

INSURANCE CONTRIBUTIONS AS THE MAIN AXIS OF ECONOMIC AND SOCIAL DEVELOPMENT

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ABSTRACT: *Insurance has an important impact in supporting job growth and economic efficiency, as well as providing financial protection to businesses and individuals. It creates stable support that helps manage risks and allows people to remain active in the job market. Another approach is unemployment insurance, which provides support to those who lose their jobs, allowing them to re-enter the job market. Another very important aspect is health insurance, which allows individuals to cover financial costs. Insurance also requires businesses to protect themselves from risks that could affect their businesses. Indemnity and liability insurance allows businesses to meet unexpected expenses, maintaining financial stability and allowing them to invest and increase the number of jobs. The document addresses the importance of contributions and the legal protection that supports such contributions. Insurance, as a protection mechanism, is necessary to ensure that individuals and businesses are able to protect themselves from the consequences of unexpected events that could compromise their financial stability.*

KEYWORDS: *Insurance, Financial Protection, Contributions*

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1. INTRODUCTION

Insurance contributions have a significant impact on the economic and social life of individuals and societies. They play a fundamental role in supporting social stability and improving living conditions, providing protection from unexpected situations that can affect families and individuals. Insurance, including health, life and unemployment insurance, provides a safety net that helps maintain the internal stability of society and creates opportunities for economic development and increased employment.

From a social perspective, insurance ensures that people have financial protection in times of crisis, such as job loss or health problems. This protection allows individuals to face challenges without completely missing out on opportunities to integrate into society. According to the World Health Organization (2020)¹, “social protection systems, including health and unemployment insurance, are essential for reducing poverty and ensuring a minimum standard of living for all citizens”. Indispensable support to guarantee equality and equal opportunities for all.

On the other hand, insurance contributions also help stabilize the economy by providing a mechanism to protect the workforce and improve conditions for investment and development. Health insurance, for example, helps maintain a healthy workforce capable of contributing to the economy, stimulating productivity and long-term development. According to a report by the Organization for Economic Co-operation and Development (OECD, 2020)², “social protection systems, especially in the form of insurance, contribute to overall economic stability by providing individuals and businesses with the necessary support during economic downturns”. This support helps create a stable and efficient economic environment, ensuring that individuals and businesses can meet challenges without suffering serious harm. Insurance contributions are essential to ensure a safer life and meet the social and economic needs of individuals and societies.

They constitute an important axis for economic development and for the protection of individuals from risks that could jeopardize the sustainability of livelihoods and work opportunities. Insurance, as

¹ World Health Organizations (2020). Sociale protection systems and poverty reduction. WHO Reports.

² OECD (2020). Social protection and economic stability. OECD Publishing

a protection mechanism, is necessary to ensure that individuals and businesses are able to protect themselves from the consequences of unexpected events that could compromise their financial stability. One of the key areas where insurance has a direct impact is unemployment insurance. This provides financial support to people who lose their jobs and offers opportunities to re-enter the job market. Unemployment insurance offers support to those who lose their jobs, helping them overcome unemployment and find new job opportunities. Health insurance allows people to have financial protection against high healthcare costs, helping to maintain a healthy workforce capable of contributing to the economy. According to the World Health Organization (2020)³, "health insurance is critical to maintaining a healthy workforce, which in turn stimulates productivity and economic growth." Insurance helps businesses protect themselves from risks that affect their businesses. According to the ILO report (2021)⁴, "Business insurance helps mitigate risks and contributes to economic stability, creating a more conducive environment for job creation and economic development. Furthermore, legal protection to support these insurance systems is also essential." The laws governing insurance provide a legal framework that guarantees the protection of people and businesses, contributing to the development of a stable economic environment. According to the OECD (2020)⁵, "Insurance contributes not only to individual financial security but also to the broader stability and efficiency of the economy."

