



RESEARCH ARTICLE - MANAGEMENT

Analysis of Annual Total Revenues of the Iraqi National Insurance Company

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Article Info.	Abstract
<p><i>Article history:</i></p> <p>Received 18 November 2023</p> <p>Accepted 23 January 2024</p> <p>Publishing 01 March 2024</p>	<p>Among the most significant non-banking financial institutions, insurance businesses must endeavor to sustain their insurance activities by generating a variety of revenues that allow them to operate their company actively and continually. This is necessary to secure their development and reliability. The current study intends to analyse the annual total data of different types revenues of Iraqi National Insurance company besides investigating the elements that influence the insurance income during 2010–2015. This study advances knowledge about the insurance sector, offers insights for academics, investors, and regulators, and has practical consequences for the operating plans of the Iraqi National Insurance Company. It supports the objectives of enhancing financial performance, controlling risks, and developing a competitive and long-lasting insurance market. The current study attempts to validate hypotheses indicating that rising insurance premium costs, growing insurance operations, greater investment in activities, and higher-valued additional revenues all contribute to the National Insurance Company's overall revenue growth. The most notable finding of this research is that insurance premiums collected by the insurance company are the most significant factor in the level of revenues during the study period. The Iraqi National Insurance Company is advised to diversify its revenue streams in order to achieve high rates of return and enhance its capacity to grow.</p>

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1. Introduction

Enterprise.

Insurance policies are essential financial tools that offer security and peace of mind to people and businesses against a variety of dangers [1]. Insurance policies are issued by insurance firms. These contracts, which provide coverage for life, health, property, and enterprises, represent an essential component of contemporary economies. The basis of insurance contracts is the concept of risk gathering, whereby customers pay premiums into a common fund. In exchange, the insurer guarantees financial assistance in the case of predetermined situations, preventing potential losses [2]. These contracts are carefully drafted legal papers that describe the terms, conditions, and coverage exclusions. Insurance contracts have, therefore, drawn considerable interest from both internal and external parties interested in the insurance industry [3].

Due to its prominent position among individuals and institutions in carrying the expense of the risks to which they may be exposed to themselves and their property, or because of their occurrence in some mistakes that make them legally liable to others, insurance plays a significant part in the areas of economic and social life [4]. The following points list the most economic and social advantages:

- The primary purpose of insurance is to protect people and the various sectors of the economy from dangers that could cause material damage, which cannot be foreseen in advance [5]. To reduce the risk and uncertainty faced by economic units while boosting their sufficiency, removing the barrier of fear of the unknown and putting reassurance in people's hearts, allowing them to invest and produce without reluctance or concern about the risks associated with insurance.
- The collection of premiums from the insured population by insurance companies, which results in the accumulation of big sums from small sums that can be profited by investing in many facets of economic activity, plays an essential and effective part in capital accumulation [6].
- Insurance plays a significant role in promoting credit, both for the insured and the state [7]. The insured can use insurance to help him get the credit he needs in a number of ways, the most significant of which are:
 - ❖ Insurance supports the promise that the insured delivers to his creditors, which strengthens the insured's financial position and makes it easier to get credit.
 - ❖ Due to the creditor's assurance in this scenario, a person who wishes to receive credit but lacks the funds to put up as security might do so by purchasing life insurance for the benefit of their creditor.
 - ❖ That the creditor, who extends credit to his debtor, also enters into an insurance agreement to safeguard him from the possibility of the debtor's bankruptcy. Regarding the state, insurance enables it to get the loans it requires, thanks to the considerable capital generated by

insurance companies from the premiums paid by the insureds, which are invested in public bonds issued by the state, and therefore helping to pay for public loans. Additionally, it aids fund public projects, which in turn helps to boost public credit and the health of the national economy [8].

- ❖ In the world of commerce, insurance attempts to strike a balance between supply and demand [9]. In order to stem the tide of inflation during an economic boom, the state can broaden the insurance coverage for mandatory social insurance. Whether at the level of the individual, the project, or society as a whole, insurance offers a crucial benefit to the insured.

A business or organization's entire income from its main pursuits, such as sales of goods or services, investments, or other business operations, is referred to as revenue. It is a crucial financial indicator that shows the total amount of money made before subtracting any costs, taxes, or other charges related to manufacturing, shipping, and selling [10]. Revenue is an important measure of a business's financial health and is frequently used to evaluate its expansion, profitability, and overall market success [11].

