Evaluation of Financial Performance Indicators and Their Impact on the Solvency of the Iraqi General Insurance Company for the Period (2016-2020)

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ABSTRACT: Due to the privacy of insurance, there are many financial and economic indicators for companies operating in the insurance industry. Hence the importance of the study through knowing the most important indicators for evaluating the financial performance of companies operating in the insurance industry and their differences from the indicators used for companies operating in other industries. For the purpose of answering the problem of the study, which is to know the most important indicators used in the process of evaluating financial performance and their impact on the financial solvency of the Iraqi general insurance company, the hypothesis of the study was formulated to determine the relationship between financial performance indicators and the financial solvency of the company. The Iraqi General Insurance Company was chosen as the research sample as it is the second largest and oldest insurance company in Iraq in terms of insurance premiums, investments and profitability. The results of the study showed a fluctuation and decrease in insurance premiums in general, and an increase in the solvency ratio during the study years. Among the recommendations of the study, the company's management should increase the activities of its insurance operations from premiums and various investments, and also strive to increase the company's capital, which enhances the required technical reserves and is reflected in its ability and required financial solvency.

KEYWORDS: Assessing financial performance, solvency, insurance.

INTRODUCTION

Insurance sector is one of the largest financial sectors that contribute to the financial services industry. Insurance is characterized by privacy that differs from other types of services. Insurance companies, in their nature, also differ from the rest of the service and financial companies operating in the banking, investment and tourism sectors.

Due to this privacy of insurance companies, the process of evaluating the performance of insurance companies is a very delicate matter. As well as financial indicators, including those specialized in the field of insurance, such as insurance premiums and compensation paid. The financial solvency is one of the important and basic indicators in evaluating the performance of insurance companies. Where it is possible to know the ability of the company to fulfill its obligations towards customers (the insured) and to achieve a financial surplus instead of the financial deficit that affects the company's position and its commercial reputation in the market. The study consists of four topics. The first topic deals with the methodology of the study and previous studies. The second topic dealt with the theoretical framework for the study variables such as the concept of insurance and financial performance evaluation. The third topic includes the practical side and review of the financial data of the study, and the last part reviewed the most important conclusions and recommendations reached by the study.

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Section one: methodology of the study

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1- Problem statement of the study

There are problems encountered by insurance companies operating in the Iraqi insurance market, including poor awareness of insurance and the lack of interest of citizens for insurance service. Which is reflected in the performance and activity of companies. In addition to the economic and political challenge that the country is going through. In view of the specificity of insurance, there are many financial and economic indicators for companies operating in the insurance industry. Therefore, the problem of the study can be identified by answering the following questions:

a) What are the most important indicators used in the process of evaluating the financial performance indicators of the Iraqi general insurance company?

b) How is the level of financial performance of the Iraqi General Insurance Company analyzed and evaluated?

c) How does performance evaluation affect the solvency of the Iraqi general insurance company?

2- The objectives of the study

a) Identify the concept and importance of evaluating the company's performance.

b) Determine the most important financial indicators used in the evaluation process.

c) Knowing the effect of evaluating performance indicators on the financial solvency of the company.

3- The importance of the study

a) Knowing the most important indicators for evaluating the financial performance of companies working in the insurance industry and their difference from the indicators used by companies operating in other fields.

b) Analyzing financial indicators and knowing their relationship to the performance of the company and its financial solvency.

c) Contribute to the process of developing the performance of the researched company.

4- The hypotheses of the study

a) The study adopted a main hypothesis (that the evaluation of the financial performance in the Iraqi general insurance company is subject to a set of indicators (insurance premiums, investment, technical reserves, profitability, compensation) that would affect the company's financial solvency) and the following sub-hypotheses branch out from it:

b) There is an effect of the indicator (insurance premiums) on the financial solvency of the Iraqi insurance company

c) There is an effect of the (investment) index on the solvency of the Iraqi insurance company

d) There is an effect of the indicator (technical reserves) on the solvency of the Iraqi insurance company

e) There is an effect of the (profitability) index on the solvency of the Iraqi insurance company

f) There is an effect of the (compensation) index on the solvency of the Iraqi insurance company

5- The study sample

The Iraqi General Insurance Company was chosen to evaluate its financial performance indicators as it is the second oldest existing insurance company in the country after the National Insurance Company. The company was established in 1959 in Baghdad as a private company under the name (Iraqi Insurance Company). It carries out all types of insurance and reinsurance. In the year 1964, it was nationalized according to the decisions of the nationalization of companies, and it specialized in life insurance business only. In 1988, a decision was issued to cancel specialization and allow the company to practice all types of insurance, such as (car and marine insurance, goods, fire, property, accidents, engineering, health and life insurance). The company seeks to increase its activity, which will achieve growth in the marketing of insurance policies and increase insurance premiums and revenues generated from them. The company's nominal and paid-up capital is (2) billion Iraqi dinars, while the company's assets exceed (85) billion Iraqi dinars. Where the company invests its financial surpluses in various activities (real estate investments / shareholding in private companies / granting real estate loans / depositing with banks). The company aims to contribute to economic development by providing insurance protection for community members, encouraging savings, as well as investing funds in various investment aspects. In other words, the company's objectives are to develop insurance revenues and revenues from investment activity in return for

providing the appropriate insurance service to all members of society. (Iraqi Insurance Company: 2020 https://www.iq-insurance.com)

6- Temporal and spatial natural of the study:
- Temporal natural for the study: it is five years for the period (2016-2020).
- The spatial natural of the study: The Iraqi General Insurance Company (Iraq- Baghdad).

