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BINGOL UNIVERSITY

SOCIAL SCIENCES INSTITUTE

BUSINESS ADMINISTRATION DEPARTMENT

**ACCOUNTING SYSTEM AND FINANCIAL FOR
INSURANCE COMPANIES (CASE STUDY IN THE
KURDISTAN REGIONAL IRAQ)**

PREPARED BY

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**SİGORTA ŞİRKETLERİNİN MUHASEBE VE
FİNANSAL SİSTEMİ (IRAK KÜRDİSTAN
BÖLGESİNDE VAKA ÇALIŞMASI)**

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SCIENTIFIC ETHIC

The thesis project (ACCOUNTING SYSTEM AND FINANCIAL FOR INSURANCE COMPANIES) case study in the Kurdistan Regional Iraq), as soon as the results of the judicial work have been concluded, the scientific ethics and academics rules have been met, I have acquired all the information in the project on scientific ethics and tradition.

I undertake, in this work, that I have properly or indirectly done all the work I have done in the course of preparing the project, and that the works I have used are of the kind shown on the source.

SHAFEEQ ABABAKR BAKHSHI

18/1/2018

THESIS ACCEPTANCE AND APPROVAL

BINGOL UNIVERSITY

SOCIAL SCIENCES INSTITUTE

This work entitled (ACCOUNTING SYSTEM AND FINANCIAL FOR INSURANCE COMPANIES - CASE STUDY IN THE KURDISTAN REGIONAL IRAQ), prepared by [SHAFEEQ ABABAKR BAKHSHI], was found to be successful as a result of the thesis defense examination held on the date of (18/1/ 2018) and accepted by our juror as the Master's Degree in the Department of Business Admiration.

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Signature:

CONFIRMATION

The jury determined in the (18/1/ 2018) have accepted this thesis, Session of the Board of Directors of the Institute of Social Sciences of Bingol University.

Director of the Institute

Doç. Dr. Yaşar BAŞ

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Purely and simply, I would like to thank God for providing me with the health and the intellectual ability necessary to complete this thesis. It is from him I draw support in life.

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Thank you very much, everyone.

Researcher

SHAFEEQ ABABAKR BAKHSHI

ÖZET
Bingöl Üniversitesi Sosyal Bilimler Enstitüsü Yüksek Lisans Tez Özeti

Tezin Başlığı: Sigorta Şirketlerinin Muhasebe Ve Finansal Sistemi Irak Kürdistan Bölgesinde Vaka Çalışması
Tezin Yazarı: Shafeeq Ababakr Bakhshi
Danışman: Prof. Dr. Sait Patir
Anabilim Dalı: İşletme
Bilim Dalı:
Kabul Tarihi: 18/1/2018
<p>Bu çalışmada, "Sigorta Şirketleri İçin Muhasebe ve finansal Sisteminin önemi ele alınarak değerlendirilmiştir.</p> <p>Bu amac için bir anket yapılmıştır. Anket, basit tesadüfi örneklem yöntemi ile şirket müdür ve yardımcılarının katıldığı 111 kişiden oluşmaktadır.</p> <p>Anket sonunda, Muhasebe ve finansal sistemin sigorta şirketleri ile olan ilişkisini ve etkisini elde etmeye çalıştık. Anket verileri (SPSS) paket programı kullanarak analiz edilmiştir. Tezin ana hedefleri aşağıdaki şekilde tasvir edilebilir:</p> <ul style="list-style-type: none">• Sigorta şirketleri için muhasebe sisteminin niteliğini ortaya çıkarma,• Muhasebe ve sigorta kavramını açıklama,• Sigorta şirketleri için finansal işlemlerinin önemini açıklama ve ilişkiyi ortaya çıkarma. <p>Değerlendirme sonunda elde edilen en önemli sonuçları şu şekilde açıklanabilir:</p> <ol style="list-style-type: none">1. Muhasebe ve finansman sistemleri ile sigorta şirketleri arasında pozitif bir ilişki çıkmıştır,2. Sigorta şirketleri ile muhasebe ve finansman arasındaki ilgileşim önemli çıkmıştır. Ama, Sigorta şirketleri ile muhasebe sistemi arasındaki ilgileşim zayıf çıkmıştır.3. Finansal sistemi sigorta şirketleri üzerinde en çok etkisi olan faktördür.
Anahtar kelimeler: Muhasebe Sistemi, Sigorta şirketleri, Finansal Yapı, Muhasebe

ABSTRACT

Bingol university, institute of social sciences, Abstract of Master's thesis

Title of the thesis: Accounting System And Financial For Insurance Companies - Case Study In The Kurdistan Regional Iraq

Author: Shafeeq Ababakr Bakhshi

Supervisor: Prof. Dr. Sait Patir

Department: Business Administration

Sub-field:

Date: 18/1/2018

This study aim sat identifying the Accounting and financial system for insurance companies on three dimensions encompasses "Accounting system for insurance companies, financial for insurance companies and insurance companies". In order to achieve this purpose, the targeted population size for the study is 111 employees who were selected on random basis who were suitable for the purpose of analyzing. We tried to recognize relationship and impact of the accounting system and financial on insurance companies. Then, analyzing the result of questionnaire by using (SPSS), and the observation methods to collect information and data in the aim to address the issue. The dissertation's main objectives can be illustrated as follows:

- Understanding the nature of the accounting system for insurance companies.
- Identification of the concept accounting and insurance.
- Financial Process of insurance companies

The most important outcomes of the dissertation can be explained as the following:

1. The results of this study show (according to the Person correlation value) that the Financial for insurance companies accomplished the highest positive with the correlation with insurance as the value correlation between them is equal.
2. The correlation between Insurance and Financial for insurance companies is significant. The correlation between Insurance and Accounting system for insurance companies is not significant.
3. Further, Financial for insurance companies has the highest impact on insurance. On the other hand Accounting system for insurance companies has the weakest impact on insurance.

Key words: Accounting system, Insurance companies, work financial, Accounting

SHORTCUT WORDS

AAA	American Accounting Association
AD	Anno Domini
AICPA	American Institute of Certified Public Accountants
APB	Accounting Principles Board
BCE	before Common Era
CAAR	Centre for Accounting and Auditing Research
CPAs	Certified Public Accountants
CRS	Codification Research System
FASB	Financial Accounting Standards Board
GAAP	Generally Accounting Accepted Principles
GAAS	Generally Accepted Auditing Standards
GASB	Governmental Accounting Standards Board
IFRS	International Financial Reporting Standards
IMA	Institute of Management Accountants
MAP	Management Accounting Practices
MBA	Master of Business Administration
OCBOA	Other Comprehensive Basis of Accounting
SAP	System Anwendungen Produkte
SEC	Securities and Exchange Commission
STAT/SSAP	Statutory Accounting Principles
UK	United Kingdom

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INTRODUCTION

Insurance companies play an essential role in society, providing products and services that enable the transfer, pooling, and sharing of risk necessary for a well-functioning economy. However, insurance products can also create a form of moral hazard, lowering incentives to improve underlying behavior and performance and Contributing to sustainability impact. Insurance is a system of spreading the risk of one to the shoulders of numerous.

It is a contract whereby the insurers, on receipt of a consideration known as premium, consent to indemnify the insured against losses arising out of certain specified unforeseen contingencies or perils insured against. Insurance companies that are able to address these and other externalities, including systemic risk and the impact of their investment portfolios, will likely be well positioned to protect shareholder value, as performance on key sustainability issues increasingly contributes to market value. Additionally, the management (or mismanagement) of key sustainability factors has the potential to affect traditional valuation by impacting profits, assets, liabilities, and cost of capital.

To ensure that shareholders are able to evaluate these factors, insurance companies should report on the sustainability risks and opportunities that materially affect value in the near and long term. Enhanced reporting will provide stakeholders with a more holistic (and comparable) view of performance that includes both positive and negative externalities, and the nonfinancial forms of capital that the insurance industry relies on to create long-term value.

To facilitate an informed use of insurers' financial reports, this thesis reviews the accounting system and financial exercise of insurance companies, discusses the financial analysis and valuation of insurers, summarizes relevant insights from academic research, and provides related empirical evidence.

Current legislative changes in these areas are mainly aiming the solvency of legal entities involved and that the advocacy of the interests of policyholders and pensioners. Internal and external factors, with direct and indirect impact on these areas are varied

and their concerted actions often generate resounding bankruptcies. Payment of damages in limit situations, arising from the acceptance of insurance contracts concluded between insurers-insurers and insured are taxable or deductible expenses by national, or international legislations.

Accounting system presented in the financial statements and reports prepared and submitted to the regulatory authorities are the certainty of sartorial solvency of insurance and sustainability of the state and/or private pensions. Considering the essential role of accounting system, specific regulations, financial statements and the cooperation of accounting specialists, we considered appropriate and necessary to study these exciting fields. This is why the theme of this thesis is the accounting system and financial for insurance companies.

This thesis contains five sections. The second section describes the accounting entrance, introduction of insurance and insurance contracts. The third section describes the financial activity in the insurance companies, the importance and role of the accounting system in the insurance companies and financial statements for insurance companies.

CHAPTER ONE

GENERAL FRAMEWORK OF THE RESEARCH

1.1. THE OBJECTIVES OF RESEARCH

Goals reflected from behind this research to illustrate and simplify the nature configuration of work and the financial accounting of insurance companies. So, it shows the importance of the topic of the role played by insurance in the economic and social life. Besides, display fundamentals of the insurance system in addition to the identification of the insurance activity accounts, and how to register accounting system and financial for the various operations carried out by this company from collecting.

In addition, to answer the basic question of the research the selection of research hypotheses adopted, the study aims for the following;

- Understand the nature of the accounting system for insurance companies.
- Identification of the concept accounting and insurance.
- Process financial of insurance companies

1.2. THE IMPORTANCE OF THE RESEARCH

The importance of insurance in the dual role of insurance activity in economic is developed by providing the latter plans to guarantees. On the other hand, the proceeds collected considerable financial resources to the benefit of productive projects. Therefore, the importance of the subject appears in the role which insurance plays in economic and social life.

This research also derives its importance through the great role played by accounting in maintaining the entity any economic institutions, including insurance companies. This is to summarize all information about the operations carried out in the latter, which highlights the financial situations, and illuminates an admin about decisions that can be taken.

1.3. THE HYPOTHESIS OF RESEARCH

To achieve the dissertation objectives and testing its' hypothetical model, this dissertation attempt to examine the following hypotheses:

- **The First Main Hypotheses:**

1. There is a positive correlation between Accounting system and insurance companies.
2. There is a positive correlation between Financial and insurance companies.

- **The Second Main Hypotheses:**

There is, statistically, the two sub- hypothesis that derives from the second main Hypotheses are:

1. There is statistically a significant impact on accounting system for insurance companies.
2. There is statistically a significant impact of Financial for insurance companies.

1.4. RESEARCH PROBLEM

The problem of this research in the following question: The appropriateness of the accounting systems in accordance with the Financial Accounting for insurance companies: To address the problem you can ask the following questions;

- What is the understanding of accountants in the insurance sector in accordance with the Accounting system and Financial?
- What is the proportion of insurance activities with accounting regulations?
- Do the recognition and measurement of income with an insurance company, like other business units?
- What do we mean accounting systems in the insurance companies?

1.5. LITERATURE REVIEW

Sabrina Sharaqah: "Insurance Accounting as a Tool for Taking" is the research for an MBA thesis in Economic Sciences in (Faculty of Economics, Commercial and Management Sciences), Farhat Abbas University, Setif, 2003, Entitled CAAR the case Study of Algerian Insurance and Reinsurance Company.

The goal of this research is to show that the information provided by insurance accounting is an important basis in the formulation of various decisions. It concluded that the efficiency of the accounting system is the main determinant of the integrity of

decisions and the effectiveness of established policies, particularly those related to technical activity, so that insurance, accounting becomes the first nucleus and the basis upon which management decisions are based and facilitates the accomplishment of its functions and established objectives.

Hussein Hassani: Is writing a research about "The role of standardizing accounting standards in evaluating the performance of Algerian insurance institutions and enhancing their competitiveness". The research is an intervention in the National Forum on "International Accounting Standards and the Algerian Economic Corporation - Requirements for Compliance and Application", University Center Souk Ahras, Algeria, Brother and 26 May 2010. This is entitled.

This research focused on the accounting information and its role in evaluating the performance of the insurance companies and raising their competitiveness, so is of importance in addressing the requirements of the compatibility of the Algerian insurance companies with international accounting standards. It concluded that the consolidation of accounting standards for the insurance sector was an essential element in rationalizing the use of financial, material and human resources for the availability of reliable and comparable data on the performance of those units at various stages.

Safi Faloh and Issa Hashim Hassan: Are provided the Applied research about Accounting (Accounting for Fair Value in Insurance Companies), it is an article in the Journal of Tighen University for Research and Scientific Studies, Series of Economic and Legal Sciences, Volume (33), No. (1), Syria, 2011. This is entitled.

The objective of this research is to identify the concept of fair value and the importance of fair valuation of the assets and liabilities of insurance companies, the problems and difficulties facing its application, and study the reality of applying this evaluation in the Syrian insurance companies. They concluded that the use of the concept of fair value in assessing the assets and liabilities of insurance contracts offers significant advantages and benefits that qualify it to be the most accepted and used the measurement base in the world.

Sahnoun Bonage and Nabil Boufleih: The provided a research for intervention at the 7th International Forum on "The Insurance Industry, the practical reality and the prospects for development - the experiences of countries", University of Hassiba Ben Bouali - Chlef, Algeria, on 03 - 04 December 2012, Accounting of insurance companies from the perspective of international accounting standards " .

Which are researchers addressed the most important international accounting standards that are affected by insurance companies. It shows the most important methods used to measure insurance liabilities through the two phases of IFRS.



CHAPTER TWO

GENERAL PRINCIPLE FOR ACCOUNTING AND INSURANCE

2.1. ACCOUNTING ENTRANCE

2.1.1. The dynamic environment of accounting

Accountants traditionally have been viewed as the bean counters or number-crunchers of an organization, but this is no longer their major task. Computers now do most of this work, even in small businesses, so the role of accountants has changed radically. Accountants working in organizations have become important members of the management team, as organizations have to contend with social changes caused by several factors:

- The dramatic development of information and communications technology, including electronic banking, the internet and ecommerce.
- The increasing demand by society for information of a non-financial nature, such as information about an entity's attention to health and safety issues, employment of people with disabilities, child care facilities, the provision of retirement packages, the consequences of pollution and the greening of the environment.
- The trend towards globalization of business. Instead of merely being involved in a particular local community, many organizations are seeing the world as their marketplace and as their source of labor and knowledge. This has placed increasing demands on organizations to be accountable for their corporate behavior in foreign countries, including their impact on the society and the environment of those countries. Questions being asked include: how well does an organization treat and pay its employees in developing countries? Is business conducted by way of political payments (bribes?) to influential officials in those countries?
- The globalization of regulations affecting business organizations, such as the development and adoption of international accounting standards (Tilley and Brown, 2006, p. 327-361).

One thing is certain: change will continue. In order to cope, accountants of the future need to have not only recordkeeping knowledge, but also analytical skills and business strategy and planning know-how. They need the ability to think clearly and critically in order to solve problems, a familiarity with information systems and

technology, strong interpersonal communication skills with clients and business associates, and sound ethical behavior in different cultural environments.

Engineers are often involved in designing products to reduce costs and meet target prices so much of their work is driven by accounting measures. Marketers often strive to maximize sales, so acknowledge of costs, pricing and accounting methods is helpful for success. Human resource managers are responsible for one of the major costs in an organization, so they need to choose a mix of staff to provide a quality service while keeping control of salary and wage costs. Indeed, many professional groups outside of accounting find that having a good grasp of accounting concepts is an advantage and enhances the opportunities for success in their chosen careers (Hoggett & others 2012, p. 4).

2.1.2. Definition of Accounting

Accountants focus on the needs of resolve makers, who use financial information, whether those decision makers are inside or outside a business or other economic entity. Accountants provide a vital service by supplying the information decision makers need to make “reasoned choices among alternative uses of scarce resources in the conduct of business and economic activities (Belverd & others, 2013, p. 4).

Accounting consists of three fundamental activities—it identifies, records, and communicates the economic events of an organization to interested users (Weygandt, & others, 2010, P. 179-180).

The American Accounting Association—one of the accounting structures discussed defines accounting as "the process of identifying, measuring, and communicating economic information to permit informed judgments and decisions by the users of the information" (Evanston, III., 1966, p. 1).

2.1.3. Generally accepted of accounting Principle and Assumption

Generally Accounting Accepted Principles (GAAP) is a widely apply term in the practice of accounting, financial reporting, auditing, and business literature. Researchers distinguish oneself between “big” and “little” GAAP and others reference alternatives to GAAP, such as Other Comprehensive Basis of Accounting

(OCBOA) or Statutory Accounting Principles (STAT/SSAP). Sister disciplines to accounting such as auditing also use terms like Generally Accepted Auditing Standards (GAAS) that parallel GAAP in the accounting correct.

