

IMPACT OF MACROECONOMIC FACTORS ON THE INSURANCE SECTOR IN ROMANIA- ANALYSIS OF PERFORMANCE AND STABILITY

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Abstract

This paper analyzes the impact of macroeconomic factors on the performance and stability of the insurance sector in Romania. The main objective of this study is to empirically highlight the existence of a significant relationship between macroeconomic indicators and the performance of insurance companies. The novelty of the research is related to the use of insurance sector indicators, with the analysis focusing exclusively on Romania to capture the specific characteristics of this sector within a national economic framework. The variables used in the analysis reflect both insurance sector performance and relevant macroeconomic factors, covering the period 2005-2024. For the econometric analysis, a linear regression model is employed to investigate the relationships between the selected variables. Thus, the performance of the insurance sector is measured using return on assets (ROA) and return on equity (ROE), while the explanatory variables are GDP per capita, inflation rate, external balance of goods and services as a percentage of GDP, degree of urbanization, and internet access. The results show that the performance and stability of the insurance sector in Romania are influenced by macroeconomic developments and socio-economic factors, confirming the existence of a significant relationship between economic development and insurance sector performance.

Keywords

profitability of insurance companies, the insurance sector in Romania, macroeconomic factors, demographic factors, property insurance, liability insurance

JEL Classification

E22, G22, O16.

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