Influence of Applying IFRS 17 on Financial Reports: An Exploratory Study of Iraqi Insurance Companies

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Abstract:

This research aims to identify deficiencies in the financial statements of insurance firms operating in Iraq concerning their adherence to the International Financial Reporting Standard IFRS 4. Additionally, it emphasizes the significance of implementing the IFRS 17 financial reporting standard in Iraqi insurance companies and its role in rectifying the deficiencies in financial reporting that arise from the application of IFRS 4. The primary objective of this study provides a comprehensive analysis of the effects that the implementation of the International Financial Reporting Standard (IFRS) 17 has on the financial statements of insurance companies operating in Iraq. The researchers employed a descriptive and analytical methodology, utilizing an empirical investigation of financial data released by insurance companies in Iraq. These companies constituted the sample for the study. In addition, a survey was administered to a total of 173 individuals who possess expertise in the subject matter. Out of these respondents, 154 completed the questionnaire, and the resulting data was subjected to analysis utilizing the statistical software SPSS. The findings of the study unveiled several noteworthy observations. These include a robust positive impact, which is both statistically significant and evident, of implementing the IFRS 17 standard on various aspects such as disclosure and presentation, financial reporting quality, financial statements, net income and retained earnings, as well as financial solvency within the Iraqi insurance sector. The findings of the study also indicated a robust and statistically significant correlation between the implementation of the IFRS 17 standard and enhancements in the quality of financial reporting, financial statement quality, net income, and retained earnings, as well as financial solvency within the Iraqi insurance sector.

Keywords: Insurance companies, financial reports, deficiencies, development, IFRS 17, net income, financial solvency

1. Introduction:

The insurance sector plays a fundamental role in the economy of the national country as it is one of the important savings activities that contribute significantly to the economic development process (Outreville, 2013, p. 71). The insurance sector has witnessed great development in the recent period, represented by the emergence of many, as well as advanced, and new products. Life insurance is considered the most important product because it is linked to investment, as well as the participation of insurance companies with banking institutions by linking their insurance policies with the banking products of those institutions to improve financial performance indicators for insurance companies (Alrikabi, 2022, p. 265).

Therefore, it was necessary to provide appropriate information for all parties associated with the company, no matter how different it may be; the only way to improve the quality of financial statements in companies operating in the field of insurance is the need to find a unified model that governs the process of recognition, measurement, presentation, and disclosure of insurance operations, to make the financial statements of these companies, characterized by a high level of disclosure, transparency and comparability at the local and international levels. This is only achieved through the application of unified global accounting standards in which all the characteristics of good accounting information are available to satisfy users' financial statement needs which positively affects the improvement of the quality of performance indicators for these companies (Aormaih & Halim, 2021, p. 1). Accordingly, the researchers noticed the importance of applying the international standard IFRS 17 to control accounting practices and improve the financial statements' quality of companies operating in insurance in Iraq.

This paper is structured as follows. First, Section 2 outlines research questions, research importance, research aims, and research hypotheses. They are followed by the theories used in this investigation in Section 3. Section 4 provides a review of the literature. Section 5 presents the methods and conceptual framework used in this investigation. Section 6 shows an illustration of the questionnaire, followed by a discussion of the SPSS results in Section 7. Finally, Section 8 concludes this study with some recommendations in Section 9.

2. Research Methodology

2.1 Research Questions: The researchers were able to crystallize the problem in the following question:

What is the influence of applying the international financial standard IFRS 17 on financial reports in Iraqi insurance companies?

To answer the main question, the following questions must be answered:

- **a.** What is the influence of applying the IFRS 17 standard on financial report disclosure and presentation in Iraqi insurance companies?
- **b.** What is the influence of applying the IFRS 17 standard on the quality of financial reports quality in Iraqi insurance companies?
- **c.** What is the influence of applying the IFRS 17 standard on the financial statements quality of Iraqi insurance companies?
- **d.** What is the influence of applying the IFRS 17 standard on net income and retained earnings in Iraqi insurance companies?
- **e.** What is the influence of applying the IFRS 17 standard on the financial solvency of Iraqi insurance companies?

2.2 Research Importance: The research derives its importance from the importance of the problem it addresses, which is crystallized in two dimensions:

- **a.** Scientific Importance: It provides a theoretical analysis of the impact of applying the IFRS 17 standard to the financial reports of companies operating in insurance in Iraq and applying the standard to the financial reports of insurance companies operating in Iraq. This is an important step in the field of scientific contribution in light of the scarcity of studies related to the application of this standard, which is considered one of the important topics currently at the international level, especially after the application of the standard became mandatory in January 2021.
- **b.** Practical Importance: It addresses the impact of applying IFRS 17 on the development and improvement of the quality of financial statements in insurance companies operating in Iraq, which represents one of the most important topics and modern research areas in financial accounting, especially after the financial collapses of major international companies operating in insurance. Including the Japanese companies Chidoa and Kiwi. The development of the IFRS4 standard and the formulation of an accounting standard that is comprehensive for insurance contracts to avoid problems of practical application and control the various accounting practices in insurance companies are important steps to reduce the recurrence of financial crises in these companies.

