

The Effect of Components of a Knowledge-Based Economy on Insurance Penetration in Selected Developing Countries

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Abstract

The development of the insurance industry as a central institution of reduction of financial risk and one of the investment institutions can increase community participation in the economy, accelerate the process of capital formation and improve economic growth. Therefore, examine the factors affecting the development of the insurance industry in order to increase economic growth and improving social welfare in developing countries unsuccessful in develop the insurance industry seems necessary. In this regard, the present study tried to investigate the effect of economic incentive and the institutional regimes, innovation systems, education and human resources and ICT infrastructures as components of knowledge-based economy on insurance penetration as an alternative indicator of development of the insurance industry in selected developing countries in the during the period 2002-2017. For this purpose, the research model estimated using panel data and generalized moments method. The results showed that the effect of economic incentive and the institutional regimes, innovation systems, education and human resources and ICT infrastructures on the insurance penetration is positive and significant. Of course, the effect of the component of economic incentive and institutional regime has been greater than other components. Also, the effect of control variables including per capita income, inflation rate and unemployment rate on insurance penetration respectively were positive and significant, negative and significant and negative and significant.

Keywords: Insurance Penetration, Knowledge-Based Economy, Inflation Rate, Unemployment Rate.

JEL Classification: G22, D83, C33.

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8 Abstract & Bibliographies in English

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