7- Study Method and Data Collection Methods:
The research included an analytical study of the Iraqi general insurance companies. And the use of statistical methods based on the statistical program. As well as using the company's financial indicators and data. And relying on previous studies, the Internet, and annual reports issued by the company in the theoretical aspect of the study.

8- Previous studies
a) Study by (Abdul Amir, 2020) entitled:
((Premiums and compensation and their impact on the financial solvency of insurance companies))
The study aims to clarify the role of insurance premiums and compensation paid to the insured and its impact on determining the level of financial solvency of insurance companies. One of the most important conclusions is the presence of a prominent and essential role for premiums and compensations in the financial solvency on the one hand and on the continuity and growth of the company on the other hand. One of the most important recommendations of the study is to reconsider the analytical policy of insurance risks and adopt a more rigorous policy in accepting risks, which is reflected positively in reducing compensation and increasing the financial solvency of the company.
The current study differs in terms of using more than one indicator to know its impact on the financial solvency of the researched company. It was not limited to the index of premiums and compensation only. Also used in evaluating the overall performance of the company. As well as a difference in the duration of the current study.

b) Study by (Akkar and Sultan, 2018) entitled:
((Evaluation of financial performance in the national insurance company / a study in the national insurance company, Basra branch))
The aim of the study is to determine the financial criteria and indicators used in the process of evaluating the performance of insurance companies. The study relied on many specialized financial indicators for insurance companies, including (insurance premiums, investments, net profit, total number of associates, compensation, reserves, numbers of trained employees, and the cost of obtaining branch revenues. One of the most important conclusions of the research is the high growth rate of insurance premiums in The researched company during the study years.The reason for the high insurance premiums is due to insurance on energy projects.In addition to insurance against fire for oil refineries.One of the most important recommendations is that the researched insurance company should diversify its investments for the purpose of dispersing the risk that it can bear, and this is an indication of the awareness and culture of the company .
The current study differs in terms of using the study sample, which is the Iraqi General Insurance Company, as well as using some different performance indicators and knowing their impact on the financial solvency of the researched company. Also, the use of indicators in evaluating the overall performance of the company for the respondent, not just a branch of the company.

c) study by (Akotey, J, et al, 2013) entitled:
((The Financial performance of life insurance companies in Ghana))
The aim of the study is to assess the financial performance of the life insurance industry in the state of Ghana. By focusing on the main determinants of the profitability of the life insurance industry in Ghana. The study also deals with the relationship between the three measures of profitability of insurance companies, namely (investment, insurance premiums, and net profit). Samples were taken from the financial statements of life insurance companies for eleven years and analyzed. The most important conclusions indicate that total premiums have a positive relationship with the profitability of sales of insurance companies, and that their relationship with investment is a negative relationship. The results of the study also showed that life insurance companies incurred

large losses due to excessive trading and low prices. One of the most important recommendations of the study is not to pay close attention to the growth of insurance premiums without validating the prices, as this leads to large losses for the insurance company. The current study differs in terms of applying the study to an Iraqi company that practices all types of insurance and is not specialized in one type only. As well as using different and various measures and indicators and knowing their impact on the financial solvency of the company for the purpose of evaluating its performance.

Section two: Theoretical part of the study

1- The concept of insurance

Insurance is one of the important activities in economic life by protecting the insured (individual or company) from the damages he is exposed to due to the realization of the risk and distributing the resulting damages to a group of individuals(Al-Baldawi ,et al, 2013, 71)

(Abdul Amir, 212, 2020) refers to the insurance service as one of the future services. That is, the costs cannot be known in advance until after the end of the period of insurance coverage. Unlike the rest of the products whose production cost can be known in advance and a certain profit margin is added to it that guarantees the survival and continuity of the producing company.

Insurance is defined as ((a contract in which the insurer, i.e. the insurance company, is bound to pay the insured an amount of money, a salary, or any other financial compensation in the event of an insured accident, in exchange for premiums paid by the insured to the insurer)) (Al-Wardi, 1999, 71)

Or it is a system that aims to protect individuals and organizations from material losses arising from the realization of potential dangers. (Erekat and Akl, 2008. 31)

Insurance is the process of collecting accidental losses resulting from the realization of a risk by transferring them to the insurers (insurance companies) who agree to compensate the insured individuals or companies for these losses. Or to provide other financial benefits in the event of their occurrence in exchange for their payment of insurance premiums. (Rigda, 2006, 51)