Several studies can be found in the open literature that corresponded to the analysis of insurance companies and methods of development. In this regard, Mgeryan et al. [12] analysed innovative opportunities for insurance development in Russia to improve the local insurance industry based on its current situation. This research came to the conclusion that insurance services and products require ongoing development in order for insurance firms to raise the flow of insurance premiums to the insured, which would ultimately maximize the financial outcomes of insurance companies by raising their profits.

LUKIC et al. [13] provided a thorough analysis of the business effectiveness of insurance businesses in the Republic of Serbia for the year 2016, utilizing theoretical, methodological, and empirical information. Using "new business models," which are articulated as a combination of cost management principles, customer rotation principles, and the concept of sustainable development by emphasizing the profits they attain from installments, insurance companies may boost their business operations by managing their operating income and profits far better. This study stressed paying close attention to life insurance, which shows substantial growth every year, for this reason and to boost performance.

The financial performance metrics of Pakistani insurance businesses were examined by Shawar et al. [14]. Five insurance companies' worth of data from 2013 to 2017 were chosen. Panel regression was used to evaluate the data. The findings demonstrated that all three profitability metrics are significantly impacted by gross written premiums. Sales and investment profitability are negatively impacted by the company's increased size. Therefore, greater attention should be paid to the elements that can raise insurance rates in order to further enhance the operational and financial performance of Pakistan's insurance industry.

2. Research Methodology

2.1. Research problem and associated research aim

To ensure transparency, equity, and shared trust in the field of risk management of Iraqi National Insurance Company, it is essential for both policyholders and insurers to comprehend the complex nature of insurance contracts. However, a critical question is raised of whether the management of this company has paid enough attention to the cash flows, which serve as their primary source of income, and considered their effects on the performance of the business.

2.2. Aim of research and motivation

For a number of reasons, it is critical to analyse an insurance company's statistical data and determine the key factors influencing insurance income over a certain time frame. Finding patterns and trends in the data is one of the key reasons. Understanding these trends will help insurance organizations make informed decisions regarding risk management strategies, pricing, and screening requirements. By looking at factors such as client demographics, claim rate, competition, and economic concerns, the business can project future earnings and losses. This keeps the business's finances stable and enables it to determine appropriate premium rates. Furthermore, this kind of analysis helps identify high-risk areas and makes it possible for the company to implement preventative actions, which reduces the likelihood of losses. By providing insight into client tastes and preferences, it also facilitates strategic planning by enabling the company to effectively modify its products and services to satisfy consumer demands. Overall, statistical data and the assessment of important variables are necessary for insurance businesses to improve their business plans, boost their profitability, and ensure their long-term survival. The recent study attempts to evaluate the statistical data of different types of revenues of the Iraqi National Insurance Company while assessing the most important variables affecting the insurance income during 2010–2015.

2.3. Research objectives

Referring to the ascertained assumptions and to systematically conduct this research, a number of objectives are designed as follows;

- Outlining the significance of the money that insurance company makes
- Outlining the significance of how the amount of revenues affects the performance and value of the business.
- Outlining the ways in which insurance businesses might make money and lose money.
- Examine and study insurance policies supplied by insurance providers.

2.4. Significance of the research

Because insurance businesses are one of the most significant economic sectors in the world, and the insurance operations require a constant improvement, the significance of the current study can be drawn. This research intends to highlight the critical role that insurance firms' revenue volume plays in their success and continuity as it would aid to raise their profitability, and increase their possibilities of growth to accomplishing their long-term goals.

2.5. Research hypotheses

Specifically, this research has conducted based on considering the main fact that "the significant increase in the volume of revenues in insurance companies is subject to a set of variables (insurance premiums, insurance operations, investment operations, and other revenues), which would

contribute to increasing the value and performance of these companies". In other words, the current research attempts to validate the following hypotheses:

- The National Insurance Company's overall revenues rise as the cost of insurance premiums rises.
- The National Insurance Company's total revenues increase as insurance operations increase.
- The National Insurance Company's overall revenues rise as investment operations increase.
- The National Insurance Company's overall revenues rise as the value of other revenues rises.

2.6. Study Community

The current research focuses on evaluating the annual total revenues of the Iraqi National Insurance Company for the period between 2010 – 2015. The Iraqi National Insurance Company was founded in accordance with Law No. (56) of 1950, which was published in the Iraqi Gazette, issue (2861) on 7/23/1950 [<https://www.nic.gov.iq/en/about-us.php>]. After the Public Companies Law No. (22) of 1997 was passed, the company became a public company in accordance with the certificate of incorporation numbered (54) on 12/24/1997 issued by the Ministry of Commerce/Registrar of Companies, and it complied with the requirements of the aforementioned law.

