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The Effect of the Late Global Financial Crisis on the Jordanian Insurance Companies Profits (Case of Jordan)

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Abstract
This study aims to shed light on the effects left by the global financial crisis in the Jordanian insurance sector and the efficiency change of Jordan's insurance companies after the global financial crisis. researchers have used the correlation coefficient test, t-tests ,and Simple regression in the statistical analysis. The study results found no significant impact of the global financial crisis on the net income on the Jordanian insurance companies while there was a significant impact of the global financial crisis on company assets and equities as compared to their value prior to the financial crisis. The study recommended the need to develop and initiate laws and regulations that will reduce the sudden effects which occur in the private insurance sector and the local and global economy.

I-Introduction:
The financial crisis that toppled the monetary system and banking sector in late 2008 in the United States with a significant impact on the various sectors of the U.S. economy. Effects were extended to various countries of the world and to varying degrees, making governments intervene to rescue their economies through monetary and fiscal policies, laws and procedures that will reduce the financial crisis effects on the citizen and the economy in particular which has become the economic crises plaguing the different regions of the world every now and then, and for one reason or another, it has become the controversial and interesting issue for experts and businessmen. However, the shocks that occurred in South Asia and South America, far off from the last property crisis which turned the economic balance of power and left the economies bear the losses after the rise of economies worked for them throughout the years (Calvo,C.,2010). 2008 Global Financial Crisis is considered by many economists to be the worst financial crisis since the Great Depression of the 1930s. It resulted in the threat of total collapse of large financial institutions, the bailout of banks by national governments, and downturns in stock markets around the world. In many areas, the housing market also suffered, resulting in evictions, foreclosures and prolonged unemployment. The crisis played a significant role in the failure of key businesses, declines in consumer wealth estimated in trillions of US dollars, and a downturn in economic activity leading to the 2008–2012 global recession and contributing to the European sovereign-debt crisis. The active phase of the crisis, which manifested as a liquidity crisis, can be dated from August 7, 2007, when BNP Paribas terminated withdrawals from three hedge funds citing due to a complete evaporation of liquidity.

The Arab countries have experienced rapid changes in their economic fortunes in 2007. During the first half of 2008, oil, natural gas, and other commodity prices continued to rise rapidly, leading to huge gains. At the same time, they had to cope with rapidly rising food and raw material prices that threatened their economies and social stability. By July, the effects of the financial crisis and expectations of much lower global growth caused a collapse in oil prices. As a result, Arab oil exporters experienced a fall in hydrocarbon receipts, deterioration in their terms of trade, and declining surpluses on their balance of payments. Arab stock markets suffered along with others around the world. In the twelve-month period ending in February 2009, the Saudi stock market fell by 49 percent, Dubai's by 72 percent, and Egypt's by 61 percent. These losses have reduced consumption and discouraged investment (Rivlin.,2009).

In Jordan, tourism and other service incomes have fallen along with domestic consumer confidence. The government's fiscal stance is strongly expansionary. This will support the economy given the weakness of the private sector. Still, economic growth is forecast at 3.5 percent in 2009, falling from 5.8 percent in 2008. Jordan is not a significant exporter of manufactured products, so it is less exposed to the contraction of world trade. It is also worth noting that Jordan's central bank has reacted appropriately, providing liquidity, cutting reserve requirements, and lowering interest rates. As Jordan currency(J.D.) is pegged with U.S Dollar, it has benefited from the continued monetary easing in the United States(Rivlin,2009).

The insurance industry got into the game by trading in "credit default swaps"—in effect, insurance policies stipulating that, in return for a fee, the insurers would assume any losses caused by mortgage-holder defaults. What began as insurance, however, turned quickly into speculation as financial institutions bought or sold credit default swaps on assets that they did not own. The insurance sector played an important supporting role in the financial crisis by virtue of the role played by financial guarantee insurance in wrapping, and elevating the credit standing of complex structured products and thus making these products more attractive to investors and globally ubiquitous. In addition, the narrowly avoided collapse of American International Group (AIG Inc.), viewed by some as the world's largest insurance group consisting of a global financial service holding company with 71 U.S. based insurance companies and 176 other financial service companies, contributed to the severity of the market turmoil in September 2008(Schich, 2008).

II-Research Problem and Hypotheses :

This study is designed to measure the impact of the Global Financial Crisis on the profits of Jordan's Insurance Sector.