2- Privacy of the insurance service

a) Intangible services, where the customer does not get a direct benefit from the insurance service compared to other services.
b) The insurance benefit is of a probabilistic future nature.
c) It is not subject to storage and it is quickly fading, as it is sold, produced, and then consumed.
d) The process of selling an insurance product requires high technical and sales skills for the purpose of gaining customers from the insurance company.
e) The service period is longer and may extend for years due to the renewal of the insurance policy, on the contrary, for some services. (Al-Baldawi et al., 2013, 127)

3- The importance of insurance

a) Contribute to economic stability, as it provides protection for various economic activities, in a way that motivates owners of money to invest their money.
b) Stimulating the granting of credit facilities, as insurance provides guarantees for loans granted by banks.
c) Encouraging savings among citizens, especially through mixed life insurance, which combines the savings and insurance functions.
d) Prevention and reduction of losses and spreading awareness about risks among citizens and economic projects.
e) Investing the funds accumulated by insurance companies in the form of reserves, in various economic projects, in a way that contributes to strengthening the country's development process. (Al-Wardi, 1999, 74)

4- The concept of financial performance evaluation

The performance appraisal process is an important indicator for measuring the extent to which various companies or institutions achieve their goals using appropriate measures, with the aim of discovering strengths and weaknesses, and knowing the reasons that support the positive aspects and overcoming the negative aspects. (Akkar and Sultan, 2018, 172)

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The benefit of evaluating the financial performance of insurance companies has a significant impact on the national economy because it deals with large amounts of cash (insurance premiums) that have an impact on the process of economic and social development through investments in various strategic projects. (Nazim, 2020, 223)

Accordingly, the evaluation of financial performance can be defined as a process following the decision-making process in the financial institution, the purpose of which is to examine the financial position of the company, measure the results achieved, compare them with the set goals, and identify and correct deviations (Issa, 2017, 17).

5- Objectives of the evaluation process
a) Provide objective information about the results achieved by the administration through the evaluation process.
b) Indicating the economic importance through the evaluation process helps to know the importance of the activity or sector, and to know the extent of the contribution of this sector in achieving development goals.
c) Rationalizing the planning process by providing the management of the supervising company with data related to the results and level of efficiency of implementing the plan.
d) Rationalizing administrative decisions through the company's optimal use of its financial and human resources and knowing the reasons that led to manifestations of waste and extravagance in those resources in case of failure. (Akkar and Sultan, 2018, 172)

6- The concept of solvency
The financial solvency in the insurance industry is the basis on which the future of insurance companies is based, and it is expressed in the availability of sufficient financial and material assets to meet the financial obligations of these companies. (Al-Qadi, 1994, 51) The higher the financial solvency of the insurance company, the more attractive it will be to the target audience for the acquisition of insurance services. Solvency can also be defined as the ability of the insurance company's revenues from premiums and investment revenues to cover its various costs. (Abu Bakr, Al-Sefo, 29, 2011)

7- The importance of financial solvency
a) The financial solvency of the insurance company is important for each of the following parties: (Abdul Amir, 213, 2020)
b) The insured and (policyholders) who are interested in the company's ability to fulfill its obligations towards them and compensate them in case of loss.
c) Employees in the company who want to continue working and guarantee their salaries.
d) Investors, owners of capital and shareholders who are interested in increasing the value of shares and distributing good profits
e) Oversight bodies that study and analyze the annual performance reports of insurance companies and ensure that their financial performance matches the laws and regulations of the state. (Dorman, 2008, 135)

Section 3: Practical part of the study
1- Evaluating the financial performance indicators in the Iraqi General Insurance Company
a) Insurance premiums: Insurance premiums
Insurance premiums paid by the insured (customers) constitute the largest part of the company's earned revenues and reflect the extent of its business development and the strength of its financial solvency. It can measure the company's success in maintaining its growth and prosperity. (Alrikabi, A., 2022, 272)

Table (1) indicates the insurance premiums planned by the company for each year and the premiums achieved for the same year, according to the type of insurance available in the company (marine, fire and property insurance, cars, engineering, agricultural, accidents, health insurance and group insurance).

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Table 1. Planned and realized insurance premiums for the Iraqi insurance company for the period (2016-2020) (thousands of Iraqi dinars)

Year	Planned insurance premiums for each year	Insurance premiums achieved for each year	Ratio of realized to * planned installments	Percentage ** change in insurance % premiums
2016	60000000000	53178322000	%89	-
2017	60000000000	49459329000	%82	%7-
2018	52000000000	81146644000	%156	%64
2019	62000000000	71339704000	%115	%12-
2020	64000000000	62711428000	98%	%12-

Source: Annual reports of the Iraqi General Insurance Company

* The ratio of realized to planned premiums is extracted through (realized premiums / planned premiums x 100)

** Percentage of change is the amount of change for the current year from the previous year and is calculated in the following way (change percentage = sales of the current year - sales of the previous year / sales of the previous year x 100%)

