



جامعة الجميع الذكية

كلية الإدارة – إدارة المخاطر

عنوان البحث:

The Impact of Risk Management on the Performance of Insurance Companies in Saudi Arabia from 2018 to 2022

أثر استراتيجية إدارة المخاطر على أداء شركات
التأمين في السعودية من ٢٠١٨ - ٢٠٢٢

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Preface

This study examines the impact of risk management used by Saudi insurance companies on the performance of these companies. The study was designed to be applied to the Saudi market, specifically to the Tawuniya Insurance Company. The study sample consisted of 110 individuals in this company. The study also relied on the financial statements of Tawuniya from the years 2018 to 2022, then the SPSS program was used to analyze the data statistically, by using the arithmetic mean, median, mode, standard deviation, ANOVA analysis and t-test. The study concluded that risk management in insurance companies has a major role in improving the level of corporate performance, especially financial performance. In addition, it was discovered that adopting risk management strategies is positively related to financial performance. The study indicated that insurance companies in Saudi Arabia adopt approaches alternative risk management to reap greater benefits from its risk management initiatives.

مقدمة

تبحث هذه الدراسة أثر إدارة المخاطر التي تستخدمها شركات التأمين السعودية على مستوى الاداء فى هذه الشركات، ولقد تم تصميم الدراسة ليتم تطبيقها على السوق السعودى وبالتحديد على الشركة التعاونية للتأمين، ولقد تكونت الدراسة من ١١٠ عينة بهذه الشركة، كما اعتمدت الدراسة على القوائم المالية لشركة التعاونية من السنوات ٢٠١٨ وحتى ٢٠٢٢، ثم تم استخدام برنامج SPSS لتحليل البيانات احصائيا، عن طريق استخدام المتوسط الحسابى والوسيط والمنوال والانحراف المعياري، وتحليل انوفا واختبار ت. ولقد توصلت الدراسة الى ان ادارة المخاطر بشركات التأمين لها دور كبير فى تحسين مستوى اداء الشركات ، وعلى الاخص الأداء المالى ، بالإضافة إلى ذلك ، تم اكتشاف أن اعتماد استراتيجيات إدارة المخاطر يرتبط بشكل إيجابي بالأداء المالى ، وأشارت الدراسة إلى أن شركات التأمين في السعودية تتبنى مناهج بديلة لإدارة المخاطر لجني فوائد أكبر من مبادراتها لإدارة المخاطر.

CHAPTER 1

INTRODUCTION

1.1. General Introduction

The insurance sector has links to sectors such as industrial, transportation, agriculture, mining, petroleum, and trade both locally and internationally. Its relevance to general human activities has continued to grow for all ages as all categories of risks increase. Recently, several interesting lines of research have begun to map the specific contributions of insurance to the risk management processes as well as to the wellbeing of the poor (Ntivuguruzwa, 2020). Risk management is attributed to the overall process that a financial institution follows to define a business strategy, to identify the risks to which it is exposed, to quantify those risks, and to understand and control the nature of risks it faces. Risk management is a forward-looking process, which involves decision making on an Ongoing basis (Mahi, & Bezzaouia, 2022). In recent years, risk management evolved into enterprise risk management to offer a more integrated approach, which requires that risks assessment, quantification, and management encompass the entire organization, throughout all functions and levels (Florio, & Leoni, 2017).

The quality of risk management is a crucial issue not only for the survival and profitability of the insurance industry, but also for the growth and development of the whole economy. As major risks underwriters, insurance companies need to adopt good practices or quality measures in the management of all types of risk Oscar (Akotey & Abor, 2013). Poor management of risk, by insurance companies, leads to accumulation of claims from the clients hence leading to increased losses and hence poor financial performance. Risk management activities are affected by the risk behavior of managers. A robust hazard administration framework can help organizations to reduce their exposure to risks, and enhance their financial performance (Owolabi, Oloyede, Iriyemi, & Akinola, 2017).

The selection of particular risk tools tends to be associated with the firm's calculative culture and the measurable attitudes that senior decision makers display towards the use of risk management models. While some risk functions focus on extensive risk measurement and risk-based performance management, others focus instead on qualitative discourse and the mobilization of expert opinions about emerging risk issues. Lately, insurance companies have increased their focus on hazard administration (Mikes & Kaplan, 2014).

In recent years, insurance companies have increased their focus on risk management. There should be careful judgement, by management of insurance companies, of insurable risks in order to avoid excessive losses in settling claims. It follows that risk management is an important factor in improving

financial performance. Insurers, as risk-bearing institutions can, and do, fail if risks are not managed adequately. The central function of an insurance company is its ability to distribute risk across different participants. Modern insurance companies are in the risk management business. They discuss that insurance companies undertake risk bearing and management functions on behalf of their customers through the pooling of risks and the sale of their services as risk specialists. This indicates that management of risks should take the center stage in the operations of insurance companies (Omasete, 2014).

1.2. Research Questions

The relationship between risk and performance has drawn the attention of practitioners and academics for a long time, especially because the association between risk and value is not verified in imperfect markets. In the meanwhile, internal control and risk management systems diffused among firms to reduce risks and improve performance. Initially, risk management maintained a silo-based approach on financial risks only, but suffered the limitation of managing one risk at a time whilst risks are interrelated especially in complex and globalized firms facing the financial crisis (Leverty, Phillips, & Shimpi, 2015; Bertinetti, Cavezzali, & Gardenal, 2013).

Academics and industry experts argue that risk measurement is beneficial for insurance companies for several reasons. Risk measurement helps by decreasing earnings and stock price volatility, increasing capital efficiency, reducing external capital costs, and creating synergies between different risk management activities. The risk management theory suggests that firms with better risk management should be able to manage their risks more effectively and, therefore, minimize the impact of a crisis on the firm's performance (Eikenhout, 2015).

So, this research will give more effort to study the relationship between risk management and the performance of insurance companies in Saudi Arabia from 2018 to 2022.

What is the impact of Risk Management on Performance of Insurance Companies in Saudi Arabia?

Regarding the main question, the research can include the following sub-questions:

1. What is the impact of Return on Asset on Performance of Insurance Companies in Saudi Arabia?
2. What is the impact of Return on Equity on Performance of Insurance Companies in Saudi Arabia?
3. What is the impact of Liquidity Risk on Performance of Insurance Companies in Saudi Arabia?
4. What is the impact of Credit Risk on Performance of Insurance Companies in Saudi Arabia?
5. What is the impact of Operational Risk on Performance of Insurance Companies in Saudi Arabia?

1.3. Research Objectives

This research aims to achieve the following objectives:

1. To highlight risk management and understand the differences between its variables.
2. To assess and evaluate the performance of insurance companies in Saudi Arabia.
3. To investigate the impact risk management on the performance of insurance companies in Saudi Arabia.
4. To provide recommendations that help in improving the situation of risk management.

1.4. Significance of the Study

This research is important from different perspectives, as follows:

1. **Theoretical Importance:** This research will help to enrich the scientific library. It is considered an additional resource for researchers who can make use of it during their research. Furthermore, it will contribute to the literature in different ways because, after reviewing the literature, it showed that there is few research that investigates risk management and its effect on the performance of insurance companies in Saudi Arabia. This research will be considered as an important reference in risk management and understanding how to improve the performance of insurance companies.

2. **Practical Importance:** This research will enable insurance companies in Saudi Arabia to improve their risk management process, and to adopt efficient strategies to improve firm performance like profitability through the risk management processes. This will enable the insurance companies to perform better and to grow their businesses and maintain a competitive advantage. Apart from benefiting the insurance companies, the general public will benefit from the study through improved insurance services and better management of risks. This will result to affordable rates of insurance premiums and reduction in levels of non-payment and fraud. The study will be helpful to the government in setting regulations on insurance practices in Saudi Arabia and safeguarding the resources of the kingdom. Finally, the researcher hopes that this study will contribute to increasing his scientific and practical knowledge. Also, this research is a fundamental requirement for obtaining a Master degree in Risk Management.

1.4.1. Managerial Relevance

The administrative importance of this research can be reviewed through the importance of scientific research and studies in general, because scientific research provides more information and data necessary for the development of various fields, especially with the massive communication and informatics revolution in all disciplines.

1.4.2. Scientific Relevance

The scientific importance of the research is also clear, after presenting the results and recommendations of this research, which both specialists and researchers can benefit from, as researchers at the scientific level can benefit from many aspects that the research discusses regarding the various effects of risk management on the level of insurance companies' performance, especially from Years 2018 to 2022 for Tawuniya Insurance Company, and how to benefit from these results. The research also discusses the importance of challenges facing risk management in insurance companies in the Saudi market, and how to face these challenges.

CHAPTER 2

REVIEW OF LITERATURE

2.1. Introduction

The functions of risk management and participation in risk tolerance are performed by insurance institutions, and the size of the insurance industry and the structure of these institutions are both influenced by market forces and the structure of the economy. It is undeniable that facing the Covid-19 pandemic has highlighted the functional importance of the insurance market and drawn researchers' attention to measure the impact on insurance markets in various countries, where insurance companies act as a financial intermediary that transfers savings to investments. Against risks for companies that affect their strategic performance, especially the p as it receives the policyholder's payment, reinvests it in a variety of hazardous investments with varying maturity dates, and uses the earnings from these investments to cover both anticipated future insurance liabilities and unforeseen liquidity needs, the relevance of assessing the financial system and its response to economic crises was brought to decision makers' attention by the occurrence of financial crises. recess of risk management.

The current study aims to create a framework for risk management in property and liability insurance companies listed on the stock exchange using stress tests and to determine the impact of economic shocks on insurance companies between 2007 and 2020. Stress tests are one of the evaluation methods. When one considers the present, the swift changes, and the catastrophes in the fields of health, medicine, and finance.

The demand for risk management has increased significantly in recent years, with an emphasis on maintaining its capabilities of human, financial, and material values in the context of the global arena and the elements that influence the various institutions. The objective is to recognize anticipated hazards, anticipate them, minimize losses, restrict their impacts, and establish a secure environment for all of its material and human components. Many people still find it difficult to do business, and risk is still a top concern for all organizations. Trade itself is evolving, posing new threats, while also battling to adapt to the changes brought forth by the recovering economy. One of the most crucial tools for corporate governance in the Kingdom of Saudi Arabia is the creation of risk management committees, which is linked to the capacity to anticipate dangers and respond to them.

Due to the fact that technology advancements in the communications sector, market liberalization, and globalization have increased business risks, corporations have made great success in these areas. The risks have increased in recent years due to the intense competition among financial institutions for innovation and quick growth, but many of these institutions failed to incorporate a risk management

system into their businesses, which resulted in the collapse of numerous international institutions, many of which were caused by the global financial crisis in 2007.

It is well recognized that the characteristics of the current period clearly influence the type of threats that commercial businesses may encounter. Directly on how much risk these facilities may be exposed to. These characteristics left their mark on our modern society and as a result of how they interacted, interest in risk management emerged. At the moment, this interest is growing quickly.

2.2. According to the risk management

An overview of risk management

In this article, we fully explain the concept of risk, risk management, and the components that make up effective risk management. Risk management, focuses on identifying what is likely to go wrong and assessing the risks that must be managed. Along with outlining the primary categories of risk management, it also includes this management. Due to the financial issues and crises that the financial or banking industry experienced and which resulted in the bankruptcy of many of them, as well as the growing financial and banking globalization, the extensive interdependence between banking institutions, their participation in the financial markets, and the expansion of the bank credit market, the issue of risk management has attracted the attention of financial and banking institutions. However, all of these factors contributed to a rise in financial risks, with credit risks having the greatest impact (Mansour, 2018).

Some researchers directed the adoption of some powerful methods to evaluate the adoption of enterprise risk management (Alawattagama, 2018). Therefore, it is important to research them and gauge how they affect banks' financial performance; the steps involved in the modern idea of risk management are as follows (Mansour, 2018):

First, planning the process and creating a diagram of the job scope are the first steps in the risk management procedure. Then the second step is identifying risks, specifically those that are significant. Risks are things that, when they happen, may cause issues, therefore risk identification might start at the source of the issue or with the issue itself. The occurrences that stem from this source or those that could cause a problem can also be searched for once the problem or its source is established. Typical techniques for identifying risks includes: According to objective-based identification, all teams and organizations working on a project have objectives, and any circumstance that jeopardizes the attainment of these objectives, whether entirely or partially, is seen as dangerous.

Identification based on scenarios Different scenarios are developed during the scenario analysis process. Alternative methods of achieving a target, an understanding of the forces at play in a market or a conflict, or any other circumstance that creates an unfavorable outcome other than the one anticipated is what is referred to as a risk. A summary of all potential sources of risk is used to classify identification and review Risks that many organizations face there are a number of lists of possible risks.

So, the third: Evaluation: After identifying the potential risks, it is necessary to assess them in terms of how serious losses they could cause and how likely it is that they will materialize. These amounts can sometimes be measured with ease, yet other times measuring them is impossible. Since statistics on prior accidents aren't always available, estimating the frequency of hazards is where evaluation challenges arise. Additionally, when it comes to intangible assets, estimating the severity of consequences is frequently challenging (Mansour, 2018).

Concept and definition of risk management

Risk is characterized as the unpredictability of a future result or event. Moreover, the concept of risk refers to the possible harm that could be done to an asset or a quality of value by a current process or a future occurrence. Risk management is defined as the process by which an organization determines the loss exposures it faces and chooses the most suitable methods for treating those exposures. Risk management entails identifying, analyzing, assessing, monitoring, and controlling risks, which improves the decision-making process. Insurance companies manage risks that are passed to them by other people after agreeing to compensate the people in the event of financial losses. These organizations are further said to have great financial performance and a highly competitive edge in the market. State further that insurance protects people from an insured disaster by paying a predetermined (Chifwelu, 2020).

These tactics include accepting some or all of the dangers they entail, transferring them to a third party, avoiding them, minimizing their bad impacts, and so on. The many forms of risk management can be categorized using the following two standards (Mansour, 2018): -

Standard risk management, the focus of conventional risk management is on risks that have physical or legal origins (such as fires or natural catastrophes, accidents, fatalities, and litigation). Financial risk management focuses on risks that can be controlled with the aid of financial barter tools, and banks serve as their primary environment.

The best risk management prioritizes, so that risks with significant losses and a high likelihood of occurrence are handled first and risks with smaller losses and a lower likelihood of occurrence are handled later. All large businesses, as well as organizations and small businesses, have a dedicated risk management team, regardless of the nature of risk management. Business continuity planning is used to

deal with the effects of the risks that cannot be completely eliminated, while risk management is used to prevent losses as much as feasible. Its significance stems from the possibility that some incidents that are unlikely to happen might really happen given enough time. Business continuity planning and risk management are interdependent procedures that cannot be separated. The business continuity planning process receives a number of inputs from the risk management process, including (assets, impact analysis, anticipated cost, etc.). Risk management, which goes beyond the risk management process in dealing with hazards, thus encompasses a wide range of issues that are significant to the business continuity planning process

So, we draw attention to the fact that project management and risk management involves the following actions: Create a risk management usage plan for the project in question, including tasks, responsibilities, activities, and a budget. Establishing a risk manager and regularly updating a database of the project's hazards are both recommended. Included in this information are the starting date, title, succinct description, probability, and significance. Establishing a reporting channel through which the risk management team members can deliver reports containing their assessments of any potential risks (Mansour, 2018).

