

Factors Affecting Profitability of Insurance Companies Evidence from Jordan, Kingdom of Saudia Arabia(KSA)

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Abstract

The study aimed to analyze the factors influencing the Profitability of Jordanian Insurance Coppanies for the period (2008-2022), To test the hypotheses of the study by testing multiple linear regre ssion using spss programe , the study concluded the results: there is no effect of Claims and premiums on the profitability of insurance companies in Jordan. This is due, according to the researcher's interpretation, to the lack of proportionality between the size of premiums and Claims with the profitability of insurance companies:Therefore, the study recommends reconsidering the pricing of insurance services, especially compulsory vehicle insurance,andthe low return on investment in insurance companies in Jordan, which is one of the important reasons for the low volume of investment in insurance companies . Therefore, the study recommends the central bank to give attention to assessing the performance of Insurance companies and the Central Bank issued a decision to raise the amount of capital for insurance companies. Therefore, the study concluded the necessity of following up on the Central Bank's decision and establishing a fund related to compensation in the event of bankruptcy of insurance companies, similar to the Deposit Insurance Corporation, the challenges for insurance companies in the Kingdom of Saudi Arabia are that they are still in the early stages of providing their insurance services in a completely electronic manner to their customer . The study recommended that insurance companies in the Kingdom should strive towards Improving its electronic services and the quality of electronic services, it is affect customer satisfaction and maintaining the market share of those companies

Keywords: Underwritten Premiums, Paid Claims, Net Profit, Insuranse Companies, Jordan, Kingdom of Saudi Arabia (KSA).

Introduction

The insurance sector is an effective pillar and an essential support for stability and economic renaissance, and it is a factor of good hospitality, trust, confronting crises and emergency circumstances, and an engine for the economic growth. It has been established from today, which contributes to the gross domestic product, economic employment, and labor, and it is part of the financial sector, which is considered the backbone of part of the national economy. Targeting the insurance sector to the financial sector.

The importance of insurance stems from its original rituals due to its main function of compensating for damage. It provides a group of services and functions where it collects the savings, and participates in investment in the distribution of national income, and invests money. The insurance sector has suffered during previous years from financial problems represented by the bankruptcy of many companies and the decline in investment in this important sector, due to the low return, which does not exceed 2% (https://info.wafa.ps/ar_page.aspx?id=8T1tsva9066399078a8T1tsv).

As for the Kingdom of Saudi Arabia, the insurance sector is considered one of the most important pillars in building the economy and the performance of its pillars due to its weakness in effectiveness and the effectiveness of poverty, which spares companies and individuals from contributing to huge financial losses. It is one of the most prominent and prominent aspects that are witnessing remarkable progress in the countries of the Gulf Cooperation Council, especially the Kingdom. Saudi Arabia, as a result of government support for the sector through comprehensive cooperation facilities and solidarity, emphasizes the importance of insurance, and the Kingdom is among the Arab countries most concerned with the controls and provisions of Islamic Sharia in insurance agreements.

The size of the insurance market in the Kingdom of Saudi Arabia is estimated at about \$10.3 billion according to 2020 statistics, and the insurance sector is expected to grow to about \$10.4 billion by the year 2026.

The revenues of the “insurance, reinsurance, and pension financing industry, excluding compulsory social security” in the Kingdom of Saudi Arabia, are estimated at approximately \$5.95 billion for the year 2020, and revenues are expected to grow to reach \$6.27 billion by 2024 (<https://insight.oceanx.sa/%D9%86%D8%B8%D8%B1%D8%A9->).

Research Problem

The problem of the present study is represented by decline in profitability indicators for insurance companies, as the return on equity for the year 2022 is only 5% and the return on investment is 2%, while its contribution to the domestic product for the year 2022 is 2.5%, while it was for 2021 only 2.2%, in addition to the bankruptcy of many insurance companies, as at the end of 2023 there were 21 insurance companies, whereas in 2012 there were 28 companies.