II-1- The Research problem designed by the following general question:

1-Is there a significant effect of Global Financial Crisis on changes of : Assets ,Liabilities , Investments, and equities on the net income of Jordan's Insurance Companies?

This major question is subdivided into the following questions:

1.1.- Is there a significant effect of Global Financial Crisis on the total assets of Jordan's Insurance Companies?

1-2-Is there a significant effect of Global Financial Crisis on the shareholders equities of Jordan's Insurance Companies?

1-3- Is there a significant effect of Global Financial Crisis on the liabilities of Jordan's Insurance Companies?

1-4- Is there a significant effect of Global Financial Crisis on the investments of Jordan's Insurance Companies?

Test Hypotheses

Ho-1: There is no significant effect of assets changes on the net income (earning per share) of Jordan's Insurance Companies due to the Global Financial Crisis at $0.05 \geq \alpha$ level.

Ho-2: There is no significant effect of investment changes on the net income (earning per share) of Jordan's Insurance Companies due to the Global Financial Crisis at $0.05 \geq \alpha$ level.

Ho-3: There is no significant effect of equity changes on the net income (earning per share) of Jordan's Insurance Companies due to the Global Financial Crisis at $0.05 \geq \alpha$ level.

Ho-4: There is no significant effect of liabilities on the net income (earning per share) of Jordan's Insurance Companies due to the Global Financial Crisis at $0.05 \geq \alpha$ level.

III-Literature Review:

III-1- Global Financial Crisis:

Like all previous cycles of booms and busts, the seeds of the subprime melt down were spawn during unusual times. In 2001, the U.S. economy experienced a mild, short-lived recession. Although the economy nicely withstood terrorist attacks, the bust of the dotcombubble, and accounting scandals, the fear of recession really preoccupied everybody's minds. To keep recession away, the U.S. Federal Reserve Bank lowered the Federal funds rate 11 times - from 6.5% in May 2000 to 1.75% in December 2001. In June 2003, the Fed lowered interest rates to 1%, the lowest rate in 45 years, thus creating a flood of liquidity in the economy. Cheap money, once out of the bottle, always looks to be taken for a ride. Subprime borrowers wanted to realize their life's dream of acquiring a home. More home loans, more home buyers, more appreciation in home prices. It wasn't long before things started to move just as the cheap money wanted them to. Banks decided to repackage real estate loans into collateralized debt obligations (CDOs) and pass on the debt to other financial institutions. Soon a big secondary market for originating and distributing subprime loans developed. The trouble started when the interest rates started rising and home ownership reached a saturation point. From June 30, 2004, onward, the Fed started raising rates so much that by June 2006, the Federal funds rate had reached 5.25%, a rate which remained unchanged until August 2007. In August 2007 the financial market could not solve the subprime crisis on its own and the problems spread beyond the United State's borders. The interbank market froze completely, largely due to prevailing fear of the unknown amidst banks (Bordo, and Landon-Lane, 2010).

The subprime crisis's unique issues called for both conventional and unconventional methods, which were employed by governments worldwide. In a unanimous move, central banks of several countries resorted to coordinated action to provide liquidity support to financial institutions. The idea was to put the interbank market back on its feet (World Bank report, 2009). This financial turmoil, which started with the sub-prime mortgage crisis in the United States and whose effects clearly became global in mid-2007 with the collapse of several large international hedge funds and the near-collapse of a major industrial bank in Germany, followed by the breakdown of interbank lending markets in August 2007, has had important, continued impacts on the economy,

including the insurance sector. Events took a turn for the worse when, during the second half of 2008, the crisis exploded into a global credit crunch following the collapse of major global financial institutions. By the end of 2008, the world economy had rapidly entered a phase of globally synchronized slowdown and, in the first quarter of 2009, headed towards a global recession. The speed at which the world economy had fallen victim to the recessionary wave of financial turmoil in the United States and Europe caught everyone by surprise. In the second quarter of 2009, some signs were emerging indicating that the worst might be over following the large-scale counter-cyclical policy packages put in place by a number of larger developed and emerging market economies together with their massive liquidity injections into banking systems to mitigate the scale and depth of the recession. Yet, enormous damage has already been inflicted on the real sector activities resulting, in particular, in a worldwide contraction of industrial production due to the severe global credit crunch and fall in world trade unprecedented in the post-war era (Nissanke, 2010).