Palanimally et Al. (2017) found a statistically significant relationship between internal control activities and operational performance. Creating plans to reduce the risks that were selected to be handled in this manner. These plans' objectives are to specify how to handle these risks and to specify what will be done when, by whom, and how in order to avoid or lessen their repercussions in the event that they result in legal liability. Creating a summary of the risks that have been experienced and those that are anticipated to be addressed, the success of mitigation measures, and the amount of work put into risk management (Mansour, 2018).

Numerous financial institutions set up independent risk committees to handle a variety of risk-related duties, such as proposing risk levels that the organization wishes to bear, reviewing and updating the organization's risk policies and monitoring mechanisms, receiving and reviewing risk reports, and creating various risk scenarios. As a result, risk committees are one of the most significant internal procedures. Through the participation of independent members of the Committee with adequate expertise and experience in the field of risks, corporate governance is intended to assist the Board of Directors in managing risks in financial institutions efficiently. The Risk Committee reviews and makes recommendations to the Board of Directors on risk management policies and programmers as well as the risk levels that the organization can accept, which helps to contribute to the governance of financial institutions (Al-Shehri, 2022)

In order to identify, measure, control, and direct risks, the risk committee also examines and assesses the efficacy of risk management techniques and policies. Independent of the financial success are the size of the risk committee, the independence of the committee members, the risk committee meetings, the expertise and competency of the risk committee, and the diversity of the membership. By examining the effects of the presence of an independent risk committee, the experience and expertise of the risk committee members, and the diversity of memberships of the committee members on the financial performance of the banks listed on the Saudi market, this study makes a scientific contribution. The impact of the committee's diversity of memberships, together with its independence, experience, and competence, on financial performance (Al-Shehri, 2022). Various methods are used to identify risks, and the most widely used and applicable method is scenario analysis (Jurgens, 2017).

Types of risks faced by companies

The goal of financial risk management is to use the link between the needed return on investment and the risks associated with that investment to maximize the investment's value from the owner's perspective. It could harm the facilities if not managed properly. He clarified that there are three fundamental steps in the risk management process: risk definition, risk measurement, and risk management. Additionally, he described the three possible tactics that may be used throughout the risk management phase: risk transfer, risk reduction, or risk retention (Mansour, 2018).

Every day, whether at the individual or organizational levels, people engage in risk management activities. As long as the future is hazy, decisions that have any element of looking forward must be founded on risk management principles. The following activities are part of risk management: gathering data on the company's assets; identifying anticipated threats for each asset in the system that permits threats to affect assets; identifying potential exposures to facilities in the event of anticipated threats; identifying losses; and identifying alternate methods and tools that can be relied upon to reduce and avoid potential losses.

On the facility, potential risks are managed. Risk management is the deliberate selection of affordable solutions to lessen the effects of a certain hazard on an organization or organization. This procedure relates to business continuity concepts. The method of identifying hazards, assessing them, and creating management plans. These methods include delegating risk to a third party, staying away from danger, reducing the risks' negative impacts, and accepting some or all of the risk. There are two criteria that can be used to categories different risk management approaches:

Risks resulting from physical or legal causes, such as natural disasters, fires, accidents, and fatalities, are the focus of conventional risk management. Financial risk management is a type of risk management that

focuses on hazards that can be controlled through the use of financial barter instruments, with banks serving as its primary context. Ideal Risk Management: Regardless of the method of risk management, ideal risk management focuses on setting priorities, dealing with risks that are likely to result in significant losses first, risks that are likely to result in smaller losses first, and risks that will be dealt with later. Teams devoted to risk management are present in all large corporations as well as in groupings and smaller businesses (Mansour, 2018).

This investigation is finished. All of the videos depict the risks that any organization faces in its current state of existence. A more thorough examination of the risks not only in the industrial sector but also in the insurance sector is made possible by the tense global financial situation brought on by the pandemic and the oil sector crisis. United Nations trading firms and insurance firms. The sorts of methodologies utilized in the publication also allude to the sensitivity analysis approach of factor evaluation. Earth's affection for you. A more comprehensive examination of risks not only in the industrial sector but also in the insurance sector has become possible due to the tense global financial situation caused by the pandemic and the oil sector crisis, and its impact on commercial companies and insurance companies, as the types of methodologies used in this examination refer to a sensitivity analysis approach to assess Risk factors, and thus the company can determine in detail the type of risk (Ustinova, et al., 2021).

Due to the effect that the composition of the committee has on its effectiveness, previous research highlighted the significance of selecting the right size for the risk committee. For the committee to operate effectively, it needs to have access to the necessary knowledge, power, and funds. According to the findings of the empirical studies, the performance of the organization can be impacted positively or negatively by the size of the committee. More resources may be available to handle concerns and difficulties if the committee is larger. In this regard, using data gathered from 47 financial institutions in the United States of America during the years 1994 to 2008 and using ROA and ROE as a measure of financial performance, examined the voluntary formations of risk committees and discovered a positive correlation between committee size and performance (Al-Shehri, 2022).

To ensure efficient operation, the risk committee must include at least three members. There is a link between committee size and performance, according to Singh and Davidson's 2003 study. In other words, whenever the risk committee is small, the facility performs better, which is justified by the fact that adding more committee members makes things more complicated and that larger committees typically have more difficult communication and coordination. This correlates into subpar financial results. They looked into how the size of the risk committee affected the financial success of Tunisian lending companies. They discovered a negative association between the size of the risk committees and the

financial performance, indicating that expanding the committee results in subpar financial performance. By gathering information from 329 insurance companies, he looked into the relationship between the traits of risk committees and the dangers to which insurance companies are exposed in Malaysia between 2003 and 2011. Their findings revealed a significant inverse relationship between the size of the risk committee and financial performance. By looking at 75 bank holding companies from 2002 to 2007, Ellul and Yerramilli (2013) conducted another study that discovered a bad correlation between the size of the risk committee and financial performance. Another study in this area also discovered a substantial inverse relationship between financial success and the size of the risk committees (Al-Shehri, 2022).

Insurance firms are subject to a wide range of risks, including credit risks, market risks, and operational risks. Examples of market risks include interest rate volatility, property rights risks, currency risks, concentration risks, liquidity risks, and examples of credit risks include unexpected default of reinstatement companies. Examples of insurance risks include improper pricing of insurance policies, calculation of technical provisions in an inappropriate manner, and the occurrence of disasters. Examples of operational risks include losses resulting from internal factors due to people or the system, low confidence in the insurance company, or low efficiency, so it is important for the insurance company to manage its risks and target the degree of risk. Insurance or derivatives and securitization bonds, and thus the decrease in receivables from brokers or policy holders, are just a few. When making investment decisions, be cautious because the primary creditors are financial institutions, who are also customers of the insurance provider (Ahmed, 2022).

The initial debt of the property and liability insurance firm is made up of money that was set aside to pay policyholders' claims. The regulatory authorities consider that if the rights of creditors are threatened, the insurance's purpose is defeated. Penalties for the insurance firm that include setting the amount of capital to be kept in accordance with the risks when it engages in risky projects or disregards the capital requirements that prevent bankruptcy (Ahmed, 2022).

Any business's main objective is to increase both its market value and its shareholders' wealth. The management of the organization must therefore strike a balance between the rewards and the risks it takes. The financial management must try to considerably decrease risks because it cannot operate without them. This is the financial management's main responsibility. The company faces a variety of hazards. Credit risk is one of them. Many businesses sell things to their consumers on a deferred basis by providing them time to pay for their purchases from the business.

This practice results in receivables, or uncollected deferred sales, in the business's budget. Commercial credit is subject to a set of conditions and requirements through the company's so-called credit policy, and commercial credit exposes the business to significant risks known as credit risks, which are risks

related to customers' inability to pay the value of the goods, and the inability to pay may result in a variety of negative outcomes. The company giving its customers a period of time to pay the sales price is considered a credit process because it is the basis that the exchange is for cash. Therefore, the business must assess each customer's creditworthiness before extending credit to them in order to determine if they can afford to pay or not (Hesham, 2022).

Interest rate risk is the second, Companies may be exposed to interest rate risk if they deal with various debt instruments that have variable interest rates. For example, a company may borrow money from a bank or issue bonds to raise capital. If the interest rate on the loan or bond is fixed, the company may be at risk if market interest rates fall below the rate on the loan or bond. For instance, if the police issued bonds with a 10% interest rate for a decade, they would be required to pay this interest on the bond for the duration of the loan. As the corporation cannot cut the interest on the bonds in this instance but must instead pay 10% interest, it does so by charging 2% more interest than the market is charging.

Additionally, the corporation may be at risk as a result of its variable-interest bank borrowing. Significant if market interest rates climb since the company's loan interest will rise as a result. Operational hazards are dangers associated with the company's production and operational procedures, including its employees, machinery, and equipment. Operational risks refer to the potential for a material shift in operational costs, which would lower the company's profits and lower its value. In addition, there are dangers associated with worker accidents and machinery failure. This causes manufacturing lines to stop (Hesham, 2022).

Hazards related to law and legislation. The legislative and legal framework in which the business operates creates legal risks. The shares of the corporation, for instance, may suffer as a result of capital market legislation. Additionally, the corporation may be impacted by modifications to the nation's investment regulations. Additionally, altering tax legislation, all of this can It has a detrimental effect on the business. Exchange rate risks can arise when a company conducts business in multiple nations and engages in buying and selling transactions.

This is especially true if the transactions are made on credit and payment is expected in the future, which increases the likelihood that the company will be exposed to exchange rate volatility risks. If the corporation pays in foreign currency in the future and the rate of exchange between that currency and the local currency rises, it will require more local money to procure the same amount of foreign work. Default risks, these risks arise from the company's failure to pay its debts and other commitments that are due on time due to a lack of adequate cash. Regarding the availability of liquidity and the degree to which it is tied to different funding sources so that it is there when the company needs it, Price or market risk This is the risk brought on by changes in commodity prices. For instance, an increase in the cost of raw

materials raises the company's manufacturing expenses, which reduces the profit margin. The volume of sales will be affected if the business raises the prices of its items to offset the increase in costs. a negative correlation between demand and price Liquidity risk refers to how quickly and easily a corporation may convert investments in securities into accessible cash without suffering significant losses (Hesham, 2022).

The investments available to companies with different degrees of risk, as well as the expected returns and profits, all affect the financial decisions made by the management. As a result, the profits and returns are also different, and the role of financial management is to balance return and investment risks so that the investment that achieves a low degree of risk is chosen. also, a higher return the level of risk acceptance differs amongst organizations because some want to make investments with high levels of risk in order to reap large rewards, while others prefer to make investments with low levels of risk in order to reap rewards that are proportionate with the risk. The investments with the highest return are picked when the risks are equal, and the least hazardous investments are chosen when the returns are equal, while deciding amongst the company's investment options (Hesham, 2022).

The study's objectives are to identify the credit risks to which commercial banks are exposed, their effects on their financial performance, and strategies for mitigating those risks through: defining the significance and function of credit risk management in commercial banks, highlighting the credit risks that these institutions face, and evaluating the effect of credit risks on the financial performance of these institutions, Determine the metrics used to analyses credit risk, monitor the financial performance of commercial banks, and describe the strategies employed by banks to manage the risks they encounter (Ibdah, 2020).

The way to face risks

Stress tests have therefore become a current regulatory requirement from the regulatory authorities by incorporating the results of stress tests in the capital and risk management plan, as they are a tool for risk control and at the same time a tool for measuring Risks and the search for weaknesses in financial institutions and the financial system as a whole. These standards include stress tests to ensure the adequacy of capital to pay obligations, in some European countries. The purpose of stress tests is to forecast the cost of assets over the past period and the trend capital of the insurance company. There is a relationship between insurance firms and changes in interest rates and exchange rates (Thabet, 2022).

In order to prevent financial losses and bankruptcy, effective risk management is crucial to any insurance company's day-to-day operations. This is consistent with the argument that averting losses through preventative measures is an important part of risk reduction and, consequently, a crucial factor in

profitability. Financial performance of insurance firms is typically impacted by how effectively they manage risk. The argument is made that insurance companies cannot afford to increase loss rates and expenses, and that risk management has been connected to ideas for maximizing shareholder profit.

It is important for every company to maintain a certain level of risk and manage it effectively if it is going to increase its market value or if the possibility of financial distress is going to be reduced, stressing that risk management is an important function of insurance institutions in creating value for shareholders and customers. The company will not engage in risk management unless it enhances shareholder value. The firm's board of directors is normally in charge of risk management in a way that is compatible with the nature of its activity, its size, and the market in which the company participates. This is done through the Risk Management Committee.

The following advantages are dealt with by the organization and are attributable to the significance of risk management and incorporating it into work activities: highlighting the need of information sharing; ensuring that all employees are in constant communication; and being ready for any changes in hazards, as shown by the following: The Board of Directors is pleased with the efficiency of risk management and the fact that no opportunity has been passed up, boosting stakeholder confidence and enhancing the company's standing in the marketplace (Ibrahim, et al ,2018).

Controlling hazards all risk management approaches can be categorized into one of four primary classes after they have been identified and evaluated:

Transfer: Transfer is a strategy that enables one party to help another party accept the risk, typically through contracts or financial security. One method of transferring risk via contracts is insurance. A formula that ensures the transfer of the risk to a different party without the need to pay insurance premiums may be included in the contract. **Avoidance** is the practice or endeavor of avoiding actions that present a risk. To avoid liabilities, one illustration of this is to refrain from investing in real estate or starting a business. Avoidance appears to be a risk-free strategy, but it also runs the danger of denying one the advantages and gains that would have come from engaging in the avoided activity (Desalegn, 2019).

He examined Ethiopian insurance companies' financial health and risk management strategies. The study's goal was to investigate the connection between used risk management strategies and the financial performance of Ethiopian insurance companies from 2002 to 2011.

The correlation between risk management methods and financial performance was examined using correlation analysis. Results According to the survey, Ethiopian insurance companies used risk management strategies, loss prevention and control, loss financing, and risk avoidance. Unfortunately, risk management strategies are not routinely utilized by insurance companies. Also, the findings showed

a decline in the rates of return on equity growth and an overall increase in insurance company loss rates. Any poor financial performance especially as evidenced by loss ratios. Finally, the study showed that there is a weak relationship between risk management techniques and financial performance, which appears ineffective in how to apply risk management techniques to improve the performance of insurance companies (Desalegn,2019).