The Central Bank of Jordan has begun oversight of insurance business as of June 15, 2021, after the issuance of Insurance Business Regulatory Law No. (12) of 2021, where the Insurance Business Oversight Department is responsible for regulating the insurance sector, including oversight of insurance companies and providers. Providing security services and supervising them in a way that ensures the integrity of their financial positions and protects the rights of the insured, and to enhance the role of the insurance industry in supporting economic development in the Kingdom (<https://www.cbj.gov.jo/>)

In previous periods, the task of supervising the insurance sector was the Insurance Department in the Ministry of Industry, Trade and Supply (<http://www.joif.org/ar>)

Therefore, the study analyzes and discusses the reasons for the decline in the profitability of insurance companies in Jordan and bankruptcy of many companies by studying the factors affecting the profits of insurance companies, which are the claims paid and the premiums received, and highlighting results that can contribute to improving the performance of this important and vital sector in the economy Jordanian.

Insurance companies in the Kingdom of Saudi Arabia face many challenges in light of the great development witnessed by the financial services market and the great spread of financial technology services in the region, the annual growth rate of which is estimated at about 30% according to statistics for the year 2022 AD. The challenges are that insurance companies in the Kingdom are still in first place. Its stages towards providing its insurance services completely electronically to its customers, in addition to increasing the rate of customers' reluctance to use electronic insurance services for fear of the risks associated with it, according to what was mentioned in a study published by the Arab Journal of Management under the title "Digital Insurance:

An applied study on the Saudi insurance sector, which recommended that insurance companies in the Kingdom should strive to improve their electronic services and manage dimensions related to the quality of electronic services, in addition to studying the various aspects that would affect customer satisfaction and maintain the market share of those companies.

Therefore, the Research Questions of this Study are as follows

- 1- Is there any significant impact of factors (Claims ,premiums) on profitability of the profitability of insurance companies in Jordan for the period (2088-2022)?
2. Is there any significant impact of factors (Claims ,premiums) on profitability of the profitability of insurance companies in Jordan for the period (2088-2022) one at a time?

Study Objectives

The study aims to analyze the performance of insurance companies in Jordan for the period (2088-2022, therefore, it aims to study the impact of the (Claims ,premiums) on profitability of the profitability of insurance companies in Jordan. The main objectives of the study are:

1. Identifying the impact of factors ((Claims ,premiums) on the profitability of insurance companies in Jordan .
2. Understanding the reasons for the decline the profit of insurance company and the bankruptcy of many insurance companies
3. Formulating appropriate recommendations that are valuable to the central bank, insurance companies, and financial institutions, and are useful for any academic community to understand the factors that affect on insurance companies.
- 4-Identifying the insurance market in the Kingdom of Saudi Arabia and make a comparison with the insurance market in Jordan

The Importance of the Study

The importance of the study stems from linking the (Claims,premiums) with the performance of insurance companies. The results that can be accessible are of a high degree of importance

in understanding the reasons of fluctuation and the underperformance of insurance companies in Jordan. This contributes to avoiding the collapse of insurance companies and their exposure to financial problems ,contributing to provide solutions to problems in the insurance sector in Jordan and the kingdom of Saudi Arabia.

Literature Review

Concept

In Jordan, at the beginning of the forties of the last century, there were no insurance companies and the emergence of insurance activity, as it was small in size and its population did not exceed 400 thousand people, and with the growth that accompanied that period in traffic and the volume of trade across Jordanian lands to neighboring countries, the Ottoman Bank had a pioneering role in the economies of Transjordan, most of the insurance was on the import of goods. The Ottoman Bank insured them with the British Eagle Star Insurance Company in London, whose agency the bank obtained in exchange for a commission.

Insurance began in Jordan as an economic activity in the mid-1940s, and the year 1946 is considered the beginning of the formation of the Jordanian insurance sector when the work of the first Egyptian insurance company agency was launched in Amman, founded by Dr. Raouf Saad Abu Jaber. Its work focused on life insurance due to the lack of need in the Jordanian market at that time for other types of insurance .

