

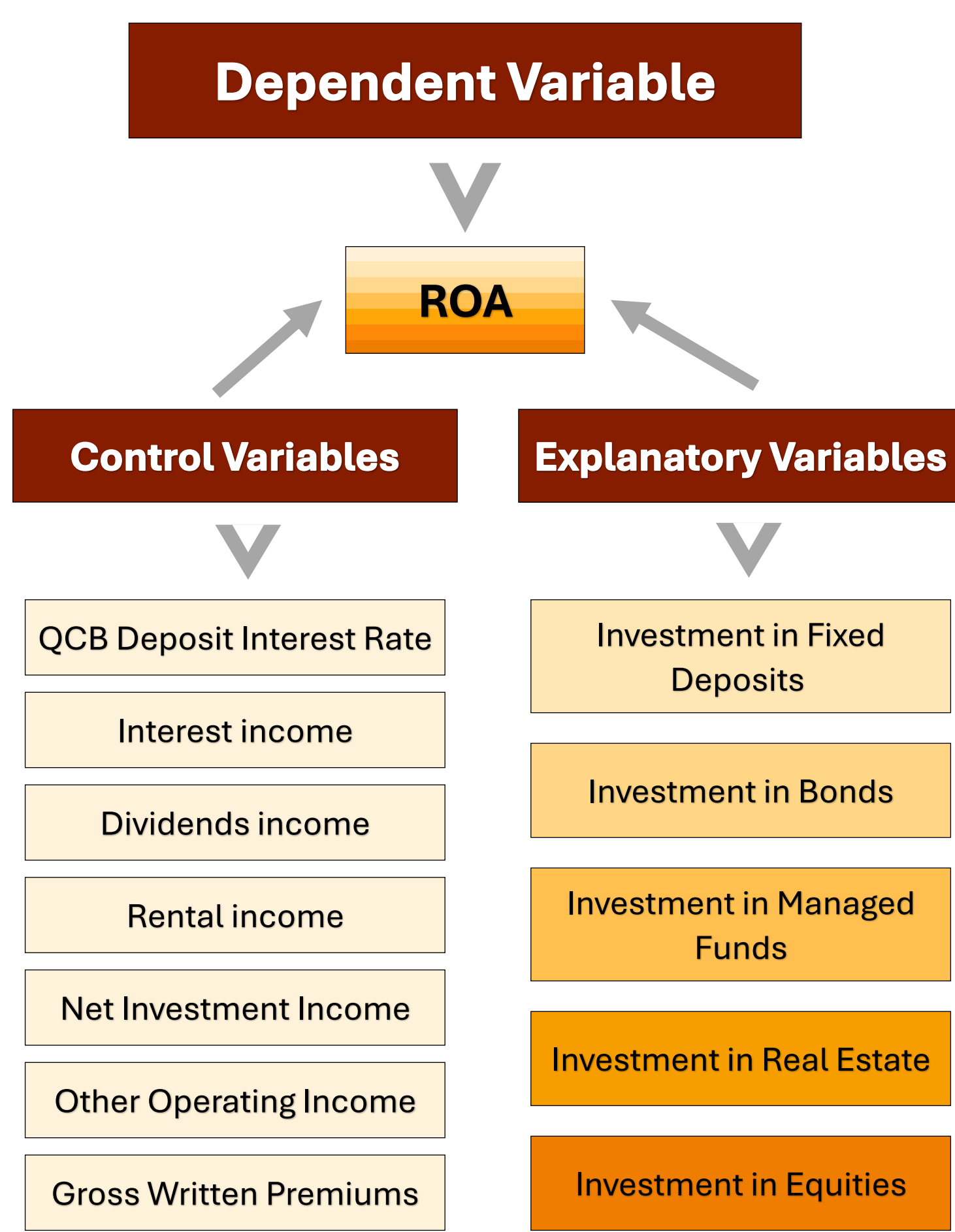


1 ABSTRACT

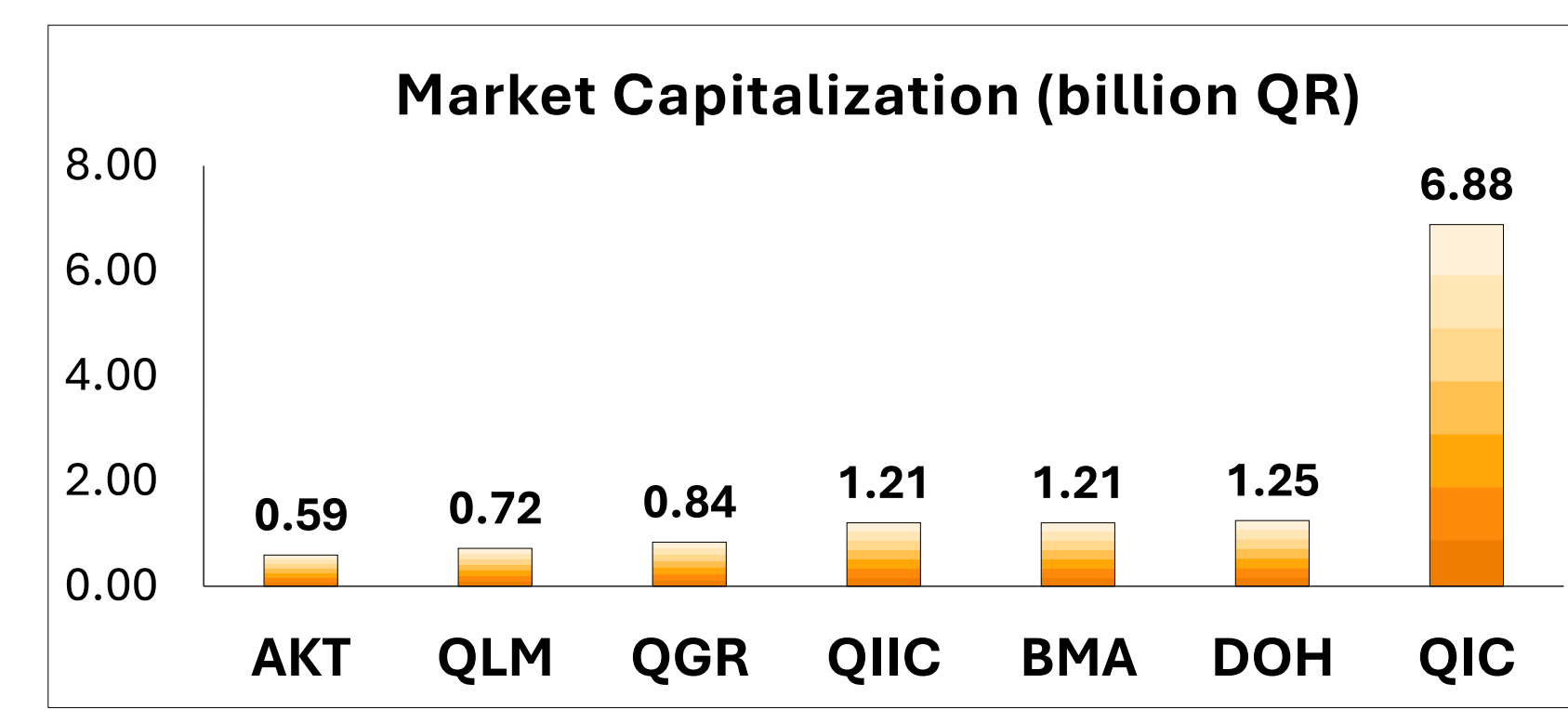
In today’s evolving financial environment, coupled with the growing focus on Qatar’s insurance sector, the investment allocation has a crucial role in shaping the financial performance of Insurance companies. The current study investigates the impact of investment allocation on the economic performance of insurance companies listed on the Qatar Stock Exchange. The empirical analysis measures financial performance using ROA and examines the influence of investment in equities, bonds, fixed deposits, managed funds, and real estate as a critical determinant in the main allocation model. Moreover, subgroup models were created to analyze each asset investment and other related factors across five subgroup models. The analysis is based on data retrieved from five listed Qatari insurance companies from 2019 to 2023. The findings suggest that investments in fixed deposits and real estate significantly enhance the profitability of insurance companies, while investments in bonds and managed funds have a positive impact, albeit statistically insignificant. In contrast, the results indicate that investments in equities significantly reduced the financial performance of Qatari insurance companies during the study period.

2 METHODOLOGY

1. Research Approach :
 The research employing a panel dataset to study time-series data from 2019 to 2023. Cross-sectional data from five insurance companies listed in Qatar will be used to analyze how investment assets, including fixed deposits, bonds, managed funds, real estate, and equities, along with control variables, influence the profitability measured by the ROA of these companies as illustrated in the diagram. The study uses the Fixed Effects approach to examine the allocation model. Additionally, the Random Effects model is employed for subgroup models to analyze each investment asset alongside its related control variables with ROA. Moreover, the research relies on reliable and valid data obtained from the companies’ financial reports, which are examined through diagnostic tests like the Hausman test to enhance the accuracy of the outcomes. This **research Hypothesizes** that investments in fixed deposits, bonds, managed funds, real estate, and equities each have a significant positive impact on the ROA of Qatari insurance companies.

