

EVALUATION OF FINANCIAL PERFORMANCE OF INSURANCE COMPANIES BY USING FINANCIAL RATIOS: CASE STUDY ON LIBYA INSURANCE COMPANY

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ABSTRACT

The insurance sector plays an important role in the development of a nation's economy. The financial analysis of insurance companies provides an insight into the performance of the companies to check and exercise control. The researcher used the method of financial analysis to forecast the financial performance and safety position of the Libya Insurance Company, where the liquidity ratios were used in addition to the rates of return on investment. It was noted through the results of the analysis that, the company suffers from a deficit in cash in addition to the weakness in the coverage of its obligations in the short period, through net working capital, and the return on investment is very low. And, accordingly, a number of recommendations have been made, the most important of which are,

- Recommending the company to adopt advanced mathematical and statistical methods in the various forecasting fields, especially those related to general risks as well as investment risks.
- Recommending the company to reconsider all the contractual requirements and insurance contract implications in a way that makes insurance premiums as a basic return that meets the needs of the company to provide the necessary liquidity to pay compensation and fees resulting from debt.

KEYWORDS: Financial performance, Insurance, Financial ratios, Financial analysis