2.3 Research Aim: The main objective of the research in studying the title of this study is the impact of applying the international standard IFRS 17 on financial reports in Iraqi insurance companies. Formulating the following sub-objectives will help achieve this goal:

Clarifying the deficiencies in the financial reports of insurance companies operating in Iraq in light of compliance with the requirements for applying the IFRS standard, in addition to clarifying the importance of applying the international standard IFRS 17 to insurance companies in Iraq and its role in addressing the deficiencies in financial reports as a result of applying the international financial reporting standard IFRS 4, And clarify the impact of applying the international standard IFRS 17 on improving the quality of the financial statements of insurance companies operating in Iraq.

2.4 Research Sample: Research Sample Insurance companies listed on the Iraq Stock Exchange represent an important part of the economic sector in Iraq. These companies offer a wide range of insurance products, including life, health, automobile, and property insurance. It can also be said that insurance companies listed on the Iraq Stock Exchange meet the needs of customers in Iraq by providing a wide range of insurance products. These companies continue to achieve growth and expansion in the Iraqi market, which indicates an improvement in the Iraqi economy and increased interest in insurance in the country.

3. Research Hypotheses: To achieve the objective of the study and find the influence of applying IFRS 17 on financial reports in Iraqi insurance companies, the researchers formulated the main hypothesis as follows:

H0: There is a statistically significant influence of applying the international financial report standard IFRS 17 on financial reports in insurance companies operating in Iraq.

A group of sub-hypotheses emerges from the main hypothesis as follows:

- **a.** H01: There is a statistically significant influence of applying IFRS 17 on the development of recognition and measurement, and the improvement of presentation and disclosure of financial reports in Iraqi insurance companies.
- **b.** H02: There is a statistically significant influence of applying IFRS 17 on improving the quality of financial reports in Iraqi insurance companies.
- **c.** H03: There is a statistically significant influence of applying IFRS 17 on improving financial statements quality in Iraqi insurance companies.
- **d.** H04: There is a statistically significant influence of applying IFRS 17 on net income and retained earnings in Iraqi insurance companies.
- **e.** H05: There is a statistically significant influence of applying IFRS 17 on the financial solvency of Iraqi insurance companies.

4. Literature Review

4.1 Previous Study: The survey of the scientific heritage of the research literature related to the subject of the study revealed the impact of applying the financial standard IFRS17 on financial reports in insurance companies operating in Iraq. Therefore, the researchers examined many studies and research that showed different aspects of contributing to the application of the international polyester; the Malaysian IFRS17 is clear on the scene.

For instance, Sayd (2022, p. 58) sought to study and analyze the requirements for applying IFRS 17 in terms of recognition principles, measurement models, methodology, and presentation and disclosure mechanisms that insurance companies must follow under this standard, and then compare them with the pillars and requirements of solvency as international prudential standards, which It would help insurance companies to maximize the benefits of integration among them in improving the transparency and credibility of financial reports. The study reached at the end the similarity of IFRS 17 and solvency standards in the use of objective models of measurement that are compatible with market conditions and take into account discount rates to find the present value of future cash flows, and effective methods and mechanisms for presentation and disclosure of insurance contracts. There are several differences between them, the most important of which is the contractual service margin, which is the only element not included in the solvency measurement requirements compared to IFRS 17.

Shehata and Mosa (2019, p. 34) targeted the most important problems and deficiencies in the current accounting framework for insurance contracts and assessed the appropriateness of the financial performance indicators used in insurance companies operating in Egypt based on the expected application of IFRS 17 for insurance contracts, in addition to identifying the most important implications of applying the standard on performance indicators Finance for insurance companies. This is done by conducting a field study on a selected group of auditors and preparers of financial statements and reports in Egyptian insurance companies. To achieve the research objectives, the descriptive statistical test processes and the Mann-Whitney Test were used for two independent samples to identify the differences between the opinions of the two study samples regarding the research questions (MacFarland & Yates, 2016, p. 103). In addition to using the regression analysis method to detect the possible impact of the standard on financial performance indicators, the field study concluded that there were no significant differences between the opinions of the two study samples regarding the problems and shortcomings in the current accounting framework for insurance contracts, as well as the agreement of the two study samples regarding the role of IFRS 17 in improving the quality of the measurement process for insurance contracts. On the other hand, the two study samples differed regarding the adequacy and appropriateness of the financial performance indicators used in the Egyptian insurance companies. Finally, the opinions of the two study samples agreed that there are significant effects of applying the standard on the financial performance indicators in the insurance companies.

