationship between inflation and policyholders' attitude toward the purchase of insurance products in Plateau State.

Test of Hypothesis Three

$H3_o$: There is no significant relationship between unstable exchange rate and policyholders' attitude towards purchase of insurance products in Plateau State.

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	.829[a]	.687	.685	31.77365	.687	434.585	1	198	.000

a. Predictors: (Constant), ER

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	438741.099	1	438741.099	434.585	.000[b]
	Residual	199893.776	198	1009.565		
	Total	638634.875	199			

a. Dependent Variable: PA

c. Predictors: (Constant), ER

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Correlations			Collinearity Statistics	
		B	Std. Error	Beta	T	Sig.	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	-7.792	2.663		-2.926	.004					
	ER	.274	.013	.829	20.847	.000	.829	.829	.829	1.000	1.000

a. Dependent Variable: PA

The Model Summary indicates a strong positive correlation (R = 0.829) between unstable exchange rate (ER) and policyholders' attitude towards insurance policy purchase (PA). The R Square value is 0.687, showing that 68.7% of the variance in policyholders' attitudes can be

explained by the unstable exchange rate. Although this is slightly lower than in previous models, it still indicates a substantial effect. The Adjusted R Square of 0.685 confirms that the model's explanatory power is consistent after accounting for sample size and predictor count. The standard error of estimate (31.774) is higher than in earlier hypotheses, suggesting greater variability in the data but still within an acceptable range. The F Change of 434.585 and Sig. F Change of 0.000 demonstrate that the model is statistically significant.

The ANOVA table supports the significance of the regression model. The F-statistic of 434.585 and the p-value of 0.000 indicate that unstable exchange rate has a significant effect on policyholders' insurance attitudes. The Regression Sum of Squares (438,741.099), which is substantially higher than the Residual Sum of Squares (199,893.776), indicates that most of the variation in policyholders' responses is explained by the predictor variable. With a total of 199 observations, the results show that the model is robust enough to support statistical inference regarding the influence of exchange rate instability. From the Coefficients table, the unstandardized coefficient (B) for IDPLI is 0.274, indicating that for every one-unit increase in the instability of the exchange rate, the policyholders' attitude score increases by 0.274. Interestingly, the model has a negative constant value (-7.792), which implies that in the absence of exchange rate instability, the baseline level of insurance attitude might be negative or weak. The t-value (20.847) is very high, and the p-value is 0.000, confirming that this relationship is statistically significant. The standardized beta coefficient (0.829) also supports a strong influence of exchange rate instability on insurance attitudes. There is no multicollinearity problem, as the Tolerance is 1.000 and VIF is 1.000. Based on the analysis, we reject the null hypothesis ($H_0$3). Thus, the analysis concludes that unstable exchange rates significantly influence policyholders' attitudes towards the purchase of insurance products in Plateau State.

Discussion of Findings

Findings from the study after the analysis reveal that income fluctuation significantly impacts policyholders' attitude to purchase and maintain insurance policies in Plateau State. This is further reinforced by regression results which showed a strong and statistically significant relationship between income fluctuation and insurance uptake. This finding aligns with the work of Outreville (2013), who noted that income stability plays a vital role in the demand for insurance. The results suggest that inflation is a major barrier to insurance uptake in Plateau State. Regression analysis further confirmed a strong, statistically significant relationship between inflation and policyholder behavior ($R = .974$; $p < .001$), with 94.9% of variation in attitude explained by inflation. This supports the findings of Beck and Webb (2023), who concluded that macroeconomic factors such as inflation erode insurance demand by increasing costs and reducing consumers' disposable income. The study finds that unstable exchange rates significantly influence policyholders' attitude, especially concerning foreign-linked insurance policies. Regression analysis confirmed a significant, though relatively weaker, relationship ($R = .829$; $p < .001$) compared to other variables. This supports the findings of Skipper and Kwon (2017), who stated that exchange rate instability affects insurance markets by introducing pricing volatility and deterring long-term financial commitments.

CONCLUSION AND RECOMMENDATIONS

In conclusion, the findings of this research after the analysis significantly revealed that economic volatility influence policyholder's attitude towards the purchase of insurance policies in Plateau State. To address these effects, the following recommendations were made:

1. Insurance companies should adopt insurance policy structures that accommodate individuals with irregular income. This could include micro-insurance options, periodic

premium adjustments, and mobile-based payment platforms that allow policyholders to contribute based on income flow.

2. Insurers should consider inflation-indexed insurance policies or value-protected plans that safeguard policyholders against the adverse effects of inflation on insurance policy purchase. This approach would enhance the perceived long-term value of insurance, even in high-inflation environments.
3. Policymakers should prioritize economic reforms that reduce currency volatility and inflation. In addition, insurance firms could develop products priced and paid in local currency, with minimal foreign exchange exposure, to protect policyholders from unstable exchange rates.

AUTHORS CONTRIBUTIONS

Chibuisi Chigozie and Iliya Sharon Zakka drafted the introduction, reviewed literature, analyzed data and drafted the manuscript. Chibuisi Chigozie and Mallo Wilfred Bulus conceptualized the study, handled issues of design and methodology and proof-read the manuscript. Iliya Sharon Zakka, Salifu David Ochimana handled the field work and part of literature review. All the authors read and approved the manuscript.

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