

ABSTRACT

Insurance sector as a financial intermediary plays prominent role in smooth functioning of financial market and by this indirectly pulls the anchor for an economic growth in a country. The relevance of insurance sector is all the more increasing with increasing volatility of the financial market and the huge impact it has on almost all countries across the globe. But even then compared to other researches done on banking and security markets impact on economic growth, the studies that dedicated towards influence of insurance sector and economic growth is much less. This paper look into the relevance of insurance sector in pulling economic growth and how far a well developed economy can provide a structured and developed insurance as infrastructure in financial market. For analysing these effects a random effect model and a dynamic panel data model have been used on 23 OECD countries for an eleven year time period running from 2001 to 2011. The results shows that insurance sector indeed contribute towards economic growth of a country.

