

## **Impact of Life Insurance Demand on Macroeconomic and Welfare Indicators; Case Study: Parsian Insurance Company**

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### **Abstract**

In recent decades and in many countries, life insurance has not only become one of the most effective and accepted means of reducing risks related to issues such as loss of property and assets, workplace injury, disability, death and other unfortunate events, but has also been utilized as a way of establishing social justice and reducing poverty in society. The main objective of the present study is to assess the simultaneous effects of macroeconomic variables on the demand for life insurance, as well as the effect of this demand on social, educational, and physical welfare indices, through a case study of Parsian Insurance Company. For this purpose, the panel-simultaneous equations method was used on 30 Iranian provinces during the period running from 2008 to 2012. Results show that there is a significant inverse correlation between insurance rates and expected inflation rates and the demand for life insurance. These results also indicate that there is a considerable direct correlation between per capita income, education, and dependency burden and the demand for life insurance. A significant direct correlation was also witnessed between the demand for life insurance and physical and educational welfare levels, along with an expected indirect correlation between demand for life insurance and income inequality. These findings can play an important role in the decision-making process of insurance company managers.

**Keywords:** Life Insurance, Welfare Indicators, Macroeconomic Indicators, Panel-GMM, Parsian Insurance.

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