2.7. Research timeframe

Based on the collected data of the Iraqi National Insurance Company, the current research intends to evaluate the annual total revenues with a critical analysis for the period between 2010 and 2015.

3. Results and Discussion

3.1. Analysis of the company's annual total revenues

Referring to the data provided from the Iraqi National Insurance Company, Table 1 lists the various revenues generated by the company during the study period between 2010–2015. Here, it should be noted that the SPSS software was used to analyse the data provided. The average size of these revenues during this time was roughly 77,107,642 dinars, and the highest value ever recorded during this time was in the year 2014, when it totaled 97,323,625 dinars. This is because of the year-over-year growth in revenues, particularly those from insurance premiums. However, due to a decline in the volume of income during this time, the year 2010 saw the lowest value of these revenues during the research period, totaling 51,703,901 dinars.

Table 1. Annual revenues of the National Insurance Company, amounts in thousands of dinars

No.	Type of revenue	2010	2011	2012	2013	2014	2015	Average
1	Insurance premiums	44,218,863	58,958,642	66,356,970	69,220,133	81,968,657	60,138,480	63,476,958
2	Insurance operations	2,589,456	6,088,331	8,712,882	6,787,234	7,263,525	10,069,458	6,918,481
3	Investments	4,877,931	5,627,297	6,934,928	6,376,913	8,065,273	7,215,030	6,516,229
4	Other incomes	17,651	62,827	410,675	23,624	26,170	635,081	196,005
	Total	51,703,901	70,737,097	82,415,275	82,407,904	97,323,625	78,058,049	77,107,642

3.2. Analysis of the volume of revenues according to the type of revenue

3.2.1. Analysis of insurance premium revenues

Table 1 demonstrates that the volume of insurance premium revenues of the Iraqi National Insurance Company has increased over the course of the study period, which runs from 2010 to 2015. The highest volume of these revenues was in the 2014 and the overall average volume reaches 63,476,958 dinars. Due to a growth in the volume of insurance premiums during the 2014, it comes to 81,968,657 dinars, whereas the lowest income amount for insurance premiums during the research period was 44,218,863 dinars in the year of 2010.

3.2.2. Analysis of insurance operations

Since the overall average size of these revenues during the period reached 6,918,481 dinars and the highest value recorded during this period was in 2015 with a total of 10,069,458 dinars, Table 1 demonstrates that the movement of these revenues was progressive and that this type of revenue was higher than the other revenues during the study period between 2010 and 2015. This can be attributed to the corporation that increased the amount of insurance services offered throughout that time. On the other hand, the year 2010 has got the lowest value of these income, totalling 2,589,456, which is attributed to the weakening of insurance activities during this time.

3.2.3. Analysis of revenues from investment operations

Table 1 displays the amount of revenues from investment operations that achieved during the study period between 2010 and 2015. Despite the fact that the insurance primary activity of the Iraqi National Insurance Company is insurance operations, this company also engaged in other investment activities through which it generated good revenues. Specifically, the 2014 shows the highest investment of 8,065,273 over the time, with the overall average size of these income coming in at 6,516,229 dinars. However, the lowest revenue value for these investments for the company during the 2010 was (4,877,931) dinars as a result of the decline in these investments.

3.2.4. Analysis of other revenues

Because the overall average size of these revenues during the period between 2010 and 2015 was 196,005 dinars. Table 1 introduces a fluctuated movement of these revenues during the studied period. Due to the variety of additional services, this company has got the highest amount of this form of revenue during the year 2015 with 635,081 dinars. Over the course of the investigation, the lowest value for these income was realized in the year 2010, which totaled 17,651 dinars. The decline of the bank's activities can ascribe the reason behind the lowest value of other revenues in 2010.

3.3. Analysis of net profits

Despite a yearly average of 12,912,649 dinars, the data in Table 2 show that the Iraqi National Insurance Company's profits trended upward during the study period. Specifically, the highest net earnings were a total of 15,960,971 dinars in 2015. It should be noted that the year 2015 has a lower volume of sales compared to last years of 2012, 2013, and 2014. This can explain the greatest value of profits in 2015, which can be considered an indication of effective business management throughout this year. Table 2 also reveals that the year 2010, with a value of 9,994,054 dinars, had the lowest earnings realized during the study period. The lowest value of revenues of 51,703,901 dinars in 2010 has obviously caused the fall in net profit.

