The Relationship Between Cash Flow and Profitability of Insurance Companies listed in Amman Stock Exchange in Jordan

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Abstract

The aim of the paper is to investigate the relationship between the main factors of Cash Flows (Operating activities, investing activities, and Financing activities) and the profitability measured by Earnings per Share (EPS). The sample included five insurance companies listed in Amman stock exchange (ASE) during the period (2011-2015). To achieve the goal of the paper, and to analyze the data extracted from the annual reports, the paper used simple and multiple liner regression method. The results of the paper revealed that there is a significant impact of element of Cash Flows (Operating activities, investing activities, and Financing activities) on Profitability measured by (EPS).

Keywords: Cash Flow; Operating Activities; Investing Activities; Financing Activities; EPS; Profitability; ASE; Insurance Companies.

1. Introduction

Cash flow is defined as the index for money that the company received or paid out during a specific time period. However, depreciation which is considered a non-cash accounting charges is not included in this index According to Albrecht (2003). cash embodies an essential factor in the firm and in spite of the fact that we cannot say that profit represent cash, the solvency, flexibility and the financial profitability of the company are determined by the ability of the company to produce positive cash flow from the operating, investing and financing activities (Turcas, 2011).

Other studies defined cash flows as all inputs and outputs liquidities and cash equivalents while others said that liquidities embodies the cash on hand and the demand deposits. If short-term investment with a liquidity degree could easily transferred into cash this is called cash equivalents. Adelegan (2003a) stated that cash flows are direct measures of liquidity and a helping factor in determining corporate profitability. According to Ross et al. (2007), cash flow information helps the users of the financial statement to obtain relevant information regarding the use of resources from the financial resources during a given period.

The role of the financial reports is to reflect the financial activity of the company by listing them in numbers, which can provide essential information regarding the profitability of the company and the possible problems that could be faced in the future, Turcas (2011) said that cash flow is important to those who benefit from the cash of the company and which are published in the financial statements of the company. Bodie et al. (2004) stated that, inside any company, managers need to know the existing financial position of the company such as profitability, problems, and control functions. Moreover, Fabozzi and Markowitz (2006), stated that suppliers are interested in the liquidity of the company because their rights are generally found on the short term and thus on the ability of the company to pay which is reflected through the liquidity indicators. Bragg (2002) on the other hand stated that investors in bounds, who usually lend the company on medium or long term for remuneration, are concerned more in the ability of the company to produce cash flow for medium and long-term coverage of debt service.

Hence this study is to examine impact of elements of Cash Flows (Operating activities, Investing activities, and Financing activities), on Profitability measured by (EPS) on in insurance companies listed in ASE, examining the period between (2011– 2015).

1.1. The Importance of the Statement of Cash Flow

The main purpose of the statement of cash flows is to provide useful information about the cash receipts and payments that have been submitted during this period, and the second objective is to present information based on a cash basis for the activities of the various installations (Bahri et al., 2017; Lim et al., 2016; Purnamasari and Fitdiarini, 2016; Zhou et al., 2012). The interest of the statement of cash flows is that it illustrates the impact of monetary policy for all the activities of the entity during the financial period with a statement of the nature of the effect of being a morality cash flow or get out of it. Statement of cash flows of Balderas Heads (Watson, 2005), (Ilias et al., 2015); (Alshannag et al., 2017; Antara et al., 2016; Dianita, 2015; Hainš et al., 2018; Kamran and Z., 2016), as follows:

First, make the historical analysis of the financial conditions of the facility, which in turn helps to identify the strengths and weaknesses of the facility.

Second: attempt to estimate what would be the financial situation in the future of the facility based on past performance.This clarification is specific to each of installations (Bizon, 2016; Burki, 2017; Endang and Risal, 2017; Ripain et al., 2017; Tangpornpaiboon and Puttanapong, 2016; Zhou et al., 2012) and Watson (2005), which shows some of the points that reflect the importance of the statement of cash flows and the most important:

1. The ability to forecast cash flows in the future, the expected future cash flows.

2. The cash flow statement shows the relationship between the net income and the change in cash available at the facility, increasing the level of income caused an increase in cash and vice versa, but nevertheless, the cash balance can be less with the investigation committee that was created to achieve high profits.

