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RISK MANAGEMENT IN LIGHT OF CORPORATE GOVERNANCE

Abstract:

Corporate Governance operations are carried out by representatives of stakeholders to provide supervision of risk management and control risks of the organization and the emphasis on the adequacy of controls to avoid these risks, which leads to the direct contribution in the achievement of goals and increase the value of the organization, and perhaps is the question "of these actors that contribute to risk management based on rules of corporate Governance? "The answer to this question was the subject of this research to shed light on the concept of risk management and its relationship to the corporate Governance and identification of which can contribute to identifying, measuring and testing and evaluation of risk management. And to identify the extent of the commitment of both boards of directors and the internal auditor and external auditor and audit committees the requirements of corporate governance in risk management in the insurance company and diagnosis the negative and positive aspects of practical applications for risk management and submission of proposals that would increase the effectiveness of risk management in insurance companies The results showed that there is a recognition great importance to these agencies for their role in risk management but differentiated one from the other and to promote this awareness is necessary to Adhere to the principles and standards of the International Auditing and amending legislation related to the duties of these entities and the holding of training courses, continuing all management levels to familiarize them with the elements of corporate governance and effective role in risk management.

Keywords:

corporate Governance , Risk management , insurance company , internal auditor , stakeholders

JEL Classification: G30, G22, G32

Introduction:

The corporate governance is considered one of the most important means used to control the risk management mechanism and all its related issues to minimize its effects as well as the condition of uncertainty in the "decisions taking" by those who are responsible for the risk management, and the only way to achieve their goal is to apply the principals of corporate governance presented in: transparency, questionability, responsibility, justice and independency (Shehadeh, 2012), by an independent management assigned to follow up and monitor the policies and procedures related to the whole risk management of the corporate (all the corporate operations), this management will be questioned about achieving the corporate goals and about assuring both the shareholders and the stakeholders that the risks the corporate is facing are completely understood by their representatives and the management council.

And to guarantee that we have to encourage applying the principals of the corporate governance by finding parties to insure its implementation on the bases of the corporate success credited standards. These standards were set by the international union for insurance control through external parties (external auditor, actuarial specialist) and internal parties (management council, committee of auditing and internal control, internal auditor) (IAIS, 2009), and if all these parties played their roles in a correct manner and independency, taking to consideration rights of the shareholders, they will have an active role in the risk management in the corporate, and in guaranteeing the corporate capability for the insurance carriers and the beneficiaries, the researcher will focus on the role of each part of the insurance corporates risk management by using the following methodology:

Research problem:

The current international economy is facing a condition of uncertainty and instability, this made the insurance sector supervisors and monitors in many countries – Jordan is one of them – focus to play a more sharp and important role in revising and writing the regulations of the insurance sector, and the laws and bylaws it publishes in an attempt to protect the rights of the documents owners and to keep sustainability and the efficiency of the insurance activity, lots of arguments were also made about the showy role of the corporate management councils and what it caused in weakening the monitoring procedures in these companies and the rising risk effects, that caused the interest in corporate governance and its role in applying the risk management practically to shrink the risk effects, direct it towards making the corporate performance better, attract the investors and to develop and improve the competition level in the insurance sector.

And because of the clear importance of governance, four guidebooks were issued regarding the bases of governance in Jordan: The guidebook of Governance for Amman Stock market registered share holding corporates, issued 2007, the guidebook of corporate governance of banks in Jordan, issued 2008, the guidebook of small and medium corporates governance rules, issued 2012 and the guidebook of corporate governance instructions for the insurance corporates, issued 2006. The instructions determined the group of relations between the management council, the executive administration, the shareholders and the other stakeholders .

There for we can summarize the research problem in the unclear vision of risk management operations on all levels of the organization, organization parts, duties of each part and methods of coordination between them to support decision taking, many questions come to mind based on this and all about:

1- What is meant by risk management in insurance corporates? And is this management one of the corporate governance goals?
2- Who can handle the risk management in insurance corporates?