In practice, trading in goods, securities, and services (debt or equity instruments) lead to accounting and financial reporting to ensure continuity of operations, analysis of results for planning and control, and decision-making. In order to better the legitimacy of accounting information and ensure its reliability and relevancy, accountants use a body of literature and/or a set of practices and “pronouncements with substantial authoritative support” called GAAP. GAAP, however, varies from country to country, and often allow for alternative methods for treating the same set of transactions. GAAP is not stationary, but a growing body of accounting knowledge in response to business needs; mimicking the national history, economic, social, cultural, political, trading (products/securities), and technological backgrounds (Ampofo and Sellani, 2005, p. 219-231).

Historically, the documents that comprised GAAP varied in format, structure and completeness. In some instance, these documents were inconsistent and difficult to interpret. As a result, financial statement maker sometimes we're not sure whether they had the right GAAP. Determining what was not became difficult and what was authoritative. In answer to these concerns, the FASB developed the Financial Accounting Standards Board Accounting Standards Codification (or more simply, “the Codification”).

The FASB’s primary goal in developing the Codification is to provide in one place all the authoritative literature related to a particular subject. This will streamline user access to all authoritative U.S. generally accepted accounting principles. The Codification changes the way GAAP is documented, updated, and presented. It illustrates what GAAP is and eliminates nonessential information such as redundant document summaries, basis for conclusions sections, and historical content. In short, the Codification integrates and synthesizes existing GAAP; it does not create new GAAP. It creates one level of GAAP, which is considered creditable.

All other accounting literature is considered no authoritative. To provide simple access to this Codification, the FASB also developed the Financial

Accounting Standards Board Codification Research System (CRS). CRS is an online, real-time database that provides plain access to the Codification. The Codification and the related CRS provide a topically organized structure, subdivided into topic, subtopics, paragraphs, and sections, using a numerical index system (Kieso, & others, 2010, p. 14).

Files are structured, arranged, and formatted to suit the specific needs of the owner or primary user of the data. Such structuring, however, may exclude data properties that are useful to other users, thus preventing successful integration of data across the organization. For example, because the accounting function is the primary user of accounting data, these data are often captured, stored, and formatted to accommodate financial reporting and generally accepted accounting principles. This structure, however, may be useless to the organization's other (non accounting) users of accounting data (GAAP), such as the marketing, finance, engineering functions, and production. These users are presented with three options:

- 1) Do not use accounting data to support decisions.
- 2) Manipulate and massage the existing data structure to suit their unique needs.
- 3) Obtain additional private sets of the data and incur the costs and operational problems associated with data redundancy.

In spite of these inherent limitations, many large organizations still employ flat files for their general ledger and other financial systems. Most members of the data processing community assumed that the end of the century would see the end of patrimony systems. Rather, corporate America invested billions of dollars making these systems year-2000 (Y2K) compliant. Legacy systems continue to exist because they will not be replaced until they cease to add value, and they add value for their users (Hall, 2012, p. 14).

2.1.4. History and Development of Accounting

History indicates that all developed societies need certain accounting records. Record keeping in an accounting sense is thought to have begun in 4000 BCE. The record keeping, verification, and control problems of the ancient world had many characteristics similar to those we encounter today. For example, ancient governments also kept records of receipts and disbursements and used procedures to

check on the reliability and honesty of employees. A study of the evolution of accounting suggests that accounting processes have developed primarily in response to work needs. Likewise, economic progress has affected the development of accounting processes. History shows that the higher the standard of civilization, the more elaborates the accounting methods. The emergence of double-entry bookkeeping was a crucial incident in accounting history (Richardson, 2008, p. 247-280).

In 1494, a Franciscan monk, Luca Pacioli, described the double-entry Method of Venice system in his text called *Summa de Arithmetical, Geometric, Proportion ET Proportionate* (Everything about arithmetic, proportion, and geometry). Many consider Pacioli's *Summa* to be a reworked version of a manuscript that circulated among pupils and teachers of the Venetian school of commerce and arithmetic. Since Pacioli's days, the roles of accountants and professional accounting organizations have expanded in society and business.

As experts, accountants have a responsibility for placing public service above their commitment to personal economic gain. Complementing their commitment to society, accountants have analytical and evaluative skills needed in the solution of ever-growing world problems. The special abilities of accountants, their independence, and their high ethical standards permit them to make significant and unique contributions to business and areas of general interest. Every profit-seeking business organization that has economic resources, such as money, buildings, and machinery, uses accounting information. Consequently, accounting is called the language of business. Accounting as well serves as the language providing financial information about not-for-profit organizations such as governments, churches, charities, fraternities, and hospitals (Gray, 1988, p. 1-15).

The accounting system of a profit-seeking business is an information system designed to provide relevant financial information on the resources of e-commerce and the effects of their use. Information is relevant if it has some effect on a decision that must be made. Companies present such relevant information in their financial statements. In preparing these statements, accountants consider the users of the information, such as creditors and as owners, and decisions they make that require financial information. Some organizations are influential in the establishment of

generally accepted accounting principles (GAAP) for businesses or governmental organizations.

These are the American Institute of certified Public Accountants, the Financial Accounting Standards Board, the Governmental Accounting Standards Board, the Exchange Commission and Securities, the American Accounting Association, the Financial Executives Institute, and the Institute of Management Accountants. Every organization has contributed in a different way to the development of GAAP. The American Institute of Certified Public Accountants (AICPA) is an occupational organization of CPAs. Many of these CPAs are in public accounting exercise. Until late years, the AICPA was the dominant organization in the development of accounting standards.

In a 20-year time span, finishing in 1959, the AICPA Committee on Accounting Procedure issued 51 Accounting Research Bulletins recommending certain principles or practices. Of 1959 through 1973, the committee's successor, the Accounting Principles Board (APB), issued 31 numbered Opinions that CPAs generally are required to follow. Two of its commissions—the Accounting Standards commission and the Auditing Standards commission—are particularly influential in providing input to the Financial Accounting Standards Board (the current rule-making body) and to the Securities and Exchange Commission and other regulatory agencies (Ingram and Petersen, 1987, p. 215-223).

In 1973, an independent, seven-member, full-time Financial Accounting Standards Council (FASB) replaced the Accounting Principles council. The FASB has issued multiple Statements of Financial Accounting Standards. The old Accounting Research Bulletins and Accounting Principles Board Opinions are still efficient unless specifically superseded by a Financial Accounting Standards Board Statement. The FASB is the particular sector organization now responsible for the development of new financial accounting standards. The Emerging Issues Task Force of the " FASB "interprets official pronouncements for general application by accounting practitioners.

The finishes of this task force must also be followed in filings with the Securities and Exchange Commission (Kaplan and Fender, 1998, p. 184).

In 1984, the Governmental Accounting Standards Board (GASB) was established with four part-time members and a full-time chairperson. The GASB issues statements on accounting and financial reporting in the governmental region. This organization is the special sector organization now responsible for the development of new governmental accounting concepts and standards. The "GASB" also has the authority to issue interpretations of these standards (Chan, 2003, p. 13-20).

Created under the Exchange and Securities Act of 1934, the Securities and Exchange Commission (SEC) is a government agency that administers important acts dealing with the interstate sale of securities (bonds and stocks). The SEC has the authority to prescribe accounting and reporting practices for companies down its jurisdiction. Rather than practicing this power, the SEC has adopted a policy of working closely with the accounting profession, especially the FASB, in the development of accounting standards. The "SEC" indicates to the FASB the accounting topics it believes the FASB should address (Dechow & other, 1996, p. 1-36).

Consisting largely of accounting educators, the American Accounting Association (AAA) has sought to encourage research and study at a theoretical level into the standards, concepts, and principles of accounting. The Financial Executives Institute is an association established in 1931 whose members are primarily financial policy-making executives. The Institute Of Management Accountants (Formerly the National Association Of Accountants) Comprising Of Management Accountants In Private Industry, Caps And Academics. The base focus of the organization is on the use of management accounting information for internal decision making. Nonetheless, management accountants prepare the financial statements for external users.

In this manner, through its Management Accounting Practices (MAP) Committee and other means, the IMA provides input on financial accounting standards to the Financial Accounting Standards Board and to the Securities and Exchange Commission and other regulatory agencies (Hermanson & others, 2016, p. 14-35).

2.2. INTRODUCTION OF INSURANCE

2.2.1. Historical Development of Insurance

There are not clear and certain information about insurance and his types, Park alleged that insurance was ‘wholly unknown’ to the ancient world, insisting that there is little to intimate “the smallest proofs of the existence of such a custom have not come down to the present times”. Park undertook an exploration of the history of the insurance contract and examined the laws of Rhodes, Romans, Amalfi, Wisbuy and Oleron, yet found no evidence of these practices. In c. 600 AD, Roman and Greek citizens fanned the origins of health and life insurance via forming guilds known as ‘benevolent societies’.

These associations provided care for families, and paid funeral expenses for subscribing members upon death. Further to this, Macpherson observed that in the year 51, of the first century, Claudius, the Roman emperor, invented ship insurance by encouraging import merchants to buy corn "important to Roman survival", all year round including the winter months. The emperor stated that this would protect against accidents and losses which might arise from “the inclemency of the season”, and he also made the importers could be sure of a certain rate of profit (Hogan and Hogan, 2007, p. 570).

It has also been claimed that insurance was established by the Jewish population as a result of being exiled from France by Philip Augustus in "1182". Indeed, The Talmud deals with several aspects of insuring goods. As indicated by this point of view, after settling peacefully in Italy, past experiences stirred this community to secure their property, should they be banished again? It is said, the success of this insurance contract was noticed by merchants in northern Italy, who “were struck by its utility, extend its use and were prompted to adopt”. Surely, Marshall stated that, “according to Cleirac, bills of exchange and policies of insurance are of Jewish birth and invention, and have nearly the same name, Polizza DI cambio, Polizza DI sicuranza.

He adds that the Lombard’s and Italians, who were spectators of this Jewish intrigue, and the instruments employed in conducting it, preserved the forms of these instruments, which they afterwards well knew how to avail themselves of, in conveying out of Italy the effects of the Guelph’s, when driven from thence by the

guidelines". Though Marshall did not accept this view, Duer, with some skepticism, did. At this point, Duer states that "the sagacity of the Jews, in matters of finance is well known, and they were placed in circumstances of difficulty and distress that were well calculated to sharpen their invention".

That they would resort to some expedient for averting or diminishing the losses to which they were exposed, we may certainly believe, and the expedients of insurance and bills of exchange which they are said to have invented, in the meantime, admirably suited to accomplish their object." Duer presented factual, linguistic evidence that the insurance contract originated in the early 13th century in Italy, and claimed that "The Italian, alone explains its propriety and meaning.

The word "Polizza," in Italian, signifies some note or memorandum in writing, creating, or evidence of a legal obligation; and hence the name is applied, with the same propriety, to a bill of exchange, a promissory note, and even to a receipt for money as to the written covenant of insurance. Amid the thirteenth century, the Lombards, a group of Italian merchants, adopted insurance agreements, and according to Park, were the first to present these contracts of insurance to the world (Reynardson, 1968, p. 457).

The Lombards played a substantial role in Europe. During the 12th and 13th centuries, the commerce of Europe was almost entirely in the hands of the Italian Lombards, with companies and/or factories based in almost every European State. From thereupon, they became the only contending merchants and bankers, and "in those times, rivaled... the Jews themselves in the art of usury".

A few types of insurance had developed in London by the early decades of the seventeenth century. For instance, the will of the English colonist Robert Hayman mentions two "policies of insurance" taken out with the diocesan Chancellor of London, Arthur Duck. To the value of "£100" each, one policy relates to the safe arrival of Hayman's ship in Guyana, and the other. Hayman's will was signed and sealed on 17th November "1628'. Nonetheless, this was not verified until 1633. UK Insurance, as we know it today, can be traced to the Great Fire of London, which in "1666' devoured more than' 13,000" houses.

The destructive effects of the fire converted the development of insurance "from a matter of convenience into one of urgency, a change of opinion reflected in

Sir Christopher Wren's inclusion of a site for 'the Insurance Office' in his new plan for London in 1667". However, a number of attempted fire insurance schemes came to nothing. Nevertheless, in 1681 Nicholas Baron, and eleven of his associates, established England's first fire insurance company, the Insurance Office for Houses, at the back of the Royal Exchange. At first, 5,000 homes were insured via Baron's scheme. At the end of the seventeenth century, London's growing importance as a center for trade increased demand for marine insurance.

In the late 1680s, Edward Lloyd opened a coffee house, a popular haunt for ship owners, ships' captains, and merchants. Lloyd's coffee house therewith became a reliable information center regarding the latest shipping news. The cafes became the meeting place for parties wishing to ship and insure cargoes, and those willing to underwrite such ventures. Today, Lloyd's of London²⁶ remains the leading market for marine and other specialist types of insurance (Webb and Pettigrew, 1999, p. 601-621).

The first insurance company in the United States underwrote fire insurance and was formed in Charles Town (modern-day Charleston), South Carolina, in "1732". Benjamin Franklin helped to generalize, and make standard, the practice of insurance, particularly against fire, in the form of Perpetual Insurance. In "1752", Franklin founded the Philadelphia Contribution ship for the Insurance of Houses from Loss by Fire. Franklin's "company" was the first to make contributions toward fire prevention. Not only did his company warn against certain fire hazards, it refused to insure certain buildings where the risk of fire was too great, excluding all wooden houses for instance.

In the period loosely dated amidst 1770 and 1820s, Britain experienced an accelerated process of economic change, transforming a largely agrarian economy into the world's first industrial economy. This phenomenon is referred to as the "industrial revolution", since changes were all encompassing and permanent (Alhumoudi, 2013, P. 28).

2.2.2. Definition Insurance

Insurance is the pooling of fortuitous losses by transition of such risks to insurers, who agree to indemnify insured's for such losses, to provide other pecuniary benefits on their occurrence, or to render services connected with the risk (Rejda, 2011, P. 3).

Crossing the boundary amidst insurable and uninsurable is what differentiates the risks from threats and according to Beck; it is the economy that reveals where this boundary is located. Where private insurance disengages and the financial risk of insurance appears too large, 'predictable risks' are transformed into 'uncontrollable threats'. In this manner, if a private insurance company offers insurance cover, then a risk is a risk, but if private insurance is denied, a risk is a threat (Ekberg, 2007, P. 349).

2.2.3. Sources of insurance

There are major sources of insurance operations that are based on accounting treatment:

1) **Insurance operations through the offices and management of the company:** The direct review of insurance claimants to these departments and offices is done without the mediation of a third party. This process is known as the direct process. This condition does not include an obligation to pay a commission from the insurer to the insured, where the insured usually receives a deduction equivalent to what the company pays for commissions to the broker.

2) **Insurance operations through agents and delegates:** Where all types of insurance are mediated by authorized agents to the insurance companies against a commission paid to them. Agents are divided into two teams:

- Authorized agents have absolute authorization.
- Authorized agents do not have absolute authorization.

The first team has the right to collect the premiums and to give the receipts, while the second party does not enjoy this right. At the end of each specific period (usually one month), the Company shall submit a statement of account to each of its authorized agents indicating the extent of its indebtedness or its creditors. The

company maintains accounts for each of its agents. The agents receive a commission and the expenses are paid to them to be spent on the company's account.

3. Insurance Operations by (Other) Insurance Company: Where the insurance companies are agreeing to make insurance with other companies in several cases for the purpose of spreading the risk to more than one company, including also reinsurance cases and it was decided on the basis of the type of commission and proportion (Ibrahim and Mustafa, 2009, p. 225).

2.2.4. Types of insurance

There are many insurance divisions that vary by the diversity of risks and the continuous development of economic and social life, the most important of which are:

2.2.4.1. According to the legal form

- **Co-operative Insurance:** This type of insurance is created when a number of persons agree that each is in a certain risk and when it is possible to estimate the financial loss that can be solved at the time of the risk, all of which contribute to the creation of a balance to compensate all those who have suffered the loss as a result of the risk. Their agreement also includes the distribution of profits that may be realized among themselves and this in addition to the obligation of each of them to pay his share of the additional amount that the Association may need when its balance is not enough to compensate for the losses actually caused by the risk to some of them. The activities of these Associations are often restricted to certain professions and in very limited scope (Fatih, 2012, p. 7).
- **Commercial Insurance:** The main objective of the insurance companies is to make profits, but there is something that prevents them from overestimation of the value of premiums charged by the insured and that is fear of competing with other insurance companies (Hilali and Al-Shehadeh 2009, p. 271-275).
- **Social Insurance:** Social insurance activities have emerged in line with the increased attention and care of working conditions and workers by various governments. Social insurance is designed to cover the risks of old age, disability, illness and accidents while performing work. The employer must bear part of the cost

of the insurance together with the same worker. This is why one of the bodies is responsible for social insurance (Attia, 2003, p. 12).

