IMPACT OF INVESTMENT DECISIONS ON THE PROFITS OF JORDANIAN INSURANCE COMPANIES LISTED ON THE AMMAN STOCK EXCHANGE

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ABSTRACT

This study purpose aims to recognize the impact of investment decisions made by Jordanian insurance companies. These investments are investing in banks deposits and investments in financial assets, whether through income statement and comprehensive income, amortized cost, real estate investments, or other loans taken by life insurance policyholders on their profits.

The following results have been concluded: There is a statistically significant impact of insurance companies` investment decisions on their profits. The more insurance companies direct their investments to financial assets, loans, real estate investments, respectively; this will have an impact on their profits with a percentage of (50.109). The second hypothesis confirms the validity of the first that is that the more insurance companies direct their investments to financial assets, loans, real estate investments, respectively, the revenues of these companies will have an impact on their profits by (53.836). Therefore, investments should be directed to financial assets first, followed by loans and then real estate investments.

Keywords: Financial Analysis, Managerial Accounting, Profit, Insurance Companies.

INTRODUCTION

The insurance sector in Jordan is the most important among all economic sectors. It is of great importance in the economy, as it provides the proper coverage for any economic process. The insurance sector is a secure shield for the financial sector. More importantly, this sector is a strategic partner and the common denominator of the financial sector and the industrial at the same time, and strongly competes, if not outperforms them. Thus, we may see the market value for the insurance sector, in general, equals that of the banking sector. The economic indicators issued by the Jordanian Ministry of industry and Trade showed that the gross percentage of insurance premiums to the gross domestic product by the current prices from 2013-2017 amounted to 2.06% for 2013, and the same for 2014, while it reached 2.07% for 2015, 2.12% for 2016 and 2.09% for 2017[1].

For Arab states, the gross insurance premiums percentage to the GDP by current prices for 2016 and 2017 was as follows: the United Arab Emirates ranked first by 3.65% for 2017 and 2.87% for 2016, followed by Morocco by 3.49% for 2017 and 3.48% for 2016. Lebanon ranked third by 3.15% in 2017 and 3.32% in 2016, followed by Jordan with 2.12% for 2016 and 2.09% for 2017, being one of the forefronts among Arab states regarding the insurance sector. It is indicated that the contribution percentage of the insurance sector in Jordan in the Amman Stock trading volume amounted to (1.13%) of the gross trading volume for the year 2017, while this sector`s equities weighting by free-float equities recorded 1953 points by the end of 2017, compared to 2073 points by the end of 2016[2].

The insurance sector in Jordan markedly developed from 2003 to 2017 reaching a total investment of 214.2 million dinars in 2003, while this amounted to 565.7 million dinars in 2017. The total assets amounted to 308.5 year in 2003 while in 2017 this amounted to 952.4 million dinars. The total technical allocations reached 131.6 million dinars and 433.1 million dinars in 2017. The property rights reached 124.1 million dinars and 335.2 million dinars in 2017, whereas the total premiums subscription in Jordan amounted to 171.5 in 2003 and 594.1 million dinars in 2017. The net premiums subscription (tontine insurance) amounted to 114.2 million dinars in 2003 and 366.2 million dinars in 2017, while the gross premiums subscription (tontine insurance) amounted to 5.9 million dinars in 2003 and 63.1 million dinars in 2017. The total payable compensations (tontine insurance) reached 3.5 million dinars in 2003 while amounted to 41.9 billion dinars in 2017.

The insurance sector in Jordan invests the surplus money in various investments. This investment process is of great importance for being one of the principal and significant activities due to the huge money available at insurance companies. The returns of such a process increase the profitability of companies, thus making this sphere an investment system through identifying and evaluating investors` effective investment increasing their awareness, which resulted in competition among insurance companies and expansion of the investors` circle. This increased the companies risk exposure to an extent that it has become difficult to control them (Cummins et al., 2001).

The researcher will base on the following hypotheses:

H1: There is not a statistically significant impact for investment decisions (bank deposits, financial assets, real estate investments, loans to other life policies holders) of insurance companies on their profits.

H1: There is no statistically significant impact of the insurance companies` investment returns on their profits.

THEORETICAL FRAMEWORK

The insurance sector plays an important role as a component of financial services. It has a pivotal role in achieve economic growth, efficient allocation of available resources and reduction of operational costs, generating liquidity in the market and facilitating investment operations (Doumpos et al., 2012).