Insurance entities in Jordan began through stages that coincided with the development of economic activity that Jordan witnessed in the era of the fifties and beyond, which was accompanied by the emergence of professional insurance entities, legislative and regulatory frameworks, and the establishment of insurance companies. In 1951, the first Jordanian insurance company was established with a capital of 100,000 Jordanian dinars, which is the Jordanian Insurance Company.

The Jordanian Federation of Jordanian Insurance Companies includes 21 insurance companies licensed to practice insurance business in Jordan for the year 2023, including 15 companies that practice life and general insurance, 5 companies that practice medical insurance, and a branch of a foreign insurance company that practices life and health insurance (<http://www.joif.org/ar>).

Based on the companies' disclosures of their financial results for the year 2023 published in the Tadawul market, the insurance companies listed on the Saudi capital market achieved a historic transformation in their net profits with a huge growth of 895.7%, contributing 3,035.7 million riyals, so that their annual profits for 2023 reached 3,374.6 million riyals, compared to 338.9 million riyals. 15 companies in the sector succeeded in achieving profitability from loss to profitability, with the net profits of these companies amounting to 911.4 million riyals, compared to the final loss of 1,011.7 million riyals in 2022. The remaining 11 companies also achieved profitability from their final participation of 82.4%, revenues of 1,112.6 million riyals, and their net profits amount to 2,463.2 million riyals. For 1350.6 million. (riyals(<https://maaal.com/archives/202403/%D8%B4%D8%B1%D9%83%D8%A>)).

Insurance

It is an agreement whereby the first party (the insurer) undertakes to give the second party (the insured) or to the beneficiary for whom the insurance was stipulated a sum of money, income, salary, or any other financial compensation (the insurance amount), in the event of the occurrence of the accident or the realization of the risk. stipulated in the contract, in

exchange for a premium or any other financial payment that the insurer makes to the insured (Salam, 2020).

Premium of the Insurance

It is the amount that the insured pays to the insurer, this amount is proportional to the rate of loss occurrence, the insurer's administrative and general expenses, the insurer's profit margin, and any other expenses or reserves (Bathoun, 2004).

Cooperative Insurance

It is the insurance contract under which Islamic insurance companies operate, it is known as a collective insurance contract, under which each participant is obligated to pay a certain amount of money with the intention of cooperating and solidarity with the rest of the participants to compensate those affected by them on the basis of a donation. The insurance operations in it are managed by a specialized insurance company in the capacity of an agent with a known fee (Melham, 2000).

Net Income

Net income is used to judge the effectiveness and efficiency of management, and gives the true picture of the company's ability to achieve profits. It is calculated after deducting all operating expenses, interest, and taxes from revenues (Hadad, 2014).

The supervisory role of the central bank in Jordan

The Council of Ministers decided to approve the bank assuming oversight of insurance companies, the Central Bank began supervision in 2021 with the aim of maintaining the integrity of the financial position of these companies and protecting the rights of the insured, and

the supervisory program established by the bank in this aspect

- 1- Preventing companies suffering from administrative and financial problems from concluding new insurance contracts.
- 2- Follow up on these companies and correct their conditions
- 3- Field inspection and office oversight and corrective measures to address any violation, especially for companies that showed a decline in financial indicators (<https://www.cbj.gov.jo/Pages/viewpage.aspx?pageID=451>).

Problems of the Insurance Sector in Jordan

Insurance companies in Jordan suffer from many problems, the most important of which are:

- 1- Intense competition between insurance companies, which was reflected in a decrease in insurance premiums.

- 2- Lack of technical expertise and qualified personnel for types of insurance.

- 3- There is a crisis of confidence between the insured and insurance companies, especially in the field of car insurance (Melham, 2014).