2.2.4.2. According to the contract element

- **Optional Insurance:** This type of insurance involves various types of insurance in which the individual is free to insure or not to carry out the insurance. For example, in the insurance that the individual is free to insure, we find life insurance, theft insurance, fire insurance, etc.

- **Compulsory Insurance:** This type includes the insurance required by the law for social purposes, for example, to insure the employer against his workers against occupational injuries, occupational diseases, and civil liability insurance for the owner of the vehicle against damages caused by the use of this vehicle. These insurances do not interfere with the will of the individual, and not by his desire to accept or reject them. They are always aimed at the public interest and society as a whole (Hilali and Al-Shehadeh 2009, p. 271-275).

2.2.4.3. According to the basis of the performance of the insurance amount

- **Damage Insurance:** This type of insurance is intended to compensate the insured for the damages incurred when the insured risk is realized. Therefore, the basis for the performance of the insurance amount is compensation. This type of insurance is divided into two parts as follows:

- **Insurance of Properties:** This insurance is intended to compensate the insured for the loss of his property when the insured risk is realized. Examples of this are home insurance against fire and theft. These are usually optional.

- **Liability insurance:** This insurance is intended to compensate the damage caused to the insured's financial liability as a result of the return of others due to damage caused to them, that is, it compensates the damages of others caused by the insured, for example the insurance of civil liability for car accidents. Such insurance is usually compulsory (Schumaier and McKinsey, 1986, p. 68).

2.2.4.4. Insurance of persons

This insurance relates to the insured person and is intended to pay a certain amount of money if there is a risk or accident agreed upon in the contract where this risk or accident relates to the life or safety of the insured or may be a happy accident

such as marriage or childbirth. Because human life is priceless, but it is based on an absolute basis, where the amount of insurance is determined according to the agreement between the contractors. This type of insurance is divided into two types:

- **Life insurance:** Examples include death insurance, life insurance, mixed insurance, group insurance, mortgage insurance, etc.
- **Insurance against personal accidents and diseases:** This type of insurance covers the expenses of treatment, medicine, disability and death, and although this insurance relates to the insured person, it is subject to an exceptional case of compensation.

Therefore, there is another division of the life insurance, which is subject to the basis of other types of insurance, which is subject to the basis of compensation through general insurance (Freeman and Corey, 1993, p. 531).

There are other forms of insurance:

A) Joint insurance

Is the involvement of several insurers to cover the same risk under one insurance contract? There are two types of joint insurance:

1) Coinsurance by mutual consent: The Principal Insurer shall be entrusted with the technical and self-competence in terms of insurance and pricing, conditions and the operation of the contract in general, as a proxy for the other participating insurers. The Principal Insurer shall determine the terms of the insurance after the negotiations with the Insured. He shall prepare the contract and send copies thereof to each participant in the insurance.

The total installment shall be collected and distributed to the other participating believers as agreed. In the event of a realized insured risk, the participating insured's are required to pay the amount of the insurance each according to the percentage of his obligation. In return, the principal insurer receives a commission called the commission of the principal insurer.

2) Joint Insurance managed by the Groups: The conditions, procedures and methods of management in this type of joint insurance shall be determined within the framework of a group of joint insurers.

Such assembly shall be responsible for the management of this technology and not the principal insurer (Muhammad, 2005, p. 21-22).

B) Reinsurance:

Is an agreement under which the insurer or assignee waives another insurer who is the insurer or assigned to him in whole or in part of the risk that he incurs (Borch, 1992, p. 230-250).

2.2.5. Insurance Concept

Theoretically, insurance is a device whereby many individuals facing the same risk from a pool into which each individual contributes premiums, and out of which the few who actually suffer unforeseen and unexpected losses are compensated. Insurance is designed to meet the financial well-being of an individual, firm or other entity in the case of unexpected losses. A few types of insurance are compulsory while others are optional, consenting to the terms of an insurance policy to create a contract between the insured and the insurer.

In exchange for premium payments from the insured, the insurer agrees to pay the policyholder compensation upon the occurrence of a specific incident. Insurance is a pooling of risks. It is based on the premise that whereas many people will pay premiums to the "insurance company", probably only a few will make claims. Part of the payment of the money is used to pay compensation to the few who suffer losses (Akanlagm, 2011, p. 12).

The insurance industry is a complex risk-sharing system. Many players are involved like insurers, reinsurers, retracessionaires, insurance brokers, agents and regulators. Insurers, reinsurers and retracessionaires are all risk carriers as they are the ones who put capital at risk and ultimately pay claims. Insurance agents and insurance brokers provide services to insurers and insured's, with agents representing insurers, and brokers representing insured's. Reinsurance brokers and reinsurance underwriting agents provide services to insurers, reinsurers and retracessionaires. The common denominator for agents and brokers in the system is that they are all intermediaries who act as channels in spreading risks. There are also other service providers (e.g. Catastrophe model vendors, loss adjusters, rating agencies), however, they are not directly involved in the risk-sharing process (Müller, 1981, p. 63-83).

To increase risk sharing insurers act on the capital markets. Insurers underwrite risks for which they assess premiums that should, in theory, mirror risk experience and exposure. These premiums are pooled and become part of a fund of financial assets, which insurers invest to generate additional income to enhance, among others, their ability to meet their obligations to policyholders "i.e. Insurance claims". In this manner, aside from being risk managers and risk carriers, insurers are also institutional investors (Wesselink, 2013, P. 25).

2.2.6. Elements Insurance

The insurance industry is traditionally a risk transfer mechanism to compensate for financial losses and spread the risk over the policy holders. Insurers carry out loss prevention and loss mitigation actions in conducting their business and are incorporating this risk management as an essential element of their business type. Thus, insurers are risk carriers. In order to financially take on this task, the insurance company's capital needs to hold a buffer against unexpected claims or losses.

This buffer – referred to as a risk bearing capital - is essential if the insurer is to fulfill the legitimate claims of policyholders. Money is the connecting pin between the markets of real goods and services, on the one hand, and the purely financial market, on the other. The crucial difference between the two sorts of transactions is the fiduciary element. Trust is far more important in monetary transactions, thus in the insurance industry, than in real economic transactions (Brinkmann, 2007, p. 83-111).

Another macro-economic element that challenges the sustainability initiatives of insurers is the institutional context the insurer operates in. "The extent in which actors have economic interests with or within other institutional environments, in turn, affects the nature of domestic institutions. In the business environment, the degree of internationalization affects the openness of the bargaining environment".

Over the previous decades the insurance industry showed increasing international transactions, establishing subsidiaries and subsequently creating economic dependencies between countries and intertwining institutions. The extent of openness and flexibility of the institutional context is different in any country and provides a different context. Hence, each country or region represents a different context for a CSR strategy. This is also referred to as "CSR" regime and reflects the

national societal environment in which “corporate strategies, develop and are judged as successful or not” (Tulder, 2008, p. 30).

Currently an academic and strategic thought on sustainability in the insurance industry is rare. Considering banks are at the center of our economic system, this seems plausible. However, a clear notion as to what is sustainable insurance and subsequently ways to implement it are not yet available. Industry initiatives were gradually initiated and insurers started to experiment with including sustainable elements in parts of their organizational sample. However, economic downturns after '2008" hampered its progress.

So there certainly is potential to connect sustainability with insurance, which could substantially facilitate the spread of business involvement in developing sustainable and future-proof strategies for the insurance industry. In order to succeed in any sort of business venture, it is necessary to have a clear profit or business model. It addresses the core elements of the operating structure that are needed to create the company’s value proposition and to make it gainful. As such, it portrays the generic practical and operational side with which the insurance company creates value for its customers and organization (Pathak other, 2005, p. 632-644).

- The first characteristic is the pooling of the "losses". This means sharing the losses of the entire group of policy holders and predicting future losses with some accuracy based on the law of large numbers. This spreading of the losses incurred by few insured over the entire group is important, so that in the process, the accurately calculated average loss can be easily substituted for actual loss.
- The second characteristic is the "fortuitous loss". The loss is unforeseen and unexpected by the insured and occurred as a result of chance. If the loss is intentional, the insured will not be covered.
- The third characteristic is another essential element. The pure risk attached to the undertaking is transferred from the insured to the insurer. The insurance company, which is typically in a stronger financial position, will pay for the loss instead of the insured. The last and final characteristic "indemnification" means that the insured is restored to his or her approximate financial position prior to the occurrence of the loss (Lemaire, 2009, p. 33-55).

The important elements are the:

1) An insurance market with consumers (direct sales) and companies (b2b) forming the incoming premium revenues.

2) Insurance company (insurer) with its insurance and investment activities, thriving for positive financial results.

3) The investment market in which the insurer’s assets are invested forming possibly incoming dividend revenues.

4) The shareholder that invested in the insurer with the aim to receive dividends on shares.

What constitutes an adequate measure for a company’s performance differs across cultures and national systems, but generally is shaped by three main elements:

- ✓ Legal requirements
- ✓ Government policy practices
- ✓ Nature of interaction between business and civil society (Cyprus, 2012, P. 9-36).

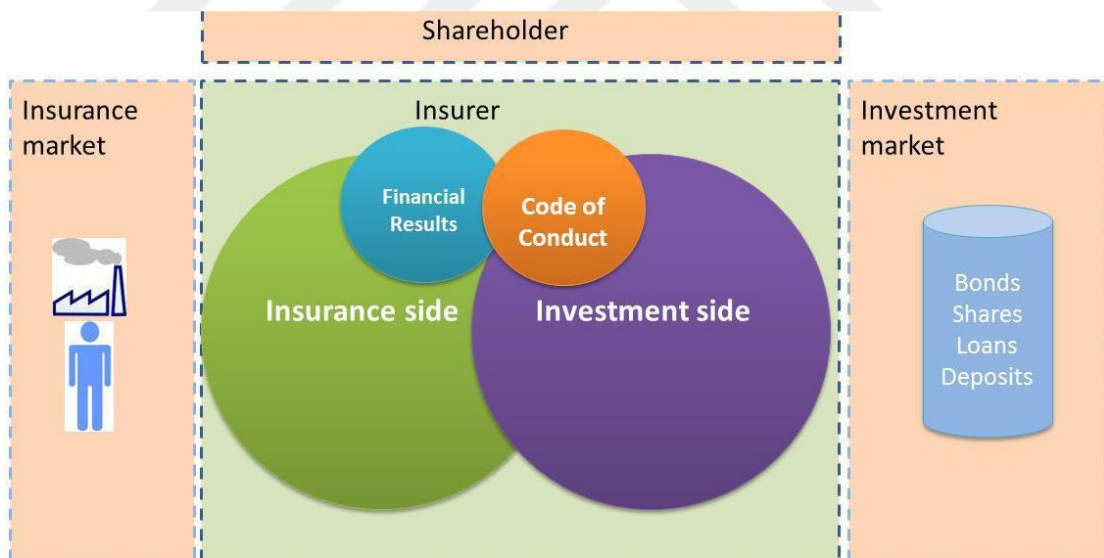


Figure: 2.1 the important elements Insurance

Source: Cyprus, J. T. (2012) Sustainable Insurance: An Explorative Research on the Business Case. Erasmus Universities, P. 9_36

2.2.7. The importance of insurance

Premium payments are cumulating funds that have the importance of predetermined saving and a long-term. Thus, they can be used as a source of lending

and investing. From the standpoint of the individual, life insurance can also be used as collateral for a loan; the insured can provide funds for investment or meet unexpected needs. Through the investment of premiums paid by policyholders, savings are transmitted furthermore into the economy.

The intermediary to that transition is the capital market. Indeed, the range of investments in which insurance companies can apply their funds depends upon the degree of local capital market development. Savings that are invested in the capital market by insurance companies clearly act as an important stimulus to the development of the capital market itself. As we as a whole know, the more developed the capital market is, the more developed the economy is (Haiss and Sümegi, 2008, p. 405-431).

Insurance industry and specifically the segment of life insurance, with the rising in standards of living becomes an important sector for both policyholders and insurance companies, and four controllers. Privatization and Liberalization of the insurance business, along with an economic policy which was designed on and adapted to the current economic environment, have increased the economic importance of the insurance market (Boskovic, 2013, P. 7).

The contribution of insurance to an economy's growth and adequacy is not the only entry point into its role in development. The contribution of insurance to poverty alleviation and the welfare of the poor is also potentially of large importance, although the quantitative evidence on this point is not on very firm grounding. In any case, case studies and other qualitative evidence make a persuasive case that the potential social value of so-called micro-insurance provision to poor households and small-scale entrepreneurs warrants a great deal more experimentation with business models and products to develop scalable approaches that combine commercial and philanthropic elements. Significant consideration has been devoted to evaluating the relationship between economic growth and financial market deepening (Brainard and Schwartz, 2008, P. 1-4).

There are two generally held views on corporate risk management "insurance" in the academic literature. One views corporate risk management "insurance" as a mean of ensuring loss avoidance with little consideration of its importance in the corporate strategic investment and risk-taking decisions. The other sees corporate

risk management "insurance" as an integral part of the value creation process. That is, one in which the concept of economic capital, when applied with judgment and prudence, provides companies with a financial cushion and the confidence to carry out their strategic plans (Doherty, 2005, P. 119-123).

2.3. INSURANCE CONTRACT

2.3.1. Definition OF Insurance Contract

Insurance contracts belong to the special type of contracts based on mutual trust and reliance (contracts intuitive personae) where the principle of uberrimae fides (utmost good faith) is applied. The concept of uberrimae fides can be defined by the words of (Lord Mansfield): "Insurance is a contract of speculation (Kontautas, 2002, P. 10).

Insurance Contract: stipulates the duty of the insurer to indemnify the victim despite the fact that the policyholder has violated terms of the compulsory liability insurance contract.

After the insurance compensation the insurer has a right to recover the amount up to the sum paid by the policyholder. The right of recovery is a special legal remedy, which can be applied also in cases of non-disclosure (pre-contractual and post-contractual) <http://jurcom5.juris.de/bundesrecht/vvg/htmltree.html> 3/4/2017.

2.3.2. Elements of Insurance Contract

Since the insurance is a contract between the two parties "insurer and insured" through which the agreement on a certain amount is the premium insured as the insured is the possibility of occurrence of the risk, where the insured in case of occurrence, the amount of insurance specified in the contract, the insurance contract is: risk, premium, amount of insurance.

Section I: "Risk"

The occurrence of a potential accident will not be stopped on the sole will of a contractor alone, especially the will of the insured, which is an incident if it affects the rights of the latter financial and non-financial, and maybe a happy incident such as the birth of a child or marriage or a sad incident such as fire, theft and death.

That the purpose of insurance is to reserve the results of a particular accident and the meaning of the risk in the insurance contract is wider than the meaning of the risk in the linguistic sense, often to insure the person to the risks resulting from the occurrence of damage to the person or money, and can secure a happy and joyful accident. Such as insurance for childbirth, the amount of the insurance if he is a child, or the insurance for the state of survival, he will be paid the amount of insurance if he survives for a certain period (Ahmad, 2004, p. 1077-1079).

Many types of danger vary depending on the field in which we arise or touch; there are land, sea and air risks:

- ✓ **Marine Hazards:** Risks related to maritime transport and navigation.
- ✓ **Land hazards:** Land-based hazards are the most diverse hazards.
- ✓ **Air hazards:** They relate to air transport operations and damage the objects of aircraft, persons and goods on board.

There are financial and personal risks: The financial risks are property, movables or real estate, such as fire, theft, cattle death, war, vandalism, earthquakes, economic crises, etc.

Personal hazards are those that affect a person's life or the integrity of his body, such as illness, death, bodily injury and aging.

These risks vary in terms of stability. They are either fixed or variable. Fixed risks are those whose probability of occurrence is fixed. The probability of achieving them during the insurance period does not change from time to time, such as fire, traffic accidents, theft and cattle death because these risks are fixed and do not change their validity to increase or decrease in one period or another (Ben Kharouf, 2002, p. 98).

Section II: "Premium"

The premium is the amount paid by the insured to the insurer in return for the latter being liable for the insured risk, and is called a premium if the insured is a commercial company and a contribution if the insured is a cooperative company (Sharaf al-Din, 1991, p. 150-151).

The installment is paid in periodic installments, i.e. annually, six or monthly, according to the agreement. In this case, it is called "periodic installment". It may be

paid once; it is called "the only installment." The installment may be fixed or variable. It is variable in the mutual insurance system. Additional amounts of contribution paid upon the conclusion of the contract and fixed in all commercial insurance operations - the predominant form at the present time. It is clear from these definitions that the premium is considered to be the risk, and since the insurance is one of Compensatory Contracts, so this contract does not take place if the insurer's obligation to pay the premium, which is included in the composition of the insurance contract, is not fulfilled (Jedidi, 2003, p. 50-53).

The installment is a legal and technical necessity because there is a close relationship between the insurance premium and the insured risk. The insurance premium is calculated on the basis of this risk. If the risk changes, the premium are changed according to the "premium to risk" principle, this is reflected in the insurance process. That the amount of insurance shall be paid out of the common balance of the premiums paid by the Insured, and therefore the sum of the premiums shall be sufficient to cover the risks to be realized.