The ensuing recession officially became, by April 2009, the second longest since the Great Depression. Following a fall of 2.1% in the first quarter of 2009, gross domestic product in the OECD area stabilized in the second and third quarters according to preliminary estimates (Jones, 2009). The crisis rapidly developed and spread into a global economic shock, resulting in a number of European bank failures, declines in various stock indexes, and large reductions in the market value of equities and commodities. Many European financial institutions were purchased by corporate and institutional investors globally. Derivatives such as credit default swaps also increased the linkage between large financial institutions. Moreover, the de-leveraging of financial institutions, as assets were sold to pay back obligations that could not be refinanced in frozen credit markets, further accelerated the solvency crisis and caused a decrease in international trade. Some developing countries that had seen strong economic growth saw significant slowdowns (Dirk Willem te Velde , 2009). Arab World was far less severely affected by the credit crunch. With generally good balance of payments positions coming into the crisis or with alternative sources of financing for their large current account deficits, such as remittances, Foreign Direct Investment (FDI) or foreign aid, Arab countries were able to avoid going to the market in the latter part of 2008. This group is in the best position to absorb the economic shocks (World Bank report, 2009).

III-2- Causes of Global Financial Crisis :

The financial crisis began as the U.S. “subprime” crisis in the summer of 2007 spread to a number of other advanced economies through a combination of direct exposures to subprime assets, the gradual loss of confidence in a number of asset classes and the drying-up of wholesale financial markets. In this process it came to expose “home-grown” financial imbalances in a number of advanced economies, typically characterized by an overreliance on wholesale funding sources by the banking system and asset bubbles in residential property markets. The crisis has raised questions in the minds of many as to the wisdom of extending mortgage lending to low and moderate income households. It is important to note, however, that prior to the growth of subprime lending in the 1990s, U.S. mortgage markets already reached low and moderate-income households without taking large risks or suffering large losses. In most emerging markets, mortgage finance is a luxury good, restricted to upper income households. As policy makers in emerging market seek to move lenders down market, they should adopt policies that include a variety of financing methods and should allow for rental or purchase as a function of the financial capacity of the household (Gwinner, and Sanders, 2008).There is still no full agreement among policymakers and researchers on what caused the build-up of financial imbalances globally. While most commentators concede that supervision and regulation were lacking with hindsight and efforts to strengthen regulation are well underway, strong disagreement persists on whether it was overly accommodative monetary policy from 2001 that fuelled the build-up (Taylor, 2007).

III-3- Role of Insurance Sector in the Global Crisis:

The insurance sector played an important supporting role in the financial crisis by virtue of the role played by financial guarantee insurance in wrapping, and elevating the credit standing of, complex structured products and thus making these products more attractive to investors and globally ubiquitous. In addition, the narrowly avoided collapse of AIG Incorporated (AIG Inc.), viewed by some as the world’s largest insurance group consisting of a global financial service holding company with 71 U.S. based insurance companies and 176 other financial service companies, contributed to the severity of the market turmoil in September 2008. Furthermore, growing corporate insolvencies and a negative credit watch outlook caused important dislocation and retrenchment in trade credit insurance markets, which added considerable stress to the business-to-business transactions and increased liquidity pressures on firms in an already liquidity-stressed environment, and thus aggravating the effects of the economic crisis. Insurance markets play a key role in the pooling, management, and transfer of risks in the economy and, in some countries, increasingly play a role in the long-term savings and retirement incomes of individuals. The financial crisis highlighted the linkages of the insurance sector with the financial system and the broader economy.

IV-Previous studies :

Many researchers argued that the Global Financial Crisis has been a combination of accommodative monetary policy and growing global imbalances that caused the build-up (Obstfeld and Rogoff, 2009). Merrouche, and Nier, empirically investigated the drivers of financial imbalances ahead of the global financial crisis. They found that three factors may have contributed to the build-up of financial imbalances: (i) rising global imbalances (capital flows), (ii) monetary policy that might have been too loose, (iii) inadequate supervision and regulation. Researchers found that the build-up of financial imbalances was driven by capital inflows and an associated compression of the spread between long and short rates (Merrouche and Nier,,2010). Gwinner, and Sanders, . discusses some of the key characteristics of the U.S. subprime mortgage boom and bust, contrasts them with characteristics of emerging mortgage markets, and makes recommendations for emerging market policy makers(Gwinner, and Sanders,2008). Yulia, and Hemert, analyzed the quality of subprime mortgage loans by adjusting their performance for differences in borrower characteristics, loan characteristics and house price appreciation since origination. Researchers find that the quality of loans deteriorated for six consecutive years before the crisis and that securitizers were, to some extent, aware of it. They provide evidence that the rise and fall of the subprime mortgage market follows a classic lending boom-bust scenario, in which unsustainable growth leads to the collapse of the market. Problems could have been detected long before the crisis, but they were masked by high house price appreciation between 2003 and 2005 (Yulia, and Hemert, 2007). Lindblom, & Willesson, have conducted a study the effect of the 2007-2008 financial crisis on Swedish banks to include banks in 24 European countries. This study disclosed a considerable decrease in the average bank‘s contribution from non-interest bearing business activities, like trading and other financial services in 2008. However, the income from these activities was improved already in 2009 (Lindblom, & Willesson,2011). Fang. , et al, have investigated changes in the financial performance of representatives of the world’s top 200 commercial banks after the global subprime financial crisis. The empirical results showed that following the subprime-crisis disclosure. All commercial banks exhibited worse performance in asset quality, profitability,liquidity, and growth index, accompanied by risk increases in asset adequacy, managerial ability, profitability, and growth index (Fang , et al,2013).