Insurance companies have a role in the investment of surplus cash and directing it effectively to achieve highest returns with minimal costs in a global economy that lacks stability, requiring the use of planned scientific methods in order to take investment decisions based on the study of these companies` investments diversity as well as provide available investment alternatives. They should apply an efficient diversification policy to achieve a number of aspired goals. For instance, when taking the investment decision, many general considerations shall be taken into account, such as capital market efficiency, loans interest rate trends, inflation rate, purchasing power of money and the country`s prevailing economic situation to be able to assess the available investment alternatives, thus avoiding any investment risks. Investment risks can be defined as capital loss and erosion in purchasing power in the future so investments with attractive returns shall be found (Dodge & Cox, 2017). (Muselears & Stil, 2010) indicates that types of risks should be identified, mainly the total risk of the cash flows for investments, as a result of an increase in dispersion of the investment return from the expected value. The total risk comprises systematic and non-systematic risks. (Tyler, 2012) defines systematic risks as those which are related to economic variables that affect all the market investments, where the

investment return is affected by resulted fluctuations (variation in the returns of the original investment). This is known as the degree of the investment sensitivity. The systematic risks are Market risk, credit risk, and operational risk, and inflation risk, risk of change of interest rate, the depression risk and the risk of changes in foreign exchange rates. Therefore, these risks contribute mainly in the contrasting expected return and cannot be avoided by diversification. On the other hand, non-systematic risks are those related to financial power risks, the poor efficiency of the company`s management in evaluating the investments and obtaining information which the investor can evade by diversifying their investments.

(Cremers et al., 2017) accounted for that insurance companies distribute their invested funds in terms of quality and due date, with the aim of distributing the potential risks. Investment activities in insurance companies are of a fixed return and a variable one.

1. Fixed return investments: These include investments that can allow the company to have a regular and definite return beforehand payable up to the date on which it regains the refunded amount, such as loans and bonds.
2. Variable return investments: These are characterized by the inconstancy of their returns, such as: Real Estate, land, stock trade, industrial, service and financial.

Based upon that, insurance companies` investments can be classified into two types as follows (Cejnek & Randi, 2017):

1. The first type: Short-term investments: these can be rapidly converted into liquid cash, acquired for trading and sale.
2. The second type: long-term investments, which are difficult to convert into liquid cash in a short time, usually acquired by the company with the intent to be kept for more than a year.

Insurance companies` investments in Jordan vary from short-term and long-term investments. The total investments of insurance companies increased over the years from 2013 to 2017 as follows: Investments of these companies went up during the year 2013 amounting to (504.9) million dinars, up by (3.3%) from 2012, while the total investments of these companies during the year 2014 reached (534.4 million), an increase of (5.8%) from 2013. These totals went down by the end of 2015 reaching (523.6 million) compared to (534.4 million) by the end of 2014 due to the decline of investment in financial assets through the income statement at the rate of (19.5%). Real estate investments fell by (6%) from 2014, but in 2016, these totals rose to (543.4) million dinars, up by (1.8%) from 2015. The total of these investments continued to rise in 2017 amounting to (565.7) million dinars, an increase of (4.1%) compared to 2016.

The following detailed Table 1 of insurance companies` gross investments between 2013-2017 (estimated in millions of Jordanian dinars[3]).

Table 1
INSURANCE COMPANIES GROSS INVESTMENTS BETWEEN 2013-2017

Investment	2017	2016	2015	2014	2013
Bank Term Deposits	24,45,22,241	23,80,25,886	23,36,84,109	23,20,51,244	20,58,25,656
Financial Assets at Fair Value Through Profit	2,87,47,985	2,85,71,299	3,26,22,976	4,05,48,876	3,53,00,665
Financial Assets at Fair Value Through Other Comprehensive	8,49,75,720	8,36,73,236	8,77,80,944	8,71,04,705	9,06,15,322
Financial Assets at Amortized Cost	11,25,88,712	9,81,01,215	8,30,36,104	7,33,63,495	7,78,46,315
Investments in subsidiaries	1,22,934	1,37,934	1,22,934	1,42,634	8,02,479
Property investments	8,54,19,234	8,62,71,381	8,83,85,992	9,40,09,887	8,76,87,494
Lending	92,68,635	86,60,819	79,59,941	71,45,060	67,83,868