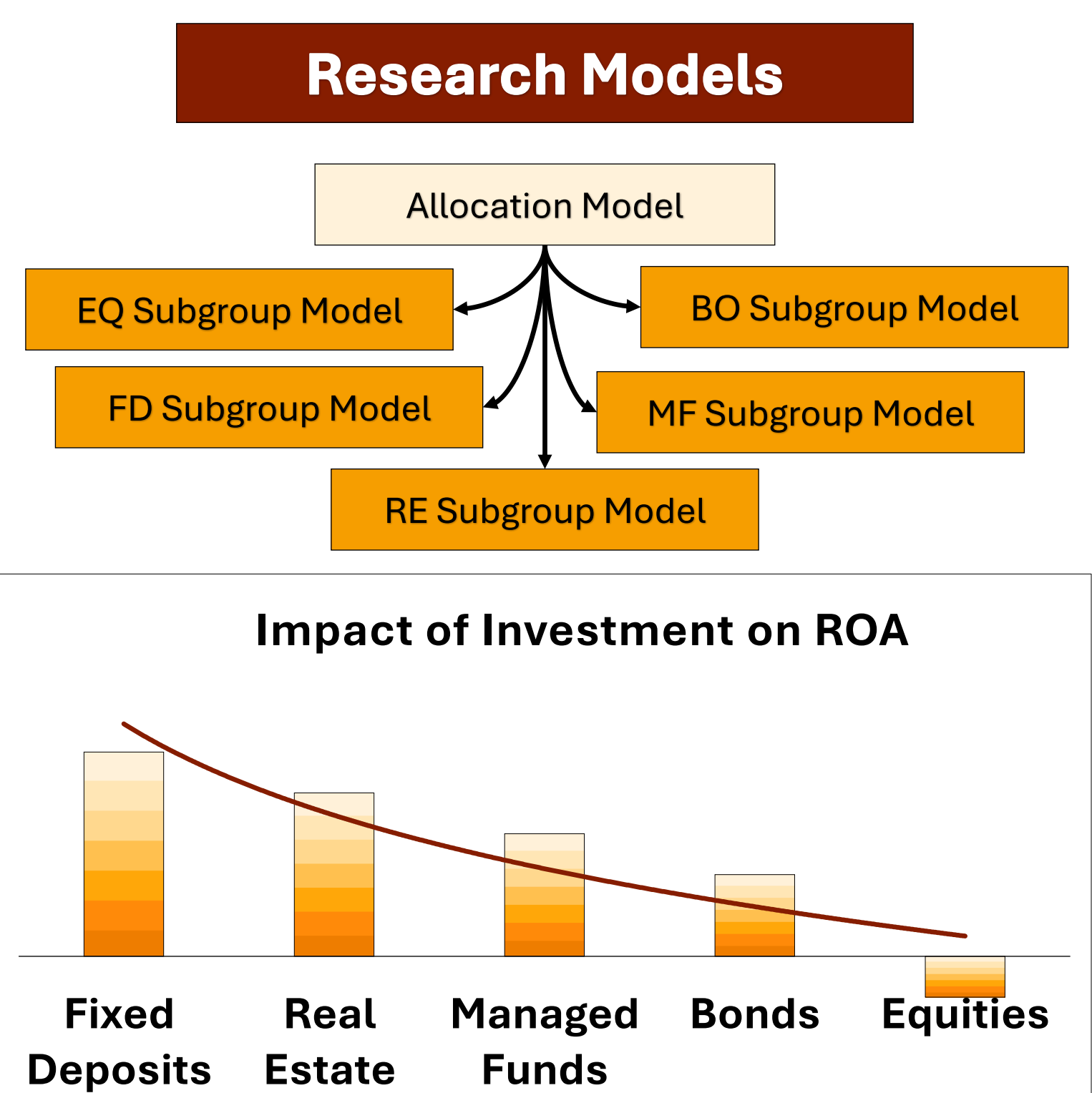


2. Sample Selection :
 As of 2023, according to the Qatar Central Bank, there are 47 insurance companies licensed in Qatar. The companies are divided into local and foreign insurance companies and have different characteristics, such as type of insurance framework, whether conventional or Islamic (Takaful) companies. This research targets the listed insurance companies on the Qatar Stock Exchange, including five companies reflecting 85% of the market share as presented in the table. However, the research framework period will analyze the active companies during the study period to ensure consistency by examining them in the same timeframe from 2023 to 2019.



3 FINDINGS & DISCUSSION

Based on the research findings gathered from the allocation model and sub-group models, as reflected in the diagram, investment in Fixed Deposits emerges as the most influential factor driving the profitability of Qatari insurance companies, with a coefficient of 0.792. This is followed by investment in Real Estate, which is the second most impactful asset, demonstrating a positive and significant contribution. The other assets included in the research such as Managed Funds and Bonds, also show a positive relationship with ROA; however, their influence lacks statistical significance, indicating a weak impact compared to Fixed Deposits and Real Estate. Lastly, investment in Equities exhibits a significant negative impact on financial performance, suggesting that higher investment in Equities reduces the profitability of Qatari insurance companies, as shown in the below graph.



4 CONCLUSION

The research findings emphasize the significant role of stable investments like fixed deposits and real estate investments in enhancing the profitability of insurance companies. The study also highlighted the necessity of cautious management and selection of equities, along with consideration of investment in managed funds and their associated costs. The insights from this research reach beyond the Qatari insurance sector, providing crucial contributions to explore wider academic research on investment allocation strategies and financial performance within the insurance sector. As the importance of the insurance sector in Qatar boosts in alignment with the evolving global financial landscape, these findings emphasize the critical need to adopt appropriate investment strategies to ensure the allocation of assets that provide sustainability and profitability.

5 REFERENCES

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