

Abstract

The Effect of Compliance to Instructions of Forming Technical provisions on Solvency of Insurance Companies Listed on Amman Stock Exchange

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This study aimed to show the effect of compliance to the instructions for forming technical provisions (unearned premiums provision, outstanding claims reported and unreported provision, mathematical provision, other provisions) on financial solvency in insurance companies listed on the Amman Stock Exchange, and the study community is composed of the insurance companies listed in The Amman Stock Exchange which counted (23) companies. A fifteen sample has been selected in which the financial statements have the necessary financial data to conduct the study.

The applied approach which is based on the financial statements that were published by insurance companies listed on the Amman Stock Exchange during the period from (2010-2018) was used to achieve the objectives of the study, where the data of these companies was classified according to the variables approved in the study, and the simple and multiple regression analysis method was used through Statistical Program (SPSS) to answer study questions and hypothesis testing.

One of the most important findings of the study is the presence of an effect of compliance to the instructions for the formation of technical provisions on financial solvency in the insurance companies listed on the Amman Stock Exchange.

Also it was found that there was a statistically significant effect of compliance to the instructions for the formation of technical provisions (unearned premiums provision, outstanding claims reported and unreported provision, other provisions) on financial solvency in insurance companies listed on the Amman Stock Exchange where there were unequal degrees, while it was found that there was no statistically significant effect of compliance to the instructions for the formation of mathematical

provision on financial solvency in insurance companies listed on the Amman Stock Exchange.

Among recommendations that came out of the study the most important one is the necessity for insurance companies to provide the qualified competencies to lead the processes of change in the calculation of financial solvency and technical provisions, on top of which are actuarial experts, whereby the process of defining, evaluating and reaching the fair value of technical provisions and financial solvency cannot be done in the correct form unless there is this type From mathematician experts and accountants.

Key words: insurance companies listed on the Amman Stock Exchange, financial solvency, technical provisions