From table (1), we notice a fluctuation and decrease in insurance premiums in general during the school years. The highest growth rate in 2018 was (64%), as the company achieved premiums of (81146644000) dinars due to the increase in insurance activity, especially group insurance and accident insurance, which reflected the high financial solvency of the company despite its decrease in the following years, as it reached a ratio of (-12) in 2020 %) due to the spread of the (Corona) pandemic, the closure and the total ban, which caused the company's activity to stop. However, on the other hand, the percentage of achieved premiums to the scheme reached (98%), which requires the company to review its insurance activities for the purpose of obtaining more insurance premiums through promotion and search for new insurance policies that meet the desire of customers and the insured.
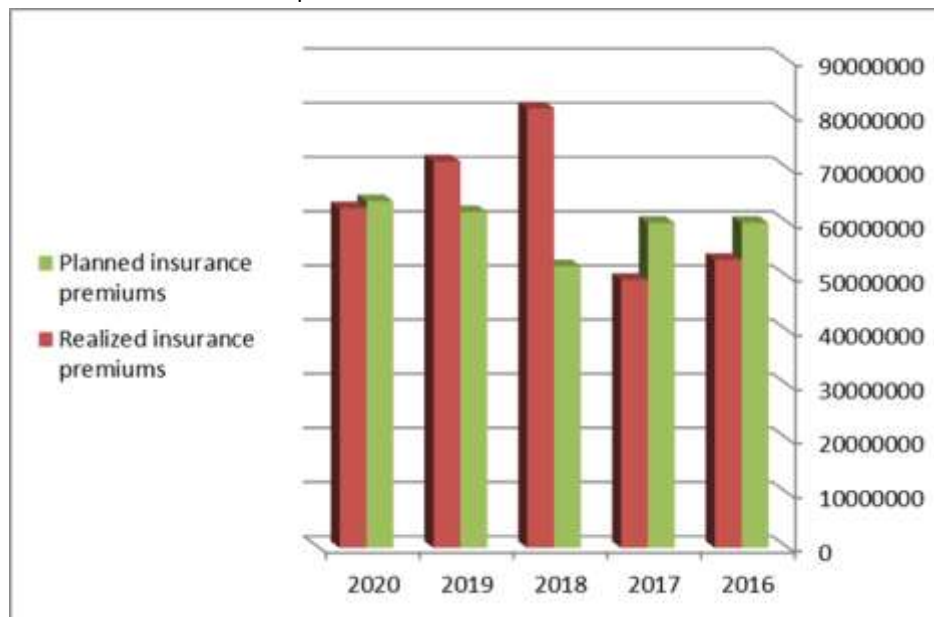

Figure 1. The planned and realized premiums of the Iraqi insurance company for the period (2016-2020)

b) Investment: Investment

The main activity of insurance companies is insurance operations. However, these companies also practice other investment activities through which they obtain good revenues. The Iraqi Insurance Company invests in various aspects of investment, including (real estate investment, stocks and bonds, loans, deposits with banks), which enhances the financial solvency of the company. Table (2) shows the investment revenues planned and achieved during the study years.

Table 2. Investment and returns of the Iraqi insurance company for the period (2016-2020) (thousands of Iraqi dinars)

Year	Planned investment	Realized investment	Ratio of realized to planned investment	Proportional change in investment (%)
2016	43500000000	36513979000	%84	-
2017	43500000000	39408445000	%90	%8
2018	44500000000	54330705000	%122	%38
2019	66100000000	63100834000	%95	%16
2020	71250000000	62980728000	%88	%-0.1

Source: Annual reports of the Iraqi General Insurance Company

Table (2) shows the volume of revenues that the company achieved from investments during the study period, and it was in an upward trend during the period (2016-2018). Where the year (2018) achieved the highest value of revenues amounting to (54330705000) dinars, with a growth rate of (38%). This is due to the high volume of investments of this company during the year. While the lowest value of revenue for these investments in the year (2016) amounted to (36513979000) dinars as a result of the decline of these investments due to the political and economic conditions of the country. Investment revenues amounted to (62980728000) dinars for the year (2020), which is less than the planned amounts from the previous year by -0.1%. This requires reviewing the company's plans regarding investments for the coming years by finding new investment sectors, local or international, to enhance revenues and reach the planned and required numbers.
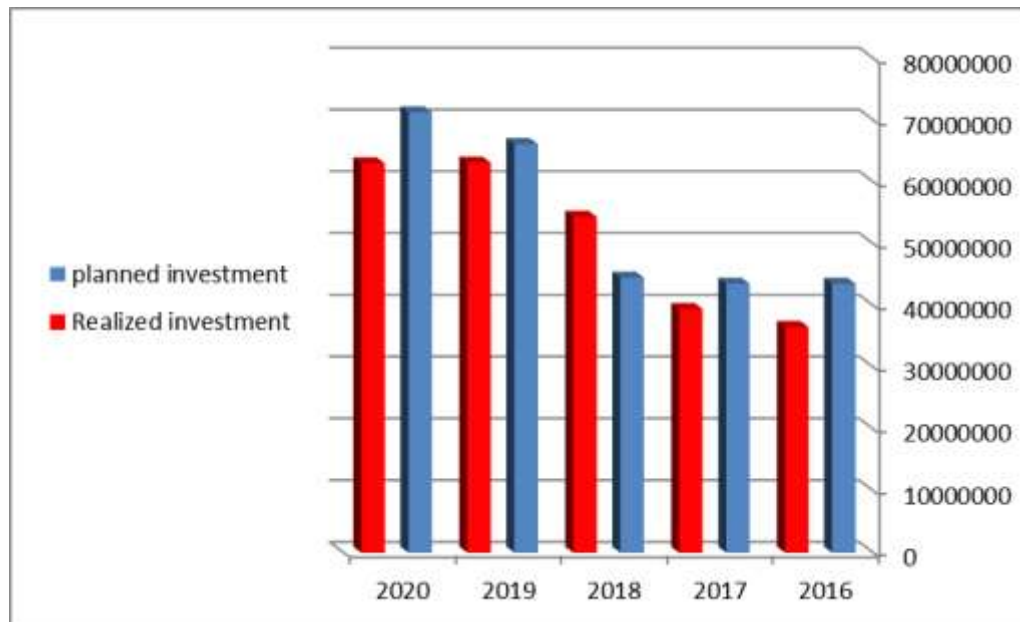