Thus, the close relationship between risk and premium requires the insurer to work to find proportionally between them to achieve a balance between revenues and expenses in the insurance process.

2.3.3. Elements of premium

The insurance policies dealt with include the inclusion of the installment of a number of elements and each element has its own factors that control its determination. These elements are as follows (Sharaf al-Din, 1991, p. 150-151).

A. Net Installment:

Is the amount that represents the arithmetic value of the risk as determined by the rules of statistics or is the amount that corresponds to the risk completely covered without increase or decrease, the premium is limited to coverage of the risk without harm or benefit of the insured so the risk is the main factor in determining the value of the premium without omission interference.

Other factors in this limitation are the amount and duration of the insurance. In terms of risk, it intervenes in the process of determining the amount according to the probability of occurrence on the one hand, and the expected severity of the other, so

that the insurance company depends on determining the probability of occurrence at the expense of the possibilities and the law of abundance, the statistics tables shows the proportion of the realization of the risk in view of the number of insured cases (Ahmad, 2004, p. 1077-1079).

B. Installment allowances:

Is part of the general expenses required for the management of the insurance project, which is borne by the insured for the conduct of insurance contracts, such as the collection of premiums and expenses of legal proceedings and fees of intermediaries, in addition to the profits added by the insured to the net premium, which must be shared by the insured in their coverage and realization. The taxes and fees paid by the insured for the State treasury are also included in the scope. In some cases, the legislator may approve the addition of a certain percentage in the form of a contribution to some funds for road traffic injuries (Jedidi, 2003, p. 50-53).

Section III: "The amount of insurance"

Is the amount that the insured is obliged to perform when the risk is realized for the insured or the beneficiary or third parties, and represents the obligation of the insured in return for the obligation of the insured to pay the premium and is associated with it entirely linked to the increase or decrease. The amount of insurance takes several forms, the predominant form of which is cash performance. The insurance company undertakes to pay a cash amount when the risk is realized because the nature of the insurance contract is to arrange for the insurer a financial nature (Hijazi, 1908, p. 119).

In some types of insurance, the insured chooses between cash performance and in-kind performance, which means that the insured will repair the damage to the insured thing, making his obligation optional if he finds it useful, such as waiting for the insurer to exaggerate the damage or deliberately harm the insured, but the amount of insurance does not lose its financial character. In all cases, the amount of insurance must be of a financial nature. The estimation of this amount varies according to the type and nature of the insurance.

- ✓ **First:** Determining the performance in the insurance of persons.

✓ **Second:** Estimation of compensation from insurance for damages (Mustafa and Nabil, 2015, p. 67-68).

2.3.4. Re-Insurance

Financial reinsurance is the combination of financing and insuring insured losses. Financial reinsurance contracts constrain reinsurance coverage and are accordingly often referred to as finite-risk reinsurance (Nissim, 2010, p. 130-140).

Reinsurance is the transfer, with indemnification, of all or part of the underwriting risk from one insurer to another for a portion of the premium or other thought. Reinsurance contracts are either proportional (e.g., portion-share contracts), where the primary underwriter and the reinsurer proportionately share all insured losses from the first dollar, or non-proportional (e.g., excess-of-loss contracts). The basic role of reinsurance is risk management. For instance, excess-of-loss agreements enable the primary insurer to retain losses which are relatively predictable, while sharing large and infrequent losses with the reinsurer. Different destinations of reinsurance include: to reduce the strain on the insurer's capital, to be able to provide coverage for large exposures and to obtain informal consulting services from reinsurers in the areas of underwriting, marketing, and pricing. Reinsurance with admitted reinsurers minimizes regulatory capital requirements and, under SAP, the commission received from the reinsurer is recognized in the period in which it is paid, accordingly increasing statutory income and capital.

Due to the systematic character of longevity risk, reinsurance treaties covering this risk are usually expensive. Numerous life insurance companies are reluctant to buy long-term reinsurance coverage because of substantial credit risk. At any rate, the large size of the global longevity risk exposure means that the insurance industry is limited in its ability to absorb this risk. These constraints have led to recent developments in capital market solutions for hedging longevity risk. Reinsurance transactions generally increase both " regulatory capital and taxable income " (Adiel, 1996, p. 207-240).

Insurance industry records of the liability insurance crisis of the mid-1980s regularly refer to disturbance of supply in reinsurance markets as an important contributing factor. Investigate the extent to which events in reinsurance markets influenced liability insurance market outcomes. They document significant shocks to

reinsurance supply in the early 1980s and discover proof of subsequent disruptions to the price and availability of reinsurance (Berger & others, 1992, p. 253-272).



CHAPTER THREE

FINANCIAL ACTIVITY AND ACCOUNTING SYSTEM IN INSURANCE COMPANIES

3.1. FACTORS AFFECT FINANCIAL PERFORMANCE OF INSURANCE COMPANIES

There are two kinds of performance, financial performance and non-financial performance. Financial performance focuses on variables directly related to the financial report. The company's performance is assessed in three extents. The first one is business productivity or efficient input processing in spending. The second is after the profitability, or the level of what the company earns greater than its cost. The third dimension is the market value or the market value of the company that exceeds the book value. Insurance companies offer unique financial services for the growth and development of any economy.

These specialized financial services range from taking risks from economic agents to mobilizing large sums of money through long-term investment installments, Insurers' ability to take risk increases financial stability in financial markets and gives economic entities a sense of peace. The ability of insurance companies to cover risks in the economy depends on their ability to create profits or values for their shareholders. The advanced and advanced insurance industry is a boon to economic development because it provides long-term financing for development (Mwangi and Murigu, 2015, p. 289).

The empirical literature observes how financial and non-financial reasons, such as the leverage index, liquidity, size, age, and administrative literacy index, affect financial performance and corporate growth.

3.1.1. Leverage

The insured's profitability is influenced by both internal and external factors. While internal factors focus on the specific characteristics of the insurance company, external factors affect the characteristics of industrial and macroeconomic variables. The company's factors include: leverage, measured by total debt to equity ratio (debt / equity ratio). This ratio indicates the extent to which the company uses borrowed funds. It reflects the ability of insurers to expose their economic risks of unexpected

losses. This action represents the potential impact on capital and excess reserve deficits due to financial entitlements (Adams and Buckle, 2000, p. 43-133).

3.1.2. Liquidity

Liquidity denotes to the speed and security with which the asset can be converted to cash (cash or income) whenever the asset's holder wishes to do so. Capitalization is the most liquid asset ever. In terms of investment, it is the ability to quickly convert an investment portfolio into cash with little or no loss in the value. Liquid Company is a company that has enough cash and its equivalent, together with the ability to raise funds quickly from Other sources, to meet payment obligations and financial obligations in a timely manner. Different measurements are used to measure liquidity.

These measures include: the current measure, which is the simplest measure, calculated by dividing the total current assets over the sum of short-term liabilities; and the quick ratio, calculated by deducting the inventory of current assets and then distributing them to current liabilities. Although the two measures are similar, rapid measurement provides a more accurate assessment of the Company's ability to repay its short-term debt. The quick ratio reduces all assets except liquidity. Inventory is a notable omission because it is not quick to convert into cash. The speed ratio is a reasonable indicator of the company's short-term liquidity. The rapid ratio measures the company's ability to meet its short-term liabilities with its most liquid assets, the higher the rate of fasting, the better the situation for the company (Devraj, 2014, p. 2).

3.1.3. Company Size

The scope of the firm is another reason that determines the financial performance of the insurance company. The size of the company affects its financial performance in many ways. Large companies can benefit from economies of scale and performance, making them more efficient than small businesses. The size may be determined through net premiums, which is the premium received by the insurance company after deduction of the reinsurance. The excellent rule for the insured determines the amount of liabilities borne by the insured (Ahmed & others, 2010, p. 75).

3.1.4. Company Age

Another factor is the age of a company. Other firms are more experienced, have enjoyed the benefits of learning, are not prone to the liabilities of newness, and can therefore enjoy superior performance. Older firms may also benefit from reputation effects, which allow them to earn a higher margin on sales. On the other hand, older firms are prone to inertia, and the bureaucratic ossification that goes along with age; they might have developed routines, which are out of touch with changes in market conditions, in which case an inverse relationship between age and profitability or growth could be observed.

Another reason is the age of the firm. Old companies are more experienced, have the aids of learning, not susceptible to modernity, and therefore can enjoy above average performance. Old companies can also benefit from reputations that enable them to achieve higher margins. On the other hand, old firms are prone to slow aging and bureaucratic obsolescence; they may have developed routine procedures based on changes in market conditions, with an inverse relationship between age and profitability or marked growth (Shiu, 2004, p. 1079-1110).

3.1.5. Management Competence Index

In “The Competent Manager” defines competence as “an underlying characteristic of a person”, stating it could be, “motive, trait, skill, aspect of one’s self-image or social role, or a body of knowledge which he or she uses” Points out, that this definition leaves the term open to a multitude of interpretations and argues that the term ‘competence’ can be used to refer to a ‘set of behaviors, skills, knowledge and understanding which are crucial to the effective performance of a position’ (Almajali & others, 2012, p. 273).

3.2. FINANCIAL ROLE OF INSURANCE COMPANIES

The financial statements deposited with the regulatory authorities are used to monitor the financial position of the insurance projects between audits by the auditors or the region (insurance companies are usually audited every three to five years). The quality of accounting is influenced by many factors. Three key factors are the complexity of the underlying transactions and the related accounting treatment, the uncertainty and reported amounts associated with the transactions, and

the degree of judgment in the assessment and reporting of senior executives. Complexity and uncertainty can lead to errors in financial reporting and may provide managers with opportunities to manage results, such as the manager's assessment.

From the user's point of view, these factors reduce the visibility and reliability of financial information. Complexity is a particular concern of insurance companies, while uncertainty hampers the usefulness of financial reports by insurance companies, especially those that are exposed to significant losses in the disaster. The discretionary management is basically relevant to all insurers (Trichet, 2005, p. 65-71).

If both the hedged item and the hedging derivative are valued at market prices, the balance sheet and income statement adequately reflect the net value or change in value. However, if the underlying transaction is measured at fair value other than fair value, the carrying amount and the result are distorted and the information content is reduced in the financial statements. These distortions are very common due to the strict requirements of hedge accounting, which often prevent companies from recognizing compensating changes in the value of the underlying transactions. The leverage also has an added impact on risk.

Given the limited debt capacity, high-debt companies have limited capacity to raise additional funds when such borrowing is needed. In addition, heavily indebted companies rely on bond markets for further refinancing and are therefore more sensitive to changes in interest rates, credit spreads and availability of funds. In addition, leverage affects business risk. As corporate assets deteriorate, clients and other stakeholders often need to consider additional transactions with the company, increasing the negative shock that caused the asset to be lost. This is particularly true in the insurance sector where financial stability is a critical component of the insurance company's product. In addition, the ability of insurance companies to generate business as a result of comprehensive regulation may deteriorate if the losses result (Nissim, 2010, p. 130-140).

More information is required on the financial report of insurance policies and other financial instruments that develop options on macroeconomic variables, including financial guarantees associated with asset-backed securities and minimum life insurance policies of investment type. This information should clearly indicate

concentrations of risk, such as historical data used to assess centers and other significant estimates.

Although insurance policies cannot be converted to reduce incentives to contract and enhance the usefulness and comparability of insurance companies' financial statements, these policies should be more or less rationalized with accounting for potentially risky financial instruments such as financial instruments as derivatives. Fair value accounting, the usual method of these other financial instruments, is the best way to do this, but it may be appropriate to use a non-remote alternative, such as performance accounting.

This proposal is particularly important for financial guarantees because they are interchangeable with credit derivatives and other credit risk transfer products, but it is also important (in contract characteristics) in investment-oriented insurance policies. In order to encourage timely regulatory response to emerging solvency issues, SABB should be considered in fair value accounting or an inappropriate alternative in time, such as the accounting of the value of the obligation. At a minimum, SABB's income-reduction mechanisms should be eliminated (Acharya, 2009, p. 20-21).

Insurance policies have three characteristics that may mean that these policies should be treated differently from other financial instruments:

First, insurers can generally insure by the insurance company. For example, if the insurance company reinsures the insurance, the insurance company still holds the policyholder in case of a delay in reinsurance. This lack of transferability leads to a kind of market liquidity, which makes the exit value, and fair value measurement when accounting for other financial instruments, largely hypothetical even under normal market conditions.

Second, the initial sale of insurance documents often involves high commissions and other initial costs. Insurance companies are willing to pay higher initial costs as many insurance policies are likely to be renewed, creating intangibles that are internally developed.

Thirdly, asset-backed life insurance often includes minimum guarantees and various other contractual features that cannot normally be separated from host policy,

cannot be purchased separately in insurance or in other markets, have significant common value and are marketed by insurers and purchased from Before the document holders as a group. While some of these treaty characteristics meet the accounting definition of derivatives, and therefore should be deducted from the host policy and are carried at fair value under HKAS 133, this is more problematic for insurance companies than for other financial instruments for the above reasons. The simplest and perhaps most attractive alternative for the distribution of derivatives included in an insurance policy is the full accounting of the policy at fair value or an alternative such as settlement value (Griffith, 2006, p. 1147-1208).

3.3. VARIABLES AND PRICES OF INPUTS AND OUTPUTS FOR INSURANCE COMPANIES

3.3.1. Inputs and inputs' prices

First, net operating expenditures refer to the distribution of an agent for commercial services, workers, used materials and products. Most studies assume that most of the operating expenses in the insurance industry are attributable to staff commissions, salaries and the rest to the physical capital of commercial services and materials. Although operating expenses include labor and business services, most studies use only labor costs, also called wage variables, and the price of business expenses.

The second entry used is property rights and reserves. This variable includes each item of the balance sheet in respect of equity or reserves (minority interest, share capital). The known method of measuring the price or cost of equity is the return on equity based on market value. However, most insurance companies are not publicly traded, limiting the size of the sample used. To overcome these problems, some studies use the annual total return, which corresponds to the stock market index in each country.

Lastly, the financial liability capital includes all rented money from creditors. There is no agreement on the definition of leverage, but the most common variants of this variable are one-year treasury bills, which can be extracted by several national and international numerical institutes (Jarraya and Bouri, 2014, p. 76).

3.3.2. Outputs and outputs' prices

Selecting the fitting approach to determine the outputs of insurance companies, namely the mediation approach and the value-added approach, the first approach looks at insurance companies as mere financial intermediaries. The activities of the insured are divided into three steps:

- ✓ The insured collects money from the holders of documents
- ✓ They pay claims and all other additional charges.
- ✓ Finally, it invests the remaining funds in the capital market.

In the second approach, the output is significant if it provides significant added value. This approach divides non-life insurers into three major groups. Initially, the insurance company provides an emergency risk mitigation service that can be secured to businesses and consumers through an assembly mechanism, which is referred to as risk and risk aggregation. After that, a wide range of real insurance companies' services is offered to policyholders, commonly referred to as real financial services in terms of insured losses.

Finally, insurance companies collect and invest funds from insurance and pension insurance documents until they are removed by the policyholders or used to reward claims; this is called mediation. Most research based on the efficiency of insurance companies considers the mediation approach an inappropriate method, and the approach of creating value is more appropriate to determine the results (Berger & other, 1999, p. 135–194).

The First exit agent has lost one. This agent represents the total amount of expected loss that must be distributed by the insurance company as a result of insurance for a certain period of time. However, when considering net return claims and backup additions as outputs, the latter needs to be maximized in efficiency analysis. Most of the studies using these products determine the insurance yield rate as premiums earned are less than the present value of losses divided by the latest variable (Berger & other, 1997, p. 515–546).

3.4. FINANCIAL REPORTS OF INSURANCE SUPERVISORS IN INSURANCE COMPANIES

The regulator represents the interests of document holders and therefore needs to work with information that highlights this perspective. An important way to achieve this objective is to modify the concept of continuity and to replace it with the so-called liquidation concept. Instead of assuming that the company will remain indefinitely in the future, it is logical to postpone the various expenses to future periods (according to the principle of conformity)

It is assumed that the insured will be forced in the not-too-distant future. In this case, one wish to make sure that most of the expenses are published in the current period and are not deferred. (This can best be described as a quasi-liquidation approach since it does not usually include the worst case scenario). Expenditures due as assets under GAAP are reported, but (in most cases) will not be realized in the event of liquidation. And therefore will not be available to protect document holders; therefore, they are often evaluated with zeros under SAP.

The information is required to assess the insurance companies' risk levels, monitor their current financial position and ensure the adequacy of the insurance company's capital and surplus with respect to the assumed liabilities. In some countries, the Government and regulators decided that GAAP would not apply to insurance companies in their jurisdiction and that insurance companies would report to regulators on a legal basis. Regular and timely reports of supervisors usually include legal, financial statements and several additional supporting exhibits designed to provide the manager with useful information on the company's financial position, business development and the like.