3. Knowledge of the possibility of facility in the payment of dividends to shareholders and payment of interest and capital.

4. Make a list of cash flows of information on investment in the facility, which provides information to investors and creditors about the cash flows for the assessment of administrative decisions.

1.2. Meaning of Profitability

The word "profit" is made up of two words, they are: profit and power. The ability is a term refers to the force of the company to earn profit. The ability of the institution is also indicative of earning capacity, or operational performance. In addition to that, it refers to the ability of the business to the financial and operational capacity of the company. Therefore, profitability can be defined as any capacity of a given instrument to obtain the return by using them. Brigham and Weston determine the concept of profitability as the "net surplus of a large number of decisions and policies (Anjani and Baihaqi, 2018; Besley and Brigham, 2011; Wasike, 2017).

1.2.1. Accounting Profitability

Profitability is a measure to evaluate the efficiency of the company in a comprehensive manner. The most successful way to assess the efficiency of the company's business could be through the analysis of inputs and outputs. It is possible to measure profitability by linking production as part of the income or comparing it with the results of other companies of the same industry, or the results recorded in different periods of business. The profitability of the company can be made by comparing the amount of working capital i.e. input with the income obtained i.e. the output. (Isada and Isada, 2017; Kathuo, 2015).

1.2.2. Measurement of Profitability

Profitability measure of concern is just as important as earning profits. The importance of measuring profitability has been determined by Grewal, Hingorani and Ramanathan Rand, "measure of profitability is a comprehensive measure of the efficiency." Since profitability are many commercial activities results. Therefore, the measure is a multi-stage concept. As mentioned before profitability is a relative concept based on profits. But profits alone cannot express the concept of profitability. Thus, there arises a need for the relationship between profit and other variables. Some of the known techniques for measuring profitability have been used below (Hoai and Thanwadee, 2015; Kathuo, 2015; Sundar and Al Harthi, 2015).

1.3. Meaning of EPS

Part of the profit of the company assigned to each shares suspended in securities. The profitability of the arrow is considered as an indicator of the profitability of the company (Gitman and Chad, 2012).

1.3.1. Formula of EPS

Formula of EPS: The formula to calculate EPS is:

EPS = Net Income / average number of shares outstanding.

When conniving the EPS, it will be accurate to use the weighted average of the quantity of existing stocks throughout the report amount, as a result of the quantity of existing stocks will modify with the passage of time. However, information sources and typically alters the account by using a range of existing stocks at the top of the amount (Kabajeh *et al.*, 2012).

1.3.2. Analyzing EPS

Earnings per share square measure usually thought-about to be the one most significant variable in determinant a share's worth. It's conjointly a serious part accustomed calculate the value to earnings valuation magnitude relation. There is a vital facet of the EPS which regularly unheeded is that the capital needed to come up with profits (net income) within the Account. 2 firms which will generate constant range EPS, however one will do thus with less shares (investment) which the corporate are going to be additional economical within the use of capital to come up with financial gain and, all alternative things being equal be "better". Investors want additionally to remember of the manipulation of the profits that might have an effect on the standard of the quantity of profits. Gitman and Chad (2012).

1.4. Aim of the Paper

Objectives of the study can be summarized in the following:

1. Investigate if there is an impact of Cash Flows on Profitability measured by EPS on insurance Companies Listed in ASE.

2. Investigate if there is an impact of operating activities on Profitability measured by EPS on insurance Companies Listed in ASE.

3. Investigate if there is an impact of investing activities on Profitability measured by EPS on insurance Companies Listed in ASE.

4. Investigate if there is an impact of financing activities on Profitability measured by EPS on insurance Companies Listed in ASE.

1.5. The Paper's Significance

The importance of the study arises from the importance of company's Profitability in the estimation of failure or the continuation of companies in long term, where it is believed that company's success in elements of cash flows (operating activities, investing activities, and financing activities) has an essential role in rising or declining the company's Profitability.