- 4- Compulsory vehicle insurance, which constitutes 37% of the total insurance premiums, is considered one of the most important problems that insurance companies suffer from. Compulsory vehicle insurance has a role in achieving social protection and compensating those affected by vehicle accidents. One of the most important demands of insurance companies is to liberalize the prices of compulsory vehicle insurance premiums and raise their prices. <https://kermalkom.com/article/261137>

In 2023, the Central Bank proposed a system to review compulsory insurance to confront the problems facing compulsory insurance, establish a fund specialized in bankruptcy of insurance companies similar to the Deposit Insurance Corporation, and raise the capital of insurance companies to reach 8 million or 16 million depending on the type of company <https://www.addustour.com/articles/1384597->

The Jordanian Insurance companies suffers from financial problems represented by decrease of the profit and insolvency of several of the companies, these indexes were as shown in table (1)

Table (1)

The Premiums ,Caliams,and the Net profit of Jordanian Insurance economy

Year	Total Underwritten Premiums	Total Paid Claims	Net Profit (loss) after tax and fees
2022	701704032	500583719	17315233
2021	640483696	498569928	12965085
2020	593442125	426871250	21869271
2019	615295005	490254480	19470944
2018	605812329	478372635	15086272
2017	594112519	458372635	3392865
2016	582937127	446964295	27189203
2015	511699789	371770416	22191156
2014	525708175	372917554	32861938
2013	490931905	317028992	18446472
2012	461666655	323042201	1559651
2011	437430746	344934714	-9881607
2010	408615426	282104033	11387771
2009	365153256	263403516	1749076
2008	333032330	221590640	14058148

<http://www.joif.org/ar>

Previous Studies

Factors affecting Profitability of Insurance Companies has been evaluated on the basis of different tested methods. The most important studies that evaluated (profitability of insurance Companies) are:

Kumar et al (2022)aimed to examine the determinants of profitability of insurance companies in Fiji as a reference country, uses a financial evaluation approach and Profitability is measured by the return on assets and the return on equity. The general outcome of the estimation is that premiums income, underwriting expenses, administrative expenses, and volume of capital are positively associated with profitability, whereas leverage measured by total liability over equity, and contingent liability are negatively associated with profitability. The findings of the study can assist the insurance sector and the policy makers to formulate strategies for revenue and cost management.

Sudirman, Anthoni(2021) aimed to analyze the factors that affect the company's profit growth which are premiums income, claim payments and risk based capital, bu usrd the data used is is the annual report of insurance companies listed on the Indonesia Stock Exchange in the

2017-2019 period. This study uses multiple linear regression analysis tools.. Insurance companies are expected to present appropriate financial reports so that the information obtained Therefore, the quality of the financial statements must also be considered so that the information obtained can be accounted for. The results of the study indicated that premiums income, claim payments and risk based capital significantly affect the profit growth of insurance companies.

Adeel et al (2022)aimed to provides insight into Pakistan's life insurance sector's performance,and determine the impact of life insurance premiums earned on profitability.The results of the study , there is a negative relationship between earned premiums and underwriting profit.

Adee & Habib (2019)aimed to study the profitability of the insurance industry in Iran during the period of 20 years from 1993 to 2013. The research results showed that the Premiums of life insurance has a positive effect on the profitability of insurance companies in Iran, but the Premiums of non-life insurance has not had a significant effect on profitability, the economic indexes of research, namely GDP and inflation, have a positive and negative impact on the profitability of insurance companies in Iran, respectively.