For similar reasons, the regulator will adopt a conservative approach and consider various potential liabilities as real adversaries. For example, under generally accepted accounting principles, if an insurance company offers reinsurance to a reinsurer, the liability will be derecognized from the insurer's balance sheet (or the asset will be recognized) and will be reflected in the reinsured balance sheet. The reinsurer will be able to meet all of the reinsurance obligations towards Cadent and from a legal, accounting perspective; the regulator may require the insurance company to develop a special reinsurance provision, which will be allocated to the

reinsurers who are not the most financially fit or not licensed in the scope of jurisdiction.

Under generally accepted accounting principles, provisions should be recognized if there is a high probability that the amounts due will not be recovered. In other words, the company should establish a liability center (for losses) to compensate for the asset concerned, on the one hand, the amount of the judgment and the date of its creation are considered discretionary and dependent on the specific details of the situation. For example, if the amounts due from brokers are outstanding for more than 90 days, SABB usually requires the insurance company to exceed the amount of the reported assault by more than 90 days. Under generally accepted accounting principles, the insurer would provide for an allowance for doubtful accounts at that time and to the extent that the concerned brokerage accounts was considered non-refundable. This can be either earlier or later than 90 days (Ronen, 2002, p. 39).

The supervisory authority:

- ✓ Requires insurance companies to provide information on their financial position and performance, both at the group level. It may request and receive financial information about the subsidiaries of the supervised entity.

- ✓ Defines principles and standards for accounting and standardization techniques that will be used. The valuation of assets and liabilities should be consistent, realistic and wise.

Insurance companies must report all off-balance sheet claims.

- ✓ Requires insurance companies to report on outsourcing features.
- ✓ Requires that the appropriate level of senior management of the insurance company is responsible for the timing and accuracy of these returns.

- ✓ Requires correction of inaccurate information and has the ability to penalize false intentional reporting.

- ✓ Based on this information, a framework is established for continuous monitoring of the financial position and performance of the insurance companies (Masciandaro, 2011, p. 71-79).

3.5. THE IMPORTANCE AND ORGANIZE OF THE ACCOUNTING SYSTEM IN THE INSURANCE COMPANIES

3.5.1. Definition of the accounting system

The accounting system consists of a set or a coherent pattern of the parts or elements that constitute the scientific basis of this system in order to achieve a set of objectives for which it is designed. The success and effectiveness of the system depends on the integrity of the organizational structure and the cooperation of individuals and their desire to achieve these goals. In addition, the accounting system has a set of elements, namely, the documentary group, the book group, and the group of financial statements. Based on the above, the accounting system can be defined as follows:

- ✓ "Financial accounting is financial information, management system that allows storing, categorizing, evaluating, recording and presenting data that reflect a true picture of the company's financial position at the end of the financial year."
- ✓ "An integrated human and financial resource framework that works through the organization, prepares financial information and data obtained from the collection, processing and operation of these data in order to access a set of reports and lists prepared in the light of certain terms and obligations. This system must be consistent with the organization's organizational structure for the purpose of serving the internal and external parties" (Hilali and Al-Shehadeh, 2009, p. 275).

3.5.2. Accounting system functions in insurance companies

The most important function of any accounting system is to find a systematic record of the activities that can be expressed in a financial form that is carried out by the economic unit as expressed in the unit of cash. Examples the activities of the insurance sector are issuing documents, commissions, reinsurance, allocations, investments, compensation, refunds and other expenses... etc. Accounting of insurance companies has the following functions:

- ✓ Measuring, analyzing and recording financial events (operations) related to the insurance activity in the light of legal requirements, taking into account that the date of occurrence and chronology of financial transactions is kept up-to-date;

✓ Demonstrate the accurate accounting treatment and proper accounting guidance for each insurance, accounting vocabulary, indicating the impact of these items on the accounts and final outcomes of the insurance companies.

✓ A prudent procedure between accounting concepts and insurance concepts leading to a set of insurance accounting concepts that reflect the nature of insurance activity (Taima, 2002, p. 75-84).

3.5.3. The objectives of the accounting system in the insurance companies

The accounting system of insurance companies aims to:

- Recording of insurance operations in the records.
- Preparation of final accounts, financial statements and various reports necessary to determine the outcome of insurance activity at the level of each branch of insurance on the one hand, and the level of the company as a whole on the other hand.
 - Submit reports and financial statements required by the law of supervision and control of insurance companies.
 - Assisting in the implementation of an integrated system of internal control, which aims to protect the assets and property of the company from theft, waste and loss.
 - Provide the necessary data to complete the appropriate review and control process, to make decisions in many areas (Bayan, 1999, p. 231).

3.6. CHARACTERISTICS OF THE ACCOUNTING SYSTEM IN THE INSURANCE COMPANIES

The characteristics of the insurance activity must have their effect on the main features of the accounting activity in the insurance establishments. The main characteristics of the accounting system in insurance establishments are:

3.6.1. The concept of accounting unit

The insurance facility can be divided into small units representing each of the centers of responsibility, taking into account the identification of the appropriate criteria for evaluating the performance of each of these centers. How to look at this accounting unit or how to interpret its personality as an independent accounting unit,

the theory of moral personality is an appropriate tool for directing accounting activities In the insurance facility.

3.6.2. Uncertainty and its impact on accounting measurement

Insurance activity is mainly based on the principle of uncertainty, IE, its nature is probable. It also makes it difficult to measure expenditure and income. It also results in widening the gap between the actual results of the activity from the profit and loss in the uncertainty and the real results that could have been achieved if confirmed.

It is also difficult to determine the real cost of the insurance service due to the lack of elements of this cost, but there is a need to determine prices in advance, which requires relying on previous experience and assuming that the direction of events in the future will not differ significantly from the direction in the past. Cost determination is based on a set of hypotheses and probabilities that also significantly affect the accuracy of the results of the business achieved in the insurance facilities.

3.6.3. Sub-independence of insurance activities and their accounting effect

The insurance company may be asked to indicate the results of the business for each branch of insurance, this requires a precise description of the elements of revenues and expenses and the establishment of fair basis for the distribution of expenses to different branches in order to reach the shore of each insurance branch of the total expenses in order to determine the results of each branch separately. After determining the business outcome of each branch separately, it is carried over to the final accounts of the entity as a whole in order to determine the total work of the establishment (Al-Sajai, 2006, p. 18-24).

3.7. STRUCTURE OF ACCOUNTING SYSTEM IN INSURANCE COMPANIES

Through the accounting system of insurance companies, the activities of the insurance companies or reinsurance can be monitored daily, from which we can summarize the results in accounting reports through the use of special means. This is not the case in other commercial, industrial and financial establishments. However, the nature of its activity and the size and complexity of its transactions require the

need to follow a method of analysis and detail to help in recording the analysis and presentation of these transactions.

The general framework of the accounting system in the insurance companies can achieve its structure by keeping the established a set of the following books and records:

3.7.1. Books kept by each of the insurance departments

Each insurance department shall undertake the tasks of issuing new insurance documents, renewing the previous insurance documents prior to the end of the insurance period, modifying the conditions of the documents or canceling them if necessary, in addition to paying the indemnities when the insured risk is realized. To prove these operations, each insurance department must maintain a set of the following books and records:

- **Release Record:** Each insurance department shall keep a record of the insurance documents issued, either at the head office or at one of its branches. It should be borne in mind that what is recorded in this record is the new direct operations that are made by the insurance company only, the reinsurance operations are recorded in other records, and the value of the insurance premium records in this record, which is the net premium of the entity for the insurance operations plus fees paid to the insurance service. This record shall be considered as an auxiliary day book in which a total at the end of each periodic period (weekly or monthly) shall be shown in the general daily book of the entity maintained by the General Accounts Section in the form of overall restrictions (Qanatqji, 2008, p. 115).

- **Register of renewals:** Insurance companies are renewing the insurance contracts issued before the end of the insurance period and this renewal will be done automatically. Each section of the insurance maintains a register of renovations to allow for the chronological order according to the renewal dates of the documents. This register is an auxiliary daily book that records the installments and details of the renewal. At the end of each periodic period (weekly or monthly), the totals are shown in the general daily book in the Public Accounts Department. This record contains many basic data, the most important of which are: document number, date of renewal, name of insured, type of insured risk, amount of insurance, renewal

installments and product or branch name and commission in renewal installments (Atiya, 2004, p. 22).

- **Register of amendments and cancellations:** The amendments to the insurance policy, or if the document is canceled, are recorded in this register, where the insurance document is subject to amendment or cancellation at all times. The amendment may be either in the amount of the insurance and the amendment may be in the risks covered by the insurance. The amendment may also include the term of the insurance, these amendments or cancellations affect the amount of premiums due on these documents, as well as the effect of such transactions on commission amounts due to agents. It is also an auxiliary day book in which the operations are detailed. At the end of each period (weekly or monthly), the total of these transactions recorded in the General Ledger in the Public Accounts Department.

- **Compensation record:** Each of the insurance departments shall maintain a record of compensation in which the compensation payable to the insured or the beneficiaries shall be proved. The register of compensation shall be considered as an auxiliary daily book in which the data shall be kept in full detail. At the end of each periodic period (weekly or monthly) this record is recorded in the General Ledger in the Accounts section (Nour & other, 1986, p. 92-98).

3.7.2. Reinsurance record and Register of Agreements

Each insurance department maintains a record or set of records to verify only the incoming reinsurance that is accepted. The Reinsurance Record is considered as an auxiliary day book in which the transactions are detailed. At the end of each periodic period, the total entries are recorded in the General Ledger in the General Accounts Department.

Including all the agreements entered into by the company, indicating the names and addresses of the entities it enters into with them, the date of the conclusion of each agreement, the date of its termination, the changes thereto and any other data which the Company deems to be of interest to the agreement (Afana, 2010, p. 29).

- **Lending record:** The Insurance Department shall keep a record of the proof of the loans granted to the insured and include the value of the loan and the various deductions and net disbursements to the insured. The record shall be confirmed in

this record in full and in detail, like the rest of the public books in the Public Accounts Department (Saulnier & other, 1958, p. 286-362).

- **Funds Record:** It clarifies the funds that are included in the money to be allocated and the changes in the composition of these funds, and the funds for the life insurance operations, the composition of the funds and the other insurance operations should be recorded separately (Arbid, 1999, p. 63).

3.7.3. Books and Records kept by the Treasury Department

Due to the repetition of some collection and disbursement in the insurance facilities and the need to prove them, it requires that the Treasury Department keep a set of books or records that are considered as auxiliary daily books to prove the items of income and expenses in detail. The presentation of the most important books or records kept by the Treasury Department in the insurance establishments shall be as follows:

- **Daily book of the premium fund collected:** Each of the insurance departments are issuing the documents and receipts and sending them together to the Treasury Department to collect them. Hence, it is necessary for the Treasury Department to keep a book and register of the premiums collected for each of the insurance departments. To achieve the internal control objectives, the balance of the book must be equal at the end of each periodic period with the total premiums received and premiums not yet received with the total outstanding installments listed in the issuance record.

- **Daily Book or Record of registered commissions:** The Treasury Department keeps a record for each insurance department in which the fees and commissions paid to agents and vendors are recorded on the documents they have entered into with the customers.

- **Daily Book or Record of paid compensations:** The Treasury Department shall keep a record of each of the insurance departments in which the compensation actually paid shall be recorded. This record shall indicate the amount of the compensation, the date of payment, the number of the insurance document, the name of the insured, the subject of the insurance, the estimated value of compensation and the amount of compensation paid (Al-Sajai, 2006, p. 18-24).

3.7.4. Books or records maintained by the General Accounts Section

The General Accounts Department represents the central data production facility in the insurance facilities, where the total of the above mentioned auxiliary logs is recorded. The most important books and records maintained by the General Accounts Section include the following:

- **Daily Book of General Fund:** This book is called the register of receipts and payments, where it records the totals of the books of the sub-fund in the Treasury Department. In addition, the receipts and other payments of all kinds are also recorded analytically, showing the various items of disbursement and collection.

- **General Ledger:** In this book, the totals of the auxiliary logs recorded in periodic intervals, from the notifications and notes received in the general accounts section of the various insurance departments, as well as the non-recurring transactions which are not recorded in the auxiliary logs. Thus, this record contains the total records of the following operations:

- ✓ Issuance of insurance documents.
- ✓ Renovations.
- ✓ Amendments and cancellations.
- ✓ Refunds (documents liquidation).
- ✓ Compensation.
- ✓ Commissions.
- ✓ Lending by guarantee of insurance documents.
- ✓ Operations of the Fund.
- ✓ Reinsurance operations.
- ✓ Inventory settlement and final accounts.
- ✓ Correction of errors.
- ✓ Bank reconciliation.
- ✓ Closing and reopening of books (Abdel Karim, 2000, p. 94).

- **Daily Help Logging (Books):** The General Accounts Department maintains a set of auxiliary books to demonstrate other processes (other than those occurring in the insurance departments or in the Treasury Department) of a recurring nature, which may be limited to the operations of the branches and agencies, the operations received from the reinsurance facilities, the operations issued to them in its multiple areas (Antaki and Sibai, 1998, p. 115-123).

- **Auxiliary Ledger Logs (Books):** These books provide a detailed account of the operations of the insurance company with all the frames. These books show the necessary information for all purposes and natural uses. For example, the following books can be mentioned:

- ✓ Assistant Ledger for Agents and Producers.
- ✓ Assistant Ledger for Reinsurance Facilities.
- ✓ Assistant Ledger for Insurance, Loans.
- ✓ Assistant Ledger for Investments in Securities.
- ✓ Assistant Ledger for Debtors.
- ✓ Assistant Ledger for Creditors.
- ✓ Assistant Ledger for Real Estate.
- ✓ Assistant Ledger for Banks.
- ✓ Assistant Ledger for Administrative Expenses (Taaima, 2002, p. 77-84).

3.8. FINANCIAL STATEMENTS FOR INSURANCE COMPANIES

Financial statements are the main output of the financial accounting system. These financial statements include profit and loss account, balance sheet, statement of equity and statement of cash flows. The booking cycle does not end when the Es prepares a grade. The computerized system must close the temporary accounts, for example. For example, accounts, revenue and expenses, so that a new cycle can be started. This is necessary because users are interested in income information for a certain period of time. Since balance sheet accounts have financial performance at some point, they are permanent and do not need to be closed. These funds will be transferred to the next billing cycle (Dickinson and Liedtke, 2004, p. 540-581).

3.8.1. Balance Sheet

The balance sheet is a summary of the financial position of the companies at a given date. It shows what FAO owns and what the Organization owes to its external users and internal owners. The statement consists of three parts: assets, liabilities and equity. According to the financial formula, the assets should be equal to the liabilities plus shareholders' equity (Ganbaatar, 2010 p. 11).

Insurance firms gather payments in advance and keep them in reserve accounts for upcoming claims settlement. For example, most premiums collected by insurance

companies are held in accounts payable and in installments, which are the main accounts on the liabilities side of the balance sheet. The outstanding loss reserve is considered to be more risky than long-term regular corporate bonds where the amount or timing of cash flows is not known (Shiu, 2004, p. 1079-1110).

The regular budget of a conventional insurance company (life) is typically characterized by a long term of the contracts, I. Liabilities, while assets are rather short-lived. This feature is less obvious to non-life insurance companies for decades are usually closed for up to one year. As a result, the insurance company (life) faces a balance back to the bank's traditional balance sheet; with current liabilities and non-current assets. In addition, the duration of such contracts is more predictable and statistical estimates are followed.

Table 3.1 - Stylized insurance balance sheet

Assets	Liabilities
Cash	
Receivables	Payables
Investments	Technical Provisions
Intangible and fixed assets	Equity

Source: Mayr, B. (2007) financial contagion and intra-group spillover effects. Na. p. 18

The liberalization of financial markets has enabled insurance companies to access a wide range of products and markets. In fact, the boundary between the insurance industry and other financial institutions are a blur. Life insurance companies tend to absorb banking activities on both sides of their balance sheet. For example, there has been a marked increase in financial security, which competes directly with bank guarantees and standby letters of credit, which constitute an important area of business for credit institutions.

Because of this strong understanding of business concepts, insurers with a strong relationship with banking can now have the same potential incompatibility as maturity in the banking sector; h. Short-term liabilities cannot be offset by current assets. Thus, the new balance sheet structure presents them with the same risks as credit institutions. In other words, banks and insurance companies may be

increasingly affected by similar shocks because of the convergence of risk and common shares. Thus, the consequences of these shocks can be more pronounced than if a few companies within a sector were directly affected (Sherris, 2006, P. 71-96).

The relationship between solvency, capital allocation and fair return in insurance is considered. A method of capital allocation for insurance classes is developed on the basis of an economic definition of the solvency and market value of the insurer's balance sheet. The solvency and its financial impact are determined by the value of the insolvency option. Capital is determined using a complete model free from arbitrage in the market and therefore has desirable characteristics such as: For example, the capital allocated is "totals" and is consistent with the economic value of assets and liabilities in the balance sheet. An example of a separate state model with a single time period used to illustrate the results. The effect of business branches is briefly considered (Adams, 1995, P. 21-45).