Stress tests have therefore become a current regulatory requirement from the regulatory authorities by incorporating the results of stress tests in the capital and risk management plan, as they are a tool for risk control and at the same time a tool for measuring risk. These standards include stress tests to ensure the adequacy of capital to pay obligations, in some European countries.

The goal of stress tests is to forecast the cost of assets in the most recent period and the trend capital of the insurance company. Risks and the search for weaknesses in financial institutions and the financial system as a whole, as well as a quantitative tool to determine additional liabilities for assets and determine the change in external factors in the demand for insurance and competition between insurance companies, as well as the change in the interest rate and the change in the exchange rate (Thabet, 2022).

Numerous organizations create independent risk committees to handle a variety of risk-related duties, such as proposing risk levels that the organization wishes to bear, reviewing and updating the organization's risk policies and monitoring mechanisms, receiving and reviewing risk reports, and creating various risk scenarios. Risk committees can therefore be regarded as one of the most significant internal mechanisms. By having independent committee members with relevant risk-related knowledge and experience, corporate governance enables the Board of Directors to manage risks in various institutions effectively. By examining and advising the Board of Directors on risk management policies, programs, and the levels of risk the organization may tolerate, the risk committee also contributes to corporate governance. In order to identify, measure, control, and direct risks, the risk committee also examines and assesses the efficacy of risk management techniques and policies. - The size of the Risk Committee - The autonomy of the Risk Committee members - The Risk Committee's meetings - The Risk Committee's expertise and experience (Al-Shehri, 2022).

By examining the effects of the presence of an independent risk committee, the experience and expertise of the risk committee members, and the diversity of committee memberships on the financial performance of banks listed on the Saudi market from 2010 to 2020, this study makes a significant scientific contribution. According to the researcher, this study is one of the first studies to examine the impact of having an independent risk committee, as well as the expertise and experience of the committee, as well as the diversity of participants, on financial success (Al-Shehri, 2022)

Risk management has not yet achieved the professional status of a significant business field (such as accounting, marketing, strategy, etc.). Enterprise risk management evolved into both a management role and a conceptual idea. Risk categories are divided into silos in traditional risk management. This indicates that there are various kinds of risks, including market, credit, liquidity, and operational risks, each of which is handled differently. The disadvantage of this approach is that each risk must be managed separately as a result of the division of hazards, which makes risk management ineffective. According to various research, ERM, which is an integrated and structured strategy, is used in organizations. It makes it easier to systematically manage business-related risks there and aids in the achievement of organizational goals (Abeyrathna et Al, 2020).

However, the concept of ERM is typically applicable to most businesses in both established and emerging markets. The majority of the extant literature on ERM focuses mostly on firms in developed economies. In comparison to developed markets, emerging markets have higher rates of volatility and are more susceptible to outside influences, such as operational and regulatory ones. They also produce higher rates of return on capital. One study examined various ERM models that were described in the literature and came to the conclusion that the conventional approaches to risk management and ERM share two characteristics, namely: Comprehensiveness, which calls for ERM to address various risk categories and issues of scope, Integration in relation to the need for enterprise risk management systems to address all business and functional areas and their interconnected effects, i.e., risk governance across all organizational tiers and functions (Abeyrathna et Al, 2020).

The long-awaited Enterprise Risk Management - Integrated Framework, together with a thorough practical application guide, important elements, and risk management principles that can be applied by any type of organization regardless of size, have now been provided by the Committee of Sponsoring Organizations. For administering ERM, a strong basis is provided by an ERM framework. The framework extends the ideas of internal control by giving a more comprehensive focus focused on enterprise risk management. It is designed to give organizations a generally recognized template for evaluating risk management initiatives (Abeyrathna et Al, 2020).

Reasons for creating companies to manage risks

Numerous organizations create independent risk committees to handle a variety of risk-related duties, such as proposing risk levels that the organization wishes to bear, reviewing and updating the organization's risk policies and monitoring mechanisms, receiving and reviewing risk reports, and creating various risk scenarios. Risk committees can therefore be regarded as one of the most significant internal mechanisms. By having independent committee members with relevant risk-related knowledge

and experience, corporate governance enables the Board of Directors to manage risks in various institutions effectively. By examining and advising the Board of Directors on risk management policies, programmers, and the levels of risk the firm may tolerate, the risk committee also contributes to corporate governance. In order to identify, measure, control, and direct risks, the risk committee also examines and assesses the efficacy of risk management techniques and policies. - The number of members on the risk committee; - Their level of independence. - The Risk Committee's meetings - The Risk Committee's expertise and experience. By examining the effects of the presence of an independent risk committee, the experience and expertise of the risk committee members, and the diversity of committee memberships on the financial performance of banks listed on the Saudi market from 2010 to 2020, this study makes a significant scientific contribution. According to the researcher, this study is one of the first studies to examine the impact of having an independent risk committee, as well as the expertise and experience of the committee, as well as the diversity of participants, on financial success (Al-Shehri, 2022).

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Nonetheless, the concept of ERM is typically applicable to most businesses in both established and emerging markets. The majority of the extant literature on ERM focuses mostly on firms in developed economies. In comparison to developed markets, emerging markets have higher rates of volatility and are more susceptible to outside influences, such as operational and regulatory ones. They also produce higher rates of return on capital. One study examined various ERM models that were described in the literature and came to the conclusion that the conventional approaches to risk management and ERM share two characteristics, namely:

ERM should be comprehensive, which implies it should include many risk categories and be tied to scope. Integration relates to the idea that enterprise risk management systems ought to include all business and functional areas and account for their interdependence, i.e., risk governance across all organizational tiers and functions. The long-awaited Enterprise Risk Management - Integrated Framework, along with a thorough practical application guide, important elements, and risk management

principles that can be applied by any type of organization regardless of size, have all been released by the Committee of Sponsoring Organizations. For administering ERM, a strong basis is provided by an ERM framework. The framework extends the ideas of internal control by giving a more robust focus focused on enterprise risk management. It is designed to give businesses a universally accepted template for evaluating risk management initiatives (Abeyrathna et Al, 2020).

Through the identification, analysis, and clarification of more significant international business, as well as by determining why risk management isn't progressing, a study has been done to assess the primary role of risk management in small and medium firms. Also, comparable to the current study, a significant study Risk management technology. As an illustration, it has been demonstrated that modern technology and digital media can be used as part of the solution in the current COVID-19 pandemic crisis with associated hazards. In order to survive and improve earnings, cut costs, and the financial health of the company, the current study focuses on the function of risk management in insurance firms facing the COVID-19 pandemic and enhancing their commercial performance in a competitive environment (Makkawi, 2021).

Every successful economic establishment recognizes that measuring efficiency and assessing performance on a regular basis is essential. In the insurance industry, this is especially true given the fierce competition that exists among insurance providers, the rapid advancement of insurance products, and the emergence of non-traditional contracts that differ from traditional ones in terms of the risks they cover and the conditions and exceptions they contain (Zayed et Al, 2022).

The idea of efficiency for insurance firms is connected to the technical tasks carried out by those businesses, such as marketing, underwriting, investment, claims settlement, etc., and is therefore effective in boosting their efficiency overall. When measuring efficiency using the data envelope analysis method, the set of inputs and outputs that express the activity of the establishments or economic units of interest, as well as the purpose of measuring efficiency and whether it is at the macro level or not, depend on the company's success in performing these functions, which is a significant factor in increasing its efficiency in general. Concentrates on a few of the device's features for a particularly cost-effective one (Zayed et Al, 2022)

2.2. According to the Dependent Variable performance of insurance companies

performance of insurance companies

Daniel and Delahunt looked at the factors that affect insurance company performance, including return on assets and the key performance metric. They discovered that whereas claims ratio is inversely

correlated with return on assets, insurers' leverage is positively correlated with total return on assets. Malik (2011) investigated the Pakistani insurance industry's return on assets profitability variables. Profitability ought to be the relying variable. Point out that while there is no relationship between a company's age, its loss percentage, its leverage ratio, and its profitability, there is a strong relationship between its size, profitability, and share size. Financial performance was assessed using return on investment. Financial performance is inversely correlated with insurance, capital, and solvency risks, but positively correlated with firm size, liquidity risk, and capital size (Almasarweh, 2022).

Not just in Kenya but all around the world, the insurance industry is one of the most booming. The working environment for the insurance sector today is evolving quickly and become more complicated. Although the penetration of personal insurance is somewhat low, businesses and governmental organizations across all industries are major insurers. The vital foundation for the uptake of insurance is the fact that more and more coverage is being offered to meet the needs of the always growing market as the nation's economy continues to flourish. The Insurance Regulatory Authority of Kenya issues licenses to insurance companies in that country (IRA). The main purpose of insurance is to protect you from unanticipated circumstances, but it also acts as a social tool to lessen the risks to human life and property. Insurance facilities transfer risks from the insured to the insurer, which suggests that you will be compensated from the insurer's funds if you experience a loss. Furthermore, the life insurance policy of insurance offers a conduit for insurance in that when you save, the insurer facilitates systematic savings because of the regular payment of premiums (Bashaija, 2022).

Insurance, market, credit, and operational risks are only a few of the dangers to which insurance companies are subject. Examples of market risks include interest rate fluctuations, property rights risks, currency risks, concentration risks, liquidity risks, and examples of credit risks include unexpected failure of reinsurance companies. Examples of insurance risks include improper pricing of insurance policies, calculating technical provisions in an inappropriate manner, and the occurrence of disasters. It's crucial for the insurance company to manage its risks and target a specific degree of risk when choosing investments because the primary creditors are financial institutions, who are also its clients, Derivatives and securitization bonds, as well as the decline in receivables, are internal factors caused by people or the system, low confidence in the insurance company, or low efficiency Credit risks vary depending on the internal and external factors affecting the environment as well as the various operations the adjacent company engages in. Including, but not limited to, operating performance files, connections, financial position, financial leverage, operating leverage, industry type, and weak governance.

Macroeconomic risks: These include the overall state of the economy of the nation where the bank conducts business. Examples include political risk, legal and regulatory issues, interest rates, inflation

rates, and fiscal and monetary policies. Hazards at the bank level include Basel regulations, ALM policy, loan portfolio diversification, and concentration policies. Credit risk can be derived from a number of sources, including: The credit portfolio's lack of diversification, the bank's practice of focusing its lending operations in certain geographic regions or embracing the idea of credit concentrations, the presence of high credit risks during the growth process, and the ongoing desire to conduct credit analysis and review credit procedures (Ibdah,2020).

As a process, insurance is constantly changing and evolving, which leaves room for human error due to potential miscalculations of the source and magnitude of risks. Nonetheless, there are numerous problems and concerns in the economic world that one may be able to solve, lessen, or completely avoid. Yet, there are also risks that are unanticipated. For this reason, risk management in the insurance industry needs to be improved. A better understanding of risk timing, identification of compensation priorities, selection of the most appropriate available methods of compensation in order to ensure profits, and finally reduction of additional unit cost during production are all examples of how important risk management is in the insurance industry. Using risk management techniques and risk reduction technologies both help to reduce hazards, boost revenues, and cut costs. In consequence, this greatly improves the financial status of insurance businesses and raises commercial performance (Makkawi, 2021).

Regarding the General Authority for Financial Regulatory Authority, insurance firms that fall under its purview and conduct business in the Egyptian market are now required to conduct stress tests and scenario-analyses to determine how well non-banking financial sector units can withstand adjustments and financial effects brought on by the persistence of the Covid-19 pandemic. Economic risk elements like high reinsurance default rates, poor stock market indices, and interest rates. These models were employed by including risk indicators associated with insurance activity, such as increased compensation volume, increasing rates of document cancellation and liquidation, and low compensation collected from reinsurers. The regulatory authorities highlighted various vulnerabilities, including low operational efficiency, declining portfolio quality, weak liquidity and financial distress rates, and weak profitability and surplus rates (Ahmed, 2022).

Factors that have an impact on insurance company performance have been looked at, including return on total assets (ROA), a crucial gauge of that success. They discovered that whereas loss ratio is inversely correlated with return on assets, insurers' leverage is positively correlated with return on total assets. In Pakistani insurance firms, return on assets (ROA) profitability factors have been looked into. Profitability ought to be the relying variable. She emphasized that there is no correlation between a company's age,

its percentage of losses, its percentage of financial leverage, and its profitability, but she did find a correlation between its size, profitability, and capital size. He looked on the connection between financial risk and insurance businesses' financial performance.

Financial performance was assessed using return on investment. The study on the Kenyan insurance industries on the relationship between financial risks and financial performance found the following indicators: liquidity, financial, and capital management. However, there is a positive relationship between company size, liquidity risks, and capital size. Underwriting risks, capital risks, and solvency risks are negatively related to financial performance. According to the study, liquidity and financial leverage have a positive link with return on assets, whereas solvency risks have a negative relationship with tangible financial performance. In a study on the variables influencing insurance company profitability, we looked into the elements influencing the financial performance of the insurance sector. Examine the connection between profitability, capital, and volume. He did find that there was a bad correlation between loss ratio, leverage, and profitability. About eight factors, according to studies on the insurance industry, affect profitability.

It was discovered that while loss ratio, age of the company, and current ratio are inversely associated to profitability, company size and growth rate are positively related. It has also been demonstrated that the percentage of retained premiums and the share of vehicle insurance are not important factors. Research has been done on the Ghanaian life insurance industry's financial performance. According to the study, investment income has a negative impact on the sales profitability of insurance businesses but a favorable impact on the overall amount of premiums written (Almasarweh, 2022).

In order to measure profitability, two dependent variables—the return on assets or the return on equity—were used, and non-performing loans were used as an independent variable to express credit risk. Numerous statistical analyses were performed on the data provided for these Banks with the goal of analyzing the impact of credit risk on the profitability of five major commercial banks in the United Kingdom. The findings of this study indicate a positive correlation between credit risk indicators and these banks' profitability, which means that even after the significant negative effects of the credit crisis; banks in the United Kingdom still face credit risks and profit from interest rates, fees, commissions, and other financial incentives. The findings also demonstrated a favorable correlation between bank size, financial leverage, and growth. Profits were also realized following the financial crisis, and banks were able to accumulate experience managing credit risks over time (Ibdah, 2020)

Concept and know insurance companies

There are many different ideas behind insurance, but one of them is that it is a way of gathering contributions—which are viewed as the capital from which compensation is provided and works to lower the risk—to cover the risks that are exposed to a group of people or businesses. By allocating this loss to a sizable group of people who are all exposed to this risk and uncertainty, insurance is a technique to make up for the financial loss that an individual suffers as a result of the occurrence of a specific risk. By shifting the responsibility for some risks to the insured, who agrees to pay the insured for all or part of the loss, insurance is a mechanism that lessens the uncertainty of the insured. Insurance companies are vulnerable to credit, market, and insurance risks. Insurance provisions upon import, for investments, for financial investments, insurance, insurance against insurance risks, insurance or securities, decline in decline factors in securities, decline in decline, insurance of its insurance, decline, and a new schedule should be published for initial debt to an insurance firm that is safeguarding against bankruptcy (Ahmed, 2022).