4.2 IFRS 17: Concept, Objectives, and Scope: Many studies have agreed on the concept of the insurance contract presented by the insurance standard IFRS 17, which states that the insurance contract is “a contract whereby one of the parties to the contract issuer accepts significant insurance risks from another party, the policyholder, by agreeing to compensate the policyholder with the insurance policy in the event of an uncertain future event, the insured risk that adversely affects the policyholder (Owais & Dahiyat, 2021, p. 277; Yousuf, et al., 2021, p. e2).

It is worth noting that the IFRS 17 standard did not introduce any amendments to the concept of the insurance contract, which was endorsed by the IFRS4 standard and adopted by the amended Egyptian Standard 37 in 2015, and from the extrapolation and analysis of the previous concept and based on what was adopted by international and Egyptian standards.

It turns out that several essential elements are necessary for the concept of the insurance contract, and with their availability, the IFRS 17 standard applies (Savitt, 2017, p. 588), namely:

a. Availability of insurance risks: where insurance risks represent the essence of the insurance contract, bearing in mind that some insurance contracts do not transfer any insurance risks to the company at the beginning of the contract, but rather at a later date. The insurance company is under the agreed contract.

b. To cause a negative impact if the insured event occurred: the presence of negative effects associated with the occurrence of insured events is a prerequisite for entering into the scope of insurance contracts, so the International Accounting Board (IASB) decided to maintain the principle of the insurance interest since without referring to the negative effects, the scope of the definition may expand The insurance contract to include any prepaid contract to provide services at uncertain costs, in addition to the importance of having this element in avoiding gambling operations (Shehata, 2019, p. 79).

4.3 IFRS 17: Motives, Justifications, and Objectives for Drafting and Issuing: The insurance sector concerning the preparation of financial reports is a special case, and this is due to the complexity that characterizes insurance in terms of the nature of its long-term activities, and the difficulty of determining returns compared to other economic activities, which leads to a difference like financial statements in insurance companies from any lists in companies in another sector (Al-Najjar, 2019, p. 344).

The International Accounting Standards Board (IASB) began to develop a comprehensive, compatible methodology for accounting in insurance companies, as the Board issued the IFRS 4 standard temporarily until the IFRS17 standard was adopted on a large international scale, especially for companies listed in the global financial markets (Lozada, 2014, p. 1). It can be said that the IFRS 4 standard Insurance contracts focus on improving recognition and measurement bases and providing accounting treatments that improve the quality of financial reports for insurance companies and meet the different needs of users of these reports of appropriate information that helps them estimate cash flows that occur in the future and the state of uncertainty related to those flows.

On the other hand, when drafting the International Financial Standard IFRS 17, the International Accounting Standards Board clarified the existence of a set of reasons and justifications that led to the necessity of issuing it, which were mentioned in the standard and are as follows:

The IFRS 4 standard is a temporary standard that allows the use of different accounting methods for insurance contracts, which negatively affects the quality of financial reports and the inappropriateness of the information contained therein for users, including investors and financial analysts (Alnodel, 2018, 143).

4.4 IFRS 17: Insurance Contracts: The IASB issued the standard IFRS 17 on the date (18/5/2017 AD), which became the replacement for the standard IFRS4 issued by the same entity in the year 2004, and it is considered effective after the date 1/1/2021 as follows (Alzobaidy & Al-Mashhadani, 2020, p. 1):

a. The existence of great challenges in measuring contracts, including the complexity of insurance risks and and the non-trading of contracts in financial markets, some of which contain investment components and their long term.

b. The accounting and financial data and information of insurance companies applying Standard (4) lack periodic updating in anticipation of the value of insurance contract obligations or risks that reflect changes in the economic environment such as changes in interest rates.

c. Criterion (4) allows insurance companies to follow different practices and policies with the insurance contracts they issue, even if they are similar contracts.

The application of Standard 17 to this type of contract as contracts and not as financial instruments will achieve important benefits for insurance companies, including the provision of accounting information appropriate to the needs of users as a result of adopting a unified accounting treatment while removing the complexities facing the companies issuing these contracts, especially the problem of not separating the benefits of discretionary participation from rights Ownership, bearing in mind that Standard 17 stipulated in its paragraph (3) that the company that issues this type of contract must primarily issue insurance contracts.

