

THE ROLE OF INSURANCE COMPANIES IN ALBANIAN ECONOMY

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Abstract

Insurance plays an important role in the financial sector but while there is many research on the casual relationship bank lending and economic growth is often ignored relationship insurance and economic growth. Among financial intermediaries, insurance companies play an important role in carrying out the functions of the financial system. They play an important role through risk management for companies and individuals. Through the issue of insurance policies they collect funds and transfer them to entities to finance real investment. Insurance companies perform this through their two very important roles, a) the role of financial intermediation and b) the role as risk transfer and compensation payment; enable the promotion of economic growth by providing efficient risk management instruments and channeling savings into productive investments. In Albania, as in all developing countries dominated non-life insurance to life insurance. This paper examines the relationship between general insurance, non-life insurance, life insurance and economic growth in Albania for the period 1991 – 2011. The results of the research show that there is a significant positive relationship between non-life insurance and economic growth and no significant positive relationship between non-life insurance and economic growth.

Keywords: Insurance, economic growth, insurance companies, non - life insurance, life insurance, developing country.

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