Table 2 THE RETURNS ON THESE INVESTMENTS					
Return of investment	**2017**	**2016**	**2015**	**2014**	**2013**
Gains(Losses) from Financial Assets and Investments	71,51,431	1,38,22,139	74,06,103	88,14,206	83,68,869
Interest Revenue	1,64,92,357	1,16,58,810	1,27,39,657	1,48,66,919	1,55,36,834

Table 2 shows that there is a fluctuation in the profit of financial assets and investments. For example, we notice that the total profit of financial assets and investments amounted to (7,406,103) million dinars in 2015, while this was (8,814,206) million dinars in 2014, a fall by 16%. In 2016, there was a significant increase in profit of financial assets and investments reaching (13,822,139) million dinars. The reduction in this profit in 2015 was due to the lower fair value of certain shares held by some companies outside the Kingdom. Credit interests generated from bank deposits and financial assets at amortized cost witnessed a significant fluctuation. For instance, we find that these interests valued (15,536,834) million dinars during 2013, whereas this declined to (14,866,919) million dinars in 2014, the same for 2015 and 2016, while in 2017 they started to rise again.

LITERATURE REVIEW

According to Oyerinde (2019) the paper concludes that the portfolio investment is a major driver of stock market development and more importantly, the main channel through which external financial instability is transmitted into the Nigerian economy. The policy implication is that increase in the foreign portfolio investment increases the domestic stock market performance. This could however lead to a great instability and financial distress if the enabling domestic macroeconomic conditions and policy framework to insulate the stock market against the vagaries of external shocks are not properly coordinated

The results of Boukrouma (2019) study showed that the negative impact of leverage on investment decisions and that there is appositive impact of liquidity, profitability, cash flows and the size of the company on the investments of companies in Jordan

The results of Al-Janabi (2018) study showed that the industrial companies that diversify their investment portfolio reduce their financial risks and diversify their financial returns which cover their realized losses

Buriev et al. (2018) findings tend to suggest that the Turkish investors may not benefit from investment in Egypt for almost all investment horizons but may have moderate benefits from Lebanon up to the investment horizons of 32-64 days and longer. However, Turkish investors may benefit from Oman excepting the longer investment horizons. In the long run, all stock holding periods exceeding 32 days have minimal benefits for portfolio diversification.

(Alqadi, 2017; Al-Najjar, 2017; Daher & Wassof, 2016; Awadifieh et al., 2016; Jyrar, 2016) studies have shown results: There is an effect for investment portfolio attractiveness elements (portfolio return, portfolio risk , risk aversion and utility value together) on both the return on investment and the return on equity, and. Investment in intangible assets, the corporate performance (measured by current ratio, return on assets ROA, asset turnover), and financial policy (measured by debt to equity ratio and dividend ratio) have significant effect on the market value of the corporations and there is a positive relationship between cash flow and firms investments, while some results showed that investment of the insurance company for the amounts of premiums accumulated leads to significant financial returns which contribute to the

strengthening of its financial position, and increase the ability of the insurance company to reduce various costs and thus the possibility of reducing the insurance premium, which represents the price of insurance, putting the insurance company in a strong competitive position in comparison with competitive companies and both the political crisis and investments positively affect the profitability of the company, while the leverage ratio negatively affects the profitability.

Suwaidan et al. (2015) study uses three proxies of investment opportunities, the market to book ratio, the ratio of operating cash flows to fixed assets, the growth in fixed assets ratio. Results indicate a statistically significant negative effect of operating cash flows to fixed assets ratio on the debt ratio. Thus, the Jordanian industrial companies use less amounts of debt to finance the new investment opportunities. This may be explained by its high probability of banking risk. Alternatively, they use equity financing and specifically, the retained earnings, as it is the lowest cost source of financing.

HYPOTHESIS AND METHODOLOGY

This study purpose aims to recognize the impact of investment decisions made by Jordanian insurance companies, and in recent years, insurance companies encountered many risks in many countries, causing them to cease their activity. The most important of these have been investment risks, which threaten their investment activities and eventually affect these companies negatively. The study (Ismail & Witarno, 2016) confirms this stating that insurance companies faced a lot of risks when formulating investment policies, namely the degree and type of risk which resulted in negative effects on the company`s business outcomes, namely the investment returns. This happens when wrong decisions are taken based on incomplete or inaccurate information. As a result, many companies went bankrupt due to the failure to meet liquidity requirements. The problem of the study lies in drawing attention to the effect of insurance companies` investment decisions in Jordan on their profits, not to mention that these Jordanian companies underwent fluctuation in the Net Profit before Tax between 2013-2017 (representing the years of study). The net profit before tax amounted to (25.1) million dinars in 2013, while this reached (41.1) million dinars in 2014, and (30.2) million dinars in 2015, whereas in 2016 it amounted to (35.1) million dinars, and (2.75) million dinars in 2017[4].