Research importance

Most of the money in the insurance sector is owned by the carriers of the insurance contracts and this represents an important portfolio, and a good investment financing source, not to forget the main goal of these corporates which is offering the security for individuals and for the different economic corporates against the risks they may face, and invest these savings in guaranteed investment channels to offer them the required financing to keep their commitments towards them, and it is getting more important because in that sector, there are 28 licensed working insurance corporates inside Jordan, and the total capitals of these corporates was (295.7) million JD and the assets were (718.8) million JD and the total of investments was (473.9) million JD by the end of 2013 (Insurance Commission of jordan, 2013), this made it important to take the needed precautions and procedures to manage and decrees the organized and unorganized risks, according to the best international practices that are committed to apply the principals of the corporate governance that is commanded to the management councils of the insurance corporates, the internal and external auditors, the auditing committee and the actuarial specialist, so they can achieve their goals of protecting and securing the insurance carriers, and the other parts dealing with the corporate and the corporate it self, which requires the raise of risk awareness associated with achieving these goals and strategies, monitor the commitment of the corporate in the risk management policy and all risk limits and the procedures to deal with and measure these risks, evaluate them, clarify them and govern them. And that helps the corporate to determine the insurance policies and implement them. (Insurance share subscription, pricing, reinsurance, compensations, keeping limits in addition to the investment policies).

Research goals

The research aims to achieve the following goals:

1- Clarify the definition of risk management in the insurance corporates and its relation with the corporate governance.
2- Set all the parts that may help in limiting, measuring, testing and evaluating the risk management.
3- Controlling the commitment of the management councils, the internal and external auditors, the auditing committees and the actuarial specialist for the

requirements of the corporate governance on the risk management in the insurance corporates.

4- Evaluate the negative and positive sides of the practical applications to the risk management and present the proposals that can help in raising the efficiency of the risk management in the Jordanian insurance corporates.

Research Hypothesis:

The research is based on the following main hypothesis:
There is an understanding to the term risk management by the responsible parts to apply the principals of corporate governance in the Jordanian insurance corporates.
And this hypothesis is divided into five sub hypothesis depending on the main vectors of the research axes:

1- There is a big role for the management council in the risk management of the Jordanian insurance corporates.
2- There is a big role for the auditing committees in the risk management of the Jordanian insurance corporates.
3- There is a big role for the internal auditor in the risk management of the Jordanian insurance corporates.
4- There is a big role for the external auditor in the risk management of the Jordanian insurance corporates.
5- There is a big role for the actuarial specialist in the risk management of the Jordanian insurance corporates.

Previous studies:

One of the most important studies is (Shawawrah, 2009) titled “Governance rules and evaluating its role in fighting and preventing from corruption in the Jordanian general shareholding corporates”
The aim of this study was to find out what is meant by corporate governance, its principals, rules, goals and means. And evaluating its role in shrinking the fighting within the corporates and minimizing the contradiction in the goals of the inputs of the Jordanian general shareholding corporates. The study results show that being committed to apply the principals of the corporate governance is an economic and social need and will definitely lead to fight corruption.
(Zier, 2006) titled “a suggested strategy to improve the activity of the governance in the Jordanian financial sector”
this study aims to present a suggested strategy to improve the activity of the governance in the Jordanian financial sector by reporting, and this study lead to the fact that there is shortage in the annual reports of banks which is shown by being not committed to report the corporate governance. And also there are no obligatory directions in the case of not committing to report the corporate governance in the annual report of the registered corporates in Amman stock market, specially in the financial sector.
(al-Mashhadani, 2012) titled “ auditing the corporate governance using the credited auditing standards, and showing the role of the corporate governance through determining the different principals and suitable rules to manage the corporates showing

