

HOW DOES THE DEVELOPMENT OF THE LIFE INSURANCE MARKET AFFECT ECONOMIC GROWTH? SOME INTERNATIONAL EVIDENCE

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Abstract

This article investigates the effect of life insurance on economic growth and what conditions affect the insurance-growth nexus. These conditions include the degree of financial development, private saving rates, interest rates, social security expenditures, income, young dependency ratio, life expectancy, and geographic regions. The main findings confirm the positive impact of the development of the life insurance market on economic growth. The insurance-growth nexus varies across countries with different conditions. For example, the positive impact on economic growth is mitigated in the middle-income countries, but amplified in the low-income countries. Moreover, both the development of stock market and the life insurance market are substitutes rather than complements. Based on our findings, this study offers useful insights for policy-makers and insurers. Copyright © 2011 John Wiley & Sons, Ltd.

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