4.5 Accounting System in Iraqi Insurance Companies

Since the seventies of the last century, Iraq has applied a unified accounting system for banks and insurance companies, and this system has continued to work in Iraqi insurance companies until today (Al-Mashhadani, 2020, p. 1). This system combines methodologies, controls, and accounting techniques with information industry technology to track transactions daily, intending to prepare the results of financial operations from reports and statements. Daily and periodic (weekly, monthly, quarterly, annual), and two types of reports for internal use and external reports following the standards, laws, regulations, and instructions in force to meet the needs of beneficiaries of all kinds and parties of data and information that you wish to view.

Iraqi insurance companies also rely on proving and recording financial transactions according to the accounting treatments of the unified accounting system for banks and insurance companies to record their revenues received from insurance contract premiums for insurance operations (Mohamad & Abdullah, 2022, p. 5), which are as follows:

a. Expense account: H/3 The accrual entry for expenses is recorded first, and then the entry for the disbursement of these expenses is recorded. At the end of the accounting period, the expenses are closed in H/Profits and Losses.

b. Revenue account: H/4 The enrollment of the installments due is recorded first, and then the entry of the installments is recorded. At the end of the accounting period, the revenue of the received premiums is closed in H/Profits and Losses after the reality of the accounting treatments in the Iraqi insurance companies has been clarified.

4.6 Financial Reports and Statements: In May 2017, the International Accounting Standards Board (IASB) launched the new Insurance Contracts Standard (IFRS17) (Zelinová, et al., 2019, p. 285). This standard aims to unify the accounting standards for insurance companies around the world and improve the financial performance reports of these companies. The IFRS17 standard includes sophisticated and multidimensional accounting concepts and aims to improve transparency and comparison between insurance companies about financial performance reporting patterns and unify accounting standards for insurance companies around the world (Oliveira, 2020, p. 35). The scope of application includes all types of insurance contracts and related financial transactions, including insurance offers, reinsurance operations, future insurance promises, insurance claims, outstanding reserves, and other related financial assessments (Owais & Dahiyat, 2020, p. 281).

Financial reports are one of the main tools companies use to provide accurate and comprehensive information about the financial performance and financial condition of the company. For instance, it includes providing accurate information about the company's financial performance: financial reports allow users to obtain accurate information about the company's revenues, expenses, profits, and losses during a specific period (Al-Majali & Al-Soub, 2019, p. 17).

Financial statements are considered one of the most important tools that investors, shareholders, and managers use to evaluate the company's performance and the extent to which it has achieved its financial objectives (Al-Majali & Al-Soub, 2019, p. 29). For financial statements to have high value and quality, they must meet several criteria and requirements related to information validity, accuracy, transparency, and objectivity. The quality of the financial statements includes several elements, including:

a. Correctness and accuracy: The information presented in the financial statements must be correct and accurate and reflect the actual situation of the company and its commercial activity.

b. Transparency: The financial statements must clearly and completely explain all the financial operations and transactions that took place in the relevant accounting period so that the reader can easily understand them and deduce the related financial results.

4.7 Net Income and Retained Earnings: During a specific period, which may be three months, six months, or a year, the income statement shows net sales (the total return on sales or revenues), costs (deducted and including the cost of producing products), marketing costs, wages, and any cost spent during this year, and thus the net profit is extracted at the end (Cohen, 2013, p. 77).

As for the net profit: it is the value of the financial profits achieved by the company. These profits have nothing to do with the cash available to the company now, but they express the difference between the net sales and the company's expenses during the period shown at the top of the income statement (assuming it is a year) according to accounting principles, for example equipment The price that was purchased this year is not fully deducted, but a part of its price is deducted every year according to what is called depreciation, which is based on the fact that this equipment will be used for several years to produce products that bring profit to the company.

Hence, the earnings per share are what amounts to one share of the profits and it is calculated by dividing the net profit by the number of shares, where you should know that the net profit is distributed part of it to the shareholders and the rest is invested within the company, and it is worth mentioning that the earnings per share are affected by the value of the net profit regardless of what is distributed and what is withheld (Jihad, 2015, p. 179).

The more the share per share increases year after year, the is the good indicator, and then the earnings per share greatly affect the share price, whether it rises or falls, because it simply expresses the return on the share, so people often look at the profits that are distributed to shareholders as being The most important thing is the indicator of the success of the company, and this is not true, as companies distribute part of the profits, but some very successful companies may not distribute profits to shareholders (Al Daoud, et al., 2015, p. 206).

In addition, a list of changes in equity shows the value of the cumulative shareholders' equity with a breakdown of that from the capital, retained earnings, etc. The more the shareholders' equity exceeds the capital, meaning the higher the cumulative value of the retained earnings, the better indicator for the shareholders because it means that their rights increase, meaning that their investments increase (Al Daoud, et al., 2015, p. 228).