Basically, the function and basic operations of the financial intermediary determine its structure, which in turn has certain consequences for the company concerned. The structure of the balance sheet can fundamentally help to explain some of the characteristics or "fragility" of financial firms - especially banks - that have a significant impact on the spread of certain risks within the firm or across the industry. Moreover, it may explain the major differences between conventional banks and insurance companies in terms of these negative shocks (Allen and Gale, 1999, p. 1239 -1253).

Liquidity risk arises when the maturity profile of the balance sheet is different. This difference can be attributed to the presence of large amounts of cash or a shortage of funds that need funding. Liquidity risk, measured by current assets, over current liabilities, indicating the extent to which debt obligations due over the next 12 months can be paid by cash or cash equivalents (Anas and Fauziah, 2014, p. 97-102).

3.8.2. Income Statement

A profit and loss account, sometimes referred to as a profit and loss account, refers to the profitability of a business for a period of time. In accounting, we measure profitability for a period, for example. For example, a month or a year, compare the revenue we have achieved with the cost of getting these profits. Revenue is the flow of assets (such as cash) arising from the sale of products or the provision of services to customers. We measure revenue on the basis of the agreed market prices on which the company offers goods or services, and expenses are the costs incurred to earn revenue. If the revenue for the period exceeds the expenses for the same period, the delivery or consumption in the service to customers the results of net income is be complete.

Net income is often referred to as the company's profit. If sales expenses exceed, the company has a net loss and unprofitable. One of the objectives of the income reserve is to link the statement of income and the balance sheet. The income reserve reflects changes in retained earnings between two dates in the balance sheet. These changes usually consist of the addition of net income (or net loss deduction) and profit deduction (Hermanson & others, 2016, p. 14-35).

The following terms are commonly found in an income statement: Revenue and expenses of business and profit or loss arising over a period of time are recognized in the income statement. It is also called profit and loss account, income statement or profit and loss account. This report reflects the financial year selected by the Company. For tax reasons, the owner may need to prepare a second profit and loss statement based on the calendar year, if the fiscal year is different. The following terms are usually found in the profit and loss account:

1. Heading: The first facts that appear in a statement are the company's legal name, the nature of the statement, and the reported time period, for example, a month, a quarter, or a year.

2. Column headings: If you include current and current columns in your income statement, you can review trends from the publishing period OF the posting period and compare previous similar periods. It is often useful to show amounts in dollars as a percentage of net sales. So you can analyze performance and compare your work

with similar companies. Remember that you can choose any period of time for analysis.

3. Revenue: All income flowing into a business is in exchange for services or goods sold within this category. In addition to actual spot transactions, sales revenue includes receivables from customers for goods and services as well as monetary values corresponding to goods or other tangible materials used as a payment.

4. Less sales and compensation: The value of the returned goods and the value adjustments for the defective goods shall be deducted from the total sales from the net sales account.

5. Cost of goods sold: The cost of sales equals the amount of goods available for sale less inventory remaining at the end of the accounting period. (Total available goods = start the inventory + purchase or manufacture costs of new goods during billing period). Manufacturing costs include all costs directly associated with the production of the product invoiced during the billing period. Service companies usually do not incur any costs for the goods sold.

6. Gross profit: This difference is also called gross margin, which is the difference between the cost of goods sold and net sales (net sales - the cost of goods sold = gross profit). Which is the company's profit before operating expenses and taxes?

7. Total (Net) Operating Income: Total operating expenses are subtracted from gross profit to show what the business earned before financial revenue and expenses, taxes, and extraordinary items. Income and expenses not derived from ordinary business activities of the Company that are not extraordinary (see Note 11) are usually recognized in this category of income, such as interest on investments and financial expenses Interest on borrowed capital (loan principle is not an account, It is a liability and is listed as such in the balance sheet).

8. Pretax Income: To derive this figure, also known as pre-tax profit, total financial income (minus total financial expenses) is added to the total operating result. Taxes are deducted from income before tax if the establishment is a "C" company. Companies and limited liability companies and Group S companies do not pay any commercial tax on income; income is reported on the personal income of the owners. (For tax planning purposes, auditors estimate annual tax payable and then a monthly share project).

9. Extraordinary Gain [Loss] Net of Income Tax [Benefit]: Within a business type and individual location, a very unusual event, unpredictable, likely not to return, generating income or causing loss is an unusual item. Unrealized gain or loss is recognized in the income statement after the tax liability is recognized (or tax benefits, as is the case with extraordinary losses) Examples: A court order to a company that was not previously involved in legal proceedings would be an exceptional advantage; Unusual.

10. Net Income: Also called net profit, this figure represents the sum of all expenses (including taxes, if applicable). Net income or profit is commonly referred to as the bottom line.

11. Earnings per Share: Total outstanding common stock (the number of shares currently owned by stockholders) is divided into net income to derive this figure. It is not applicable to proprietorships and limited liability companies, but must be shown on the Income Statements of all publicly held corporations (Reeves, 2011, p. 7).

3.8.3. Statement of Cash Flows

The statement of cash flows provides information on the Company's inflows and outflows during the accounting period. It consists of three parts: cash flows from financing and cash flows from investing activities and cash flows from operating activities.

Selling a product is what a business or individual expects to earn or spend. Having enough cash at hand is necessary for solvency and ensuring timely payment to creditors, employees and others. If the cash is inadequate, it can end up in bankruptcy. The free cash flow hypothesis also suggests that the surplus cash flow of the company will be lost and adversely affect capital expenditure as managers try to increase the company's assets instead of giving them to shareholders (Jensen, 1986, p. 323-329).

Organizations that carry out risky activities are likely to have more volatile cash flows than companies that are keener to manage risk appetite. As a result, insurance companies that write risky companies must ensure that good management standards are applied to pre-expose actuarial losses and maximize returns on invested assets.

This would improve annual operating performance by encouraging managers to increase their cash flows through the risk. On the other hand, increased risk appetite can affect the annual performance of insurance companies and reinsurers. In addition, higher annual insurance losses tend to increase the cost of governance after governance (eg. claims assessment and claim settlement costs), which may result in a decrease in reported operating performance. On the other hand, insurance companies and reinsurers whose annual loss is less than expected is better operational performance, for example because it does not cause such high costs of monitoring and claims (Daniel and Tilahun, 2013, p. 245-255).

The business should aim to maintain a rapid rate that, given the predictability and volatility of a particular activity, provides sufficient leverage against liquidity risk, among other considerations. The uncertain the business environment, the greater the likelihood that companies will maintain higher and faster ratios. Conversely, if cash flows are stable and predictable, companies will try to maintain a quick share at a relatively low level. However, companies need to strike the right balance between the liquidity risk resulting from a rapid drop in risk and the risk of loss due to a high quick rate (Orni, 2014, P. 60).

Enlightened traders look at the impact of their deals on the management's behavior in their trading strategy, and work harder, thus making prices more useful. The impact of feedback improves this operational performance and eases financial constraints. Both effects increase the company's performance. In addition, the decision of non-financial stakeholders to stay or go affects their cash flows. This is particularly important if the relationship between the stakeholders and the company is fragile or there is considerable uncertainty in the cash flow on existing projects. This is because positive waterfalls (success or good news creates more success) will be more valuable in this case. The feedback theories suggest that the liquidity effect is proportional to the business sensitivity of the information content of stock prices (Ibrahim, 2016, P. 49).

3.8.4. Statement of Owner's Equity

The problem of determining the optimal combination of liabilities and equity, which maximizes the company's value, appears superficial in relation to a general limited liability company, as with any other company. The two generally accepted

variables as determinants of business value are the expected revenue flow and the rate at which the flow is capitalized by the market (Ferrari, 1968, p. 299).

Title insurance is a way to protect yourself from financial losses if you are having property problems with your property. There may be hidden address errors until the search for the most careful title will not reveal. In addition to protection from financial losses, title insurance covers the costs of defending a secured claim.

- ✓ Improper execution of documents
- ✓ Mistakes in recording or indexing of legal documents
- ✓ Forgeries and fraud
- ✓ Undisclosed or missing heirs
- ✓ Unpaid taxes and assessments
- ✓ Unpaid judgments and liens
- ✓ Unreleased mortgages
- ✓ Mental incompetence of grantors in the deed
- ✓ Impersonation of the true owners of the land by fraudulent persons
- ✓ Refusal of potential purchasers to accept title based upon the condition of title

There are two types of title insurance. The lender may require you to purchase a lender's title insurance policy. This insurance only ensures that the lender has a valid and enforceable mortgage on the property. Most lenders require this type of insurance and usually ask the borrower to pay for it.

On the other hand, the property owner insurance policy aims to protect you from property errors that existed prior to the date your policy was issued. Address difficulties, such as inappropriate litigation or pending legal proceedings, can seriously endanger your risk. If a valid claim is filed, in addition to the financial losses up to the amount of the policy, the title insurance covers the entire cost of the legal defense of the address <https://www.vintagetitleservices.com/faq17/7/2017>.

The distribution of equity in the balance sheet to paid-up capital, accumulated earnings and valuation, shares can be very useful in analyzing the progress and profitability of the business. The capital injection is a measure of the value of cash and other assets, Business owners and in some cases of others. Retained earnings are a measure of business growth. This may be the most important measure of property

rights. It shows what the company has contributed to the owner's ownership rights after providing family living expenses or withdrawals and other profits.

The amount of retained earnings reflects the general progress of the business from its inception to the balance sheet date. The change in retaining earnings from year to year is a good indicator of the Company's ability to survive under current economic conditions.

Valuation is a "paper value" part of the property rights. If the market value of the asset increases, there is a potential increase in equity. The owner can sell assets and make money. If the owner does not exercise this option in a timely manner, the market value may decline. The result will be a reduction in profits or even loss of money. However, fair value valuation can be a useful measure if the user understands long-term trends in the market value of the asset type and market volatility (Cunningham, 2004, p. 413).

- **Determining Owner Equity**

Accounting Equation $Assets = Liabilities + Equity$ The owner makes the determination of total equity simple: $Assets - Liabilities = Equity$. The division of total capital to capital deposits, retained earnings and valuation assets is an important part of business process analysis. Equity is calculated by subtracting the carrying amount of the asset from the market value and adjusting the deferred tax losses.

Valuation is the equity of the owner arising from changes in market value from the original cost less accumulated depreciation. The value of the evaluation can be positive or negative factsheets.okstate.edu/documents/agec-938-owner-equity-section/ 5/8/2017.

CHAPTER FOUR METHODOLOGY AND DATA ANALAYSIS

4.1. METHODOLOGY OF RESEARCH

This study is a quantitative analytical method to test the hypotheses and show the results and recommendations of this study and the result of the study to measure the role and nature of the work of the accounting system and financial in insurance companies in the Kurdistan region.

While, a survey questionnaire designed and developed in order to collect data from the participants, as primary data is implications of methods and is closely related to the techniques of data collection, In the table (4.1) show the questionnaire instrument includes four sections:

1. Demographic Q5
2. Accounting system for insurance companies X1 _X10
3. Financial for insurance companies X11_ X20
4. Insurance companies Y21_Y30

Table 4-1 Distributed and Returned Questionnaire

ID	Survey	Item	N0. Of items
1	Demographic	-	5
2	Accounting system for insurance companies	X1- X10	10
3	Financial for insurance companies	X10-X20	10
4	Insurance Companies	Y21-Y30	10
TOTAL			35

4.1.1. Study Area

The Study Area is composed of several the insurance companies in the Kurdistan region/ Erbil, Duhok and Sulaymaniyah.

4.1.2. Survey Sampling

This survey was used to gather data relating to the intrinsic and extrinsic features of all the staff in public and private sector. These features are important if job satisfaction is relevant to fulfill for them at work and in life. 30 statements in the questionnaire are used to gather data relating to the motivational attributes, employees take important to getting them satisfied with their work. Participants attend to the questioned asked by using a 5-point Liker scale (1 = strongly agree, 2 = Agree, 3 = Uncertain, 4 = Disagree, 5 = Strongly Disagree). (117) questionnaires were distributed that (111) were valid for statistical analytical purposes.

4.1.3. Collection of data

In this study, logistic regression model has been used. The logistic regression model presents the link between a set of independent variables and categorical response variable. Therefore, in the statistical part of the research the logistic regression model has been used because it can be used to calculate the relation likelihood of the severity of the motivation employee. The questionnaire consists of two important elements:

A) **Theoretical framework:** The researcher relied on many Arab and foreign resources, such as books, journals, conference papers, studies and university master and PhD thesis, as well as resources obtained from the (Internet).

B) **Practical Framework:** In the collection of data by looking at the practical side of the distribution of questionnaires to study some of the vocabulary of research and inventory and collect the necessary information on the subject of the search.

The first part contains general information:

A) Gender: Male and Female

B) Age: 20-30 years, 30-40 years, 40-50 years, More than 50 years.

C) Levels of education were calcified into four categories: Diploma, bachelor, master, PhD.

D) Specialization positions were calcified into five categories: Accounting, Business administration, Financial, Economic, and other Identity.

E) Job title of participants, were calcified into six categories: Accountant manager, commercial manager, financial manager, Accountant, Financial auditor, other Identity.

The second part of the questionnaire consists of a set of closed questions with the goal of measuring (accounting, financial and insurance companies).

4.1.4. Statistical Treatment

The data have been analyzed and processed using "SPSS ". For Social Sciences has been administrated in order to obtain the dissertation objectives as well as testing the dissertation hypotheses. Moreover, the following statistical methods have been utilized:

I. Cranach's alpha is the most common measure of inward consistency ("reliability").

II. Descriptive Statistical Measures: Descriptive statistics is the term given to the analysis of data that helps describe, appear or summarize data in a meaningful way such that. These are ways of describing the central position of a frequency distribution for a group of data.

III. Pearson Correlations Coefficients: Is a measure of the strength and direction of association that exists between two variables measured.

IV. In order to analyze the data, the study used logistic regression that is a statistical method which is used to analyze data. In the meantime, logistic regression is very helpful in showing binary dependent variable. In the meantime, it is also useful in describing the association between a binary dependent variable and independent or explanatory variable.

V. Factor. The analysis of the factors is beneficial. The Factor Analysis is an explorative analysis. Since factor analysis is an explorative analysis it does not distinguish between independent and dependent variables.

4.1.5. Data Measurement

It is important for the researcher to understand the different levels of measurement, as these levels of measurement, together with how the research question is expressed, dictate what statistical analysis is appropriate. In this research, ordinal scales were utilized. Ordinal measure is a positioning or a routing data that usually use numerals in ascending or descending order. Five Likert scales have been utilized with respect to respondents' answers. Contemplating that the measure used in the study included the following:

Table 4-2 Likert scale

Strongly Disagree	Disagree	Uncertain	Agree	Strongly Agree
1	2	3	4	5

In addition, the values of mean of variables were measured according to international analysis for the purpose of evaluating the attributes of variables individually based on the responses.

Rang: 1 – 2.49, Decision Rule: Low Level

Rang: 2.50 – 3.49, Decision Rule: Moderate Level

Rang: 3.50 – 5, Decision Rule: High Level

4.1.6. Reliability Statistics

We can see that Cranach's alpha is 0.675, which indicates a accept level of internal consistency of our scale with this specific sample.

Table 4-3 Reliability Statistics

Number of Items	Cranach's Alpha
30	.675

4.2. THE RESULT OF ANALYSIS

4.2.1. Socio Demographic Characteristics of Respondents

- **Gender of respondents**

The finding of classification of respondent by gender represented that, 67.60% of the respondents are male, while the remained 32.4% were female. This means that the percentage of male employees are, higher than female (Figure 4.1).

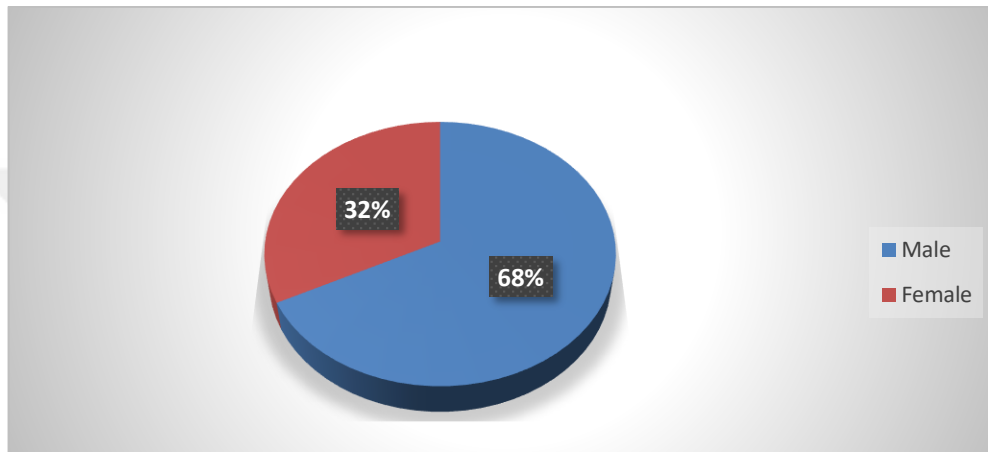


Figure 4.1 Gender of respondents

- **Age of respondents**

Table (4.4) Indicated that demonstrates the participants age of the study sample, From the Table, with (43.3) of the participants that their age are between (20-30) years, Secondly, comes (37.8) of the participants that their age are between (30-40) years. Thirdly, (12.6) of the participants that their age is between (40-50)

Finally,(6.3) of the participants that their age is More Than 50,the table shows that the majority of employees are between 20 to 30 years old which indicates that the youth have a very good opportunity to work employee organization in Erbil which has positive results on performance since youth are more lively, technologically educated, multi-skilled and less resistant to change.