the auditing modern directions specially what is associated with determining the standards of auditing the corporate governance on the bases of the known auditing standards, the study concluded that the Corporate Governance is known now as an important issue worldwide, under the current changes in which the private corporates play a big influencing role.
In another study (rational, 2013) titled “ the role of corporate governance parties in improving the financial performance of the insurance corporates, this study aims to know the role of corporate governance parties in improving the financial performance of the insurance corporates in Algeria , and the results of the study show that the corporate governance is an effective tool to monitor the insurance corporates, and the management council is considered the most important part because it can monitor the management of the corporate from inside, supervise it and evaluate it, and also the decisions the management council takes can influence the performance of any corporate.
And in a study made by (Eling & Marek, 2009) titled “ Corporate Governance and Risk Taking: Evidence from the U.K and German Insurance Markets” this study analyzed the effect of the factors associated with the corporate governance (compensation, ownership structure and monitoring) risk management in the European insurance companies and show the relation between the corporate governance and standing the risks by using the structural formula modeling Structural equation modeling .And the study assured that the Corporate Governance influences the Risk Management in the insurance corporates.
And (Spira & Page, 2006) titled “Risk Management Reinvention of internal control and the changing role of internal audit”, this study to the nature of the internal control job on the bases of Corporate Governance concentrating on the self organizing method for the procedures as part of the control sources and Corporate Governance policies. This study shows the development of report requirements of the Corporate Governance that offer a suitable chance to determine the related risks and the new role of the internal auditor to minimize these risks.
And in another study (Bansal & Bansal, 2014) “ Corporate Governance and Risk Management in Insurance Sector: A review of literature” , the study aimed to raise the knowledge and understanding of Corporate Governance specially after the international crisis 2008 which caused the international economic recession and to know the strategies of the governance and risk management in the insurance sector worldwide by presenting the previous writings about the Corporate Governance which became an obligatory though real practices in the insurance corporates, The results show a big difference in applying the principals of the corporate governance according to the nature to the insurance industry, the management council members, the stakeholders and the risks of the corporate, and each corporate follows a different method depending on the directional laws and principals, the behavior rules and the social responsibility.
Another study made by (Najjar, 2012) “ The Impact of Corporate Governance on the Insurance Firms performance in Bahrain”
This study aims to know the effect of the corporate governance on the Bahraini insurance corporates performance and also its role in minimizing the costs of

organization. This study was made on a sample of 10 Bahraini registered corporates between (2005-2010) , and it showed that applying the corporate Governance by the management council and the auditing committees influences the performance of the corporate through the ownership account, which assures the importance of the corporate governance on the corporate and the economy as a whole on the long run.

Theoretical Frame:

Risk Management definition on the bases of Corporate Governance:

Risk management is defined by some of the insurance writers (George, 1998) as the chain of connected procedures and functions related to dealing with risks, controlling them, preventing them from happening, reducing the losses caused by them in a way that suits the goals of the corporate and achieving the balance between the different connected interests, while some others see that risk management (pritchett, 1999) is defined as the decision making operation by which the organization and the individual can reduce the negative results of the risk, so risk management works on reducing the costs related to risks, and it can be defined as the scientific entrance to deal with the risks by expecting their losses and designing and implementing some procedures to reduce the losses or the financial effect on the losses to the minimum (Hamza, 2004).
We conclude that the operation of risk management is a comprehensive task on the firm level and that leads to apply the risk management in an integral way in addition to the ability of understanding the mutual relations between all kinds of risks in the corporate. Where we can not evaluate the results of the risk separately from the other risks of any company's work, and also improve the organization economic actions by improving the risk management , and this definition should not be dealt with as negative (danger) but to look at it in a positive way i.e. the danger is considered the key of driving the organization activities and that the corporate governance is considered a strategic response by the organization against the risk, so every corporate should have a suitable written policy to manage the risks to the volume of the work and the nature of its activities, this policy should determine the risks as soon as possible, measure them, evaluate them, report them and include them and to assure the efficiency the policy should:

a- Cover all the operations of the corporate and determine clear measurements and limits to all kinds of risks, and the procedures to deal with them, it’s a must to assure that all the employees are of full awareness of them at their management level
b- Monitor the corporate commitment of using the risk management policy on the bases of risk limits.
c- The corporate should follow some procedures to guarantee the reception of information in the correct timing by the decision makers regarding any mistakes and steps needed to solve these over takings and to follow up its implementation.
d- Constant evaluation for the procedures and policies of risk management and its limits, under the problem dangers that may appear, the corporate strategy and the market development.