1.6. Hypotheses

Ho1. There is no impact of Cash Flows on Profitability measured by EPS on insurance Companies Listed in ASE.

Ho11. There is no impact of operating activities on Profitability measured by EPS on insurance Companies Listed in ASE.

Ho12. There is no impact of investing activities on Profitability measured by EPS on insurance Companies Listed in ASE.

Ho13. There is no impact of financing activities on Profitability measured by EPS on insurance Companies Listed in ASE.

2. Literature Review

Syam et al. (2003) examine the relationship between some variables (the proportion of those flows to long-term liabilities, short-term obligations, to property rights, to sales and to net cash flows) and market value per share, which were obtained in the period of 1998 till 2001 m, 23 companies out of 75 companies listed in the market, were used statistical methods in the study (Pearson coefficient of simple regression and multilateral, and Testing T), the outcome of the study was that there was no relationship with statistical significance between net cash flows, the proportion of those flows to longer term liabilities property rights, to sales and market value per share, the existence of a negative relationship is not relevant statistical significance between the ratio of net cash flows to short-term obligations and market value per share.

Another study by Akilfard and Shahmoradi (2015) aimed to study the relationship between return the rights of shareholders and the cash flow of free association and the factors affecting them. It has been selected a sample of 84 companies listed on the Stock Exchange Tehran through sampling random that have been searching for 8 years. Housman and Chow used a test to determine statistical methods; finally, the results of the Alanhaddaraly models indicated that there is a strong relationship between return on equity and free cash flow. Whether it is stable or unstable profitability of the company, it does not affect this relationship, but it can adversely affect the efficiency.

Frank and James (2015) investigate the relationship between cash flows institutional performance in the food sector and drinks from Nigeria. The study conducted six (6) Beverages and Food companies in circulation in the Nigerian Stock Exchange. Data collected from the report and annual accounts of the chosen companies to this study. And relevant data to the statistical analysis used the regression technique. The study's results showed that the financing of cash flows to a positive relationship with the performance of companies in the food sector and drinks from Nigeria. And it was ascertained that the investment cash flow and performance of the companies have a negative relationship. The researchers stressed that the regulatory authorities, such as NDIC, NSE, FRCN, SEC, IFRSB, CBN, etc. should encourage external auditors for the food and beverage companies to use cash flow ratios to measure the performance of the company before determining an opinion on the financial statements. This provides detailed information about the company to help investors make appropriate investment decisions.

Shubita and Alsawalhah (2012) investigate the impact of the structure of the capital profitability through the study of the impact of the capital structure on the profitability of industrial companies included in the ASE during the period of six years (2004-2009). The statement of the problem to be analyzed in the study is: Does the capital structure of impact on the industrial Jordanian companies? Formed study sample from 39 companies. The application of the link and analyze multiple regression, the results reveal a negative relationship to a large extent between debt and profitability. This indicates that the company's profitability depend more on the property equity of the option for the main funding for them. On the basis of the results, there are some recommendations to improve certain factors such as consideration must be given to the use of capital structure and optimal utilization and future research must be investigated in the Circulars results outside the sectors of manufacturing industries.

Hong et al. (2012) examines the free cash flow is a results business activity. Based on data from 2006-2010 of all listed real estate companies in China, the authors looked at the relationship between free cash flow and financial performance of these companies in order to improve the financial decisions of the management and investment. Account key financial performance indicators out of 21 financial performance indicators have been calculated through the main component analysis and regression analysis, were related to these key indicators of the sample companies free cash flow they have. The results found that the income of the corporate is pace, negatively joined to the money performance, any that a lot of the income freely lead money performance in decline. Therefore, investors and also the administrators of the excellent analysis of the income of cerebration, and avoid acts area unit ineffective as a result of a lot of the income of cerebration, that cause the investment risks and loss.

Mulyono and Khairurizka (2011) examine the significance of the value of accounting information to explain the return of stocks. It uses leverage, size, profitability, liquidity, cash flow and market ratio as proxies of accounting information. Market adjusted return and cumulative abnormal return are considered as variables of stock return. The

study samples registered companies in manufacturing active trade in the period of 2003 till 2009 in Indonesian stock exchange. The result of the study shows that turnover, the market ratio and profitability have a significant impact on the return of stock.