Table 4.4 Age of respondents

Age group	Frequency	Percentage (%)
20-30	48	43.3
30-40	42	37.8
40-50	14	12.6
More Than 50	7	6.3
Total	111	100
Mean	(1.82)	

- **Qualification of respondents**

The figure below illustrates the participants' education level. The majority of the study sample is holding a diploma degree (6%). Secondly; comes participants that are holding a high bachelor degree with (47%). Thirdly; comes participants that are holding a high master degree with (34%). At the last PhD degree holder comes with (13%).

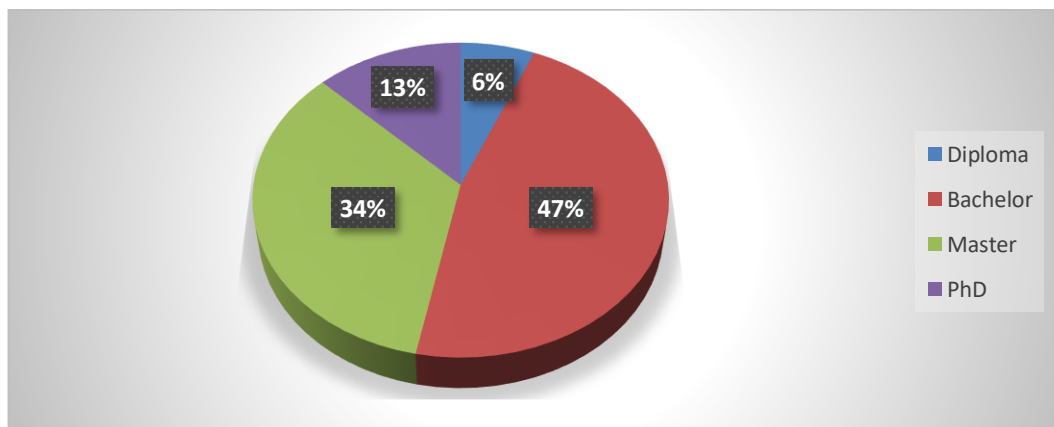


Figure 4.2 Qualification

- **Specialization of respondents**

Figure number (4-3) shows that: The percentage equal (45%) of the study population in specialization "accounting", percentage is reached (21%) of the

study population in their specialization "Business administration", percentage (21%) of the study population in specialization "Financial". percentage (6%) of the study population in specialization "Economic ". Percentage (7%) of the study population in specialization "Other", on the questionnaire are individuals familiar with the activities of the establishment, and an indication that the answers will be a level of accuracy and objectivity.

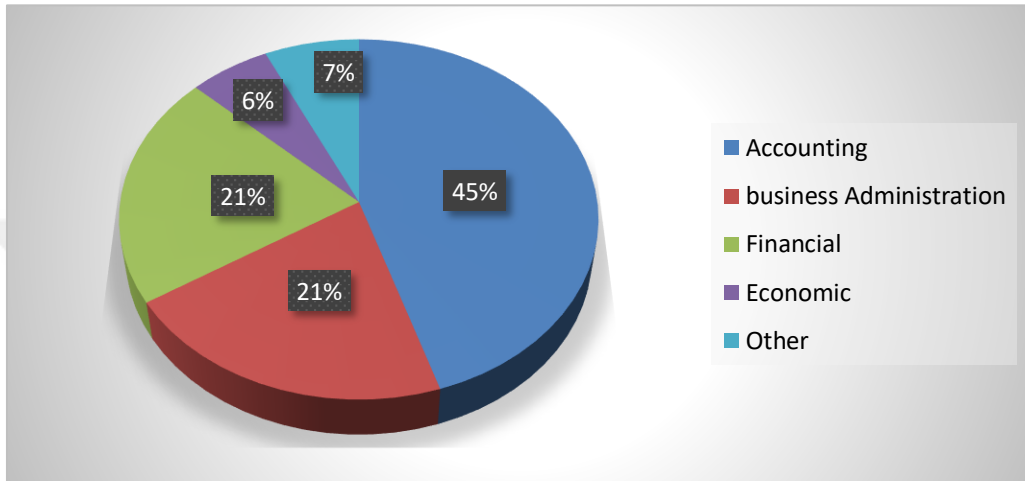


Figure 4.3 Specialization of respondent

- **Job Description**

Figure (4.4) shows that 15% from the sample there's Accounting Manager are 8% from the commercial Manager ,14% from the Financial Manager, 27% from the Accountant, 23% from the Financial Auditor, and 13% from the Other.

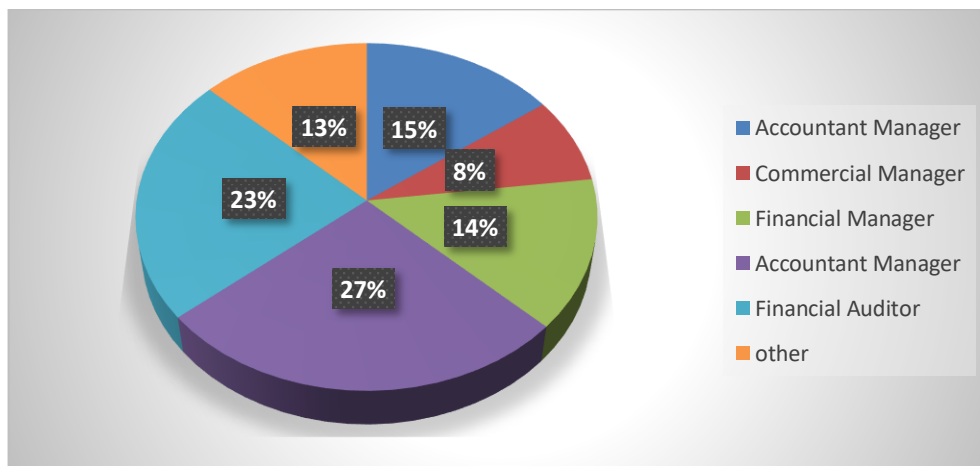


Figure 4.4 Job Description

4.2.2. Descriptive analysis of dissertation variables

4.2.2.1. Accounting System for insurance companies

Accounting system represents the independent variable in this dissertation that has been examined through one dimension. Frequency distribution means, and standard deviations have been administrated for each strategy as the following:

Table (4.5) demonstrates the Accounting System questions analysis (X1 – X10) depending on the frequency distribution, means, in addition to standard deviations. Through the general average of the mean (3.96) the Accounting System questions (X1-X10) reached a high level of contribution.

Moreover, the table (4.5) indicates that the question (1) that states "Do you think insurance companies have better access to the financial data by using accounting system" that have a mean and standard deviation of (4.30), (0.581) respectively is the most significant question that contributes to enhance the recruitment strategy.

In contrast, the question (X6) that states "Accounting system play an important role in planning the firm's Strategy " that have a mean and standard deviation of (3.69), (0.912) respectively has the lowest contribute to the Accounting System.

Table 4.5 Analyzing accounting system for insurance companies Questions

Q	Strongly Disagree		Disagree		Uncertain		Agree		Strongly Agree		Mean	SD
	N	%	N	%	N	%	N	%	N	%		
	X 1	0	0	0	0	7	6.3	64	57.7	40		
X 2	1	0.9	4	3.6	18	16.2	63	56.8	25	22.5	3.96	0.785
X 3	2	1.8	4	3.6	12	10.9	46	41.4	47	42.3	4.19	0.900
X 4	0	0	2	1.8	14	12.6	69	62.2	26	23.4	4.07	0.657
X 5	0	0	3	2.7	26	23.4	53	47.7	29	26.2	3.97	0.780
X 6	2	1.8	9	8.2	29	26.1	52	46.8	19	17.1	3.69	0.912
X 7	2	1.8	8	7.2	29	26.1	53	47.7	19	17.2	3.71	0.898
X 8	0	0	7	6.3	29	26.1	58	52.3	17	15.3	3.77	0.786
X 9	0	0	3	2.7	20	18.0	71	64.0	17	15.3	3.92	0.662
X 10	0	0	8	7.2	7	6.3	71	64.0	25	22.5	4.02	0.763
Accounting System general average											3.96	0.772

4.2.2.2 Financial for insurance companies

Financial represents the independent variable in this dissertation that have been examined through one dimension. Frequency distribution means, and standard deviations have been administrated for each strategy as the following:

Table (4.6) shows the financial questions analysis (X11 – X20) depending on the frequency distribution, means, in addition to standard deviations. Through the general average of the mean (3.737) the financial questions (X11-Q20) reached a high level of contribution.

In addition to, the table (4.6) indicates that question (X17) that states "Do you think financial statements are significantly in insurance companies." that have a mean and standard deviation of (4.05), (0.779) respectively is the most significant question that contributes to enhance the Financial. Comes secondly the question (X19) that states "Is the insurance sector significantly linked to financial stability." that have a mean and standard deviation of (3.14), (1.026) respectively.

Table 4.6 Analyzing Financial for insurance companies questions.

Q	Strongly Disagree		Disagree		Uncertain		Agree		Strongly Agree		Mean	SD
	N	%	N	%	N	%	N	%	N	%		
X 11	2	1.8	6	5.4	39	35.1	55	49.5	9	8.2	3.57	0.793
X 12	1	0.9	7	6.3	30	27.0	56	50.5	17	15.3	3.73	0.831
X 13	2	1.8	12	10.8	34	30.6	48	43.3	15	13.5	3.56	0.921
X 14	3	2.7	5	4.5	14	12.6	59	53.2	30	27.0	3.97	0.909
X 15	4	3.6	8	7.2	27	24.3	56	50.5	16	14.4	3.65	0.940
X 16	1	0.9	4	3.6	18	16.2	62	55.9	26	23.4	3.97	0.792
X 17	2	1.8	4	3.6	7	6.3	72	64.9	26	23.4	4.05	0.779
X 18	3	2.7	9	8.1	9	8.1	65	58.6	25	22.5	3.90	0.934
X 19	14	12.6	7	6.4	41	36.9	47	42.3	2	1.8	3.14	1.026
X 20	1	0.9	3	2.7	30	27.0	57	51.4	20	18.0	3.83	0.785
Financial general average											3.737	0.871

4.2.2.3 Insurance companies

In this dissertation, insurance companies represent the dependent variable that has been examined through one dimension. For the above named elements of Insurance companies, frequency distribution means, and standard deviations have been administrated as the following:

Table (4.7) illustrates the questions analysis of Insurance companies through questions (Y21 – Y30) depending on the frequency distribution, means, in addition to standard deviations. Through the general average of the mean (3.784) the cost dimension questions (Y21 – Y30) reached a high level of contribution.

In addition to, table (4.7) shows that question (Y30) that states "Do you think insurance companies are one of the most important supporting companies in the economy of a country." that have a mean and standard deviation of (4.16), (0.654) respectively is the most significant question.

In contrast, the question (Y21) that states "Is the existence of a solid insurance industry with significant dimensions is a stability index." that have a mean and standard deviation of (3.53), (0.807) respectively has the lowest contribute to the Insurance companies.

Table 4.7 Analyzing Insurance companies questions.

Q	Strongly Disagree		Disagree		Uncertain		Agree		Strongly Agree		Mean	SD
	N	%	N	%	N	%	N	%	N	%		
Y 21	1	0.9	10	9.0	38	34.2	53	47.7	9	8.2	3.53	0.807
Y 22	3	2.7	12	10.8	19	17.1	59	53.2	18	16.2	3.69	0.961
Y 23	0	0	7	6.3	22	19.8	62	55.9	20	18.0	3.86	0.784
Y 24	0	0	9	8.1	16	14.4	67	60.4	19	17.1	3.86	0.792
Y 25	0	0	12	10.8	20	18.0	53	47.7	26	23.5	3.84	0.910
Y 26	1	0.9	12	10.8	38	34.3	45	40.5	15	13.5	3.55	0.892
Y 27	1	0.9	3	2.7	10	9.0	69	62.2	28	25.2	4.08	0.728
Y 28	0	0	12	10.8	43	38.7	39	35.2	17	15.3	3.55	0.882
Y 29	0	0	6	5.4	33	29.7	56	50.5	16	14.4	3.72	0.771
Y 30	0	0	0	0	16	14.4	61	55.0	34	30.6	4.16	0.654
Insurance companies general average											3.784	0.818

4.2.3. Hypotheses Testing (Statistical Hypotheses)

4.2.3.1. Examining the first hypotheses of the dissertation

Is relationship between two variables or more? This Table Shows that the (all variable) positive correlation good with insurance value of person correlation equal to ($r = 0.685$) with the significant value of (0.000).

The correlation is significant, because P. Value < 0.05 (we reject H_0)

Table 4.8 Correlation between (Accounting system and Financial) for insurance Companies

Insurance companies			
	Pearson Correlation	Sig. (2-tailed)	N
Accounting system, Financial	0.685	0.000	111

A cross relationship between two or more things

This Table Shows that the three distances (Accounting system for insurance companies, Financial for insurance companies) positive correlation, but weak with insurance value of person correlation equal to ($r = 0.154$), ($r = 0.247$) over with the significant value of (0.107), (0.009).

In addition, the table above (4.9) that according to the Person correlation value, the Financial for insurance companies accomplished the highest positive with the correlation with insurance as the value correlation between them is equal to (0.247).

The correlation between Insurance and Financial for insurance companies is significant the correlation between Insurance and Accounting system for insurance companies is not significant, because P. Value (sig) > 0.05 (we reject H_0).

Table 4.9 Correlation between (Insurance) and (Accounting system for insurance companies, Financial for insurance companies)

	Insurance companies		N
	Pearson Correlatio	Sig. (2-tailed)	
Accounting system	0.154	0.107	111
Financial	0.247	0.009	111

4.2.3.2. Examining the hypotheses second of the dissertation

The hypothesis accepted if the level of significant is lower than 0.05 and the value of F call is higher than the value of F tab.

R square values for the one distances are (0.257) These results signalize that (25.7%) of Insurance variation is achieved by dissertation (all variable) The hypotheses accepted if the level of significant is lower than 0.05 and the value of F calculated is higher than the value of F tabulate.

Table 4.10 the impact of accounting system and financial for Insurance companies

	Insurance companies		
	R squares	F cal	sig.
Accounting system, Financial	0.257	3.824	0.025

Besides, for the purpose of examining the two hypotheses that derive from the second main hypotheses table (4.11) shows the outcome analysis simple linear regression. The two hypotheses state that there is statistically a significant impact of (Financial for insurance companies) independently on insurance and (Accounting system for insurance companies) independently on insurance.

R square values for the two distances are (0.024), (0.061). These results signalize that (2.4%), (6.1%), insurance variation is achieved by the dissertation (Financial for insurance companies, accounting system for insurance companies).

Statistically, based on the values of R square (Financial for insurance companies), the highest impact on insurance. On the other hand (Accounting system

for insurance companies) the weakest impact on insurance as a result accepting the one hypotheses that derive from the second main hypotheses.

Table 4.11 The impact (Insurance) and (Accounting system for insurance companies, Financial for insurance companies)

	insurance companies				
	R squares	F cal	sig. F change	T cal	sig. t cal
Accounting system	0.024	2.647	0.107	1.627	0.107
Financial	0.061	7.111	0.009	2.667	0.009

4.2.4. Factor Analysis

4.2.4.1. KMO and Bartlett's

The KMO and Bartlett's Test measure varies between 0 and 1, and values closer to 1 are better

The value of KMO is equal to (0.523) which is close to the average, and the largest (80% or 90%) refers to the accuracy of the test and there is no problem in testing the second hypothesis of the X1 and spherical test or so called "Bartlett test, Of the 50% indicated that the accuracy of the test I have through the Bartlett test ha tested the following hypothesis:

$$H_0: \Sigma = 1$$

$$H_1: \Sigma \neq 1$$

This is confirmed by the value of p - calculated equal to zero, which is less than the level of significance 0.05, which means rejecting the null hypothesis and accept the alternative hypothesis that the independence of the questions between them and the inequality in the same differences.