And the corporate should also put the required internal arrangements to manage and control all the risks in all the corporate operations. The risk management is considered a main part of the corporate governance that can be defined (IRDA, 2009) as " the group of laws and bylaws and decisions that aim to achieve the quality and the specialty by choosing the suitable and effective ways to achieve the goals and plans of the organization", in other words it is the procedures used by the representatives of the project owner or the stakeholders to have a full control on the risks the project may face. The risk management can not implement its work except through cooperating with the bases and the parts of governance by some procedures used by the representatives of the stakeholders to provide supervision on the risks and managing them, and control the organization risks and assure that the control restrictions are enough to avoid these risks and this will cause to participate directly in achieving the goals and keeping the values of the organization (Organisation for Economic Co-operation and Development (OECD), 2014), taking to consideration that the performance of the governance activities is the responsibility of the stakeholders in the organization to achieve the efficiency. We might ask: who are the parties that will participate in risk management on the bases of corporate governance? The next paragraph will answer that:

Parts of organization responsible for the management on the bases of corporate governance principals:

A- The internal parts:

First: Management council

Management council is considered one of the monitoring parts inside the corporate and, it also supervises the work and evaluates it and the council can design the incentive contracts to connect the salaries with the performance, we can see that the strong management council participates in determining the corporate strategy and offers the suitable incentives and monitor the behavior of the management and corrects its performance so that the corporate value will rise. The management council is considered the most important principal of the corporate governance because it represents the top of the governance frame and the main function that is played in minimizing the costs that can be achieved by separating the ownership and the authority of decision making, from another side we find that the management council of the corporate plays an important role in determining the strategic goals of the corporate and deciding the general strategies and policies that control the work, the decisions of the management council has a big influence on any corporate performance. From the organizational side and because of the quantity of duties implemented by the management council it forms specialized committees, each committee takes a certain mission, and here we mention the missions of the governance committee:

A- Determine the strategic goals and the required procedures of the corporate to supervise the implementation of these goals and procedures and evaluate them, and revise these goals and evaluate the commitment of applying that annually or through the year if required.

B- Accepting the organizational frame of the corporate and deciding the systems and internal directions to determine the tasks of the executive department of the corporate and its authority as well, in a way that guarantees achieving the administrative and financial control on the work of the corporate.

C- Put the procedures to guarantee the commitment of the corporate to the laws, the bylaws, the directions and the decisions and any other related laws.

D- Guaranteeing that there is a management system that suits the size of work and the nature of the corporate activities and covers all the operations and finding an effective mechanism to guarantee the steady evaluation of the Risk management policy.

E- Taking the required procedures to report any information related to the corporate financial possession and provide the stakeholders with these information in the correct time.

F- Put a work plan to implement the principals of the corporate governance mentioned in these directions and other laws and revise it and evaluate its implementation in an annual manner.

Committee of Sponsoring Organizations of the Tread way Commission (COSO) indicated that the management council should monitor the risks that surround the monitoring system in the corporate, the members of the management council should follow two law standards the first is measuring the care duty that requires working with high faith and loyalty and be aware of all the cases of the organization and attending the meetings regularly and have a full belief that working with the corporate is worthy (COSO, 2011), and the standard of loyalty duty that requires them to avoid using their possessions to collect personal benefits and work for the best of the organization and to be trusty in their work practice, the management council can find an administration or a committee to handle the risk management, its responsibility includes (NACD,2000) :

1- analyze all the risks related to the activities of the project, for example credit risks, market liquidity and bank operations.
2- Improve the methodologies of measurement and accuracy for each kind of risks.
3- Determine the risk ceilings and register the exception cases of risk management policy
4- Provide the management council and the higher executive administration with information about risk assembly in the organization.
5- To achieve its mission this department should cooperate with the other available departments in the organization.