Koloukhi and Parsian (2014) investigated the impact of various factors on the distribution of profits at Tehran Stock Exchange ratio (TSX) listed companies. A series of regression was used by this research (data panel) to test this assumption of this study. The study presents empirical evidence through the selection of a sample of 102 companies during the period from 2008-2013. The result shows that the independence of variables of the cash flows and the current percentage of profitability have a negative influence on the percentage distribution of profits. Where, the independent variable percentage has a positive impact on the distribution of profits. The proportion of other independent such as the size of the company, and the opportunities for growth and systematic risks does not have any significant impact on the proportion of the distribution of profits.

The aim of study by Khamees and Jarrah (2010) was to find information content market prices and rates of operating cash flows. To conduct this, the implementation of each of the analysis on the affirmative (26) and the global exploratory factor analysis to examine the representation of each of the two groups attributed to the direction of Mali differs from trends posed by other ratios. The assumption of a nine trends identified through financial ratios, which are: cash flow, cash center, accounts receivable turnover, short-term liquidity, profitability, and financial leverage, indicators of the market, inventory turnover, and turnover of working capital. This study was carried out in the period between 1998 and 2002 on the Jordanian Public Shareholding industrial companies, community who contributed to this study consisted of (73) industrial company at the direction of the Jordanian public shareholding companies in 2003, it has been used a number of opinions in the study (232) Show. The findings of exploratory factor analysis and trends in the existence of seven financial ratios measured, which are: inventory turnover, liquidity, cash flow ratios, return on investment, capital turnover, turnover and accounts receivable and market rates. The result of this analysis is that the positive representation of each of the market trends and the direction of the cash flows for different directions from each other, and the rest of the other directions.

3. Methodology and Outcomes

This paper aims to investigate the effect of cash flow on profitability of the chosen insurance companies. This paper uses a model contains different variables such as: Cash Flows (Operating activities, investing activities, and Financing activities), EPS, in insurance Companies Listed in ASE. This model represents the effect of net cash flow on profitability, as follows:

$Y1 = \beta0 + \beta1X1 + \beta2X2 + \beta3X3 + e$

Where, Y1 represents the profitability measured by EPS in insurance companies.

X1: cash flow (Operating activities).

X2: cash flow (Investing activities).

X3: cash flow (Financing activities).

e: stander error.

Table-1. $\beta0$- $\beta2$: represent the coefficients values of the fourindependent variables, respectively.

No.	variable	Measurement
1	EPS	EPS = Net Income / average number of shares outstanding.

3.1. Sampling and Sampling Technique

This paper covers the insurance companies listed in ASE between the period (2011- 2015). To ensure the reliability of the data, two sources are used to gather data: The firm's annual reports. Data are gathered for each firm according to the following criteria: (each company must be listed in ASE for the five year consecutive years, each company must disclose the required information for the last five consecutive years, and each company must have the same fiscal year end).

The population consists of (23) firms Listed in ASE, across the five years, the sample consists of (5) companies of the study population.

Table-2. Sample Company's Name

No.	Company's Name	Symbol
1	AL-NISR AL-ARABI INSURANCE	AAIN
2	MIDDLE EAST INSURANCE	MEIN
3	JORDAN INSURANCE	JOIN
4	ARABIA INSURANCE COMPANY - JORDAN	AICJ
5	DELTA INSURANCE	DICL

Source:
http://www.al-nisr.com/
http://www.meico.com.jo/
http://www.jicjo.com/
http://www.arabiainsurance.com/
http://www.delta-ins.com/