To test the hypotheses, the researcher has analyzed the financial statements of all 23 insurance companies listed in the Amman Stock Exchange from 2013-2017. The descriptive analytical method and the statistical analysis program SPSS were used and since the data are not subject to normal distribution, the researcher was not able to use parametric tests, instead, non-parametric tests were used to test the impact of investment decisions (Bank Term Deposits, Financial Assets at Fair Value Through Profit Financial Assets at Fair Value Through Other Comprehensive, Financial Assets at Amortized Cost, Property investments,, Lending) of investment companies on their profits, then excluding investments in (Investments in subsidiaries and Investments in associates) due to the small number of investing Jordanian companies investing, as well as analyzing these investments returns as (Interest Revenue, Gains (losses) from Financial Assets and Investments).

The researcher used the Friedman test, Kaiser-Meyer-Olkin Measure of Sampling and Adequacy (KMO) Analysis Factor and used the Component Matrix which is designed to determine the degree of impact of each of the independent variables in the study Table 3.

Table 3 THE DEGREE OF IMPACT OF EACH OF THE INDEPENDENT VARIABLES	
Bank Term Deposits	DEPOSIT
Financial Assets at Fair Value Through Profit	FINANCIAL INVES
Financial Assets at Fair Value Through Other Comprehensive	FINANCIAL INVES
Financial Assets at Amortized Cost	FINANCIAL INVES
Property investments	PRO INVEST
Lending	Lend
Interest Revenue	INTEREST REV
Gains(Losses) from Financial Assets and Investments	NETPROFITINVE

Analysis of Results and Testing of Hypotheses

The results of the hypotheses testing are as follows:

The first sub-hypothesis: There is no statistically significant impact of investment decisions by Jordanian insurance companies on their profits.

First Test: The researcher used the data sufficiency test KOM

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy is used to calculate the adequacy of the sample and to test whether partial correlations between the variables are small. The value of this test ranges from (zero to +1), where the value near (+1) indicates the adequacy or suitability of the sample, while the values less than (+5.0) refer to the inadequacy of the sample. Table 4 shows that the KOM value is 0.513, exceeding 0.50. This refers to the adequacy of the study sample size and the level of significance is α=0.000 which is less than 0.05, indicating the adequacy of the sample.

Table 4 KMO AND BARTLETT'S TEST		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.513
Bartlett's Test of Sphericity	Approx. Chi-Square	50.752
	Df	6
	Sig.	0

Table 5 represents the initial and generated values for contributions from communalities. It is noted that all values range between (0 to 1) expressing the Square Multiple Correlation. It is also noted that the most common variables in the factors are the financial investment with a degree of 0.969, followed by loans with a degree of 776, followed by real estate investments with a degree of 712, the last of which are deposits with a degree of 658. The following is the table of values derived from the contributions of the variable Communalities.

Table 5 VALUES FOR CONTRIBUTIONS FROM COMMUNALITIES		
	Initial	**Extraction**
DEPOSIT	1,000.00	658
FINANCIAL INVES	1,000.00	969
PRO INVEST	1,000.00	712
LOAN	1,000.00	776

Second test: Friedman test

Friedman Test has been used at level 5% to test the impact of investment decisions on the insurance companies' profits in Jordan. Test results were as shown in Table 6:

Table 6
FRIEDMAN TEST

	Mean Rank	N	Chi-Square (χ^2)	Df	Sig
DEPOSIT	4.61	23	66.702	4	0
FINANCIAL INVES	4.04				
PRO INVEST	2.91				
LOAN	1.39				
NET INCOME	2.04				

The tabulated (11.143) value is at (df=4) and the level ($\alpha = 0.05$).