As a result, insurance is a key element for economic development and employment, as it provides financial protection and ensures a more stable and efficient economy

2. METHODOLOGY

This methodology can analyze how insurance contributions are positioned as a main factor in driving economic and social development. This approach is based on theoretical analysis and logical reasoning. The main focus is how insurance contributions can influence economic and social development, analyzing the possible relationships between these factors. The methodology used analyzes the evaluation of the main topics and relationships between insurance systems and their impact on development. It is based on identifying the main argument that insurance contributions play an important role in promoting economic stability and social well-being. In the impact that insurance systems have on economic growth, which promote economic stability, consumption and labor force participation, as well as on social protection, how insurance systems contribute to the minimization of poverty and access to essential services. Influence of politics in identifying insurance systems and how to reform or expand them to promote development. This methodology can analyze how insurance contributions are positioned as a key factor in promoting economic and social development.

3. SOME ELEMENTS OF INSURANCE CONTRIBUTIONS

3.1. Employment and Insurance

Insurance plays an important role in supporting individuals and families by providing financial protection for greater employment opportunities and economic development. Health insurance and unemployment insurance are two aspects that directly contribute to the creation of job opportunities. Unemployment insurance provides financial support to those who lose their jobs, helping them overcome the period of unemployment and regain stability. This creates the opportunity for them to remain active in seeking new job opportunities. "The availability of unemployment insurance can encourage workers to seek new job opportunities without fear of financial instability" (OECD, 2020)⁶. This is an opportunity that helps people regroup and contribute more to the job market. Health insurance allows people to not fear loss of health and financial consequences that could affect their ability to work. This ensures a healthy and productive workforce. "Health insurance and social protection programs are

³ International Labour Organization (2021). Business resilience and economic stability through insurance ILO Publications

⁴ International Labour Organization (2021). Business resilience and economic stability through insurance ILO Publications

⁵ OECD (2020) Unemployment insurance and labor market dynamics. OECD Publishing

⁶ OECD (2020). Unemployment insurance and labour market dynamics. OECD Publishing

essential to ensuring the health and economic security of workers, contributing to a more productive and stable workforce” (World Bank, 2021)⁷.

3.2. Economic Efficiency and Insurance

Insurance helps businesses and individuals address risks, making the economy more stable and creating opportunities for economic growth and development. Insurance for businesses is essential to protect them from unexpected risks that can damage economic activities. This provides stability and opportunities for sustainable development. “Business insurance promotes economic stability by ensuring that businesses are protected from unexpected risks, enabling business continuity and growth” (International Labor Organization, 2020)⁸. This supports the development of various sectors and increases economic efficiency. Insurance allows individuals and investors to take more risks, investing more in new opportunities. This increases the circle of investment and economic development. “Insurance plays a key role in promoting investment by reducing the financial risks faced by investors and entrepreneurs” (European Insurance and Occupational Pensions Authority, 2022)⁹. Providing a stable and protected environment for individuals and businesses can lead to an increase in confidence in the market, stimulating economic development and innovation. This contribution from the insurance sector is critical to creating a stable economy and supporting growth in employment and economic efficiency.

3.3. Economic Stability and Insurance

Insurance provides a safety net that helps cope with economic crises and unexpected shocks, maintaining stability domestically and internationally. In times of crisis, such as natural disasters or pandemics, insurance helps reduce the financial consequences for individuals and businesses, thus helping to maintain stability and social order. Insurance is an essential element in creating a stable and strong society and economy, providing protection for individuals and businesses and contributing to the development of a productive and motivated workforce.

4. THE IMPORTANCE OF THE LEGAL FRAMEWORK

There are legal supports that support insurance contributions to increase employment and economic efficiency. Laws and regulations that help support the social security and insurance system have a direct impact on strengthening insurance systems and protecting individuals and businesses. Legal protection can be provided through legislation on unemployment insurance, health insurance and business insurance. Health insurance is another important part of legal support, as it helps protect people from unexpected health expenses, allowing them to continue contributing to a country's economy.