Table-3. Data collections

MEIN		perating Activities	nvesting Activities	inancial Activities	Earnings Per Share
MEIN	2015	5525363	-3383663	-1552624	0.08
	2014	4663401	1984165	-7737094	0.11
	2013	8008459	-3695931	-3667254	0.13
	2012	6138551	-5576013	1679781	0.06
	2011	3291042	-6246871	3514072	0.04
AAIN	2015	5665544	-5298482	-1096936	0.13
	2014	8229334	-5155755	-1563654	0.20
	2013	6995055	-3641380	-1074090	0.14
	2012	2957866	-6022638	-750000	0.11
	2011	4479920	-6374155	-1000000	0.08
JOIN	2015	3207156	-287171	-2597971	0.09
	2014	1306807	-391080	-1592317	0.12
	2013	5223813	-280342	-2400000	0.01
	2012	5418500	-3563668	-3164004	0.14
	2011	879503	3086406	-3235562	0.08
AICJ	2015	1820540	-1027743	-174023	0.05
	2014	2191916	597154	-308221	0.09
	2013	2351372	-2307445	-387872	0.06
	2012	1834752	-1640276	0	0.06
	2011	904118	-760405	0	0.01
DICL	2015	2201149	-329564	-558642	0.31
	2014	2644924	-134159	-800000	0.10
	2013	1929051	2579360	-637380	0.04
	2012	3160245	-1877347	0	0.41
	2011	1070376	-1886108	-797188	0.70

3.2. Statistical Tools

For data analysis, the study used descriptive statistical analysis to describe the sample and test hypothesis by using SPSS software, which summarizes as following:
• Descriptive statistical analyses are based on frequencies, percentage, and means.
• Simple and multiple linear regressions were used to measure the relationship between independent variables and dependent variable.

3.3. Data Analysis

After gathering the data for the research, and based on the statically methods used in the previous sections. The researcher analyzed the data that was gathered to elicit the results of the insurance Companies Listed in ASE.

This section includes three main aspects; the first one is concerned with the correlation between variables. The second aspect is the further the descriptive tests of the study variables, as for the third aspect it represents testing the research hypothesis using simple and multiple linear regression.

3.4. Pearson Correlation Coefficient

Table-4. Pearson Correlation Matrix of Variables

Variable	Axis 1	Axis 2	Axis 3	Axis 4
Axis 1	1			
Axis 2	-0.553*	1		
Axis 3	-0.237**	-0.419*	1	
Axis 4	0.379**	0.411**	0.204*	1

Axis1: Operating activities. Axis2: Investing activities. Axis3: Financing activities. Axis4: EPS.
It is noted from Table (4) there is strength between the research variables. Studying figures from the table show there is no correlation higher than 80% between study variables in which the highest correlation value has reached to (-0.553**) between (Axis1: Operating activities) and (Axis2: Investing activities).

3.5. Descriptive Tests

Table-5. Descriptive Statistics

Variables	Minimum	Maximum	Mean	Std. Deviation
Operating activities	879503	8229334	3683950.28	2209350.131
Investing activities	-6374155	3086406	-2065324.44	2766967.537
Financing activities	-7737094	3514072	-1196039.16	2033965.484
EPS%	1	70	13.4	14.70

The above table shows the descriptive analysis of the variables of the study, noted that the arithmetic average of the variable independent has reached, Operating activities (3683950.28), Investing activities (-2065324.44), and Financing activities (-1196039.16), has reached the dependent variable PES% (13.4).

3.6. Test Research Hypotheses

Ho1. There is no impact of Cash Flows on Profitability measured by EPS on insurance Companies Listed in ASE.

To accept or reject the research hypotheses, researchers used the simple regression method. The researchers depended on P-value to accept or reject hypotheses, where P-value should be less than 0.05 to reject null hypothesis and accept alternative hypothesis, and relied on the coefficient of determination value (Adjusted R Square) in explanation of the extent of accuracy of interpreting dependent variables through each of independent variable.

Ho11. There is no impact of operating activities on Profitability measured by EPS on insurance Companies Listed in ASE.

Table-6. Simple regression test for impact of operating

P- Value	T- Value	Coefficients	R Square	Adjusted R Square	F Model
0.025	7.053	0.379	0.143	0.139	4.47

Table (6) shows simple regression results of the independent variable (operating activities) and its impact on the dependent variable (EPS). Results in table(6) show that Coefficients value is (0.379) which indicates to an existence of a positive correlation between dependent and independent variables, also notes from table (6) that the value of Adjusted R Square is (0.139) which indicates to the extent of accuracy of interpreting dependent variable through independent variable. Notes from table (6) that (P-value< 5%) has the value (0.025).