4.8 Insurance Reality in Iraq: Insurance companies in Iraq are limited in number, and they are mainly dealt with through compulsory insurance for vehicles and public property, but they also provide health, life, travel, and other insurance services (Hussein & Zoghlami, 2023, p. 7). The sector is regulated by the General Insurance Authority in Iraq, and the country also has international insurance companies operating in Iraq and providing services to local and foreign clients.

However, the sector faces many challenges, including the low purchasing power of citizens and companies, society's lack of awareness about the importance of insurance and its benefits, security and political challenges affecting businesses in the country in addition to bureaucracy and legal challenges facing insurance companies and hindering their work (Sameer, 2022, p.

72). However, there are continuous efforts to strengthen the insurance sector in Iraq, improve the business environment and legislation regulating the sector, and raise community awareness about the importance of insurance and its benefits. It is expected that the sector will witness growth shortly, especially with the efforts made to improve economic and commercial conditions in Iraq, as well as after the issuance of Health Insurance Law No. 22 of 2020, where participation in it will be mandatory for some segments of citizens, such as public sector employees.

5. **Theoretical Framework:** The researchers relied on using descriptive and analytical approaches through an experimental study of published financial data of Iraqi insurance companies, which are the subject of the study sample to cover the practical side, test the study hypotheses, and answer the questions to reach the results and proposals.

Figure 1 depicts this study's conceptual framework based on the abovementioned hypotheses, using the following variables:

a. Independent variable: International Financial Reporting Standard (IFRS 17)

b. Dependent variable: Financial Reports; and its five dimensions, shown below:

- Presentation and disclosure in financial reports
- Quality of financial reports
- Quality of financial statements
- Net income and retained earnings
- Financial solvency

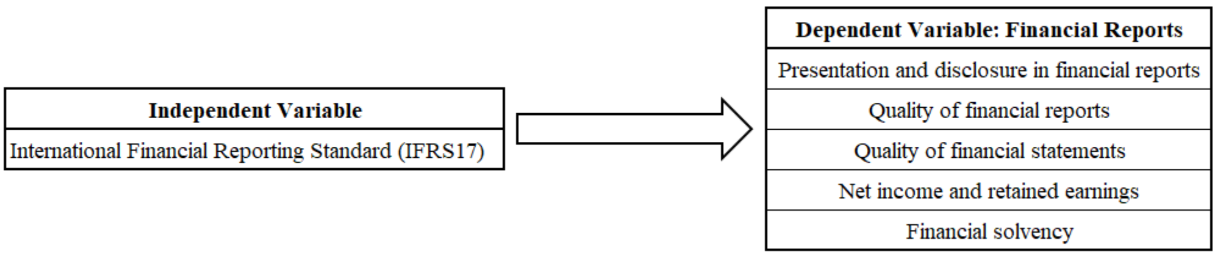

Fig. 1: This study conceptual framework for Iraqi insurance companies, showing the independent variable (IFRS17) and the five dimensions of the dependent variable (financial reports).

The authors used an analytical descriptive methodology through the following procedures:

a. Create a questionnaire to collect data on the research problem.
b. Distribute the questionnaire to the research society (Insurance companies in Iraq).
c. Gather the responses from specialties.
d. Use SPSS to analyze the collected replies.
e. Prove/Refute the hypotheses and respond to the research questions.

6. **Questionnaire:** After identifying the study topic, its questions, and hypotheses, and analyzing existing literature on the study subject, the researchers created a questionnaire related to the topic. The study population consisted of insurance companies listed in the Iraq Stock Exchange during the period (2017-2021), where the basic data related to the study variables for Iraqi insurance companies will be collected from the financial statements of these companies, published in the Iraq Stock Exchange, represented by the list of income and net income and retained earnings, in addition to financial solvency data. The questionnaire of 28 items was distributed on the variables of the study as illustrated in Table 1.

Table 1: Questionnaire structure, showing the number of items for each variable and their corresponding dimensions

Variable	Dimension	Number of Items
Independent: IFRS 17	**IFRS 17**	**5**
Dependent: Financial Reports	**Presentation and disclosure of financial reports**	**4**
	Quality of financial reports	**5**
	Quality of financial statements	**4**
	Net income and retained earnings	**5**
	Financial solvency	**5**

The questionnaire is composed of closed-end questions according to the Five-Likert scale (Boone & Boone, 2012). The adopted weights are illustrated in Table 2.

Table 2: Five-Likert Scale: levels and degrees

Level	SD	D	N	A	SA
Degree	1	2	3	4	5

SD: Strongly disagree, D: Disagree, N: Neutral, A: Agree, SA: Strongly agree

Cronbach's alpha is used to determine the reliability of the questionnaire. It is a static method for determining the internal consistency of a questionnaire. It establishes how closely connected a set of items is. It is a statistic for scale dependability. Table 3 shows the values of Cronbach's alpha stability coefficients for each of the questionnaire axes.