Insurance companies handle both corporate risks and the risks of each of their customers more effectively than other businesses. This necessitates integrating the company's risk management systems, procedures, and culture. Many stakeholders are being pushed by their institutions to manage their risks in an efficient and open manner while reporting on their progress. Banks contend that while some risks can and should be shifted to another party when it is more cost-effective to do so, others should be kept as part of the core business operations and actively managed to produce value for stakeholders.

A corporation may have a competitive advantage if it can represent particular risks, enhancing its ability to succeed financially. Reviewing risk management literature generally seems to show that enhanced risk management procedures enhance business financial performance. Companies may assure a more effective and efficient understanding of the value of applying risk management practices by tying risk and performance management together. For the majority of businesses, improved stock performance is correlated with high-risk maturity. The argument that businesses with the most advanced risk management practices outperform their competitors financially and typically experience the fastest rates of sales growth supports this viewpoint as well. Few research has been done on insurance companies in Jordan, compared to numerous studies on risk management and performance by businesses (mainly banks) (Jaber, 2020).

Particularly in developing insurance markets like Saudi Arabia, where insurance companies play a critical role in stabilizing the country's economy, understanding the link between corporate governance factors and insurer performance has grown to be crucial for shareholders, investors, and other stakeholders. As a result, this study has two goals. the performance of Saudi insurers should first be compared against a whole set of corporate governance variables. Second, investigate the connections

between the performance of insurers and the elements of corporate governance. In conclusion, the goal of this article is to examine how corporate governance factors affect insurer performance. In this study, the researchers will look at how the performance of control variables particular to an insurer in the Saudi insurance market is impacted by corporate governance (board of directors and audit committee factors) (Abdel Mawla, 2022).

Performance measures

The following hazards, which have an impact on insurance companies' solvency and viability:

Strategic dangers the following examples of strategic risks—risks that have an impact on the company's strategy and strategic objectives—can be used to illustrate them: making poor decisions, failing to allocate resources as effectively as possible, failing to react appropriately to changes in the business environment, failing to manage change or restructuring, particularly radical restructuring, and failing to provide the right human resources to manage the company's operations. The phrase "possible loss of the insurance company as a result of wrong underwriting" refers to "the loss of the insurance company that may result from wrong underwriting, and this may adversely affect the solvency of the insurance company and its profitability (Mansour, 2021).

Additionally, any shortfall in reserves resulting from a mistake in premium computation or incorrect assessment of outstanding claims may have an impact on the company's financial status, including:

Risks associated with product development include the possibility that a product will not meet customer needs, will adversely affect a company's goals, or will be missed. These risks can occur when a new product is developed or an existing one is improved. Underwriting risks include a variety of secondary risks, such as the issuance of an insurance policy with ambiguous terms that could lead to future arbitration or legal disputes, the violation of the authorized underwriting authority's or the underwriting guide's limits, a lack of adequate insurance coverage, or the existence of an accumulation of illegal calculations. Risks associated with pricing include the inadequacy of the insurance price to cover the anticipated costs of the policies, as well as price exaggeration that reduces the company's competitiveness or unjustified price discrimination. Pricing is a complex process that occasionally depends on forecasting or the subscriber's personal experience.

The most significant compensation risks are the failure to pay due compensation, payment of unearned claims, failure to obtain reimbursement from reinsurers, and inappropriate compensation settlement procedures. Compensation risks: The risks associated with the claims settlement process for policyholders, each according to its coverage. The creation of reserves is unquestionably one of the most significant risks in the field of compensation, as failure to do so will have catastrophic effects on the

company's future and alter its financial performance. Financial and market risks are those that result from changes in the values of investments, assets, income from them, interest rates, or exchange rates in a way that was not calculated by the insurance company and was not hedged, in a way that affects its intended financial results or has more serious effects on its competitiveness. They are, to continue (Mansour, 2021).

Real estate investment risks are reflected in the discrepancy between the actual returns and the expected returns over the course of ownership. Risks associated with investing in securities are shown in the discrepancy between the returns that actually materialized and those that were anticipated during the holding term. Risk of not having enough liquid financial resources (or those that can be liquefied quickly without losing value) to meet financial commitments when they become due. Risks associated with vulnerability to loss if a third party does not perform its financial obligations to the company in a timely manner or at all. Operations dangers the term "operational risks" covers a broad range of dangers, some of which may occasionally fall under the heading of other categories of risks. Consequently, it can be claimed with some accuracy that each organization faces different levels of risk. Operational risks are "the risk of loss arising from inefficiency or failure of internal processes, people, or systems, or from external events," according to the Basel Committee (Mansour, 2021).

The impact of risk on the performance of insurance companies in the Kingdom of Saudi Arabia: Performance of insurance companies in Saudi Arabia:

Since the demand for oil has reduced owing to the Corona virus, driving down oil prices and lowering earnings, the Corona pandemic has had an impact on all industries, including insurance firms. To make the fiscal deficit worse with him is the Kingdom of Oil. The "Covid-19" new strain of the Corona virus caused a collapse and a historically low level of oil demand. Furthermore, government oil revenue fell to a record 0.129 billion Saudi riyals in the first quarter of 2020, down 0.24% from the same period in 2019. As a result of this and an increase in spending, the budget deficit for the first quarter of 2020 reached 1.34 billion Saudi riyals.

So, we anticipate the Kingdom to have its highest historical budget deficit this year due to the sustained low estimates for oil demand until the end of 2020, which are brought on by a fall in economic activity, an increase in financial spending, and a decline in financial revenues. Our projections According to early indications, the Kingdom's budget deficit will be in the region of 370 to 420 billion Saudi riyals. The impact on the economy increases with the length of the epidemic's propagation (Research management team, 2020).

The frequency of financial crises in developed and emerging nations, as well as the importance of the insurance sector in providing commercial organizations and people with insurance solutions shone emphasis on the insurance market's functional importance and focused regulatory agencies' attention on managing financial system and financial institution risks in various nations. a good illustration of an insurance provider in the Kingdom of Saudi Arabia the Tawuniya Insurance Company (Tawuniya) is a Saudi joint stock company that was founded in Riyadh, Saudi Arabia, and registered on January 18, 1986 AD. Its primary business areas include vehicle, marine, fire, health, engineering, energy, and aviation insurance, as well as Takaful and accident insurance. The cooperative has the means and resources to increase its product offerings to cater to the demands of both consumers and enterprises, while also managing various kinds of risks, whether they are straightforward or complicated. Tawuniya makes an effort to pay close attention to its consumers and meet their needs while introducing any new insurance covers. It consistently aims to gauge how the general public reacts to the cooperative's media messaging on the introduction or revision of various insurance plans or the introduction of new goods (Eltawuniya, 2022).

Written insurance premiums in the Saudi insurance market reached 35.0 billion riyals in 2018 AD, compared to 36.5 billion riyals in 2017 AD, with a decrease rate of (4.1%) compared to a decrease rate of (1.0%) in 2017 AD. The total written health insurance premiums increased by 4.5% to reach 19.8 billion riyals in 2018, compared to a total of 19.0 billion riyals in 2017 (General Administration of Insurance Supervision, 2018).

The decrease in total written general insurance premiums (representing 40.1% of the insurance market) by (14.1%) to reach 14,000 billion riyals in 2018, compared to a decrease of (4.9%). As it amounted to 16.3 billion riyals in 2017 AD, and the total premiums for vehicle insurance amounted to 68.0% of the total written insurance premiums in 2018 AD, decreasing to 9.4 billion riyals compared to 11.1 billion riyals in 2017 AD. Total subscribed protection and savings insurance premiums (representing 3.1% of the insurance market) decreased by (3.3%) to reach 1.1 billion riyals in 2018 AD, compared to an increase of 8.4% in 2017 AD. The total number of insurance policies subscribed increased to 6,037,326 in 2018, compared to 5,666,234 in 2017. This report is based on data collected from 32 insurance and reinsurance companies (General Administration of Insurance Supervision, 2018).

In addition to standard modeling (simple linear regression model) to estimate the beta coefficient as an indicator of systemic risk, the study relies on the descriptive approach to clarify the theoretical concepts of the study, the analytical approach to address questions by applying a set of statistical indicators (arithmetic mean, standard deviation, variance and covariance, correlation coefficient, etc.), and finally Sharpe's performance appraisal model and differential equation The study came to the conclusion that

analyzing returns relies on creating financial indicators based on actual historical results in order to make the right investment decision. The overall risks of the individual investments under study are also relatively high, particularly in light of the 2008 and 2018 financial crises.

The outcome demonstrated that financial portfolio diversification, particularly in light of recent financial crises, improved the characteristics of these portfolios. The insurance sector portfolio in the Saudi financial market can benefit most from portfolio diversification by investing in the market index itself. Financial Information for Tawuniya Insurance Company (2021) with the success of its insurance business, Tawuniya has been recognized in the Kingdom of Saudi Arabia as a leader in the field of insurance and is now ranked among the top 10 brands. Total assets (14.6 billion riyals) - total equity (3 billion riyals) - total written insurance premiums (10.2 billion riyals) - net insurance premiums earned (7.9 billion riyals) - net potential claims (6.6 billion riyals)) - Net profit before zakat (35 million riyals) - Surplus from insurance operations minus return on investments of policyholders Results of operational operations (77.5 million riyals) - Net profit from investments of policyholders (145.7 million riyals) - Net profits from investments of shareholders' funds (157 million riyals) - earnings per share (2.13 riyals) - authorized and paid-up capital (1,250 million riyals) (Saudi Arabian Monetary Agency, 2020).

Hypothesis -1

Based on the research framework, the main hypotheses can be formulated as follows: -

H1: There is a significant impact at the level $\alpha \leq 0.05$ of risk management on performance of Saudi insurance companies from 2018 to 2022.

Then, five sub-hypotheses can be extracted based on each variable of Risk Management:

H1.1: There is a significant impact at level $\alpha \leq 0.05$ of Return on Asset on Performance of Saudi Insurance Companies from 2018 to 2022.

H1.2: There is a significant effect at level $\alpha \leq 0.05$ of Return on Equity on Performance of Saudi Insurance Companies from 2018 to 2022.

H1.3: There is a significant effect at level $\alpha \leq 0.05$ of Liquidity Risk on Performance of Saudi Insurance Companies from 2018 to 2022.

H1.4: There is a significant effect at level $\alpha \leq 0.05$ of Credit Risk on Performance of Saudi Insurance Companies from 2018 to 2022.

H1.5: There is a significant effect at level $\alpha \leq 0.05$ of Operational Risk on Performance of Saudi Insurance Companies from 2018 to 2022.

CHAPTER 3

THE METHODOLOGY

3. In this chapter, the researcher defines the research process, methodology, and procedures, by presenting these main sections such as how to prepare the research, methodology, and how to obtain data that is analyzed statistically, with determining the size of the population, and then the size of the sample.

3.1. Research Approach

This research will depend on the descriptive analytical approach. The descriptive-analytical approach is suitable for the nature of this research because quantitative research is the process of gathering, evaluating, interpreting, and presenting the results of a study. Descriptive analytical approach based on describing the phenomenon, determining patterns in the data to provide answers to the questions related to who, what, where, when, and to what extent. It is also considered as a fundamental for almost every research project as it offers what is recognized concerning capabilities, requirements, techniques, activities, regulations, people, and contexts in a form that is relevant to the research question (Loeb et al., 2017). The researcher will depend on the poll and use the main program SPSS.

The goal of the study was to describe the relationship between risk management and performance among insurance companies in Saudi Arabia. The study will use a regression model to determine the existing relationship. The Multiple Regression Model below will use for the study.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

Where:

Y = Performance.

X1, X2, X3, X4 and X5 are the independent variables which are stated below:

X1 = Return on Asset.

X2 = Return on Equity.

X3 = Liquidity Risk.

X4 = Credit Risk.

X5 = Operational Risk.

ε = the error term.

3.2. Research Design

The research design is the general strategy that the researcher follows in carrying out his research, so that the researcher can integrate all the components and parts of the research in a coherent manner, and thus ensures that the researcher addresses the research problem correctly.

The population in this research are insurance sector companies listed on the Saudi Central Bank (2022) for the period 2018 - 2022 which consist of 30 companies, so the sample of data that can be taken and used is 110 items.

Research Model:

Based on the literature review, the research model can be developed to link the impact of Risk Management on Performance of Insurance Companies. Figure 1 below shows the correlation between independent variables and dependent variable.

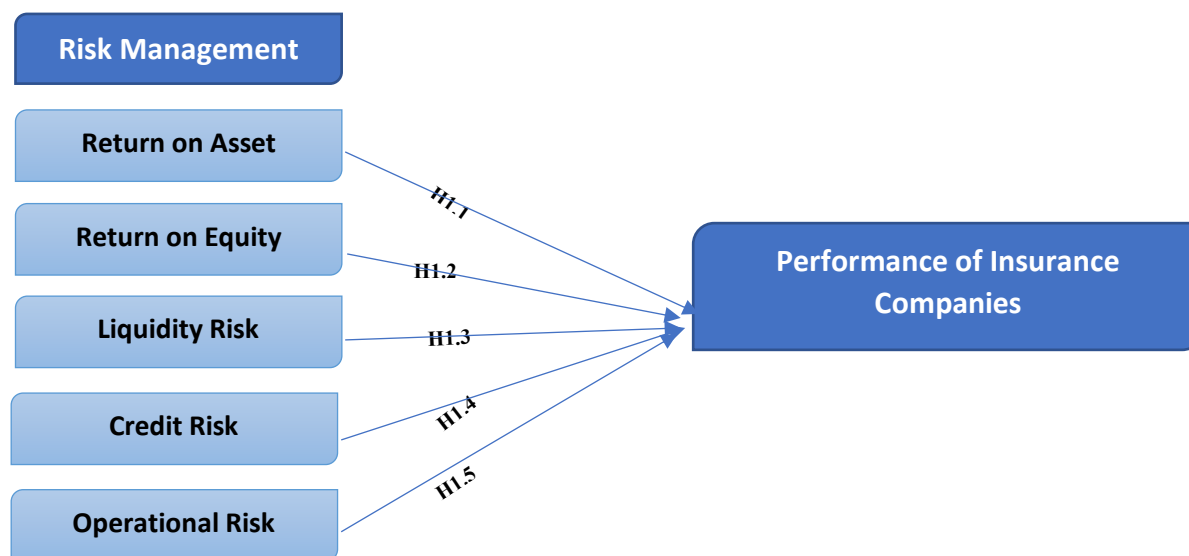


Figure 1: Study Model

Source: Developed by the Researcher depending on (Mahi & Bezzaouia, 2022)

Data Collection:

In this research, the researcher will gather the data depending on two main sources as following:

1. **Secondary Data:** It's the data acquired from optional sources like magazines, books, documents, journals, reports, websites, research papers, and previous studies. This research will use

secondary data to get past figures on the performance of the Insurance industry with the help of yearly financial reports and journal articles published by the Saudi Central Bank and other ministries that relate to the subject. Precisely the secondary dataset will used in this study will come from the Saudi Central Bank, reports on insurance sector indicators and financial statements for the period of 2018 to 2022, and other related articles, journals, and papers will use to work out this study.