In most countries, health insurance law has been passed, providing the opportunity for financial protection against healthcare costs, helping people stay healthy and able to work. This is important for maintaining a healthy and productive workforce. “Health insurance providers, through social health protection systems, are designed to ensure access to health services for all workers, supporting their productivity and employment stability” (World Health Organization, 2020)¹⁰. This law supports the protection of workers' health and ensures that they have the opportunity to contribute sustainably to the economy. Businesses are protected by laws governing warranty and indemnity insurance, providing protection against risks that could affect their businesses. This legal protection allows businesses to remain profitable and increase investment that can foster job creation. Business insurance law helps protect businesses from unexpected losses following accidents, natural disasters, or other problems. This law is an important tool to ensure market stability and create the conditions for economic efficiency. “Protecting businesses through insurance helps mitigate risks and contributes to economic stability, creating an environment more conducive to job creation and economic development” (International

⁷ World Bank (2021). Health systems and their impact on the economy. World Bank Group

⁸ International Labour Organization (2020). Business resilience and insurance. ILO Publications

⁹ European Insurance and Occupational Pension Authority (2022). The role of insurance in economic growth. EIOPA Reports

¹⁰ World Bank (2021). Health system and their impact on the economy.

Labor Organization, 2021)¹¹. This law is essential to support economic stability and ensure that businesses can operate without fear of unexpected risks. Unemployment insurance is supported and regulated by various laws designed to protect people who lose their jobs and help them return to work.

The Social Security Act (in most states) provides financial support to those who lose their jobs and helps reduce the negative consequences of unemployment for individuals and society. This law contributes to economic stability and workforce protection. “Unemployment insurance, as part of Social Security, ensures that workers are financially protected in the event of job loss, reducing the negative economic impact of unemployment” (Social Security Administration, 2021)¹². Which legally supports the creation of a safe system that allows people to seek other job opportunities. “Social protection systems, including unemployment insurance, play a key role in maintaining labor market stability and protecting workers' rights during periods of economic downturn” (International Labor Organization, 2019)¹³.

5. CONCLUSION

The contribution of insurance is essential for economic stability, the development of employment and the increase in economic efficiency. Insurance provides financial protection to individuals and businesses, contributing to a stable economic environment that encourages investment and development. It supports social protection, ensuring that individuals are able to cope with uncertainty and risks, and helps create new job opportunities.

Unemployment insurance, health insurance, and business insurance are some of the key components that provide a safety net for the workforce and help stabilize the job market. Insurance also helps manage risks for businesses, allowing them to continue operating and investing, thus contributing to job creation and economic growth. Furthermore, legal protection to support these insurance systems is essential. Laws regulating unemployment, health insurance, and business insurance allow individuals and businesses to have adequate legal protection, contributing to a more stable and efficient economic environment.

For this reason, “Insurance contributes not only to individual financial security but also to the broader stability and efficiency of the economy” (OECD, 2020)¹⁴. This insurance contribution is essential to address economic risks and to increase confidence and stability in the labor market.

In conclusion, “The availability of insurance mechanisms plays a key role in supporting economic growth by ensuring both businesses and individuals are protected from unexpected events” (International Labor Organization, 2021)¹⁵. In this context, insurance is an important pillar that ensures sustainable economic development, greater employment and economic efficiency, protecting individuals and businesses from risks and enabling long-term development.

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¹¹ International Labour Organization (2021). Business resilience and economic stability through insurance. ILO Publications

¹² Social Security Administration (2021). Unemployment insure and labor market stability. SSA Publications

¹³ International Labour Organization (2021). Business resilience and economic stability through insurance. ILO Publications

¹⁴ OECD (2021). Investment laws and insurance regulations. OECD Reports.

¹⁵ International Labour Organization (2021). Business resilience and economic productivity. WHO Reports.

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