Table 3: Cronbach's alpha coefficient for each questionnaire's axis

Axis	Alpha Value
The IFRS17 standard application	**0.869**
Presentation and disclosure of financial reports Improvement	**0.818**
Quality of financial reports	**0.799**
Quality of financial statements	**0.881**
Net income and retained earnings	**0.813**
Financial solvency	**0.834**
Overall Degree of stability	**0.860**

Table 3 indicates that the stability coefficients using Cronbach's alpha method are suitable for scientific research purposes. A high stability coefficient on all axes of the questionnaire is obtained, and a total score of 0.860 is reached, indicating the validity of the questionnaire to achieve the objectives of the study and answer its questions.

After confirming the validity and reliability of the questionnaire, it was distributed to 173 members directly from the researchers; only 154 answers were collected.

7. **Results and Discussion:** This section deals with a presentation of the results reached by the current study, by presenting the responses of the study sample to the phrases of the tool, and processing them statistically, leading to the results, analyzing and interpreting them.

7.1 Five Likert Scale: To determine the length of the five-scale cells (lower and upper limits) used in the axes of the study, the range (5 - 1 = 4) was calculated, and then divided by the number of cells on the scale to obtain the correct cell length (4 / 5 = 0.80). Afterward, the value was added to the lowest value in the scale to find the upper limit of this cell as shown in Table 4.

Table 4: Degree and extent of agreement on the five-point Likert scale (Boone & Boone, 2012)

Degree	Category	Likert Interpretation
1	1.00 – 1.80	Very Weak

2	1.81 – 2.60	Weak
3	2.61 – 3.40	Moderate
4	3.41 – 4.20	Strong
5	4.21 – 5.00	Very Strong

7.2 Means and Standard Deviation: To serve the purposes of the study and analyze the data collected through the study tool on the field side, many statistical methods were used to find out the attitudes of the members of the study community about the questions posed, using appropriate statistical treatment methods using the statistical package program (SPSS), after the data was coded and entered into the computer, then the results were extracted according to the following statistical methods:

a. Arithmetic mean: A study on the main axis (the average of the statements) to find the rise or fall of the answers of the sample members.

b. Standard Deviation: The standard deviation shows the variation in the responses of the members of the study sample for each statement of the study variable statement, so the study focuses on the answers of the members of the study sample for each statement of the study variable from its arithmetic mean, along with the main axis to identify the deviations of the answers of the members of the study sample for each statement From the expressions of the study variable from its arithmetic mean, we used this method because its variance is low.

Table 5 shows the mean and standard deviation values for all variables.

Table 5: Descriptive analysis of the variables

Variable	Mean	Standard Deviation	Degree
International financial reporting standard (IFRS 17)	4.00	0.80	Strong
Presentation and disclosure of financial reports	3.89	0.88	Strong
Quality of financial reports	4.01	0.83	Strong
Quality of financial statements	3.93	0.92	Strong
Net income and retained earnings	3.92	0.86	Strong
Financial solvency	4.06	0.79	Strong

Table 5 indicates the arithmetic means, standard deviations, and the degree of agreement for the axes of the questionnaire, where the values of the arithmetic averages for the axes of the questionnaire ranged between 4.06 and 3.89; all of them are high values with a degree of agreement (strong). It indicates the homogeneity of the opinions of the study sample on the axes of the questionnaire.

7.3 Variables Linear Relationship: Figure 2 depicts the natural probability of the model's residuals (normal p-p plot), which depicts the drawing of the model's residual probabilities on the standard probabilities line. As a result, all residual probability points are extremely near to the displayed line. It reflects the residual distribution as a normal distribution, which is useful for estimating the model.

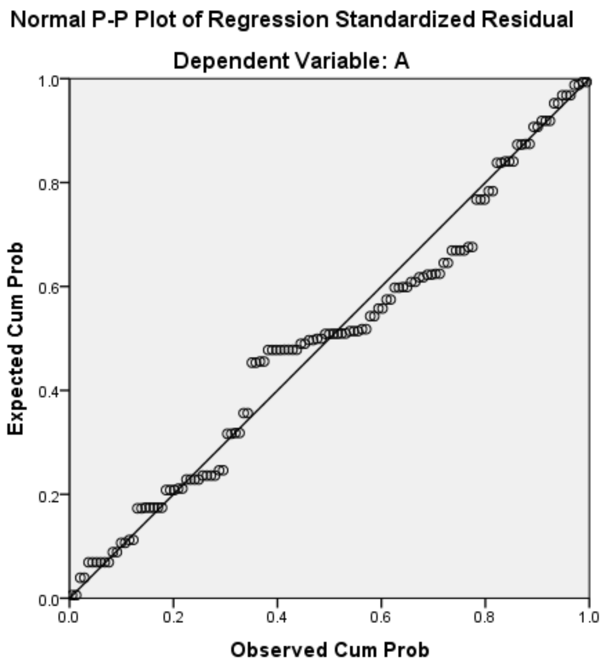

Fig. 2: The normal p-p plot showing the relationship between this study's variables.