It is noted from the previous Table 6 that the value of the calculated Chi-square is (66.702) at the level of significant (0.05). Comparing that to the value of the tabulated Chi-square, it is found that the value of the calculated Chi-square is higher than the tabulated value. Therefore, the nihilism hypothesis will be rejected and the alternative one will be accepted which supposes that there is a statistically significant impact for investment decisions of insurance companies on their profits.

Third test: The component matrix which is designed to determine the degree of impact of each of the independent variables in the study

Table 7 shows the matrix of components where variables are classified into two components. The first includes the financial investments by (0.973), followed by loans (758), then real estate investments by (0.672). The second component contains only the deposits (0.791). Depending on the components matrix, Table 8 presents the distinctive values of the matrix of links. It is noted that the first component has the biggest variance, equaling to 2.004 and explains 50.109% of the total data structure.

Table 7
COMPONENT MATRIX

	Component	
	1	2
DEPOSIT	- 0.181	0.791
FINANCIAL INVES	0.973	0.150
PRO INVEST	0.672	- 0.511
Lend	758	0.450

TABLE 8
TOTAL VARIANCE LINK MATRIX VALUE

Componen t	Initial Eigenvalues			Extraction sum of Squared loads		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.004	50.109	50.109	2.004	50.109	50.109
2	1.111	27.783	77.892	1.111	27.783	77.892
3	843	21.078	98.970			
4	0.041	1.030	100,000			

The second component equals to 1.111, and explains 27.783% of the data structure, where the first and second components explain 77.892% of the data structure. The third and fourth component, are 21.078 and 1.030 respectively, and refer to variables not included in the study and to investments in subsidiaries and allied companies, among other investments. These have been excluded from the study since only a small number of insurance companies invested in them.

The previous analysis confirms that the first key component consisting of financial investments and loans and then real estate investments are the most affecting variables in profit realization for insurance companies. The reason behind is that insurance companies analyze the prices of securities and changes in the market to have a clear idea about the potential risks, and thus protect its financial investments. Their real estate investments are also re-assessed in accordance with the fair market value, since there may be a difference between the book value and the fair market value as a result of the re-evaluation. This is what happened to insurance companies` real estate investments in 2017, when the fair market value of these investments went up to 41 million dinars compared to the book value, which amounted to 21 billion dinars, after being evaluated by three licensed and accredited real estate offices licensed and accredited by the Jordanian banks[5]. While the second component, consisting only of the deposits possesses a less effect on the profitability of insurance companies. This might be because of the risk of changes in the expected interest rate from the actual one, in addition to market risk, overturn risks in currency exchange rates, credit risk, capital risk caused by the insufficient capital that cannot bear the potential losses. Therefore, the order of variables will be according to the effect on the financial investment decision, then loans, then real estate investments and eventually bank deposits.

The Second Hypothesis Test Results

Data adequacy test (the sample) KOM has been used: The Kaiser-Meyer-Olkin Measure of Sampling Adequacy is used to calculate the adequacy of the sample and to test whether partial correlations between the variables are small. The value of this test ranges from (zero to +1), where the value near (+1) indicates the adequacy or suitability of the sample, while the values less than (+5.0) refer to the inadequacy of the sample. Table 9 shows that the KOM value is 0.500. This refers to the sufficiency of data and the adequacy of the study sample size at the level of significance 0.05.

Table 9
KMO AND BARTLETT'S TEST

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.500
Bartlett's Test of Sphericity	Approx. Chi-Square	121
	Df	1
	Sig.	0.0028

Table of values derived for variables contributions.

Table 10
COMMUNALITIES

	Initial	**Extraction**
INTRESTREV	1,000	538
NETPROFITINVE	1,000	538
Extraction Method: Principal Component Analysis		

Table 10 represents the initial and derived values of communalities. It is noted that all values range from zero to one, expressing the Square Multiple Correlation. It is also noted that both variables have the same level and degree of prevalence rate.

Second test: Friedman test

The Friedman Test was used at level 5% to test the impact of the revenue accruing from the investment of insurance companies on their profits. The results were as follows in Table 11:

Table 11
THE IMPACT OF THE REVENUE ACCRUING FROM THE INVESTMENT OF INSURANCE COMPANIES

	Mean Rank	N	Chi-Square (χ^2)	df	Sig
NET INCOME	2.26	23	15,478.00	2	0.650
NETPROFITINVE	1.61				
INTRESTREV	2.13				

The tabulated value is (10.60) at (df=2) and the level (α=0.05).