Table 4.12 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.523
Bartlett's Test of Sphericity	765.932	765.932
	435	435
	.000	.000

4.2.4.2. Variables Communalities

The table below contains the values of the variables (Communalities) variables, And socialism is the variable variance ratio that can be explained by the factors extracted, Note that the first column contains the initial social (Initial) assumed for each variable and value 1 for each variable, The second column contains the socialism of each variable after extracting the factors from the analysis, For example, variable socialism (X1) is 0.625 This means that the factors extracted from the analysis together explain 62.5% of the variance of the price variable. Of course, the higher the social value of the variable, the better.

The amount of variation is shown in the table below, A review of the contents of this table notes that 11 factors have been extracted, The standard used is called the distinctive root (Eigen Value), The characteristic root of the factor is the amount of total variation interpreted by the factor, It may be used when applying the limit (1), That is to ask the computer to consider the factor whose value is only 1 and above, If the value of the characteristic root of a factor is less than 1, this means that this factor is not really different from a single independent variable of the study variables and therefore cannot be considered a factor.

Table 4.13 Communalities

	Initial	Extraction
Q1	1.000	.625
Q2	1.000	.568
Q3	1.000	.593
Q4	1.000	.598
Q5	1.000	.649
Q6	1.000	.640
Q7	1.000	.821
Q8	1.000	.836
Q9	1.000	.707
Q10	1.000	.556
Q11	1.000	.576
Q12	1.000	.489
Q13	1.000	.564

Q14	1.000	.583
Q15	1.000	.718
Q16	1.000	.666
Q17	1.000	.617
Q18	1.000	.562
Q19	1.000	.681
Q20	1.000	.524
Q21	1.000	.714
Q22	1.000	.673
Q23	1.000	.611
Q24	1.000	.585
Q25	1.000	.655
Q26	1.000	.688
Q27	1.000	.648
Q28	1.000	.745
Q29	1.000	.681
Q30	1.000	.615

4.2.4.3. Rotated Component Matrix

Variance Explained

The explanatory amount is shown in the table below. By reviewing this table, 11 workers were extracted. The user standard is called the Eigenvalue, and the characteristic root of the factor is the total amount of the variance interpreted by the factor. , I.e. a request from the computer to consider a factor whose value is only 1 and above, but if the value of the root characteristic of the factor is less than 1, this means that this factor is not really different from a single independent variable of study variables and therefore cannot be considered a factor.

Note that there are 11 factors, the characteristic root value of the first factor of 3.608, and the second is 2.206 and so on... and factor 11 has a distinctive root of 1.130. It is also noted that the first factor alone was able to explain 12.027% of the total variance, while the second factor explained 7.352% of the total variance and

so....., and by combining the number of factors 11 together we can see that they interpreted 63.968% High value, and this means to benefit from the global analysis in the interpretation of most of the variance in the phenomenon with fewer variables and therefore fewer questions.

The ideal situation for the researcher is that the variable has high saturation on one of the factors and low projections on the rest of the factors, called variables that achieve this situation Marker Variables, which is very important in determining the nature of the factor directly and clearly, The non-ideal or complex that a person does not wish is that the variable is linked by factors and approximations, which makes it difficult to locate it, as we observed during the analysis steps, and this value can change. As for the criterion used to estimate saturation, there is a criterion for the use of denunciations greater than 0.40, and another criterion is the Stevens (1996) standard, which is as follows:

Considerations greater than (0.40) are acceptable, and the grading greater than (0.40) is significant, while the variations greater than (0.50) are essential.

Note/ We used value greater than 0.4. Because As for the criterion used to estimate saturation, there is a criterion for the use of denunciations greater than 0.40, and another criterion is the Stevens (1996) standard, which is as follows Considerations greater than (0.40) are acceptable.

Table 4.14 Total Variance Explained

Component	Total	Initial Eigen value	Cumulative %	Total	Extraction Sums of Squared	Cumulative %	Total	Rotation Sums of Squared Loadings	
								% of Variance	Cumulative %
1	3.608	12.027	12.027	3.608	12.027	12.027	2.478	8.261	8.261
2	2.206	7.352	19.379	2.206	7.352	19.379	2.004	6.679	14.940
3	1.974	6.581	25.959	1.974	6.851	25.959	1.771	5.903	20.843
4	1.850	6.167	32.127	1.850	6.167	32.127	1.755	5.850	26.693
5	1.661	5.535	37.662	1.661	5.535	37.662	1.747	5.822	32.516
6	1.575	5.251	42.913	1.575	5.251	42.913	1.738	5.719	38.308
7	1.383	4.610	47.522	1.383	4.610	47.522	1.716	5.719	44.026
8	1.340	4.467	51.989	1.340	4.467	51.989	1.587	5.291	49.318
9	1.274	4.246	56.235	1.274	4.246	56.235	1.530	5.100	54.418
10	1.190	3.967	60.202	1.190	3.967	60.202	1.447	4.823	59.241
11	1.130	3.766	63.968	1.130	3.766	63.968	1.418	4.726	63.968
12	0.985	3.282	67.250						
13	0.922	3.073	70.323						
14	0.915	3.050	73.373						
15	0.889	2.963	76.336						
16	0.809	2.695	79.031						
17	0.758	2.525	81.556						
18	0.708	2.360	83.916						
19	0.651	2.169	86.086						
20	0.604	2.015	88.100						
21	0.549	1.831	89.931						
22	0.507	1.689	91.620						
23	0.483	1.610	93.231						
24	0.406	1.354	95.585						
25	0.379	1.265	95.850						
26	0.334	1.113	96.962						
27	0.288	0.961	97.923						
28	0.262	0.874	98.797						
29	0.249	0.831	99.628						
30	0.112	0.372	100.00						

Table 4.15 Rotated Component Matrix

	Component										
	1	2	3	4	5	6	7	8	9	10	11
X1						-.451	.429				
X2			.601								
X3			.692								
X4			.586								
X5							.756				
X6										.475	-.417
X7	.884										
X8	.895										
X9								-.771			
X10				.487							
X11				.632							
X12							.521				
X13			.564								
X14										.545	
X15										.783	
X16				.700							
X17	.470										
X18									-.510		
X19											.766
X20						.558					
X21					.652						
X22					.783						
X23						.698					
X24											
X25						.594					
X26		.737									
X27								.552			
X28		.803									
X29		.616									
X30									.746		

The first factor

This factor is very significant and significant in influencing the practice of running in Kurdistan as it explains (12.027%) of the total variance, and saturation of this factor is a significant saturation of the following variables in sequence:

X7) (Accounting System in insurance companies provides financial information) by (. 884), X8) (In insurance companies, does the accounting system provide the right information for investment decision makers?) by (.895), X17) (Do you think financial statements are significantly in insurance companies) by (.470).

The second factor

This factor comes second in importance, it explains (7.352%) of the total variance, and satisfies this factor significant saturation of the following variables:

X26) (In insurance companies, are there legal controls and supervision of risk management?) by (.737), X28) (Is there any dispute over the amount of damages in the insurance indemnity?) By (.803), X29) (Are there any differences between accounting organizations in the insurance (insurance companies) sector with other sectors?) by (.616).

The third factor

This factor comes in third place in terms of importance, it explains (6.581%) of the total variance, and satisfies this factor by the significant saturation of the following variables in sequence:

X2) (Does accounting system design effect by other affiliate systems?) By (.601), X3) (When do we design, accounting system, should we consider governmental regulations?) by (.692), X4) (Do you think accounting system in insurance companies is an effective tool to maintain accounting records?) by (.586). X13) (Financial liberalization has an inverse impact on insurance company performance?) by (.564).

The fourth factor

This factor comes in fourth place in terms of importance, which explains (6.167%), of the total variance, and meets this factor through the great saturation of the following variables sequentially:

X10) (Is Accounting organization in insurance companies good and effective?) by (.487), X11) (In the business community, is there a significant reduction in the role of financial statements, as a source of information for assessing the financial and economic activities??) by (.632), X16) (Does the financial system in insurance companies increase financial turnover and increase profitability?) by (.700).

The Fifth factor

This factor comes in fifth place in terms of importance, which explains (5.535%), of the total variance, and meets this factor through the great saturation of the following variables sequentially:

X21) (Is the existence of a solid insurance industry with significant dimensions is a stability index??) by (.652), X22) (Is the purpose of the insurance companies to figure out a customer's need and satisfaction?) by (.783).

The Sixth factor

This factor comes in sixth place in terms of importance, which explains (5.251%), of the total variance, and meets this factor through the great saturation of the following variables sequentially:

X1) (Does accounting system play an important role in planning the firm's Strategy?) by (-.451), X20) (Does accounting development on the horizon affect the financial statements of insurers?) by (.558), X23) (Is the insurance activity appropriate to the accounting organization?) by (.698), X 25) (Are insurance companies one of the strongest financial instruments?) by (.594).

The Seventh Factor

This factor comes in seventh place in terms of importance, which explains (4.610%), of the total variance, and meets this factor through the large saturation of the following variables sequentially:

X1) (Does accounting system play an important role in planning the firm's Strategy?) by (.429), X5) (Do firms use accounting system for financial and economic management?) by (.756), X12) (Are financial statements are used for prognostic and measurement?) by (.521).

The Eighth factor

This factor comes in eighth place in terms of importance, which explains (4.467%), of the total variance, and meet this factor through the large saturation of the following variables sequentially:

X9) (Do you think accounting system is useful for regulating the accounting of insurance prices?) by (-.771), X27) (Does Control system play a major role in the business of insurance?) by (.552).

The Ninth Factor

This factor comes in ninth place in terms of importance, which explains (4.246%), of the total variance, and meets this factor through the large saturation of the following variables sequentially:

X18) (The effect of financial risk has been considered to be an important issue on the performance of insurance companies?) by (-.510), X30) (Do you think insurance companies are one of the most important supporting companies in the economy of a country?) by (.746)

The Tenth Factor

This factor comes in tenth place in terms of importance, which explains (3.967%), of the total variance, and meets this factor through the large saturation of the following variables sequentially:

X6) (Do you think insurance companies have better access to the financial data by using accounting system?) by (.475), X14) (Do you think accounting reforms in insurance companies are necessary to cope with economic and financial changes?) by (.545), X15) (Do financial statements in insurance companies involve the activities of the company in the financial cycle?) by (.783).

The Eleventh Factor

This factor comes into Eleventh place in terms of importance, which explains (3.766%), of the total variance, and meets this factor through the large saturation of the following variables sequentially:

X 6) (Do you think insurance companies have better access to the financial data by using accounting system?) by (-.417), X19) (Is the insurance sector significantly linked to financial stability?) by (.766).



CHAPTER FIVE

CONCLUTION AND RECCOMENDATION

5.1. CONCLUTION

The aims of this study were to identify the accounting system and financial for insurance companies of Kurdistan region. This study comes up with the following outcomes and conclusions:

1. The results of this study show that (according to the Person correlation value) the Financial for insurance companies accomplished the highest positive with the correlation with insurance as the value correlation between them is equal. The correlation between Insurance and Financial for insurance companies is significant. The correlation between Insurance and Accounting system for insurance companies is not statistically significant.

2. Financial for insurance companies has the highest impact on insurance. On the other hand, (Accounting system for insurance companies) have the weakest impact on insurance as a result accepting the one hypotheses that derive from the second main hypotheses.

3. The following questions, which include three questions from the accounting and financial system, have the most usage on insurance companies in the Kurdistan region of Iraq:

a) In insurance companies, does the accounting system provide the right information for investment decision makers?

B) Accounting System in insurance companies provides financial information.

C) Do you think financial statements are significantly in insurance companies?

4. It cans be concluded that insurance companies are one of the most important supporting companies in the economy. They have better access to the financial data by using accounting system that have a mean, standard deviation and financial statements are significant in insurance companies.

5. The objectives of the proposed financial system are to develop the performance of the accounting organization for the accounting and control of the financial and technical operations carried out by the insurance companies, thus,

contributing to the achievement of the goals of the shareholders and the participants, therefore, contributing to the development of the growth and progress of these institutions.

6. It can also be concluded that the level of understanding of respondents in the Kurdistan Regional of the accounting system and financial is good because of passing many years in the application of insurance companies, due to the factor of expertise.



5.2. RECCOMENDATION

Based on the theoretical study, the results of the field study and the questionnaire statistical analysis, we can come up with a number of recommendations:

1. Companies, in general, should attempt to attract and recruit workers with experience, high skills in addition to recognize their loyalty to the company. However, we should depend on the selection of the employees according to the worker's job descriptions since this process assist the company to recognize it needs of the workforce.

2. Establishing private centers and approving a new law on insurance with international standards in parliament to create specialized frameworks in insurance accounting.

3. The most important things to take care of are the workers in accounting at different levels and responsibilities, and should focus as much as possible on quality with the adoption of the strategy of long-term formation to consolidate the new accounting practices and cultures of accounting practices.

4. Intensifying conferences, symposia and meetings, especially international ones, to exchange views and benefit from the experiences of some other Countries of the region, Arab and foreign countries.

5. The use of automated information programs to assist in the process of accounting organization, after testing and subjecting them to experience and training employees, as these programs provide an economy of time and effort.

6. Reforming the education system and accounting formation based on improving the level of education programs, and introducing the educational system and training accounting according to sector accounting.

7. Adapting the financial theory and modernizing its concepts, this is in line with the insurance companies' environment.

8. Companies should depend on strategic plans and develops methods of recruiting, employee on potential developments and growth of the company.

9. Companies should take necessary steps for organization to rely on the description and analysis of existing jobs and should take into account the data financial collecting and information about applicants.

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APPENDIXES: QUESTIONNAIRE

1. Demographic

1. Gender:

Male

Female

2. Age:

Less than 30 years

30-less than 40 years

40-less than 50 years

More than 50 years

3. Qualification:

Diploma

BA degree

MA degree

PH degree

4. Specialization

Accounting

business administration

Financial

Economic

Other, Identity.....

5. Job Description

Accountant manager

commercial manager

financial manager

Accountant

Financial auditor

other, Identity

2. Accounting system for insurance companies

ON	Statement	Strongly Agree	Agree	Uncertain	Disagree	Strongly disagree
1	Does accounting system play an important role in planning the firm's Strategy?					
2	Does accounting system design effect by other affiliate systems?					
3	When do we design, accounting system, should we consider governmental regulations?					
4	Do you think accounting system in insurance companies is an effective tool to maintain accounting records?					
5	Do firms use accounting system for financial and economic management?					
6	Do you think insurance companies have better access to the financial data by using accounting system?					
7	Accounting System in insurance companies provides financial information.					
8	In insurance companies, does the accounting system provide the right information for investment decision makers?					
9	Do you think accounting system is useful for regulating the accounting of insurance prices?					
10	Is Accounting organization in insurance companies good and effective?					

3. Financial for insurance companies

NO	Statement	Strongly Agree	Agree	Uncertain	Disagree	Strongly disagree
11	In the business community, is there a significant reduction in the role of financial statements, as a source of information for assessing the financial and economic activities?					
12	Are financial statements are used for prognostic and measurement?					
13	13. Financial liberalization has an inverse impact on insurance company performance.					
14	Do you think accounting reforms in insurance companies are necessary to cope with economic and financial changes?					
15	Do financial statements in insurance companies involve the activities of the company in the financial cycle?					
16	Does the financial system in insurance companies increase financial turnover and increase profitability?					
17	Do you think financial statements are significantly in insurance companies?					
18	The effect of financial risk has been considered to be an important issue on the performance of insurance companies.					
19	Is the insurance sector significantly linked to financial stability?					
20	Does accounting development on the horizon affect the financial statements of insurers?					

4. Insurance Companies

NO	Statement	Strongly Agree	Agree	Uncertain	Disagree	Strongly disagree
21	Is the existence of a solid insurance industry with significant dimensions is a stability index?					
22	Is the purpose of the insurance companies to figure out a customer's need and satisfaction?					
23	Is the insurance activity appropriate to the accounting organization?					
24	Do economic growth and development of insurance activities have a reciprocal relationship?					
25	Are insurance companies one of the strongest financial instruments?					
26	In insurance companies, are there legal controls and supervision of risk management?					
27	Does Control system play a major role in the business of insurance?					
28	Is there any dispute over the amount of damages in the insurance indemnity?					
29	Are there any differences between accounting organizations in the insurance (insurance companies) sector with other sectors?					
30	Do you think insurance companies are one of the most important supporting companies in the economy of a country?					

APPENDIX: PERSONAL INFORMATION

Personal Information	Name & Surname	SHAFEEQ ABABAKR BAKHSHI
	Place and Date of Birth	Erbil / Iraq, 1987
	Nationality	Iraqi, Kurdish
	E-mail	rawandri@yahoo.com shafeeqdria@gmail.com
Education Level	University	SALAHADIN University- Erbil
	College	Administration & Economic
	Department	Accounting
Language Skills	Kurdish	Mother Tongue
	English	Good
	Turkish	Little
	Arabic	Good
	Persian	Very good
Work Experience:	Accountant – Auditor	