

TOWARDS THE IMPROVEMENT OF FINANCIAL PERFORMANCE OF THE INSURANCE SECTOR IN ALBANIA

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Abstract

This paper explores the impact of a company's performance on the economy, with a focus on Albanian insurance companies and their importance in the non-banking financial sector. The paper aims to analyze the profitability of these companies by examining various internal factors such as company size, capital volume, liabilities, liquidity, growth rate, and fixed assets, with a specific focus on their return on assets (ROA). To achieve this objective, the paper uses quantitative methods to study the relationship between these variables. The sample comprises 10 companies in the Albanian insurance market, including both life and non-life insurers, studied between 2014 and 2021. The results show that only company size has a positive impact on profitability, while not all other variables were significant, irrespective of their direction. Ultimately, the paper demonstrates that a company's good performance can positively affect the economy in which it operates.

Keywords

Insurance market, ROA, company size, capital volume, liabilities, liquidity, fixed assets, and profitability.

JEL Classification

C12, C23, G22, M21, L25

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