V-Test Methodology and Data :

This study implements the qualitative statistical analysis in diagnosing the theoretical part, while researchers used the quantitative analytical approach in testing the research hypotheses; these tests include: correlation measurement and simple regression analyses:

Independent Variables were : Investments, Assets, Liabilities, Shareholders Equity.

Dependent variable: Profits where Earning per share(EPS) is used as a proxy.

Data: All variable data were extracted from annual reports of the Jordanian insurance companies for the years : 2007,2008 , 2009.

Tests: The correlation coefficient: it is a measure of how well trends in the predicted values follow trends in past actual values. It is a measure of how well the predicted values from a forecast model "fit" with the real-life data. The correlation coefficient is a number between 0 and 1. If there is no relationship between the predicted values and the actual values the correlation coefficient is 0 or very low (the predicted values are no better than random numbers). As the strength of the relationship between the predicted values and actual values increases so does the correlation coefficient. A perfect fit gives a coefficient of 1.0. Thus the higher the correlation coefficient the better.

Correlation Coefficient of data set can be derived from the formula:

$$\rho_{X,Y} = corr(X,Y) = \frac{cov(X,Y)}{\sigma_X \sigma_Y}$$

$$r = \frac{1}{(n-1)} \sum \frac{(X-\mu_X)(Y-\mu_Y)}{\sigma_X \sigma_Y}$$

2- Simple regression: A statistical measure that attempts to determine the linear association between quantitative variables, a statistical procedure called regression often is used to construct a model. Regression is used to assess the contribution of one or more independent variables to one dependent variable. It can also be used to predict the value of one variable based on the values of others. When there is only one independent variable and when the relationship can be expressed as a straight line, the procedure is called simple linear regression. Simple linear regression is used for three main purposes:

1. To describe the linear dependence of one variable on another
2. To predict values of one variable from values of another, for which more data are available

3- To correct for the linear dependence of one variable on another, in order to clarify other features of its variability.

VI-Study Results

Correlation test:

Table (1): correlation coefficient of independent and dependent variables before and after global crisis.

Independent Variables Arranged Ascending to R	Correlation Coefficient R Before Crisis	Correlation Coefficient R After Crisis
Equities	-.206	- o.731
Investments	0.237	- 0.67
Assets	0.132	0.247
Liabilities	- 0.479	0.339

To know the impact of the correlation power between independent variables (Assets, Equities, Investments, Liabilities) and the dependent variable (earning per share); independent variables were arranged according to the correlation coefficient (R).The correlation before the crisis shows the least is for the liabilities(-0.479) which improved to be on top after the crisis(0.339),this was followed by assets which improved from 0.132 before the crisis to 0.247 after the crisis; however, the investment sector dropped from 0.237 before the crisis to – 0.67 after the crisis, equities came as last in rank.

2-Hypotheses tests :

H_0-1(a): There is no significant effect at 0.05 ≥α level of assets on the earning per share (E.P.S.) of Jordan's Insurance Companies prior the Global Financial Crisis. This hypothesis has been tested by using simple regression analysis test; following table reflects the results.

Table (2): Effect of Asset volumes on EPS. before Global Crisis – using simple regression

R^2	Sum of SQUARES	Deg.F	Squares Mean	Default	B	T	Sig. Level
0.017	6354000000000	1	6354000000000	0.126	0.029	0.23	0.833
	361000000000000	3	12060000000000				
	6382000000000000						

Table (2) shows no significant effect of assets on earning per share in the period prior to global crisis as R2 for the assets variable reflected only 1.7% of the total variance and shows that t = 0.23 and this figure is statistically insignificant at 0.05 ≥α level.