Figure 2. The planned and realized investments of the Iraqi Insurance Company for the period (2016-2020)

c)   **Technical Reserves: Technical Reserves**

The technical reserves of the Iraqi insurance company consist of the sums of the retained reserves and include the company's technical reserves (unexpired risk reserves, suspended compensation reserves, emergency reserves, and arithmetic reserves). The growth of reserves of all kinds enhances the company's strength by supporting its financial solvency for the purpose of facing future conditions.

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Table 3. Technical reserves of the Iraqi insurance company for the period (2016-2020)

Year	planned reserve amount	Held Reserves (realized)	Ratio of reserved to planned reserves	% change in reserves amount
2016	37000000000	28319934000	%77	-
2017	42000000000	31321205000	%75	%11
2018	45000000000	41404960000	%92	%32
2019	51000000000	44407298000	%87	%7
2020	52000000000	46672829000	%90	%5

Source: Annual reports of the Iraqi General Insurance Company

Table (3) indicates a growth in reserves of various types during the study period. But it did not reach the level planned by the company. As it reached the highest amount of the company's reserves in the year 2020 (466,728,29000) dinars, with a change rate of (5%), which enhances the company's competitive position and increases its financial solvency. In terms of the highest percentage of reserves achieved by the company during the study years in 2018, it reached (32%), but it remains below the percentages planned by the company. The management of the company must increase the activity of its insurance operations in terms of premiums and various investments.
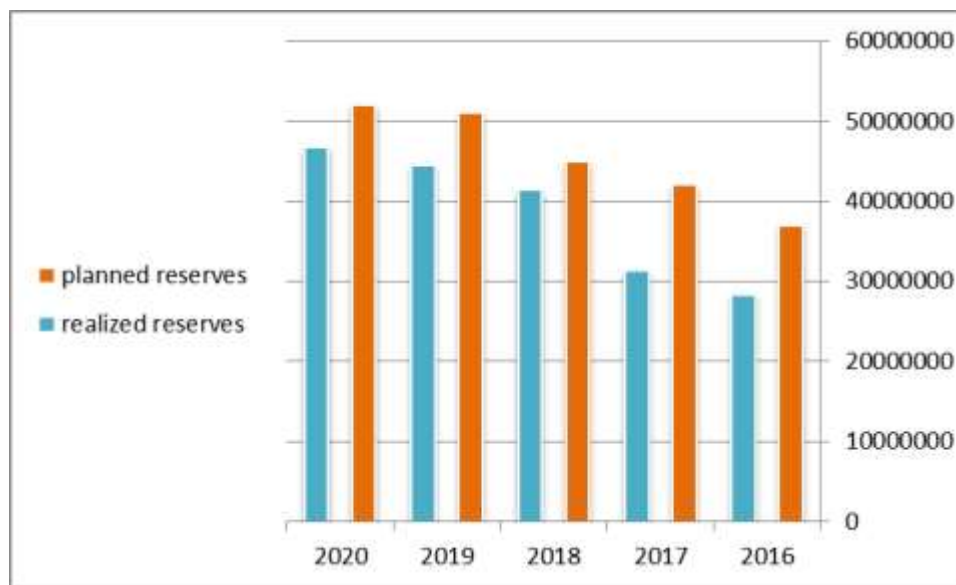

Figure 3. The planned and realized reserves of the Iraqi Insurance Company for the period (2016-2020)

d) **profitability**

Table (4) data indicates that the profitability (net profit) achieved by the company was upward, as the year 2018 was the highest percentage during the study period. This means that the company was efficient in managing its expenses (paid compensation and administrative expenses) during this period. The achieved net profit amounted to (8851569000) dinars, with a profit rate of (214%). This reflects positively on the financial solvency of the company during the study period. Despite its decrease in the last two years of the study, as the year 2020 was the lowest level in achieving a net profit with a profit rate of (100%) due to the spread of the (Corona) pandemic and the closure of the company. But remain within the percentage planned by the company.