7.4 Pearson's Correlation Coefficient to Test Hypotheses

H01: There is a statistically significant influence of applying IFRS 17 on the development of recognition and measurement, and the improvement of presentation and disclosure of financial reports in Iraqi insurance companies.

To validate this hypothesis, the Person correlation test was used, and the results are shown in Table 6.

Table 6: IFRS 17 vs. presentation and disclosure of financial reports

Presentation and Disclosure of Financial Reports		
IFRS 17 Application	Pearson's correlation coefficient	0.805
	Significance level	0.000
	Total	127

Table 6 shows a statistically significant relationship between IFRS 17 and the improvement of the presentation and disclosure of financial reports of Iraqi insurance companies, where the level of significance is less than 0.05. The correlation coefficient is equal to 0.805 for a high positive value indicating the existence of a strong direct relationship with statistical significance between IFRS 17 and the presentation and disclosure in the financial reports.

H02: There is a statistically significant influence of applying IFRS 17 on improving financial reports quality in Iraqi insurance companies.

To validate this hypothesis, the Person correlation test was used, and the results are shown in Table 7.

Table 7: IFRS 17 vs. financial reports quality

Financial Reports Quality		
IFRS 17 Application	Pearson's correlation coefficient	0.850
	Significance level	0.000
	Total	127

Table 7 shows a statistically significant relationship between IFRS 17 and the financial reports quality of Iraqi insurance companies, where the level of significance is less than 0.05. The correlation coefficient is equal to 0.850 for a high positive value indicating the existence of a strong direct relationship with statistical significance between IFRS 17 and the financial reports quality.

H03: There is a statistically significant influence of applying IFRS 17 on improving financial statements quality in Iraqi insurance companies.

To validate this hypothesis, the Person correlation test was used, and the results are shown in Table 8.

Table 8: IFRS 17 vs. financial statements quality

Financial Statements Quality		
IFRS 17 Application	Pearson's correlation coefficient	0.681
	Significance level	0.000
	Total	127

Table 8 shows a statistically significant relationship between IFRS 17 and the financial statements quality of Iraqi insurance companies, where the level of significance is less than 0.05. The correlation coefficient is equal to 0.681 for a medium positive value indicating the existence of a strong direct relationship with statistical significance between IFRS 17 and the financial statements quality.

H04: There is a statistically significant influence of applying IFRS 17 on net income and retained earnings in Iraqi insurance companies.

To validate this hypothesis, the Person correlation test was used, and the results are shown in Table 9.

Table 9: IFRS 17 vs. net income and retained earnings

Net Income and Retained Earnings		
IFRS 17 Application	Pearson's correlation coefficient	0.705
	Significance level	0.000
	Total	127

Table 9 shows a statistically significant relationship between IFRS 17 and the net income and retained earnings of Iraqi insurance companies, where the level of significance is less than 0.05. The correlation coefficient is equal to 0.705 for a high positive value indicating the existence of a strong direct relationship with statistical significance between IFRS 17 and the net income and retained earnings.

H05: There is a statistically significant influence of applying IFRS 17 on the financial solvency of Iraqi insurance companies.

To validate this hypothesis, the Person correlation test was used, and the results are shown in Table 10.

Table 10: IFRS 17 vs. financial solvency

Financial Solvency		
IFRS 17 Application	Pearson's correlation coefficient	0.631
	Significance level	0.000
	Total	127

Table 10 shows a statistically significant relationship between IFRS 17 and the financial solvency of Iraqi insurance companies, where the level of significance is less than 0.05. The correlation coefficient is equal to 0.631 for a medium positive value indicating the existence of a strong direct relationship with statistical significance between IFRS 17 and the financial solvency.

7.5 Simple Linear Regression to Answer Questions

To answer this study question, the simple linear regression test is used, and the results are obtained as shown in Table 11.