H_1-1(a): Test results confirmed the null hypothesis that there is no significant effect at 0.05 ≥α level of assets on the earning per share (E.P.S.) of Jordan's Insurance Companies prior the Global Financial Crisis.

H_0 -1(b): states that there is no significant effect at 0.05 ≥α level of assets on earning per share of Jordan's Insurance Companies aftermath the global financial crisis. This hypothesis has been tested by using simple regression analysis test; following table reflects the results:

Table (3): Effect of Asset volumes on E.PS. after math the Global Crisis – using simple regression.

R^2	Sum of SQUARES	Deg.F	Squares Mean	Default	B	t	Sig. Level
0.061	6.092E12	1	6.092E12	0.124	0.045	0.36	0.753
	9.400E13	2	4.700E13				
	1.001E14	3					

Table (3) shows no significant effect of assets on earning per share in period aftermath and shows that t = 0.36 and this figure is statistically insignificant at 0.05 ≥α level. However, the correlation coefficient before and aftermath the global crisis is 0.98.

To test for the significance of the two correlation coefficient- test was conducted; computed t- test was 0.266 while the critical t- value at 0.05 ≥α significance level and 6 degrees of freedom was 1.94 which indicates

that the computed value is less than the critical value; this reveals that there were no significant differences in the effect of assets on the earning per share prior and aftermath the global crisis.

H_1-1(b): Test results confirmed the null hypothesis that there is no significant effect at 0.05 ≥α level of assets on earning per share of Jordan's Insurance Companies aftermath the global financial crisis.

H_O-2(a): There is no significant effect at 0.05 ≥α level of investments on the earning per share (E.P.S.) of Jordan's Insurance Companies prior the Global Financial Crisis.

This hypothesis has been tested by using simple regression analysis test; following table reflects the results:

Table (4): Effect of investment volumes on EPS prior the Global Crisis – using simple regression.

R^2	Sum of SQUARES	Deg.F	Squares Mean	Default	B	t	Sig. Level
0.056	1.565E14	1	1.565E14	0.159	0.067	0.423	0.701
	3.525E15	3	1.175E15				
	3.682E15	4					

Table (4) shows no significant effect of investments on earning per share in the period prior to global crisis as R2 for the assets variable reflected only 5.6% of the total variance and shows that t = 0.423 and this figure is statistically insignificant at 0.05 ≥α level.

HO-2(b): There is no significant effect at 0.05 ≥α level of investments on the earning per share (E.P.S.) of Jordan's Insurance Companies aftermath the Global Financial Crisis. This hypothesis has been tested by using simple regression analysis test; following table reflects the results:

Table (5): Effect of investments on EPS. aftermath the Global Crisis – using simple regression

R^2	Sum of SQUARES	Deg.F	Squares Mean	Default	B	t	Sig. Level
0.449	4.496E13	1	4.496E13	0.407	0.520	-1.28	0.330
	5.513E13	2	2.756E13				
	1.001E14	3					

Table (5) shows no significant effect of investment on earning per share in the period prior to global crisis as R2 for the assets variable reflected only 44.9% of the total variance and shows that t = -1.28 and this figure is statistically insignificant at 0.05 ≥α level. However, the correlation coefficient before and aftermath the global crisis is 0.44.

To test for the significance of the two correlation coefficient- test was conducted; computed t- test was 2.85 while the critical t- value at 0.05 ≥α significance level and 6 degrees of freedom was 1.94 which indicates that the computed value is greater than the critical value; this reveals that there were significant differences in the effect of investments on the earning per share prior and aftermath the global crisis.

H_O-3(a): There is no significant effect at 0.05 ≥α level of equities on the earning per share (E.P.S.) of Jordan's Insurance Companies prior the Global Financial Crisis.

This hypothesis has been tested by using simple regression analysis test; following table reflects the results:

Table (6): Effect of equities volumes on EPS prior the Global Crisis – using simple regression

R^2	Sum of SQUARES	Deg.F	Squares Mean	Default	B	t	Sig. Level
0.043	2.069E14	1	2.069E14	0.15	-o.oo5	-0.365	0.739
	3.475E15	3	1.158E15				
	3.682E15	4					

Table (6) shows no significant effect of equities on earning per share in the period prior to global crisis as R2 for the assets variable reflected only 4.3% of the total variance and shows that t = - 0.365 and this figure is statistically insignificant at 0.05 ≥α level.