According to the decision rule which states to the rejection of the null hypothesis "Ho" If the value of P less than (0.05), which means that there is an impact of operating activities on EPS, therefore the first null hypothesis is rejected and accept the alternative hypothesis which says "There is an impact of operating activities on Profitability measured by EPS on insurance Companies Listed in ASE ".

Ho12. There is no impact of investing activities on Profitability measured by EPS on insurance Companies Listed in ASE.

Table-7. Simple regression test for impact of investing

P- Value	T- Value	Coefficients	R Square	Adjusted R Square	F Model
0.001	12.08	0.411	0.168	0.161	5.016

Table (7) shows simple regression results of the independent variable (investing activities) and its impact on the dependent variable (EPS). Results in table (7) show that Coefficients value is (0.411) which indicates to an existence of a positive correlation between dependent and independent variables, also notes from table (7) that the value of Adjusted R Square is (0.161) which indicates to the extent of accuracy of interpreting dependent variable through independent variable. Notes from table (7) that (P-value< 5%) has the value (0.001).

According to the decision rule which states to the rejection of the null hypothesis "Ho" If the value of P less than (0.05), which means that there is an impact of investing activities on EPS, therefore the second null hypothesis is rejected and accept the alternative hypothesis which says "There is an impact of investing activities on Profitability measured by EPS on insurance Companies Listed in ASE ".

Ho13. There is no impact of financing activities on Profitability measured by EPS on insurance Companies Listed in ASE.

Table-8. Simple regression test for impact of financing activities on EPS

P- Value	T- Value	Coefficients	R Square	Adjusted R Square	F Model
0.042	8.05	0.204	0.041	0.039	3.016

Table (8) shows simple regression results of the independent variable (financing activities) and its impact on the dependent variable (EPS). Results in table (8) show that Coefficients value is (0.204) which indicates to an existence of a positive correlation between dependent and independent variables, also notes from table (8) that the value of Adjusted R Square is (0.039) which indicates to the extent of accuracy of interpreting dependent variable through independent variable. Notes from table (8) that (P-value< 5%) has the value (0.042).

According to the decision rule which states to the rejection of the null hypothesis "Ho" If the value of P less than (0.05), which means that there is an impact of financing activities on EPS, therefore the third null hypothesis is rejected and accept the alternative hypothesis which says "There is an impact of financing activities on Profitability measured by EPS on insurance Companies Listed in ASE".

3.7. Multiple Regression Test Hypotheses

Ho1. There is no impact of Cash Flows on Profitability measured by EPS on insurance Companies Listed in ASE.

To demonstrate the results that have been reached previously, multiple regression tests has been performed for all the independent variables of the research combined, in order to determine whether there is a statistically significant impact of elements of cash flows (operating activities, investing activities, and financing activities) on Profitability measured by EPS on insurance Companies Listed in ASE.

Table-9. multiple regression test results for all independent variables

P- Value	R	R Square	Adjusted R Square	Model F test	β constant 0.378	β(IA) 0.741
0.008	0.361	0.130	0.276	8.147	β(OA) 0.633	β(FA) 0.597

After discussing the research hypotheses and given Table (9) notes that P-value has reached (0.008), which means that there is a statistically significant impact of elements of cash flows (operating activities, investing activities, and financing activities) on Profitability measured by EPS, notes also that the coefficient of determination (Adjusted R Square) value is (0.276), which indicates to the extent of accuracy of interpreting dependent variable (EPS) through independent variables, therefore the null hypothesis is rejected and accept the alternative hypothesis which says "There is an impact of Cash Flows on Profitability measured by EPS on insurance Companies Listed in ASE".

Based on the results of the, multiple linear regression analysis of the hypotheses, we can conclude from the following equations, for all the study variables:

$Y = 0. 0.378 + (0.633)*OA + (0.741)*IA + (0.597)*FA + e$

Where, Y1 represents the Profitability measured by EPS in insurance companies.

OA: operating activities.

IA: investing activities.