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Table 4. The planned and achieved net profit of the Iraqi insurance company for the period (2016-2020) (thousands of Iraqi dinars)

Year	Net planned profit	Net realized profit	Ratio of realized to planned profit	Proportional change of net profit (%)
2016	7801270000	7499389000	%104	-
2017	4234000000	5831215000	%138	%22-
2018	4139990000	8851569000	%214	%52
2019	7828643000	9946296000	%127	%12
2020	8328324000	8308085000	%100	%16-

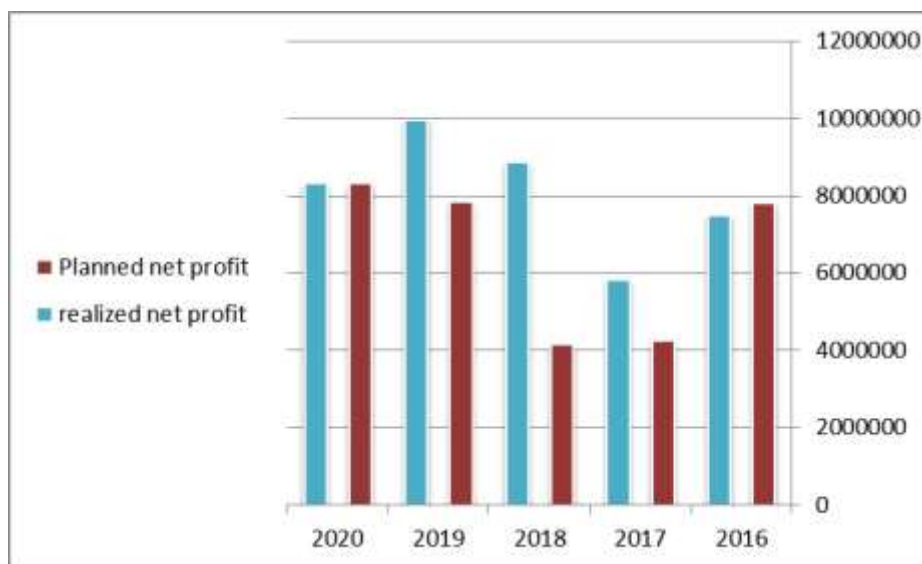**Source:** Annual reports of the Iraqi General Insurance Company

Figure 4. The planned and achieved net profit of the Iraqi insurance company for the period (2016-2020)

e) Indemnity compensation

The amounts of compensation or paid to the beneficiaries or (the insured) constitute the largest part of the expenses of insurance operations in the company, which affects its financial solvency and exposes the company to great risks in the event that the amounts of compensation exceed the amounts of insurance premiums achieved. Table (5) shows the compensation paid during the study period.

Table 5. Compensation paid to the Iraqi insurance company for the period (2016-2020) thousands of Iraqi dinars)

year	Planned compensation	Paid compensation	The ratio of paid to planned compensation	% change in compensation paid
2016	32000000000	30684224000	%96	-
2017	32000000000	26526525000	%83	%14-
2018	32000000000	34242735000	%107	%29
2019	35000000000	37030649000	%106	%8
2020	36000000000	33877714000	%94	%9-

Source: Annual reports of the Iraqi General Insurance Company

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Table (5) indicates that the percentage of paid compensation exceeded the compensation planned by the company, as the highest rate was in 2018 (107%) and amounted to (34242735000) dinars. This is more than planned, and the lowest percentage of compensation paid to the insured was in the year 2020, amounting to (338,777,14000) dinars, at a rate of (-9%). The company's management is required to review the percentage of compensation paid, which negatively affects its financial solvency. By reviewing the insurance policies that cause large losses to them and identifying the types of insurance activities that achieve good premiums for the company.
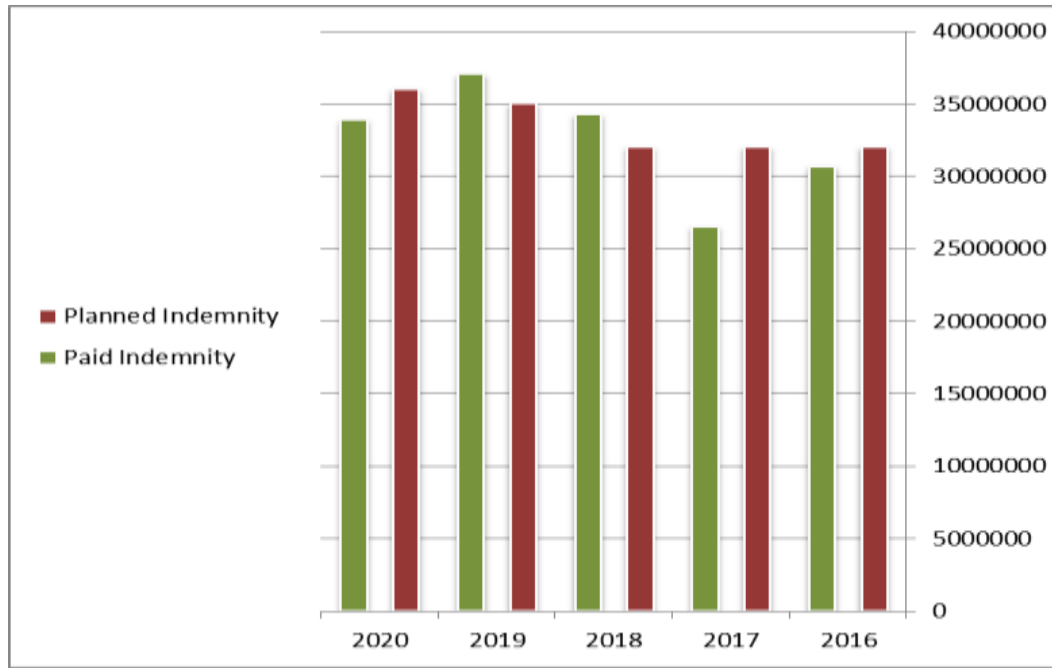