HO-3(b): There is no significant effect at 0.05 ≥α level of equities on the earning per share (E.P.S.) of Jordan's Insurance Companies aftermath the Global Financial Crisis.

This hypothesis has been tested by using simple regression analysis test; following table reflects the results:

Table (7): Effect of equities on E.PS aftermath the Global Crisis – using simple regression

R^2	Sum of SQUARES	Deg.F	Squares Mean	Default	B	t	Sig. Level
0.534	5.346E13	1	5.346E13	0.411	-o.622	-1.51	0.269
	4.663E13	2	2.331E13				
	1.001E14	3					

Table (7) shows no significant effect of investments on earning per share in the period aftermath global crisis as R2 for the assets variable reflected only 53.4% of the total variance and shows that t = - 1.51 and this figure is statistically insignificant at 0.05 ≥α level. However, the correlation coefficient before and aftermath the global crisis is - 0.85.

To test for the significance of the two correlation coefficient- test was conducted; computed t- test was 1.66 while the critical t- value at 0.05 ≥α significance level and 6 degrees of freedom was 1.94; this indicates that computed t is less than the critical value; which reveals that there were no significant differences in the effect of equities on the earning per share prior and aftermath the global crisis.

Ho-4(a): There is no significant effect of liabilities on the net income (earning per share) of Jordan's Insurance Companies prior the Global Financial Crisis at 0.05 ≥α level. This hypothesis has been tested by using simple regression analysis test; following table reflects the results:

Table (8): Effect of liabilities values on EPS prior the Global Crisis – using simple regression

R^2	Sum of SQUARES	Deg.F	Squares Mean	Default	B	t	Sig. Level
0.229	8.441E14	1	8.441E14	0.388	- 0.367	-0.945	0.415
	2.838E15	3	9.459E14				
	3.682E15	4					

Table (8) shows no significant effect of liabilities on earning per share in the period prior to global crisis as R2 for the assets variable reflected only 22.9% of the total variance and shows that t = - 0.945 and this figure is statistically insignificant at 0.05 ≥α level.

Ho-4(b): There is no significant effect of liabilities on the net income (earning per share) of Jordan's Insurance Companies aftermath the Global Financial Crisis at 0.05 ≥α level. This hypothesis has been tested by using simple regression analysis test; following table reflects the results:

Table (9): Effect of liabilities values on EPS. aftermath the Global Crisis – using simple regression

R^2	Sum of SQUARES	Deg.F	Squares Mean	Default	B	t	Sig. Level
0.115	1.151E13	1	1.151E13	0.102	0.052	0.51	0.66
	8.858E13	2	4.429E13				
	1.001E14	3					

Table (9) shows no significant effect of liabilities on earning per share in the period prior to global crisis as R2 for the assets variable reflected only 11.5% of the total variance and shows that t = 0.51 and this figure is statistically insignificant at 0.05 ≥α level. However, the correlation coefficient before and aftermath the global crisis is 0.096.

To test for the significance of the two correlation coefficient- tests. t test was conducted; t- test was 1.9 while the critical t- value at 0.05 ≥α significance level and 6 degrees of freedom was 1.94; this indicates that computed t is less than the critical value; which reveals that there were no significant differences in the effect of equities on the earning per share prior and aftermath the global crisis.

VII-Results and Conclusions

VII-1-Results:

In this study, researchers empirically investigated the effect of the 2007- 2008 financial crisis on Jordan's insurance sector. Results are:

There was no significant difference of company assets ,equities, and liabilities or net income prior and aftermath global financial crisis.
There was a significant difference of company investments on net income prior and aftermath global financial crisis.

VII-2-Conclusions:
Financial crisis has drawn some key policy conclusions from the crisis and its impact on the insurance sector. Growing corporate insolvencies and negative credit watch outlooks caused important dislocation and retrenchment in trade credit insurance markets, which added considerable stress to the business-to-business transactions and has increased liquidity pressures on firms in an already liquidity-stressed environment, and thus aggravating the effects of the economic crisis.Therefor, there is a need to promoting financial stability, enhancing the protection of policy holders, and ensuring a level and competitive playing field.
Recommendations:

1. Developing hedge strategies to confront any expected drawbacks of financial crises via investing in financial derivatives.
2. Diversification of investments in money and capital market securities to guarantee liquidity of the insurance companies.
3. Encourage other researchers to conduct more studies and make advantage of others' studies in dealing with such crises.

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