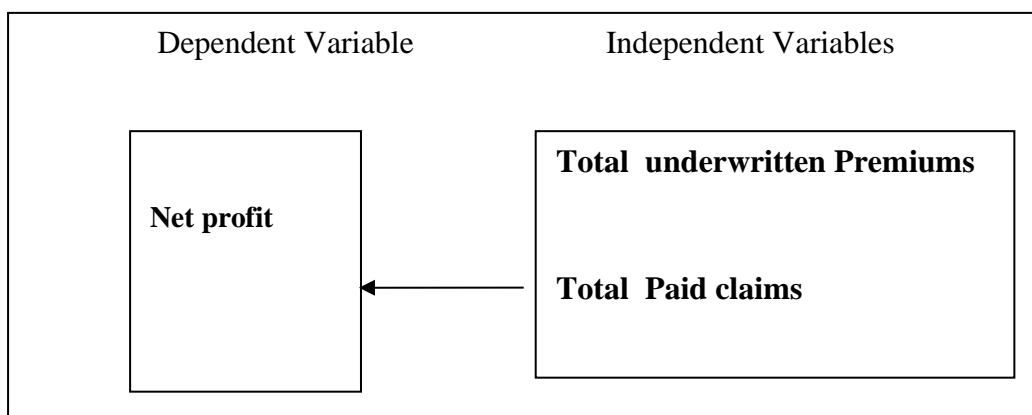
Al-shahrani (2020)aimed to identify the factors influencing the decisions of determining the value of the insurance policy, used the analytical descriptive method, by applying all insurance companies in the Kingdom of Saudi Arabia. The findings of the study that the insurance policy is different according to the type of contract wh ich affects its value Relative weight 0.83, and the study recommends the need to pay attention to health insurance and the need to raise the awareness among citizens about importance of health insurance.

Yousef (2023) the purpose of study is to determine the internal factors affecting the financial performance of insurance and reinsurance companies listed on the Saudi Stock Exchange Market. The results of the study showed that there is a positive statistically significant relationship between the profit margin ratio, the capital adequacy ratio, and the rate of return on assets of the companies under study.

Al-Duri (2019) aimed to identify the impact of macroeconomic variables on the profitability of the Jordanian insurance companies sector, it adopted the descriptive analytical method, and the sample consisted of 19 Jordanian insurance companies after the exclusion of 3 companies for lack of data during the study period. The results of the study concluded that there are no significant impact for the inflation rate on the profitability of the Jordanian insurance companies (return on assets ROA), there is a significant impact for the economic growth rate and the unemployment ratio on the profitability of the Jordanian insurance companies (ROA), and the study recommended the need that the Jordanian insurance companies pay attention to the macroeconomic variables and take into account the relationship between the profit rate and the macroeconomic variables.

Hypotheses

For studying the impact of Total underwritten Premiums and Total Paid claims on Net profit, the model below was constructed as follows:



Furthermore, to study the factors affecting Net profit of the Insurance companies on Jordan by using **underwritten Premiums and Total Paid claims**, the following hypotheses were built: Is there any significant statistical impact of **underwritten Premiums and Total Paid claims on**

Net profit?

The study tested the following hypotheses:

First hypothesis

Ho1- There is no significant statistical impact of the factors affecting (underwritten premiums, Paid Claims) on the net profit of the Jordanian Insurance companies at $p \leq 0.05$.

Second hypothesis

Ho1- There is no significant statistical impact of the factors affecting (underwritten premiums) on the net profit of the Jordanian Insurance companies at $p \leq 0.05$.

Third hypothesis

Ho1- There is no significant statistical impact of the factors affecting (Paid Claims) on the net profit of the Jordanian Insurance companies at $p \leq 0.05$.

Study Method

For the purpose of estimating the research models for hypotheses testing, the population of the study was the Insurance Companies for the period (2002-2008). The sample was all Insurance Companies In Jordan that was 21 Company . The study adopted an analytical and descriptive research, and the data have been collected from the annual reports of the Jordan federation insurance ,To achieve the purpose of the study, multiple linear regression models ,and simple linear regression were used in the following equations:

Testing the Hypotheses

Validation of data for statistical analysis

Before starting data analysis, estimating the study models and testing the hypotheses, the validity of the data must first be verified. This is done through a set of tests: natural

distribution, Pearson's correlation to independent variables, and collinearity tests. The Panel Data method is used in the data display.