2. **Primary Data:** It's the data particularly customized to the analysis's requirements. It's collected from the field throughout the designed questionnaire distributed to a sample of the research investigating the research's variables. The researcher realized that the questionnaire is the best tool to collect the data due to the sample size, the nature of the study, and the required data.

Statistical Analysis Tools:

The questionnaire will be analyzed by SPSS, and the following statistical tools will be employed:

1. **Frequency and Descriptive Analysis:** To determine the measures of central tendency which are mean, mode, and median. These measures help the researcher to evaluate the results.
2. **Cronbach's Alpha for Reliability Statistics:** To measure the reliability of the questionnaire to ensure it measures well what it should be designed for.
3. **Kolmogorov-Smirnov test of normality:** To determine if the data follows a normal distribution and it compares the sample with a normal distribution.
4. **Pearson Correlation Coefficient for Validity:** To measure the correlation between variables.
5. **One-sample T-Test:** To compare the sample mean with a predefined value. It requires a random sample, independent data, and normally distributed data.
6. **Independent Samples T-test:** To determine the differences between two groups of data when the population mean is unknown and with two independent samples.
7. **Analysis of Variance (ANOVA):** To compare the means of several variables to determine the differences among them. It helps to find out whether to reject or accept the null hypothesis.
8. **Multiple Linear Regression Model:** To clarify the relationship between several the research independent variables and the dependent variable.

CHAPTER 4

ANALYSIS AND RESULTS

Information sources: -

Two scientific research methods were used to accomplish the study's goals. The first method is theoretical, and it is represented by the researcher reading through relevant scientific literature and earlier studies, while the second method is represented by the analytical aspect of the data gathered.

The data sources used by the researcher are: -

- 1- Primary sources:** related to data related to the variables of risk management and the variables of performance of Saudi insurance companies, in particular the Tawuniya Insurance Company represented by financial data extracted from the published financial statements issued by the company's management, as well as the data extracted from the questionnaire that was applied in the study sample. This is in addition to other non-financial information that the researcher obtained either from the website of each of the company or the Central Bank of Saudi Arabia.
- 2- Secondary sources:** represented by published scientific research and studies, Arabic and foreign books, peer-reviewed scientific journals, periodicals and other websites related to the subject of the study to cover the theoretical aspect of the research.

Research Variables:

The research seeks to reach its objectives through the following variables: -

1- Independent Variable: Risk Management that includes 5 variables:

- Return on Asset.
- Return on Equity.
- Liquidity Risk.
- Credit Risk.
- Operational Risk.

2- Dependent Variable: Performance of Insurance Companies.

Statistical analysis -

After obtaining the required data from the financial statements of the Tawuniya company, as well as the data extracted from the application of the questionnaire to the study sample in the Tawuniya company, the researcher used the descriptive analytical statistical method for ratio analysis, and statistical analysis using SPSS, to test the impact of risk management on the performance of insurance companies in the

Saudi market during the period 2018-2022, and the SPSS statistical program was used to test the hypotheses, analyze their results, answer the study's questions, and then formulate the results and recommendations.

The researcher also used the experimental study method based on the actual financial data published in the financial statements and annual reports issued by the Tawuniya Insurance Company during the period from 2018 to 2022.

Descriptive statistics of the study variables

The following table reviews the results of the descriptive statistics of the study variables, where the arithmetic mean, mode, median and standard deviation were extracted for each of the study variables as follows: -

Ratio	2018	2019	2020	2021	2022
Mean	4.25	3.08	3.00	4.253	4.25
Median	5.34	3.08	12.00	5.337	5.34
Mod	5.38	3.27	2.00	5.381	5.38
S. Deviation	4.40	3.49	8.00	4.404	4.40

The previous table shows the arithmetic mean for each of the indicators in the five years from 2018 to 2022, as well as the median for the same period, the mode as well, and finally the standard deviation for the same period.

The following is a summary of the financial statements of the tawuniya Insurance Company for the period from 2018 to 2022, which show the most important financial items:

A summary of the financial of the tawuniya Insurance Company for some years

Number in 000	2018	2019	2020	2021	2022
Total Assets	12,627,578.00	14,114,485.00	14,257,426.00	14,633,017.00	18,914,997.00
Cash	1,600,240.00	1,306,550.00	445,794.00	1,188,266.00	1,659,343.00
Total Liabilities	10,819,357.00	11,614,796.00	11,448,064.00	11,593,953.00	15,549,855.00
Total Equity	1,808,221.00	2,499,689.00	2,809,362.00	3,039,064.00	3,365,142.00
Capital	1,250,000.00	1,250,000.00	1,250,000.00	1,250,000.00	1,250,000.00
Revenue	7,187,323.00	7,010,286.00	7,166,000.00	8,068,225.00	10,709,779.00
Subscription expenses	7,187,852.00	6,240,331.00	6,157,566.00	7,210,769.00	9,642,966.00

Operating Exp.	246,066.00	333,507.00	443,365.00	503,590.00	566,730.00
Net profit/Loss	-279,333.00	327,586.00	393,330.00	266,560.00	391,003.00
Liquidity Gap	3,077,792.00	3,082,288.00	3,266,965.00	3,049,822.00	3,388,051.00
Credit Risk	3,219,279.00	12,854,337.00	13,039,282.00	13,374,733.00	17,193,846.00

The following will display the first part of the demographic data of the questionnaire

Statistics

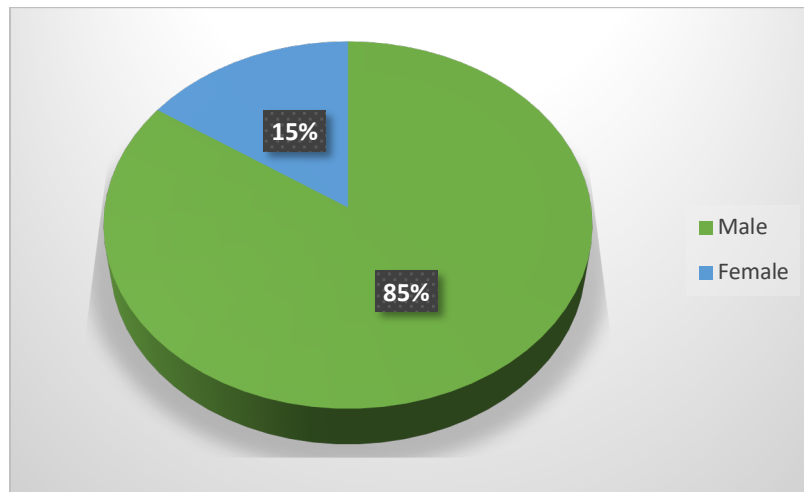
		Gender	Age	Social Status	Education	Income	Experience	Functional Degree
N	Valid	110	110	110	110	110	110	110
	Missing	0	0	0	0	0	0	0
Mean		1.15	2.31	1.72	2.25	2.81	1.72	3.45
Median		1.00	2.00	2.00	2.00	3.00	2.00	4.00
Mode		1	2	2	2	4	1	5
Std. Deviation		.363	1.202	.623	.473	1.161	.756	1.601

The previous table presents a number of central tendency indicators for the six demographic variables.

Then each of the demographic variables is presented separately as follows:

Gender

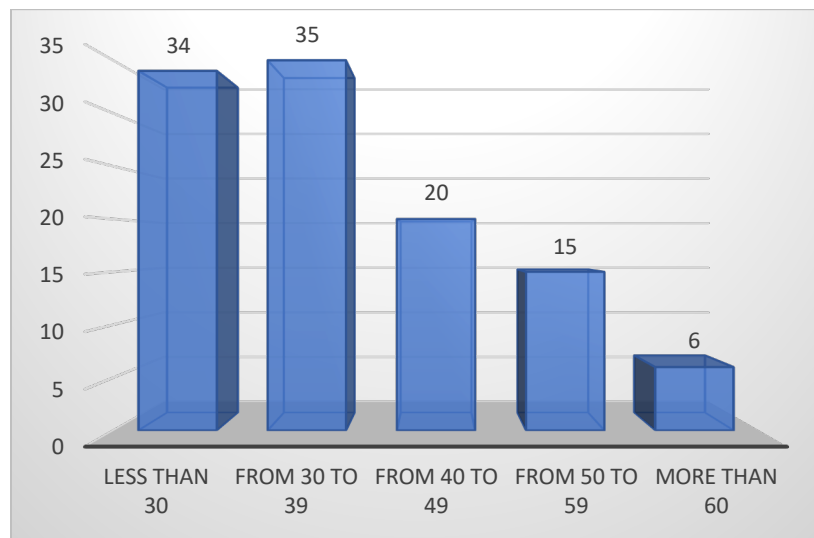
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	93	84.5	84.5	84.5
	Female	17	15.5	15.5	100.0
	Total	110	100.0	100.0	



Gender

Age

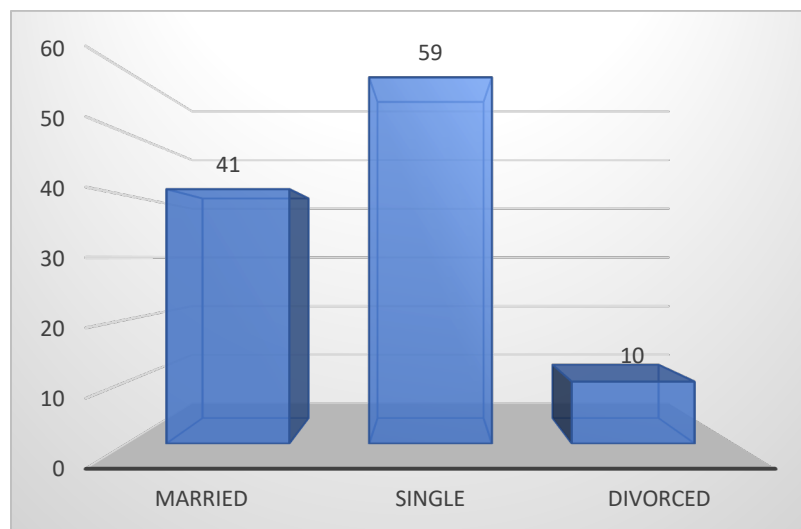
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 30	34	30.9	30.9	30.9
	From 30 to39	35	31.8	31.8	62.7
	From 40 to49	20	18.2	18.2	80.9
	From 50 to 59	15	13.6	13.6	94.5
	From 60 and more	6	5.5	5.5	100.0
	Total	110	100.0	100.0	



Age

Social Status

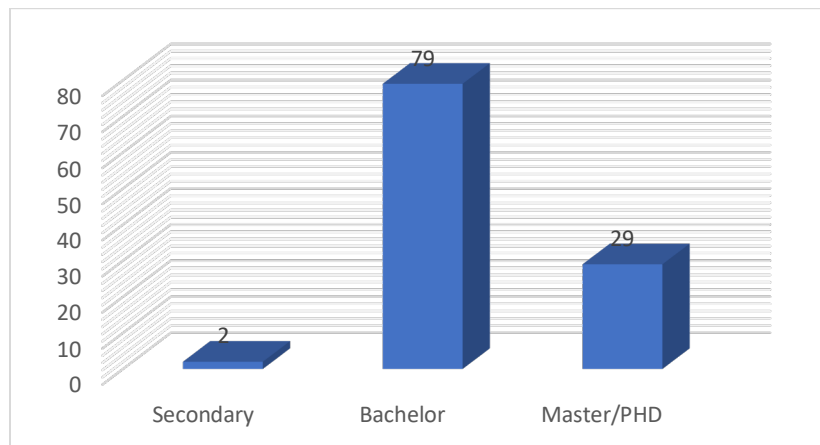
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	41	37.3	37.3	37.3
	Married	59	53.6	53.6	90.9
	Divorced	10	9.1	9.1	100.0
	Total	110	100.0	100.0	



Social Status

Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Secondary	2	1.8	1.8	1.8
	Bachelor	79	71.8	71.8	73.6
	Master/ Ph.D.	29	26.4	26.4	100.0
	Total	110	100.0	100.0	

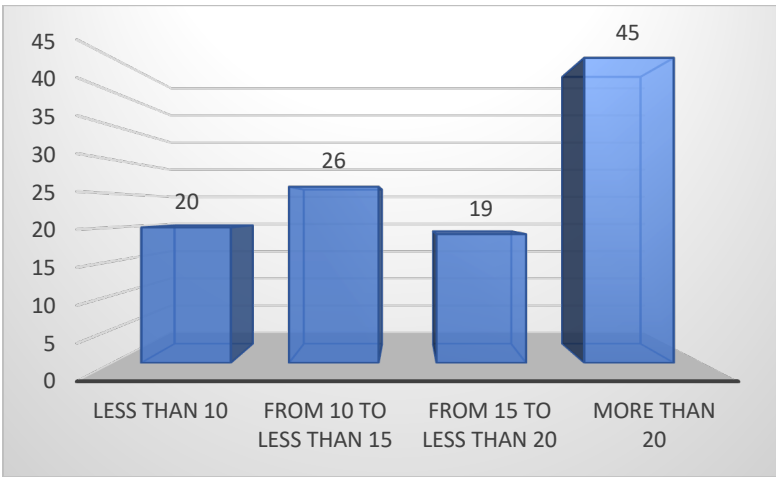


Education

Income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 10	20	18.2	18.2	18.2
	10 To Less than 15	26	23.6	23.6	41.8
	15 To Less than 20	19	17.3	17.3	59.1
	More than 20	45	40.9	40.9	100.0

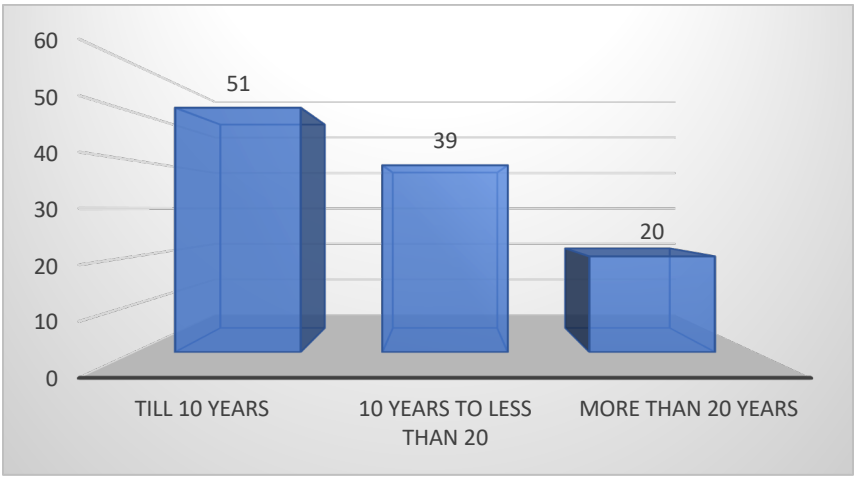
Total	110	100.0	100.0
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Income