Second: The internal auditing.

The internal revision was defined as an independent job inside the organization aims to serve it by testing and evaluating the various activities and represents the internal goal in helping the organization members to execute there responsibilities effectively and the term “internal” for this kind of revision came because it is part of the internal management of the organization. And the role of revision differs from a corporate to another because determining the techniques of the internal revision refers to the corporate itself and not determined by professional laws as it in the external revision. The internal auditing is considered one of the main keys of the governance, and this made the institute of Internal Auditors develop standards and job behavior standards to face the new environmental changes took place a result of the financial collapses allover the world, Felix & Maletta (1996) see that the management asks the internal auditor to help in providing them with the assurance of the following:

1- Determine and monitor the risks actively and efficiently.
2- Control the organizational operations in an efficient, active and influent way.
3- The efficiency of the organizational operations in the corporate.

In the guide book of the corporate governance of the banks in Jordan, it is assured that the main responsibility of the internal auditing management should deal with the risks by revising at least the financial reporting operations and their complying to the internal bank policies and standards, and the international procedures and laws and the related directions (Insurance Commission of jordan, 2013).

Third: The Auditing Committee

With reference to paragraph (B) article 45 and paragraph (B) article 108 of regulating the insurance work law (33) year 1999 and its corrections, The management council of the Insurance committee declared that the management council of the corporate should assemble an auditing committee consists of the president and two members and one of them should have an experience in auditing or financing. The reliabilities of the auditing committee and its missions should be clarified to help the committee in achieving its work and that includes (Insurance Commission of jordan, 2013):

1- give a recommendation to the management council to choose the external auditor to be voted on by the general assembly.
2- Monitor how comprehensive the external auditing systems of the corporate are.
3- Revise the incoming notes and reports of the insurance committee, the external auditor and the internal auditor and follow up with the taken procedures and actions.
4- Insure the accuracy of the financial information and the accounting and monitoring actions and its safety by the internal auditor before providing it to the management council of the corporate.
5- Assure the corporate commitment to the laws, bylaws, directions and decisions of the corporate.
6- Attend all the meetings held with the external and the internal auditor, and the actuarial specialist once a year at least and without the presence of any member of the executive administration.

This show that the presence of an auditing committee that has effective reliabilities and has the right to practice its monitoring role on the internal and external auditing, and following up their reports to assure the organization management is executing what these reports have of results and recommendation. The role of the auditing committee on the bases of corporate governance is to help the management council to execute its supervising responsibility and insure the integration of the financial reports, and the corporate commitment to the organizational laws and to assure the independency of the internal and external auditors (Tysiac, 2012).

B- The External Aspects:

First: the External Auditor

It is the revision made by an independent person from outside the corporate to test the accounting information that is located to the external auditor to give an accepted creditability for the users of these information (shareholders, investors, re-insurers), it plays an effective role in the success of the corporate governance as it minimizes or ends the contradictions between the shareholders and the management and it cancels the differences in the information included in the financial lists, the external auditor gives trust and creditability to the information by certifying the financial lists made by the corporate after revising them to assure the correctness of the provided information, the external auditor makes detailed reports attached to the financial lists, and this revision extends to the actuarial specialist reports (Boubakri, 2011), the requirement of corporate governance requires the cooperation between the corporate management and the external auditor and should be described as transparent for the exchange of information and the independency of the auditor and take his opinion curiously when the corporate locates the weaknesses, and for the procedures of guaranteeing the independency of the auditor to protect the interests of the previous stakeholders which is influenced by the corporate performance, that means the employees of the auditing office should comply to the monitoring standards on the performance quality, experience and efficiency wise.

All the operations of the auditing office should comply to the good supervision in all its levels and put a determined policy for recruiting in the auditing office and raise the capabilities through sustainable educational procedures and programs. The external auditor understands the internal auditing actions to reach an initial evaluation for the kind of these procedures and its suitability to the risks it is facing, for that testing the internal monitoring by the external auditor determines how far he is convinced in the monitoring risks and levels (al-Tamim, 2006).