FA: financing activities.

e: stander error

4. Conclusion

The aim of this paper was to investigate the relationship between the main factors of Cash Flow (Operating activities, investing activities, and Financing activities) and Profitability measured by (EPS). The sample included five insurance companies listed in ASE during the period (2011 to 2015). To achieve the goal of the paper and to analyze the data extracted from the financial reports, the paper used simple and multiple liner regression method. The results revealed that there is a significant impact of operating activities, investing activities, and financing activities of Cash Flows societies on Profitability measured by (EPS). The paper established that significant impact of exists between elements of cash flows on corporate performance as measured by (EPS) in sector of insurance Companies Listed in ASE. The results supports both theoretical and empirical evidence of prior studies that elements of cash flows (Operating activities, Investing activities, and Financing activities) impact a positively on the performance of corporate organizations in the all sector of Jordanian, Provided a strong governance policy is operational in the industry.

Certain limitation of this paper must be recognized:

1. First, The study only covers data (5) of insurance companies listed in ASE, for the last Five years (2011-2015), and therefore does not represent time period beyond this.

2. Second, The study only focus on firms listed in the ASE and therefore does not represent unlisted companies.

3. Third, the results may be different if the number of company characteristics was increased or another set of variables were examined.

From the findings of the research, the following recommendations were made:

1. The study suggests that Regulatory Authorities Should encourage companies to set-up a result oriented cash flow system and elements of cash flows that will encourage the investing public to avail them of financial risk capable of jeopardizing their investment.

2. An external auditors should be encouraged to use cash flows ratios in evaluating the performance of a company before forming an independent opinion on the financial reports. This will give detailed information on the financial performance of the company to enable investor's take effective investment decisions.

5. Acknowledgment

3. Future studies should cover data of all insurance companies listed in ASE, for at least the last ten years to achieve more accurate results as well as the implementation of compulsory cash flow policies in order to restore the confidence of Jordanian investors and creditors.

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Appendix
Data Collections

AL-NISR AL-ARABI INSURANCE					
	Years	perating Activities	nvesting Activities	inancial Activities	Earning Per Share
AAIN	**2015**	5665544	-5298482	-1096936	0.13
	2014	8229334	-5155755	-1563654	0.20
	2013	6995055	-3641380	-1074090	0.14
	2012	2957866	-6022638	-750000	0.11
	2011	4479920	-6374155	-1000000	0.08

MIDDLE EAST INSURANCE					
	Years	perating Activities	Investing Activities	Financial Activities	Earning Per Share
MEIN	**2015**	5525363	-3383663	-1552624	0.08
	2014	4663401	1984165	-7737094	0.11
	2013	8008459	-3695931	-3667254	0.13
	2012	6138551	-5576013	1679781	0.06
	2011	3291042	-6246871	3514072	0.04

JORDAN INSURANCE					
	Years	Operating Activities	Investing Activities	Financial Activities	Earning Per hare
JOIN	**2015**	3207156	-287171	-2597971	0.09
	2014	1306807	-391080	-1592317	0.12
	2013	5223813	-280342	-2400000	0.01
	2012	5418500	-3563668	-3164004	0.14
	2011	879503	3086406	-3235562	0.08

ARABIA INSURANCE COMPANY- JORDAN

	Years	perating Activities	Investing Activities	inancial Activities	Earning Per Share
AICJ	**2015**	1820540	-1027743	-174023	0.05
	2014	2191916	597154	-308221	0.09
	2013	2351372	-2307445	-387872	0.06
	2012	1834752	-1640276	0	0.06
	2011	904118	-760405	0	0.01

DELTA INSURANCE

	Years	perating Activities	nvesting Activities	Financial Activities	Earning Per Share
DICL	**2015**	2201149	-329564	-558642	0.31
	2014	2644924	-134159	-800000	0.10
	2013	1929051	2579360	-637380	0.04
	2012	3160245	-1877347	0	0.41
	2011	1070376	-1886108	-797188	0.70

Source:
• http://www.al-nisr.com/.
• http://www.meico.com.jo/.
• http://www.jicjo.com/.
• http://www.arabiainsurance.com/.
• http://www.delta-ins.com/.