Normal Distribution Test

To verify the extent to which the data are close to their natural distribution, the Kolmogorov-Smirnov Test is used where the rule of decision is to accept the null hypothesis- the data follow normal distribution- if the probability of the KS test is greater than 5%. Table (2) shows that the probability of KS for some variables is less than 5%; which means that they do not approach normal distribution, and to overcome the problem of non-distribution naturally, the natural logarithm (ln) Natural was taken as shown in table (3).

Table (2)
Kolmogorov-Smirnov Test

Distribution	Sig.	(K-S)	
Normal	.200	.076	Premiums
Normal	.058	.099	Claims
Normal	.000	.323	Net Income

Linear Collinearity Test

The strength of the general linear model depends on the hypothesis of the independence of each independent variable. If this condition is not met, the general linear model then is not applicable and can not be considered good for the process of estimating information . To achieve that, collinearity statistics test was used by calculating VIF value for each of the independent variables. Table (3) shows that the VIF value for all independent variables is less than (5); which means that the study models have no intrinsic correlation between the variables.

Table (3)
Linear Collinearity Test

Study Model	Variables
2.033	Premiums
1.796	Claims

Testing Hypotheses and Discussing Results

To achieve the purpose of the study, multiple linear regression models and panel data were used in the following equation:

Net profit $t = a + B_1 \text{ Premiums } t + B_2 \text{ Claims } t + e$

In the previous equations, a is constant, B is coefficient of variance, e is the residual error of the regression.

The mean of the residual equivalence test was conducted, and this test showed no problem of condoms in the study models. Tables 9, 10 and 11 show that the average residual value of the models was close to zero, and the absence of a self-correlation problem; where the D-W values of the models are between 1.5 and 2.5. This indicates no intrinsic correlation between the variables.

First Hypothesis

Ho1- There is no significant statistical impact of the factors affecting (underwritten premiums, Paid Claims) on the net profit of the Jordanian Insurance companies at $p \leq 0.05$.

Table (4): Results of regression of first hypothesis

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	516755189167873.250	2	258377594583936.620	2.585	.117 ^b
	Residual	1199446571303338.200	12	99953880941944.860		
	Total	1716201760471211.500	14			

- a. Dependent Variable: net Profit
- b. Predictors: (Constant), Claims, Premiums

Table (5)
Results of regression of first hypothesis

Coefficients^a

Model		Unstandardized Coefficients		Standardized	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-17569755.923	14823130.524		-1.185	.259
	Premiums	.205	.106	1.986	1.931	.077
	Claims	-.197	.123	-1.641	-1.595	.137

- a. Dependent Variable: Net profit

Table (6)
Results of regression of first hypothesis

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	4282838.500	27857876.000	13977431.8667	6075449.36120	15
Residual	-14164446.0000	15982163.0000	.00000	9256065.85397	15
Std. Predicted Value	-1.596	2.285	.000	1.000	15
Std. Residual	-1.417	1.599	.000	.926	15

- a. Dependent Variable: Net Profit

The above results of tables (4,5,6) show that the independent variables (premiums, Claims) hadn't impacted on Net profit; where the sig. values were greater than 5%, and accept the null hypothesis. According to the researcher's view, this is attributed to there is no correlation between the growth of the premiums and the growth of the claims, and this is the reason for decrease of the profit and insolvency of the insurance companies of Jordan.

Second Hypothesis

Ho2- There is no significant statistical impact of the factors affecting (underwritten premiums) on the net profit of the Jordanian Insurance companies at $p \leq 0.05$.