Figure 5. Planned and paid compensation to the Iraqi insurance company for the period (2016-2020)

f) Solvency

The available financial solvency reflects the company's ability to fulfill its obligations towards customers (the insured) and to pay insurance compensation amounts, which constitute the highest percentage of the expenses paid by the company. The acceptable solvency shall not be less than (100%). In the event that the required percentage is not reached, the company must take appropriate measures to increase the assets that affect its financial solvency (premiums, investments, reserves). Table (6) shows that the solvency ratio gradually increased during the study years, and in 2020 it reached (30%), while the acceptable solvency ratio reached (332%), which is a high and excellent ratio due to the growth of the company's financial reserves and had a positive impact on the growth of the solvency ratio.

Table 6. The financial solvency of the Iraqi insurance company for the period (2016-2020) (thousands of Iraqi dinars)

Year	Planned solvency (required)	Available financial solvency	* Acceptable financial solvency	Change in Solvency %
2016	9552848000	21194051000	%222	%32
2017	8336529000	21776416000	%261	%18
2018	14921310000	30678561000	%206	%21-
2019	13287067000	33911754000	%255	%24
2020	11560132000	38350188000	%332	%30

Source: Annual reports of the Iraqi General Insurance Company

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*((The acceptable solvency margin in Iraqi insurance companies is calculated based on Law No. 10 of 2005 regulating insurance business, acceptable solvency = available solvency / required solvency x 100%))

Figure (6) indicates that the performance indicators of the Iraqi insurance company were positive through its insurance activity represented by the insurance premiums received or through the investment revenues and profitability that it achieved during the study period, although most of the indicators did not reach the numbers planned by the company's management. This requires a reconsideration of increasing its production and marketing capabilities in the future for the purpose of achieving the objectives required of it.
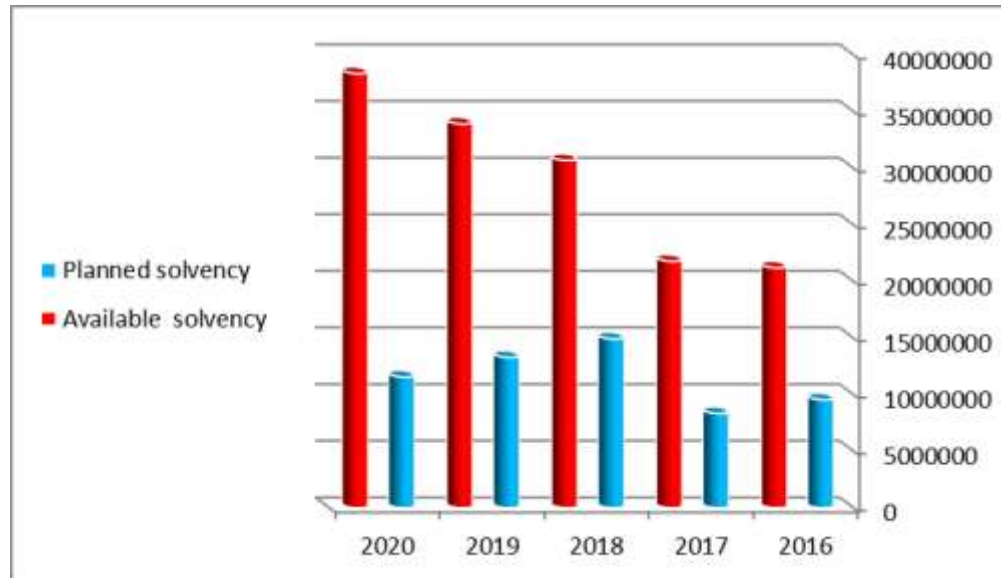

Figure 6.The planned and available financial solvency of the Iraqi insurance company for the period (2016-2020)

2- Analysis of the impact of the study variables on the financial solvency of the company

Through the hypothesis of the main study ((that the evaluation of the financial performance in the Iraqi general insurance company is subject to a set of indicators (insurance premiums, investment, technical reserves, profitability, compensation), which will affect the financial solvency of the company))

  The (simple linear regression) model was used to measure and analyze the impact of the sub-hypotheses on the financial solvency of the company, as shown in Table (7):

a) Analysis of the impact of insurance premiums on the financial solvency of the company:

