

# **EFFECTS OF SOME INSURANCE VARIABLES ON SUSTAINABLE ECONOMIC GROWTH. EVIDENCE FROM EU USING GMM PANEL DATA ANALYSIS**

**Bogdan-Narcis Fîrțescu<sup>1\*</sup>, Mihaela Onofrei<sup>2</sup>, Eduard Mihai<sup>3</sup>**

*<sup>1),2),3)</sup> "Alexandru Ioan Cuza" University of Iași, Iași, Romania*

## **Abstract**

The present paper analyses the impact of financial intermediation, and implications to economic growth. The main object of the paper is to prove empirically the existence of a positive association between insurance market indicators and economic development. The novelty of our study is related to the use of variables from the insurance sector, which is considered, along with the banking sector (and capital markets), as a major player involved in financial intermediation. The variables of interest used in our sample refer to the macroeconomic levels in the Member States of the European Union, and the time span being 2007-2019. For econometric analysis, we chose to use a dynamic panel data model using the generalized method of moments. Thus, we investigate how the variation of economic growth measured by the level of GDP per capita is influenced by the first lag of it, together with the insurance sector, the banking sector and the government expenditures. The variables used in our study are insurance penetration rates, measured as a percentage of gross written premiums and GDP, inflation, private consumption, balance of payments, government spending, and level of private credit (calculated as a percentage of GDP).

## **Key words**

economic growth, insurance sector, financial system, financial intermediation, banking sector.

## **JEL Classification**

E22, G22, O16.

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\* Corresponding author, **Bogdan-Narcis Fîrțescu** - [firtescu@uaic.ro](mailto:firtescu@uaic.ro)