Second: The Actuarial Specialist

The Actuarial Specialist is defined as the person who gathers between understanding and comprehending the theories and applications in mathematics, statistics, economy and financial science and uses this in measuring the future risks and suggests the solutions to all problems take place. (Townsend, 2014), He is a very high skilled specialized person who is aware of all the operations of the insurance corporates, including the development, pricing, managing the products, determining the volume of reserves the corporates should keep to face the financial obligations, and designing and evaluating the financial credibility plans and programs to achieve the strategic goals besides marketing and rivaling analysis to the corporates files and manage their risks (Brickley, 2000).

And for that axial role of the actuarial specialist the insurance corporates in Jordan need to provide the insurance committee with a certificate from the actuarial specialist annually that includes correctness of the final financial information of the corporate, and it is also credited by the International Association of Insurance Supervisors (IASI) as an effective and prime element in applying the corporate governance in the insurance corporates and included in the administrative structure who is responsible for monitoring and supervision operations and determine the nature of relation with the other related parts involved in applying governance by putting a clear definition to the roles and responsibilities of every part and also arrange an official connection between them. Also assure the independency of the actuarial specialist job all the related parts in the insurance corporate, he is the responsible person in front of the management council and the supervising committees for the reports and applications presented, and the results of given analysis and studies, and he is an important link to assure the transparency of some complicated technical sides in calculating the risks and compensations that might be a source of cheating and manipulation by the management of the corporate (Reichert & Rodney, 2009) .

We can summarize some of the missions and responsibilities of the actuarial specialist to help the management council to supervise as:

1- Involve the actuarial specialist in the preparation of financial reports and consider his opinion.
2- To cooperate with the internal and the external auditors in the revision operations and reports.
3- Revising and evaluating the internal auditing and provide the management council with the regular reports about the performance of the internal auditing.
4- Determine the approximate calculations like (technical allocations, keeping limits, re-insurance) and include them with the reports.
5- Revising the evaluations of the direct requirements and the technical allocations, and make sure they fulfill the corporate obligations.

The Practical side:

Study Methodology, collecting the information and the analyzing tools:

The qualitative analysis methodology was used in this study by counting on the books and magazines in its theoretical aspect, and in its practical aspect it depended on survey filling to collect the required information, this survey included five main axes to measure the role of five parts in the risk management, it was distributed on each of the members (management council, auditing committees, internal and external auditors and the actuarial specialist) of all the Jordanian insurance corporates. Some statistical methods were used to analyze the results like the average, standard deviation and "T" test for one sample.

Focus group and study sample:

The focus group consists of all the active Jordanian insurance corporates (28 companies) general and life insurance. 90 surveys were distributed on a random sample of the parties (management councils, auditing committees, internal and external auditors and the actuarial specialists), 70 surveys were collected back and that was the research sample, the following is a description for the sample.

Table (1)

Variables	Categories	Frequency	Percentage
Job possession	Management council member	22	31.43 %
	Internal auditor	25	35.71 %
	Auditing committee member	12	17.14 %
	External auditor	8	11.43 %
	Actuarial specialist	3	4.29 %
Educational level	Bachelor degree	48	68.57 %
	Masters	15	21.43 %
	PhD	7	10.00 %
Specialization	Financial science	19	27.14 %
	Accounting	22	31.43 %
	Business administration	24	34.29 %
	Other specializations	5	7.14 %
Years of experience	1-5	23	32.86 %
	6-10	15	21.43 %
	11-15	12	17.14 %
	15 and above	20	28.57 %

- Table (1) shows that the job position included five categories, the biggest was the internal auditors (25), management council members (22), members of the auditing committee (12), external auditors (8) and actuarial specialists (3)
- And it also shows that the concentration was in the Bachelor degree category for the educational level variable, with 68.6 %, then the masters 21.4 % and the PhD 10 %
- And it shows also that the most frequent specializations were accounting, banking and financial science and business administration, and there were some other specializations like IT and economy all collected under the category other specializations.
- From the table we see also that most of the members in the sample were of (1-5) years experience 23 persons represent 32.9 % and the least category was (11-15) years and that is 17 %

