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# The nexus between insurance activity and economic growth: A bootstrap rolling window approach

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## ABSTRACT

This paper investigates the long-run linkage and short-run time-lagged causality between insurance activity and economic growth for G-7 countries. To overcome the problem of structural change, we adopt the bootstrap Granger causality test to full samples and subsamples with a fixed window size. We find that there exists a long-run relation between the series, and the results of the bootstrap Granger causality test in the full sample show that the short-run causal relationships are country-specific. Differing from the full sample results, the evidence of rolling VAR models demonstrates that the short-run causal nexus between the series is time-varying across various subsamples.

**Keywords:** Insurance activity; Economic growth; Bootstrap Granger causality test; Parameter instability test; Time-varying causality.

**JEL classifications:** G22; G28; G32.

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