Table 11 shows that the value of the calculated Chi-square is (15.478) at the level of significant (0.05). Compared to the value of the tabulated Chi-square, it is noted that the value of calculated Chi-square is higher than the value of the tabulated one, and thus will be rejected hypothesis nihilism will be rejected and the alternative hypothesis that there is no statistically significant impact for the investments returns of insurance companies on their profits is accepted.

Third test: The component matrix is used to determine the degree of impact of each of the independent variables in the study

Table 12 shows the component matrix where variables are classified into only one component covering both variables, i.e., they are at the same level of importance. The second hypothesis confirms the validity of the first hypothesis results, and that insurance companies' revenues obtained from gains and losses resulting from the re-evaluation of financial assets and real estate investments returns in addition to loans interests are of importance due to their impact as independent variables in the dependent variable, namely insurance companies` profits in the same ranking. Table 12 component matrix shows that returns from investments, interest from loans and deposits come in the first component with the same ration (0.734).

Table 12
COMPONENT MATRIX

	Component
	1
INTRESTREV	734
NETPROFITINVE	734

Based on the matrix of components, Table 13 shows the characteristic values of the matrix of connections. It is noted that there is only one major component that varies and equals 1.077 and explains 53.836% of the total data structure.

TABLE 13
TOTAL VARIANCE EXPLAINED

Component	Initial Eigenvalues			Extraction sum of Squared loads		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.077	53.836	53.836	1.077	53.836	53.836
2	0.923	46.164	100			
Extraction Method: Principal Component Analysis.						

CONCLUSION AND RECOMMENDATIONS

This study purpose aims to recognize the impact of investment decisions made by Jordanian insurance companies. These investments are investing in banks deposits and investments in financial assets, whether through income statement and comprehensive income, amortized cost, real estate investments, or other loans taken by life insurance policy holders on their profits, since securities investment risks resulting from securities lower market value and rising interest rates and inflation are all factors that influence insurance companies` decision to invest based on the study hypothesis statistical tests results, the first hypothesis showed that, it was found that there is no statistically significant impact for investment decisions by insurance companies on their profits, and that the more insurance companies invest in financial assets in the first place, followed by loans and then real estate investments, this will affect profits by (50.109%) This is because they are retained to make a profit as a result of the change in the price of these financial assets over the successive fiscal periods, or to be retained for a longer period and take advantage of the dividend, in addition to the change in prices on the long term. Their real estate investments are re-evaluated at fair market value and profits obtained as a result of the change in prices. Bank deposits came second, affecting their profits by (27.783%). This is as a result of the risks deposits might encounter, most importantly, changes in interest rates. As a result he has to insurance companies that setting investment policies for insurance companies, important decisions must be identified as priorities for achieving the strategic objectives pursued by insurance companies and decisions shall be taken based on complete and accurate information, as this will affect the profits of insurance companies that may expose them to bankruptcy for failure to meet liquidity requirements. The study results as insurance company's investments of the accumulated premiums amounts lead to significant financial returns that contribute to boosting their financial status and impact positively on their profitability. As the study showed there is a statistically significant impact of insurance company's investments returns on their profits. This indicates that whenever insurance companies invest in financial assets in the first place, loans and real estate investments, the revenues of these companies will have an impact on their profits by 53.836. Therefore, investments should be directed towards financial assets, loans, real estate and deposits. In second place come other investments that might be in some insurance companies, such as investments in associates and subsidiaries. This type of investment has been excluded from the independent variables due to the small number of Jordanian insurance companies that invest in such. As a result, there must be having a set of controls that govern the investment activity to limit the potential negative effects of investments, analyze and evaluate these to avoid and reduce the effects. And insurance companies shall rely on complete and accurate information when taking the investment decision, otherwise their investments will be threatened which will mitigate their ability to meet their obligations towards others, Studying investment decisions and distributing them per type and due time is necessary,

due to the diversity and varying degree of risks insurance companies might face which may eventually lead to unexpected losses, thus impeding the objectives of economic development plans that come along with the changes. And Investments should be directed to financial assets either at the amortized cost, through the income list or through the comprehensive Income list. Low investment by insurance companies in financial assets has been noted, although their returns are higher than other investments, Insurance companies investments shall be directed towards real estate investments since they achieve capital profits when sold. They should also be re-evaluated because of their high price market. Low investment by insurance companies in real estate has been noted.

ENDNOTE

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