  The results of the analysis of Table (7) showed that the ratio of the coefficient of determination (R^2), which means (the coefficient of determination of the best model), was high, reaching (0.956), and this indicates the existence of a relationship and the existence of an effect of insurance premiums on the financial solvency of the company. The results of the values of (F), which means (the suitability of the data regression line), showed that they were significant, as they amounted to (0.007), which is less than (0.05), and this proves the validity of the first sub-hypothesis.

b) Analysis of the impact of investment on the financial solvency of the company:

The results presented in Table (7) indicate that the coefficient of determination (R^2) was high, reaching (0.863). The results of the (F) values showed that they were significant, as they amounted to (0.007), which is less than (0.05), and this proves the second sub-hypothesis.

c) Analysis of the impact of technical reserves on the financial solvency of the company:

  The results of the analysis of Table (7) showed that the percentage coefficient of determination (R^2) was very high, amounting to (0.983), and this indicates the existence of a relationship and the existence of the impact of technical reserves on the financial solvency of the company, and the results of (F) values showed that they were significant, as they amounted to (0.0007).) which is less than (0.05), and this proves the third sub-hypothesis.

d) Analysis of the effect of profitability on the financial solvency of the company:

Table (7) shows that the percentage coefficient of determination (R^2) was high, reaching (0.837), and this indicates the existence of a relationship and the existence of the effect of profitability on the financial solvency of the company. 0.05) and this proves the fourth sub-hypothesis.

e) Analysis of the impact of compensation on the financial solvency of the company:

Table (7) shows that the ratio of the coefficient of determination (R^2) was somewhat high, reaching (0.797), and this indicates the existence of a relationship and the existence of the effect of compensation on the financial solvency of the company, and the results of the (F) values showed that they were significant, as they reached (0.085), which is the highest of (0.05), which proves the fifth hypothesis.

Table 7. Results of the analysis of the impact of the study variables on the financial solvency of the company for the period (2016-2020)

Study variables	R^2	F
The impact of insurance premiums on the financial solvency of the company	0.956	0.007
The impact of investment on the financial solvency of the company	0.863	0.007
The impact of technical reserves on the financial solvency of the company	0.983	0.0007
The impact of profitability on the financial solvency of the company	0.837	0.007
The impact of compensation on the company's financial solvency	0.797	0.085

Source: prepared by the researcher based on the outputs of the SPSS statistical program.

Section 4: Conclusions and Recommendations

1- Conclusions

a) The statistical analysis showed that there is a direct positive relationship between the variables of the study and the acceptance of the hypothesis.

b) The results of the study showed a fluctuation and decrease in insurance premiums in general. The highest growth rate was (64%), which reflected the increase in the company's financial solvency, despite its decline in the following years, as it reached (-12%) in the year (2020) due to the spread of the Corona pandemic and the cessation of the company's activity.

c) The investment revenues achieved by the company during the study period were in an upward direction, which indicates the optimal utilization of its financial resources in various investment activities, as the year (2018) achieved the highest growth rate of (38%) due to the high volume of investments of this company during the year.

d) The study showed the growth of the company's profitability due to the increase in revenues resulting from insurance premiums and investments, which reflects the optimal performance of the company's activity and a positive indicator of financial solvency, which indicates the company's efficiency in managing its expenses (paid compensation and administrative expenses) during this period.

e) The results showed an increase in the technical reserves during the study period, but did not reach the level planned by the company. As it reached the highest amount of reserves in the year 2020, with a change rate of (5%). In terms of the highest percentage of reserves achieved by the company during the study years in 2018, it amounted to (32%). Which enhances the company's competitive position and increases its financial solvency and its ability to grow and continue.

f) The percentage of paid compensation exceeded the compensation planned by the company, as it was the highest percentage in the year (2018) and amounted to (107%), which is more than planned, and the lowest percentage of compensation paid to the insured was in the year 2020, which amounted to (9-%).

g) The solvency ratio increased gradually during the years of study, and in the year (2020) it reached (30%), while the acceptable solvency ratio reached (332%), which is a high and excellent ratio due to the growth of the company's financial reserves and had a positive impact on the growth of the ideal and required solvency margin ratio.

2- Recommendations

a) Reviewing the company's plans regarding the diversification of investments for the coming years by finding new local or international investment sectors to enhance revenues and not limit them to traditional sectors in light of the current unstable economic conditions and to reach the required revenues.

b) The company must review its insurance activities for the purpose of achieving the largest amount of insurance premiums through the use of promotional and advertising methods and searching for new insurance policies that meet the desire of customers and the insured.

c) The company's management is required to review the amounts of compensation paid, which negatively affect its financial solvency. By reviewing the insurance policies that cause large losses to them and identifying the types of insurance activities that achieve high premiums for the company.

d) Review the evaluation of the performance of all Iraqi insurance companies periodically. Especially private sector companies through government institutions. Checking the company's solvency margin to find out the company's ability to fulfill its obligations.

e) The company's management must increase the activity of its insurance operations from premiums and various investments and strive to increase the company's capital, which enhances the technical reserves and reflects the increase in its capacity and required financial solvency.

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