Table 2. The annual net profits of the Iraqi National Insurance Company

Years	Revenues (Iraqi dinars)	Expenses (Iraqi dinars)	Net profit (Iraqi dinars)
2010	51,703,901	41,709,847	9,994,054
2011	70,737,097	60,371,587	10,365,510
2012	82,415,275	69,647,607	12,767,668
2013	82,407,904	69,224,302	13,183,602
2014	97,323,625	82,119,534	15,204,091
2015	78,058,049	62,097,078	15,960,971
Average	77,107,642	64,194,993	12,912,649

3.4. Analysing the impact of research variables on the volume of revenues

A straightforward linear regression model was employed to determine the effect of the research variables on the amount of revenues generated by the Iraqi National Insurance Company in the field of research during the study period between 2010 and 2015. The model's outcomes are displayed in Table 3. The degree to which each of these results affected the total amount of revenues is analysed in the following sections.)

3.4.1. Analysing the impact of insurance premiums on revenues

Table 3 presents the analyses' outcomes, which shows that the coefficient of determination (R^2) is substantial and reaches 0.956. This suggests that there is a consistent relationship between the insurance premiums and revenues. In other words, the insurance premiums do have an effect on the amount of revenue. The first hypothesis, which is derived from the research's main premise, is proven by the results of the (F) values, which reached 0.00007, which is less than 0.05.

3.4.2. Analysing the impact of insurance operations on the volume of revenues

Table 3 demonstrates that the coefficient of determination (R^2) was low, reaching (0.477), and this suggests that there was no association between the insurance operations and the volume of revenues. According to the results of the (F) values, which reaches 0.129, higher than 0.05, this disproves the second hypothesis, which is a subset of the research's main hypothesis.

3.4.3. Analysing the impact of investment operations on the volume of revenues

The findings in Table 3 show that the coefficient of determination (R^2) was significant and reached (0.863). This suggests that there is a connection between the volume of revenues and investment operations and therefore the investment operations have an impact on the amount of revenues. The (F) values' results demonstrates a significance, reaching 0.007, which is less than 0.05. This in turn would ascertain the third hypothesis, which is derived from the study's main hypothesis.

3.4.4. Analysing the impact of insurance operations on the volume of revenues

According to Table 3, the coefficient of determination (R^2) only reached 0.017, which is extremely low. This suggests that there is no connection and that other revenues do have an impact on the volume of revenues. The (F) values of 0.807, which is higher than 0.05, would disprove the fourth hypothesis, which is a subset of the research's main hypothesis.

Table 3. Results of analysing the impact of research variables on the volume of revenues.

Variables	R^2	F
The impact of insurance premiums on revenues	0.956	0.00007
The impact of insurance operations on the volume of revenues	0.477	0.129
The impact of investments on the volume of revenues	0.863	0.007
The impact of other revenues on the volume of revenues	0.017	0.807

4. Conclusion

The recent study makes an effort to analyse the statistical information of various revenue streams of the Iraqi National Insurance Company while evaluating the key factors influencing insurance profits from 2010 to 2015. Several conclusions can be made in the following;

- The total revenues of the Iraqi National Insurance organization offer reliable data that may be used to analyse the financial status of the organization.
- The Iraqi National Insurance Company's volume of revenues is influenced by a number of factors, the most significant of which are the insurance premiums and insurance operations performed by the company, the amount of financial investments, as well as other revenues the company generates from its operational activities.
- A rise in total revenues has not necessarily translated into an increase in net profits as there are numerous costs that could have an impact on the amount of those profits.
- The findings showed that insurance premiums, followed by the quantity of investments the company made during the study period, had the greatest impact on the amount of revenues the company generated.
- The lack of a correlation between revenue volume, insurance operations, and revenue demonstrates that the size of these variables has little impact on revenue.

5. Recommendations for Future Research

- In order for insurance firms to function effectively and generate high revenue percentages, the right environment must be created for their operation.
- The business should build a set of guidelines and procedures that allow it to drastically cut its costs.
- To attain high rates of return and improve its ability to expand its activities, the Iraqi National Insurance Company should diversify its sources of income.
- The necessity to pay attention to public insurance awareness and hold educational seminars for various groups of them to increase their awareness of insurance. This in turn will contribute to increasing the amount of annual premiums for the Iraqi National Insurance Company and boosting the amount of returns achieved from this process.

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