Table (7)

Results of regression of second hypothesis

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	144166085357986.250	1	144166085357986.250	1.192	.295 ^b
	Residual	1572035675113225.200	13	120925821162555.780		
	Total	1716201760471211.500	14			

a. Dependent Variable: net profit

b. Predictors: (Constant), claims

Table (8)

Results of regression of second hypothesis

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	552400.102	12618994.449		.044	.966
	Claims	.035	.032	.290	1.092	.295

a. Dependent Variable: net profit

Table (9)

Results of regression of second hypothesis

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	8250279.500 0	17942272.00 00	13977431.86 67	3208983.877 42	15
Residual	- 22416760.00 000	19354684.00 000	.00000	10596615.61 576	15
Std. Predicted Value	-1.785	1.236	.000	1.000	15
Std. Residual	-2.039	1.760	.000	.964	15

a. Dependent Variable: net profit

The above results of tables (7,8,9) show that the independent variable (Claims) hadn't impacted on Net profit; where the sig. values were greater than 5%, and accept the null hypothesis. According to the researcher's view, this is attributed to there is no correlation between the growth of the premiums and the growth of the claims, and this is the reason for decrease of the profit and insolvency of the insurance companies of Jordan.

Third Hypothesis

Ho3- There is no significant statistical impact of the factors affecting (Paid Claims) on the net profit of the Jordanian Insurance companies at $p \leq 0.05$.

Table (10)

Results of regression of third hypothesis

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	262448644941823.250	1	262448644941823.250	2.347	.149 ^b
	Residual	1453753115529388.200	13	111827162733029.860		
	Total	1716201760471211.500	14			

- a. Dependent Variable: net profit
- b. Predictors: (Constant), premiums

Table (11)

Results of regression of third hypothesis

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-7198902.750	14090083.231		-.511	.618
	premiums	.040	.026	.391	1.532	.149

- a. Dependent Variable: net profit

Table (12)

Results of regression of third hypothesis

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	6246156.000 0	21130034.00 00	13977431.86 67	4329703.428 82	15
Residual	- 20342498.00 000	18837144.00 000	.00000	10190167.23 377	15
Std. Predicted Value	-1.786	1.652	.000	1.000	15
Std. Residual	-1.924	1.781	.000	.964	15

- a. Dependent Variable: net profit

The above results of tables (10,11,12) show that the independent variable (premiums) hadn't impacted on Net profit; where the sig. values were greater than 5%,and accept the the null hypothesis . According to the researcher's view, this is attributed to there is no correlation between the growth of the premiums and the growth of the claims ,and this is the reason for decrease of the profit and insolvency of the insurance companies of Jordan.

Results and Recommendations

The study aimed to analyze the factors influencing the Profitability of Jordanian Insurance Companies. The study concluded the following results and recommendations:

1. There is no effect of Claims and premiums on the profitability of insurance companies in Jordan. This is due, according to the researcher's interpretation, to the lack of proportionality between the size of premiums and Claims with the profitability of insurance companies. Therefore, the study recommends reconsidering the pricing of insurance services, especially compulsory vehicle insurance.
2. The low return on investment in insurance companies in Jordan, which is one of the important reasons for the low volume of investment in insurance companies. Therefore, the study recommends the central bank to give attention to assessing the performance of Insurance companies.
3. Compulsory car insurance is one of the most important reasons for the decline in the profitability of insurance companies. Therefore, the study recommends the necessity of allowing insurance companies to float compulsory insurance premiums, amending some traffic laws, canceling compensation for value decreases, and only repairing the damaged car to prevent the insurance companies' losses from worsening.
4. The Central Bank issued a decision to raise the amount of capital for insurance companies. Therefore, the study recommends the necessity of following up on the Central Bank's decision and establishing a fund related to compensation in the event of bankruptcy of insurance companies, similar to the Deposit Insurance Corporation.
5. There is a decrease in the number of insurance companies, as the current number of insurance companies is 21 insurance companies instead of 28. Therefore, the study recommends that the government and the Central Bank encourage investors to invest in insurance because the insurance sector is important to the Jordanian economy.
- 6- The challenges for insurance companies in the Kingdom of Saudi Arabia are that they are still in the early stages of providing their insurance services in a completely electronic manner to their customer. The study recommended that insurance companies in the Kingdom should strive towards Improving its electronic services and the quality of electronic services, it is affect customer satisfaction and maintaining the market share of those companies.

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