Experience

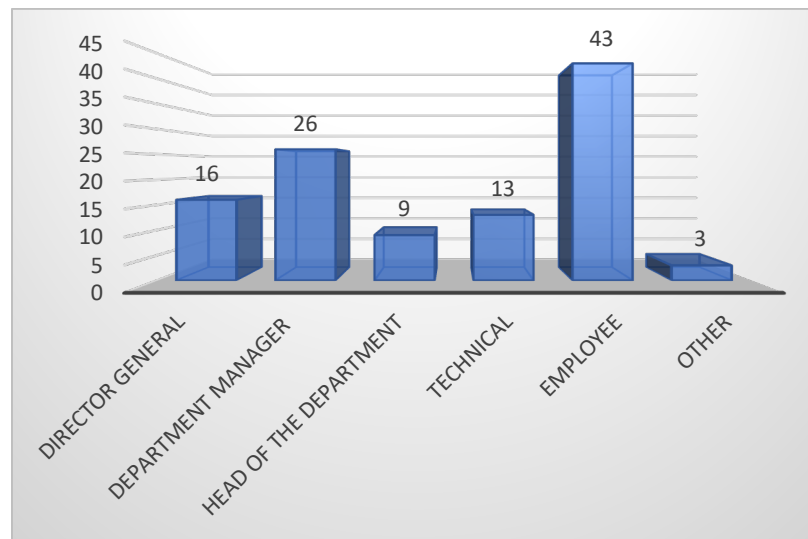
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Till 10 Years	51	46.4	46.4	46.4
	10 Years to Less than 20	39	35.5	35.5	81.8
	More than 20 Years	20	18.2	18.2	100.0
Total		110	100.0	100.0	



Experience

Functional Degree

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Director general	16	14.5	14.5	14.5
	Department Manager	26	23.6	23.6	38.2
	Head of the Department	9	8.2	8.2	46.4
	Technical	13	11.8	11.8	58.2
	Employee	43	39.1	39.1	97.3
	other	3	2.7	2.7	100.0
	Total	110	100.0	100.0	



Functional Degree

Then the second part of the questionnaire will be reviewed, which discusses Tawuniya Insurance Company implements a strategy to face risks, as follows:

Risk Identification

Statement	SD1	D1	N1	A1	SA1	Tot1	SD2	D2	N2	A2	SA2	Tot2
ARI1	14	19	31	32	14	110	12.73%	17.27%	28.18%	29.09%	12.73%	100%
ARI2	3	18	19	47	23	110	2.73%	16.36%	17.27%	42.73%	20.91%	100%
ARI3	4	8	23	43	32	110	3.64%	7.27%	20.91%	39.09%	29.09%	100%
ARI4	1	3	15	54	37	110	0.91%	2.73%	13.64%	49.09%	33.64%	100%
ARI5	2	6	22	63	17	110	1.82%	5.45%	20.00%	57.27%	15.45%	100%

Risk Assessment

Statement	SD1	D1	N1	A1	SA1	Tot1	SD2	D2	N2	A2	SA2	Tot2
ARA1	3	7	29	53	18	110	2.73%	6.36%	26.36%	48.18%	16.36%	100%
ARA2	4	7	24	45	30	110	3.64%	6.36%	21.82%	40.91%	27.27%	100%
ARA3	1	10	38	48	13	110	0.91%	9.09%	34.55%	43.64%	11.82%	100%
ARA4	4	5	33	52	16	110	3.64%	4.55%	30.00%	47.27%	14.55%	100%
ARA5	1	6	27	52	24	110	0.91%	5.45%	24.55%	47.27%	21.82%	100%

Risk Mitigation

Statement	SD1	D1	N1	A1	SA1	Tot1	SD2	D2	N2	A2	SA2	Tot2
ARM1	7	19	29	37	18	110	6.36%	17.27%	26.36%	33.64%	16.36%	100%
ARM2	16	19	37	28	10	110	14.55%	17.27%	33.64%	25.45%	9.09%	100%
ARM3	3	4	34	53	16	110	2.73%	3.64%	30.91%	48.18%	14.55%	100%
ARM4	8	9	25	47	21	110	7.27%	8.18%	22.73%	42.73%	19.09%	100%

ARM5	5	7	35	45	18	110	4.55%	6.36%	31.82%	40.91%	16.36%	100%
ARM6	2	8	31	52	17	110	3.64%	6.36%	22.73%	40.00%	27.27%	100%

Risk Management Implementation and Monitoring

Statement	SD1	D1	N1	A1	SA1	Tot1	SD2	D2	N2	A2	SA2	Tot2
ARMIM1	4	7	25	44	30	110	0.00%	5.45%	22.73%	44.55%	27.27%	100%
ARMIM2	0	6	25	49	30	110	8.18%	10.00%	24.55%	40.00%	17.27%	100%
ARMIM3	9	11	27	44	19	110	3.64%	12.73%	19.09%	51.82%	12.73%	100%
ARMIM4	4	14	21	57	14	110	2.73%	5.45%	31.82%	44.55%	15.45%	100%
ARMIM5	3	6	35	49	17	110	2.73%	2.73%	22.73%	46.36%	25.45%	100%
ARMIM6	3	3	25	51	28	110	2.73%	2.73%	22.73%	46.36%	25.45%	100%

Then the third part of the questionnaire, which discusses the financial performance of Tawuniya Insurance Company, will be reviewed as follows:

Financial Performance

Statement	SD1	D1	N1	A1	SA1	Tot1	SD2	D2	N2	A2	SA2	Tot2
BFP1	3	7	27	40	33	110	2.73%	6.36%	24.55%	36.36%	30.00%	100%
BFP2	1	7	31	50	21	110	0.91%	6.36%	28.18%	45.45%	19.09%	100%
BFP3	2	7	31	49	21	110	1.82%	6.36%	28.18%	44.55%	19.09%	100%
BFP4	0	9	29	52	20	110	0.00%	8.18%	26.36%	47.27%	18.18%	100%
BFP5	1	10	37	44	18	110	0.91%	9.09%	33.64%	40.00%	16.36%	100%
BFP6	3	6	47	39	15	110	2.73%	5.45%	42.73%	35.45%	13.64%	100%
BFP7	1	7	45	37	20	110	0.91%	6.36%	40.91%	33.64%	18.18%	100%
BFP8	3	1	26	45	35	110	2.73%	0.91%	23.64%	40.91%	31.82%	100%

Reliability

Then the Cronbach's Alpha coefficient will be reviewed to indicate the extent to which the data extracted from the questionnaire can be relied upon in generalizing the results.

Case Processing Summary for the second part

		N	%
Cases	Valid	110	100.0
	excluded ^a	0	.0
	Total	110	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics for the second part

Cronbach's Alpha	N of Items
.872	22

Cronbach's alpha coefficient for the second part of the questionnaire was 0.872, which is a high indicator.

Case Processing Summary for the third part

		N	%
Cases	Valid	110	100.0
	Excluded ^a	0	.0
	Total	110	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics for the third part

Cronbach's Alpha	N of Items
.822	8

Cronbach's alpha coefficient for the third part of the questionnaire was 0.822, which is a high indicator.

Scale: ALL VARIABLES

Case Processing Summary for all variables

		N	%
Cases	Valid	110	100.0
	excluded ^a	0	.0
	Total	110	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics for all variables

Cronbach's Alpha	N of Items
.651	2

Cronbach's alpha coefficient for all variables of the questionnaire was 0.651, which is an acceptable indicator.

The following is a table of correlation between the phrases of the first section of the second part.

Correlations

		ARI1	ARI2	ARI3	ARI4	ARI5
ARI1	Pearson Correlation	1	-.120-	-.063-	-.052-	-.120-

	Sig. (2-tailed)		.210	.513	.593	.213
	N	110	110	110	110	110
ARI2	Pearson Correlation	-.120-	1	.586**	.473**	.290**
	Sig. (2-tailed)	.210		.000	.000	.002
	N	110	110	110	110	110
ARI3	Pearson Correlation	-.063-	.586**	1	.522**	.471**
	Sig. (2-tailed)	.513	.000		.000	.000
	N	110	110	110	110	110
ARI4	Pearson Correlation	-.052-	.473**	.522**	1	.471**
	Sig. (2-tailed)	.593	.000	.000		.000
	N	110	110	110	110	110
ARI5	Pearson Correlation	-.120-	.290**	.471**	.471**	1
	Sig. (2-tailed)	.213	.002	.000	.000	
	N	110	110	110	110	110

** . Correlation is significant at the 0.01 level (2-tailed).

The following is a table of correlation between the phrases of the second section of the second part.

Correlations

		ARA1	ARA2	ARA3	ARA4	ARA5
ARA1	Pearson Correlation	1	.331**	.508**	.372**	.214*
	Sig. (2-tailed)		.000	.000	.000	.025
	N	110	110	110	110	110
ARA2	Pearson Correlation	.331**	1	.424**	.146	.361**
	Sig. (2-tailed)	.000		.000	.128	.000
	N	110	110	110	110	110
ARA3	Pearson Correlation	.508**	.424**	1	.353**	.339**

	Sig. (2-tailed)	.000	.000		.000	.000
	N	110	110	110	110	110
ARA4	Pearson Correlation	.372**	.146	.353**	1	.356**
	Sig. (2-tailed)	.000	.128	.000		.000
	N	110	110	110	110	110
ARA5	Pearson Correlation	.214*	.361**	.339**	.356**	1
	Sig. (2-tailed)	.025	.000	.000	.000	
	N	110	110	110	110	110

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

The following is a table of correlation between the phrases of the third section of the second part.

Correlations

		ARM1	ARM2	ARM3	ARM4	ARM5	ARM6
ARM1	Pearson Correlation	1	.302**	.174	.128	.014	.263**
	Sig. (2-tailed)		.001	.069	.181	.884	.005
	N	110	110	110	110	110	110
ARM2	Pearson Correlation	.302**	1	.099	.033	.148	.079
	Sig. (2-tailed)	.001		.302	.730	.124	.412
	N	110	110	110	110	110	110
ARM3	Pearson Correlation	.174	.099	1	.460**	.507**	.614**
	Sig. (2-tailed)	.069	.302		.000	.000	.000
	N	110	110	110	110	110	110
ARM4	Pearson Correlation	.128	.033	.460**	1	.515**	.454**
	Sig. (2-tailed)	.181	.730	.000		.000	.000
	N	110	110	110	110	110	110

ARM5	Pearson Correlation	.014	.148	.507**	.515**	1	.604**
	Sig. (2-tailed)	.884	.124	.000	.000		.000
	N	110	110	110	110	110	110
ARM6	Pearson Correlation	.263**	.079	.614**	.454**	.604**	1
	Sig. (2-tailed)	.005	.412	.000	.000	.000	
	N	110	110	110	110	110	110

** . Correlation is significant at the 0.01 level (2-tailed).

The following is a table of correlation between the phrases of the four sections of the second part.

Correlations

		ARMIM1	ARMIM2	ARMIM3	ARMIM4	ARMIM5	ARMIM6
ARMIM1	Pearson Correlation	1	.586**	.511**	.550**	.539**	.477**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	110	110	110	110	110	110
ARMIM2	Pearson Correlation	.586**	1	.487**	.513**	.544**	.441**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	110	110	110	110	110	110
ARMIM3	Pearson Correlation	.511**	.487**	1	.623**	.586**	.378**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	110	110	110	110	110	110
ARMIM4	Pearson Correlation	.550**	.513**	.623**	1	.751**	.547**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	110	110	110	110	110	110
ARMIM5	Pearson Correlation	.539**	.544**	.586**	.751**	1	.553**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	110	110	110	110	110	110
ARMIM6	Pearson Correlation	.477**	.441**	.378**	.547**	.553**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	

N	110	110	110	110	110	110
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** . Correlation is significant at the 0.01 level (2-tailed).

The following is a table of correlation between the phrases of the third part.

Correlations

		BFP1	BFP2	BFP3	BFP4	BFP5	BFP6
BFP1	Pearson Correlation	1	.331**	.471**	.339**	.307**	.260**
	Sig. (2-tailed)		.000	.000	.000	.001	.006
	N	110	110	110	110	110	110
BFP2	Pearson Correlation	.331**	1	.531**	.440**	.337**	.129
	Sig. (2-tailed)	.000		.000	.000	.000	.178
	N	110	110	110	110	110	110
BFP3	Pearson Correlation	.471**	.531**	1	.663**	.557**	.435**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	110	110	110	110	110	110
BFP4	Pearson Correlation	.339**	.440**	.663**	1	.719**	.423**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	110	110	110	110	110	110
BFP5	Pearson Correlation	.307**	.337**	.557**	.719**	1	.317**
	Sig. (2-tailed)	.001	.000	.000	.000		.001
	N	110	110	110	110	110	110
BFP6	Pearson Correlation	.260**	.129	.435**	.423**	.317**	1
	Sig. (2-tailed)	.006	.178	.000	.000	.001	
	N	110	110	110	110	110	110
BFP7	Pearson Correlation	.270**	.293**	.234*	.276**	.333**	.505**
	Sig. (2-tailed)	.004	.002	.014	.003	.000	.000

	N	110	110	110	110	110	110
BFP8	Pearson Correlation	.361**	.259**	.192*	.289**	.225*	.402**
	Sig. (2-tailed)	.000	.006	.044	.002	.018	.000
	N	110	110	110	110	110	110

Correlations

		BFP7	BFP8
BFP1	Pearson Correlation	.270**	.361**
	Sig. (2-tailed)	.004	.000
	N	110	110
BFP2	Pearson Correlation	.293**	.259**
	Sig. (2-tailed)	.002	.006
	N	110	110
BFP3	Pearson Correlation	.234*	.192*
	Sig. (2-tailed)	.014	.044
	N	110	110
BFP4	Pearson Correlation	.276**	.289**
	Sig. (2-tailed)	.003	.002
	N	110	110
BFP5	Pearson Correlation	.333**	.225*
	Sig. (2-tailed)	.000	.018
	N	110	110
BFP6	Pearson Correlation	.505**	.402**
	Sig. (2-tailed)	.000	.000
	N	110	110
BFP7	Pearson Correlation	1	.430**
	Sig. (2-tailed)		.000

	N	110	110
BFP8	Pearson Correlation	.430**	1
	Sig. (2-tailed)	.000	
	N	110	110

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

T-Test

The following is a t-test for the second part statements:

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
ARI1	110	3.12	1.217	.116
ARI2	110	3.63	1.074	.102
ARI3	110	3.83	1.048	.100
ARI4	110	4.12	.810	.077
ARI5	110	3.79	.836	.080

One-Sample Test

Test Value = 0

	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
ARI1	26.870	109	.000	3.118	2.89	3.35
ARI2	35.423	109	.000	3.627	3.42	3.83
ARI3	38.302	109	.000	3.827	3.63	4.03
ARI4	53.342	109	.000	4.118	3.97	4.27

ARI5	47.556	109	.000	3.791	3.63	3.95
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One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
ARA1	110	3.69	.916	.087
ARA2	110	3.82	1.024	.098
ARA3	110	3.56	.852	.081
ARA4	110	3.65	.915	.087
ARA5	110	3.84	.862	.082

One-Sample Test

Test Value = 0

	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
ARA1	42.253	109	.000	3.691	3.52	3.86
ARA2	39.095	109	.000	3.818	3.62	4.01
ARA3	43.887	109	.000	3.564	3.40	3.72
ARA4	41.805	109	.000	3.645	3.47	3.82
ARA5	46.660	109	.000	3.836	3.67	4.00

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
ARM1	110	3.36	1.139	.109
ARM2	110	2.97	1.177	.112
ARM3	110	3.68	.867	.083
ARM4	110	3.58	1.112	.106

ARM5	110	3.58	.990	.094
ARM6	110	3.67	.889	.085

One-Sample Test

Test Value = 0

	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
ARM1	30.968	109	.000	3.364	3.15	3.58
ARM2	26.497	109	.000	2.973	2.75	3.20
ARM3	44.558	109	.000	3.682	3.52	3.85
ARM4	33.785	109	.000	3.582	3.37	3.79
ARM5	37.958	109	.000	3.582	3.39	3.77
ARM6	43.311	109	.000	3.673	3.50	3.84

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
ARMIM1	110	3.81	1.027	.098
ARMIM2	110	3.94	.849	.081
ARMIM3	110	3.48	1.139	.109
ARMIM4	110	3.57	.990	.094
ARMIM5	110	3.65	.904	.086
ARMIM6	110	3.89	.912	.087

One-Sample Test

Test Value = 0

	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
ARMIM1	38.895	109	.000	3.809	3.61	4.00
ARMIM2	48.632	109	.000	3.936	3.78	4.10
ARMIM3	32.055	109	.000	3.482	3.27	3.70
ARMIM4	37.834	109	.000	3.573	3.39	3.76
ARMIM5	42.271	109	.000	3.645	3.47	3.82
ARMIM6	44.738	109	.000	3.891	3.72	4.06

The following is a t-test for the third part statements:

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
BFP1	110	3.85	1.015	.097
BFP2	110	3.75	.869	.083
BFP3	110	3.73	.908	.087
BFP4	110	3.75	.848	.081
BFP5	110	3.62	.898	.086
BFP6	110	3.52	.896	.085
BFP7	110	3.62	.888	.085
BFP8	110	3.98	.919	.088

One-Sample Test

Test Value = 0

	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
BFP1	39.722	109	.000	3.845	3.65	4.04
BFP2	45.298	109	.000	3.755	3.59	3.92
BFP3	43.064	109	.000	3.727	3.56	3.90
BFP4	46.439	109	.000	3.755	3.59	3.91
BFP5	42.242	109	.000	3.618	3.45	3.79
BFP6	41.192	109	.000	3.518	3.35	3.69
BFP7	42.731	109	.000	3.618	3.45	3.79
BFP8	45.466	109	.000	3.982	3.81	4.16

ANOVA One way:

The following is an ANOVA analysis of the phrases for the second part:

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
ARI1	Between Groups	7.361	3	2.454	1.688	.024
	Within Groups	154.103	106	1.454		
	Total	161.464	109			
ARI2	Between Groups	27.572	3	9.191	9.926	.000
	Within Groups	98.146	106	.926		
	Total	125.718	109			
ARI3	Between Groups	30.786	3	10.262	12.232	.000

	Within Groups	88.932	106	.839		
	Total	119.718	109			
ARI4	Between Groups	12.759	3	4.253	7.679	.000
	Within Groups	58.705	106	.554		
	Total	71.464	109			
ARI5	Between Groups	26.304	3	8.768	18.631	.000
	Within Groups	49.887	106	.471		
	Total	76.191	109			
ARA1	Between Groups	25.615	3	8.538	13.739	.000
	Within Groups	65.876	106	.621		
	Total	91.491	109			
ARA2	Between Groups	19.451	3	6.484	7.241	.000
	Within Groups	94.913	106	.895		
	Total	114.364	109			
ARA3	Between Groups	18.409	3	6.136	10.725	.000
	Within Groups	60.646	106	.572		
	Total	79.055	109			
ARA4	Between Groups	23.039	3	7.680	11.947	.000
	Within Groups	68.134	106	.643		
	Total	91.173	109			
ARA5	Between Groups	15.842	3	5.281	8.584	.000
	Within Groups	65.212	106	.615		
	Total	81.055	109			
ARM1	Between Groups	14.633	3	4.878	4.077	.009
	Within Groups	126.822	106	1.196		
	Total	141.455	109			
ARM2	Between Groups	5.586	3	1.862	1.358	.040

	Within Groups	145.332	106	1.371		
	Total	150.918	109			
ARM3	Between Groups	25.217	3	8.406	15.729	.000
	Within Groups	56.646	106	.534		
	Total	81.864	109			
ARM4	Between Groups	26.675	3	8.892	8.720	.000
	Within Groups	108.089	106	1.020		
	Total	134.764	109			
ARM5	Between Groups	26.675	3	8.892	11.768	.000
	Within Groups	80.089	106	.756		
	Total	106.764	109			
ARM6	Between Groups	32.929	3	10.976	21.834	.000
	Within Groups	53.289	106	.503		
	Total	86.218	109			
ARMIM1	Between Groups	54.890	3	18.297	32.270	.000
	Within Groups	60.101	106	.567		
	Total	114.991	109			
ARMIM2	Between Groups	27.976	3	9.325	19.543	.000
	Within Groups	50.579	106	.477		
	Total	78.555	109			
ARMIM3	Between Groups	39.242	3	13.081	13.564	.000
	Within Groups	102.222	106	.964		
	Total	141.464	109			
ARMIM4	Between Groups	43.224	3	14.408	23.978	.000
	Within Groups	63.694	106	.601		
	Total	106.918	109			
ARMIM5	Between Groups	31.539	3	10.513	19.336	.000

	Within Groups	57.633	106	.544		
	Total	89.173	109			
ARMIM6	Between Groups	26.181	3	8.727	14.340	.000
	Within Groups	64.510	106	.609		
	Total	90.691	109			

The following is an ANOVA analysis of the phrases for the third part:

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
BFP1	Between Groups	39.966	3	13.322	19.503	.000
	Within Groups	72.406	106	.683		
	Total	112.373	109			
BFP2	Between Groups	28.287	3	9.429	18.479	.000
	Within Groups	54.086	106	.510		
	Total	82.373	109			
BFP3	Between Groups	50.046	3	16.682	44.461	.000
	Within Groups	39.772	106	.375		
	Total	89.818	109			
BFP4	Between Groups	44.706	3	14.902	46.919	.000
	Within Groups	33.667	106	.318		
	Total	78.373	109			
BFP5	Between Groups	45.900	3	15.300	38.556	.000
	Within Groups	42.064	106	.397		
	Total	87.964	109			
BFP6	Between Groups	29.095	3	9.698	17.612	.000
	Within Groups	58.369	106	.551		

	Total	87.464	109			
BFP7	Between Groups	24.770	3	8.257	14.302	.000
	Within Groups	61.194	106	.577		
	Total	85.964	109			
BFP8	Between Groups	21.666	3	7.222	10.890	.000
	Within Groups	70.298	106	.663		
	Total	91.964	109			

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Total1	Between Groups	18.257	3	6.086	37.730	.000
	Within Groups	17.097	106	.161		
	Total	35.355	109			
Total2	Between Groups	32.192	3	10.731	66.415	.000
	Within Groups	17.126	106	.162		
	Total	49.318	109			

Regression

The following is a regression for the phrases of the second part:

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Total1 ^b	.	Enter

a. Dependent Variable: Total2

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.847 ^a	.717	.714	.590

a. Predictors: (Constant), Total1

The explanatory power of the questionnaire axes was 0.847, which means the ability of the independent variable to explain 84.7% of the change in the dependent variable.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.782	1	11.782	33.898	.000 ^b
	Residual	37.537	108	.348		
	Total	49.318	109			

a. Dependent Variable: Total2

b. Predictors: (Constant), Total1

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.616	.375		4.312	.000
	Total1	.577	.099	.489	5.822	.000

a. Dependent Variable: Total2

Hypothesis testing:

The research hypotheses will be tested as follows:

Research Hypothesis:

Based on the research framework, the main hypotheses can be formulated as follows: -

H1: There is a significant impact at the level $\alpha \leq 0.05$ of risk management on performance of Saudi insurance companies from 2018 to 2022.

Then, five sub-hypotheses can be extracted based on each variable of Risk Management:

H1.1: There is a significant impact at level $\alpha \leq 0.05$ of Return on Asset on Performance of Saudi Insurance Companies from 2018 to 2022.

As for the first sub-hypothesis, it is clear from what was reviewed of the statistical indicators in the t-test, that the level of significance of the expressions of the questionnaire axes regarding return to assets was less than 0.05, and in ANOVA analysis the level of significance was less than 0.05, This means the validity of this hypothesis.

H1.2: There is a significant effect at level $\alpha \leq 0.05$ of Return on Equity on Performance of Saudi Insurance Companies from 2018 to 2022.

As for the first sub-hypothesis, it is clear from what was reviewed of the statistical indicators in the t-test, that the level of significance of the statements of the questionnaire axes regarding return to Equity was less than 0.05, and in ANOVA analysis the level of significance was less than 0.05, This means the validity of this hypothesis.

H1.3: There is a significant effect at level $\alpha \leq 0.05$ of Liquidity Risk on Performance of Saudi Insurance Companies from 2018 to 2022.

As for the first sub-hypothesis, it is clear from what was reviewed of the statistical indicators in the t-test, that the level of significance for the expressions of the questionnaire axes regarding liquidity risk was less than 0.05, and in ANOVA analysis the level of significance was less than 0.05, and this This means that this hypothesis is correct.

H1.4: There is a significant effect at level $\alpha \leq 0.05$ of Credit Risk on Performance of Saudi Insurance Companies from 2018 to 2022.

As for the first sub-hypothesis, it is clear from what was reviewed of the statistical indicators in the t-test, that the level of significance for the expressions of the questionnaire axes regarding credit risk was less than 0.05, and in ANOVA analysis the level of significance was less than 0.05, and this This means that this hypothesis is correct.

H1.5: There is a significant effect at level $\alpha \leq 0.05$ of Operational Risk on Performance of Saudi Insurance Companies from 2018 to 2022.

As for the first sub-hypothesis, it is clear from what was reviewed of the statistical indicators in the t-test, that the level of significance for the statements of the questionnaire axes regarding operational risks was less than 0.05, and in ANOVA analysis the level of significance was less than 0.05, and this This means that this hypothesis is correct.

Based on the foregoing of the validity of the five sub-hypotheses, with regard to the main hypothesis, it proves its validity.

The Multiple Regression Model below will use for the study.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

Where:

Y = Performance.

X1, X2, X3, X4 and X5 are the independent variables which are stated below:

X1 = Return on Asset.

X2 = Return on Equity.

X3 = Liquidity Risk.

X4 = Credit Risk.

X5 = Operational Risk.

ε = the error term.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.101	.148		-.682	.497
	ROA	.189	.037	.233	5.041	.000
	ROE	.195	.038	.244	5.152	.000
	Liquidity_risk	.235	.033	.311	7.202	.000
	credit_risk	.237	.033	.311	7.243	.000
	operational_risks	.158	.030	.214	5.293	.000

a. Dependent Variable: Total

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

$$\text{Performance} = -0.101 + 0.189 X_1 + 0.195 X_2 + 0.235 X_3 + 0.237 X_4 + 0.158 X_5 + 0.148$$

$$\text{So, Performance} = -0.101 + 0.189 \text{ ROA} + 0.195 \text{ ROE} + 0.235 \text{ LR} + 0.237 \text{ CR} + 0.158 \text{ OR}$$

CHAPTER 5

DISCUSSION AND CONCLUSION

5. This chapter is the part that includes the findings of the research after applying the research tool, which is the questionnaire, as it extensively covers and discusses the results obtained from the questionnaire, moreover, it identifies the discussions related to the section related to the prospectus for future research, as well as the recommendations that the search ended.

5.1. Discussion

It is noted that after obtaining the data extracted from the application of the research tool, which is the questionnaire, the risk management of the Tawuniya Insurance Company, which is the company on which the application was applied, has reached a high Cronbach alpha coefficient, and therefore this indicates the possibility of reliability in this data. The SPSS statistical package program was used to analyze the data statistically, and to reach the correct results.

Indeed, after applying the t-test and ANOVA analysis on the questionnaire data, it was found that the level of significance for each of them was in most of the data 0.000, which means that it is less than 0.05, and therefore the hypotheses that were assumed at the beginning of the research were proven correct.

This means that risk management has a positive impact on the level of performance in Saudi insurance companies, in the period from 2018 to 2022.

5.2. Conclusion

The purpose of this study is to determine the impact of risk management practices of Jordanian insurers on their organizational performance. The study shows that most insurance companies in Jordan have been operating for a long time, of which 70% have been operating for 10 years.

The study came to the further conclusion that the most significant factor influencing the performance of insurance businesses is risk identification and risk mitigation. As firms cannot handle unknown hazards, risk identification is a crucial first step in the risk management process. On the other hand, risks that have already been recognized must be mitigated based on past and current research to lessen their influence on the business. But the survey's findings also demonstrate how crucial risk management procedures are for affecting performance levels.

The study came to the conclusion that in order to fully utilize risk management practices that have a positive impact on a company's performance, insurance companies must adopt a multifaceted strategy to address the impact. This strategy must include all of the practices that this research focuses on.

5.2.1 Results:

In this study, many companies have adopted five indicators of risk management. The researcher found that risk mitigation is the most important influence on the highest performance, and in general, the results of this study show that the use of risk management practices has a significant positive impact on the level of performance of Saudi insurance companies.

5.2.2 Recommendations

The study found that identifying and mitigating the impact of risks has a significant impact on the performance of the insurance company. As a result, research shows that the management of a company insurance needs to take cost-effective measures to identify and mitigate risks. The insurance sector in Saudi Arabia is a promising industry with great growth and development potential.

Because highly qualified employees implement the risk management process and serve as the first line of defense to protect the company and lower its risks, insurance companies must educate their staff about the significance of risk management to ensure that it operates effectively and efficiently. No matter how many operations and procedures the company has developed and improved, it will not protect the company unless it is carried out.