Table 11: Simple Linear Regression Test Coefficients of IFRS 17 vs. the dimensions

	Dependent Variable: Financial Reports				
	Presentation and Closure	Reports Quality	Statements Quality	Net Income / Retained Earnings	Financial Solvency
Regression Coefficient	0.695	0.814	0.532	0.602	0.577
F Test Value	230.292	325.681	108.382	123.296	82.545
T Test Value	15.175	18.047	10.411	11.104	9.085
Determination Coefficient	0.645	0.720	0.460	0.493	0.393
Sig Value	0.000	0.000	0.000	0.000	0.000

According to Table 11:

a. The coefficient of determination to presentation and disclosure is equal to 0.645, which indicates that disclosure and presentation explain approximately 64.5% of the variation in the application of the IFRS standard 17. The F value is equal to 230.292, which is a statistically significant value at a level of significance equal to 0.000 less than 0.05.

b. The coefficient of determination to financial reports quality is equal to 0.720, which indicates that the financial reports quality explains approximately 72.0% of the variation in the application of the IFRS standard 17. The F value is equal to 325.681, which is a statistically significant value at a level of significance equal to 0.000 less than 0.05.

c. The coefficient of determination to financial statements quality is equal to 0.460, which indicates that the financial statements quality explains approximately 46.0% of the variation in the application of the IFRS standard 17. The F value is equal to 108.382, which is a statistically significant value at a level of significance equal to 0.000 less than 0.05.

d. The coefficient of determination to net income and retained earnings is equal to 0.493, which indicates that net income and retained earnings explain approximately 49.3% of the variation in the application of the IFRS standard 17. The F value is equal to 123.296, which is a statistically significant value at a level of significance equal to 0.000 less than 0.05.

e. The coefficient of determination to financial solvency is equal to 0.393, which indicates that net income and retained earnings explain approximately 39.3% of the variation in the application of the IFRS standard 17. The F value is equal to 82.545, which is a statistically significant value at a level of significance equal to 0.000 less than 0.05.

The most prominent findings of the research regarding answering the study's questions and achieving its objectives are listed as follows:

a. There is a strong positive effect with statistical significance for the application of the IFRS 17 standard on disclosure and presentation in insurance companies in Iraq.

b. There is a strong positive effect of statistical significance for the application of the IFRS 17 standard on the quality of financial reports in insurance companies in Iraq.

c. There is a strong positive effect with statistical significance for the application of the IFRS 17 standard on the lists of insurance companies in Iraq.

d. There is a strong positive effect of statistical significance for the application of the IFRS 17 standard on net income and retained earnings in insurance companies in Iraq.

e. There is a strong positive effect with statistical significance for the application of the IFRS 17 standard on the financial solvency of insurance companies in Iraq.

8. **Conclusion:** The purpose of this study was to identify flaws in the application of the international financial reporting standard IFRS 4 to financial reports in Iraqi insurance companies. Instead, the authors illustrated the significance of using the international financial reporting standard IFRS 17 in resolving shortcomings in financial reports caused by the use of IFRS 4. Furthermore, IFRS 17 has a significant impact on the financial reports of Iraqi insurance businesses. The experimental study focused on descriptive and analytical methodologies on published financial accounts of Iraqi insurance businesses, which comprised the study sample. A questionnaire was created and delivered to 173 specialists for this purpose, with 154 of them being retrieved and evaluated using the statistical analysis tool (SPSS). The findings demonstrated that the IFRS 17 financial standard has a substantial positive and statistically significant influence on improving financial reporting quality, financial statement quality, net income and retained earnings, and financial solvency in Iraqi insurance businesses.

The application of the standard IFRS 17 in insurance companies in Iraq is necessary to improve the quality of financial reports, public disclosure and financial statements, insurance companies in Iraq must provide the necessary training to employees on the IFRS 17 standards and provide the necessary resources to apply the standard correctly and reliably, insurance companies in Iraq must work On improving the quality of disclosure of financial information and improving the quality of financial statements, to enhance credibility and transparency and increase confidence among investors and customers, insurance companies in Iraq should focus on improving solvency and increasing net income and retained earnings, to ensure business continuity and achieve financial goals.

9. **Recommendations:** After performing this significant study, the authors recommend the following points to be addressed and noticed by the Iraqi insurance companies:

a. The application of IFRS 17 in insurance companies in Iraq is necessary to improve the quality of financial reports, public disclosures, and financial statements.

b. Insurance companies in Iraq must provide the necessary training for employees on IFRS 17 standards and provide the necessary resources to apply the standard correctly and reliably.

c. Insurance companies in Iraq must work to improve the quality of disclosure of financial information and improve the quality of financial statements, enhance credibility and transparency, and increase confidence among investors and customers.

d. Insurance companies in Iraq should focus on improving solvency and increasing net income and retained earnings, to ensure business continuity and achieve financial goals.

e. Insurance companies in Iraq should work to improve their ability to adapt to economic and legislative changes and competition in the insurance market.

f. Insurance companies in Iraq should develop internal control and quality control systems to achieve IFRS 17 standards and ensure compliance with international and local financial reporting standards.

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