Since insurance companies require ongoing adjustments to risk management models like enterprise risk management and the risk management process can be institutionalized, the study also advises that management of the insurance company continually assess risk management practices to ensure that they are still viable in the changing business environment. and incorporating them into day-to-day operations to make sure Saudi insurance firms can compete globally and adhere to international norms.

It is advised when training employees on business risk management policies and clearly defining risk management roles and responsibilities that administrators use information technology to manage risks by conducting more precise risk assessments and measurements and installing information systems that can monitor and ensure the effectiveness of risk management procedures.

5.3. Managerial Relevance

The significance of scientific research and studies in general can be used to evaluate the administrative significance of this study because they provide more information and data that are essential for the advancement of numerous fields, particularly in light of the enormous communication and informatics revolution that is taking place across all disciplines.

5.4. Scientific Implications

After presenting the research's findings and recommendations, which both experts and researchers can use to their advantage, the research's scientific significance is also evident. Scientists can gain knowledge from the research's discussion of the various effects of risk management on the performance of insurance companies, particularly from Years 2018 to 2022 in the Tawuniya Insurance Company, and how to take advantage of these effects. The study also covers the significance of and solutions to the difficulties faced by risk management in Saudi insurance firms.

5.5. Limitations and Scope for Future Research

In order to complete and improve the insurance industry in Saudi Arabia, the following fields and specializations must be studied:

- The study examines the impact of risk management practices on the level of performance of Saudi insurance companies, and the impact of some risk management practices and business risk management models adopted by many Saudi insurance companies, and their impact on performance needs further in-depth study.
- Studying the role of human resources in the risk management process and conducting more research as needed to improve understanding is necessary.
- In addition to the need to verify the role of information technology in the risk management process and conduct more research to understand it better.
- Also, conducting more studies on Saudi insurance companies and their risk management practices and how they affect the level of performance of these companies.

الخاتمة والنتائج

5. هذا الفصل هو الجزء الذي يتضمن نتائج البحث بعد تطبيق أداة البحث، وهو الاستبيان، حيث يغطي ويناقش بشكل موسع النتائج التي تم الحصول عليها من الاستبيان، علاوة على ذلك، فإنه يحدد المناقشات المتعلقة بالقسم المتعلق بنشرة الإصدار الخاصة بالبحوث المستقبلية، وكذلك التوصيات التي انتهى بها البحث.

5.1. مناقشة

ويلاحظ أنه بعد الحصول على البيانات المستخرجة من تطبيق أداة البحث وهي الاستبيان، وصلت إدارة المخاطر في شركة التعاونية للتأمين وهي الشركة التي تم تطبيق التطبيق عليها إلى معامل ألفا كرونباخ عالي، وبالتالي يشير ذلك إلى إمكانية الموثوقية في هذه البيانات. تم استخدام برنامج الحزمة الإحصائية SPSS لتحليل البيانات إحصائياً، والوصول إلى النتائج الصحيحة.

في الواقع، بعد تطبيق اختبار t وتحليل ANOVA على بيانات الاستبيان، وجد أن مستوى الدلالة لكل منهما كان في معظم البيانات 0.000، مما يعني أنه أقل من 0.05، وبالتالي تم إثبات صحة الفرضيات التي تم افتراضها في بداية البحث.

وهذا يعني أن إدارة المخاطر لها تأثير إيجابي على مستوى الأداء في شركات التأمين السعودية، في الفترة من 2018 إلى 2022.

5.2. خاتمة

الغرض من هذه الدراسة هو تحديد أثر ممارسات إدارة المخاطر لشركات التأمين الأردنية على أدائها التنظيمي. وتظهر الدراسة أن معظم شركات التأمين في الأردن تعمل منذ فترة طويلة، 70٪ منها تعمل منذ 10 سنوات.

وتوصلت الدراسة إلى استنتاج آخر مفاده أن العامل الأكثر أهمية الذي يؤثر على أداء شركات التأمين هو تحديد المخاطر والتخفيف من حدتها. نظراً لأن الشركات لا تستطيع التعامل مع المخاطر غير المعروفة، فإن تحديد المخاطر هو خطوة أولى حاسمة في عملية إدارة المخاطر. من ناحية أخرى، يجب التخفيف من المخاطر التي تم التعرف عليها بالفعل بناءً على الأبحاث السابقة والحالية لتقليل تأثيرها على الأعمال. لكن نتائج الاستطلاع تظهر أيضاً مدى أهمية إجراءات إدارة المخاطر في التأثير على مستويات الأداء.

وخلصت الدراسة إلى أنه من أجل الاستفادة الكاملة من ممارسات إدارة المخاطر التي لها تأثير إيجابي على أداء الشركة، يجب على شركات التأمين اعتماد استراتيجية متعددة الأوجه لمعالجة التأثير. يجب أن تتضمن هذه الاستراتيجية جميع الممارسات التي يركز عليها هذا البحث.

5.2.1 النتائج:

في هذه الدراسة، اعتمدت العديد من الشركات خمسة مؤشرات لإدارة المخاطر. ووجد الباحث أن تخفيف المخاطر هو أهم تأثير على أعلى أداء، وبشكل عام أظهرت نتائج هذه الدراسة أن استخدام ممارسات إدارة المخاطر له تأثير إيجابي كبير على مستوى أداء شركات التأمين السعودية.

5.2.2 توصيات

ووجدت الدراسة أن تحديد وتخفيف أثر المخاطر له تأثير كبير على أداء شركة التأمين. نتيجة لذلك، تظهر الأبحاث أن إدارة تأمين الشركة تحتاج إلى اتخاذ تدابير فعالة من حيث التكلفة لتحديد المخاطر وتخفيفها. يعد قطاع التأمين في المملكة العربية السعودية صناعة واعدة ذات إمكانات نمو وتطور كبيرة.

نظرا لأن الموظفين المؤهلين تأهيلا عاليا ينفذون عملية إدارة المخاطر ويعملون كخط دفاع أول لحماية الشركة وتقليل مخاطرها، يجب على شركات التأمين تثقيف موظفيها حول أهمية إدارة المخاطر لضمان عملها بفعالية وكفاءة. بغض النظر عن عدد العمليات والإجراءات التي طورتها الشركة وحسنتها، فإنها لن تحمي الشركة إلا إذا كانت سيرة.

نظرا لأن شركات التأمين تتطلب تعديلات مستمرة على نماذج إدارة المخاطر مثل إدارة مخاطر المؤسسة ويمكن إضفاء الطابع المؤسسي على عملية إدارة المخاطر، تنصح الدراسة أيضا بأن تقوم إدارة شركة التأمين بتقييم ممارسات إدارة المخاطر باستمرار للتأكد من أنها لا تزال قابلة للتطبيق في بيئة الأعمال المتغيرة. ودمجها في العمليات اليومية للتأكد من أن شركات التأمين السعودية يمكنها المنافسة عالميا والالتزام بالمعايير الدولية.

ينصح عند تدريب الموظفين على سياسات إدارة مخاطر الأعمال وتحديد أدوار ومسؤوليات إدارة المخاطر بوضوح أن يستخدم المسؤولون تكنولوجيا المعلومات لإدارة المخاطر من خلال إجراء تقييمات وقياسات أكثر دقة للمخاطر وتركيب أنظمة معلومات يمكنها مراقبة وضمان فعالية إجراءات إدارة المخاطر.

5.3. الأهمية الإدارية

ويمكن الاستفادة من أهمية البحوث والدراسات العلمية بشكل عام لتقييم الأهمية الإدارية لهذه الدراسة لأنها توفر المزيد من المعلومات والبيانات الضرورية للنهوض بالعديد من المجالات، خاصة في ظل ثورة الاتصالات والمعلوماتية الهائلة التي تحدث في جميع التخصصات.

5.4. الآثار العلمية

بعد تقديم نتائج البحث وتوصياته، والتي يمكن لكل من الخبراء والباحثين استخدامها لصالحهم، فإن الأهمية العلمية للبحث واضحة أيضا. ويمكن للعلماء اكتساب المعرفة من مناقشة البحث للتأثيرات المختلفة لإدارة المخاطر على أداء شركات التأمين، خاصة من عام 2018 إلى عام 2022 في شركة التعاونية للتأمين، وكيفية الاستفادة من هذه الآثار. كما تغطي الدراسة أهمية وحلول الصعوبات التي تواجه إدارة المخاطر في شركات التأمين السعودية.

5.5. حدود ونطاق البحوث المستقبلية

من أجل استكمال وتحسين صناعة التأمين في المملكة العربية السعودية، يجب دراسة المجالات والتخصصات التالية:

- تبحث الدراسة في أثر ممارسات إدارة المخاطر على مستوى أداء شركات التأمين السعودية، وأثر بعض ممارسات إدارة المخاطر ونماذج إدارة مخاطر الأعمال التي تتبناها العديد من شركات التأمين السعودية، وأثرها على الأداء يحتاج إلى مزيد من الدراسة المتعمقة.

- دراسة دور الموارد البشرية في عملية إدارة المخاطر وإجراء المزيد من البحوث حسب الحاجة لتحسين الفهم أمر ضروري.

- بالإضافة إلى ضرورة التحقق من دور تكنولوجيا المعلومات في عملية إدارة المخاطر وإجراء المزيد من الأبحاث لفهمها بشكل أفضل.

وكذلك إجراء المزيد من الدراسات حول شركات التأمين السعودية وممارسات إدارة المخاطر لديها وكيفية تأثيرها على مستوى أداء هذه الشركات.

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جامعة الجميع الذكية
Everyone's Smart University

RESEARCH ON

**The Impact of Risk Management on the Performance of Insurance
Companies in Saudi Arabia from 2018 to 2022**

QUESTIONNAIRE BOOKLET

ESU Students

Dear Respondent,

We are a Master degree candidate at Everyone Smart University. Currently, we are conducting a study titled " **The Impact of Risk Management on the Performance of Insurance Companies in Saudi Arabia from 2018 to 2022**". The purpose of this study is to examine the Risk Management on the Performance of Insurance Companies.

We would like to request your cooperation to answer this questionnaire. Any information obtained will be kept strictly confidential and only be used for academic purposes. Your cooperation is highly appreciated.

This questionnaire contains questions about emotional Risk management and Performance.

Thank you in advance for agreeing to participate in this study.

Part1: Demographic information on respondents

1- Gender

Male	Female

2- Age

Less than 30	From 30 to39	From 40 to49	From 50 to 59	From 60 and more

3- Social Status

Single	Married	Divorced

4- Education

Secondary	Bachelor	Master/ Ph.D.

5- Income (thousand)

Less than 10	From 10 To Less than 15	From 15 To Less than 20	More than 20

6- Experience

Till 10 Years	From 10 Years to Less than 20	More than 20 Years

7- Functional Degree

Director general	Department Manager	Head of the Department	Technical	Employee	Other

Part2: Tawuniya Insurance Company implements a strategy to face risks

Please indicate your degree of agreement or disagreement with the following statements, so please sign (✓) for the choice that reflects your opinion by choosing one of the five alternatives.

I. Risk Identification		1	2	3	4	5
		Strongly Disagree	Disagree	Natural	Agree	Strongly Agree
ASI1	Risk inspection is done by managers					
ASI2	Roles and responsibilities for risk identification are clearly defined					
ASI3	Financial statement analysis enhances risk identification					
ASI4	Establishing standards enhances risk identification					
ASI5	Risk rating and collateral enhances risk identification					
II. Risk Assessment		1	2	3	4	5
		Strongly Disagree	Disagree	Natural	Agree	Strongly Agree
ARA1	Risks are evaluated with assumptions and uncertainties being clearly considered and presented.					
ARA2	Risk is evaluated in terms of both quantitative and qualitative value					
ARA3	Measurement of both of the quantities in which risk assessment is concerned - potential loss and probability of occurrence – is carried out by the company					
ARA4	A risk with a large potential loss and a low probability of occurring is often treated differently from one with a low potential loss and a high likelihood of occurring					
ARA5	Risks are subdivided into individual levels for further analysis					
IV. Risk Mitigation		1	2	3	4	5
		Strongly Disagree	Disagree	Natural	Agree	Strongly Agree
ARM1	The company insures different types of risks but not all risks					

ARM2	The company does not insure catastrophic risks					
ARM3	The company has a mechanism for estimating potential losses at the time of entering into insurance contracts					
ARM4	The company trains insured parties on ways to avoid or minimize the chances of losses occurring					
ARM5	The company has a mechanism for transferring certain risks to third parties e.g., through reinsurance/hedging					
ARM6	The company sets aside sufficient technical reserves to pay for claims					
V. Risk Management Implementation and Monitoring		1	2	3	4	5
		Strongly Disagree	Disagree	Natural	Agree	Strongly Agree
ARMIM1	Risk management program is well documented					
ARMIM2	Risk management efforts are supported by senior management					
ARMIM3	Employees are properly trained on risk management policies of the firm					
ARMIM4	The roles and responsibilities of each employee in the risk management efforts of the firm are well communicated to them					
ARMIM5	Controls are in place to evaluate the efficiency of the risk management program					
ARMIM6	Regular reviews of risk management efforts and reporting to senior management					

Part3: The financial performance Tawuniya Insurance Company

Please indicate your degree of agreement or disagreement with the following statements, so please sign (✓) for the choice that reflects your opinion by choosing one of the five alternatives.

I. Financial Performance		1	2	3	4	5
		Strongly Disagree	Disagree	Natural	Agree	Strongly Agree
BFP1	The company develops a risk management strategy according to the risks it is exposed to					
BFP2	The rate of return on assets (ROA) is an important indicator that can be relied upon in evaluating the company's performance					
BFP3	The effectiveness of risk management in the company is reflected in the good rate of return on assets (ROA)					
BFP4	The rate of return on equity (ROE) is an important indicator that can be relied upon in evaluating the company's performance					
BFP5	The effectiveness of risk management in the company is reflected in the good rate of return on equity (ROE)					
BFP6	Liquidity risk indicators refer to the company's risk management ability to deal well with this type of risk					
BFP7	The credit risk index refers the company's risk management awareness to maintain maximum exposure to credit risk					
BFP8	The company's risk management, with regard to dealing with operational risks, aims to strike a balance between limiting financial losses and damages and achieving its investment goal of generating returns for investors.					

Part4: Open-Ended Questions

F1) Please provide ANY comments regarding this study, the Impact of Risk Management on the Performance of Insurance Companies in Saudi Arabia from 2018 to 2022.

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F2) Please provide any comments regarding any aspect that appears to be LACKING in this study, the Impact of Risk Management on the Performance of Insurance Companies in Saudi Arabia from 2018 to 2022.

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Gratitude:

We appreciate you for sparing your time to fill out the survey. Your involvement means a lot to us and we highly value it. The information you shared is significant to our analysis and will enable us to make improvements in our company's performance.

Once again, we are very grateful for your contribution.

Sincerely