Results review and discussion:

The answers of Survey

For the purpose of having a qualitative analysis of the information we used the average and the standard deviation to recognize the role of management council members, auditing committee, internal and external auditors and the actuarial specialists in risk management and also to know which of the activities these parts are committed or not committed to and to locate which of them is more involved in the risk management. And the following is a review for the results:

Roles of responsible parties in the risk management:

Research axis	Average	standard deviation	Percentage	order
Role of management council members	3.58	0.141	86 %	1
Role of auditing committees	3.52	0.274	84 %	2
Role of internal auditor	3.32	0.380	77 %	3
Role of external auditor	3.29	0.389	76 %	4
Role of actuarial specialist	3.26	0.418	75 %	5

- The percentages were calculated on the bases of the maximum value of the answer standards (3)
- The average for the axis related to the role of the members of the management council in risk management was 2.58 that is 86 % and this is a very high percentage and can be an indicator the management council is the category that handles risk management in the first place.
- The auditing committees came second with an average of (3.52) and that is 84 %
- The internal auditor came third with an average of (3.32) and 77 %
- The external auditor came fourth with an average of (3.29) and 71 %
- The actuarial specialist came last with an average of (3.26) and 71 %
- We notice that all the averages for all axes were over (3) and that reflects the interest of the responsible part to apply the corporate governance to mange the risks in the corporate.

Third: testing the hypothesis

Main hypothesis

The risk management term is fully understood by all the parts of the corporate governance in the Jordanian insurance corporates, and for testing the main hypothesis a comparison will be made between the average that we got from the survey answers, and the average for the tool with (3) as a value depending on the members' answers distributed on Likert Scale, by using "T" test for each sample of (SPSS) program, we can get the result shown in table (3) results of testing the main hypothesis

Result	"T" Value	Average	standard deviation	Significance level
Accept	17.65	3.39	0.38	0.000

From the previous table we conclude that the average for the answers of the sample to all the phrases related to recognizing the term risk management was (3.39) with a standard deviation of (0.38), and this is a high percentage compared to measuring tool average, and this is explained as a proof of understanding the term risk management by the parties who are responsible for applying the corporate governance in Jordan. And "T" calculated value was (17.65) which is higher than the table value, and that means there are statistical differences at the significant level (0.05) and that is because of the understanding to the term risk management by the parties applying the corporate governance, we accept the hypothesis

First sub hypothesis:
There is a big role played by the management council in risk management inside the Jordanian insurance corporates. Results of test "T" show differences between a sample and a constant value. The calculated value of "T" was (15.83) which is greater than its table value (1.98) and that means there are differences at the significant level (0.05) and that refers to the presence of the role of the management council in risk management, the significant level for this axis was less than (0.05), so we can say that the sample members agree on the importance of the role of this axis.

Table (4) results of testing the main hypothesis

Result	"T" Value	Average	standard deviation	Significance level
Accept	15.83	3.58	0.14	0.000

The second Sub hypothesis
It associates with the role of the auditing committees in risk management inside the Jordanian insurance corporates, Results of test "T" show differences between a sample and a constant value. The calculated value of "T" was (21.13) which is greater than its table value (1.98) and that means there are differences at the significant level (0.05) and that refers to the presence of the role of the auditing committees in risk management, the significant level for this axis was less than (0.05), so we can say that the sample members agree on the importance of the role of this axis.

Table (5) results of testing the main hypothesis

Result	"T" Value	Average	standard deviation	Significance level
Accept	21.13	3.52	0.27	0.000

The third Sub hypothesis
Results of test "T" show differences between a sample and a constant value. The calculated value of "T" was (25.56) which is greater than its table value (1.98) and that means there are differences at the significant level (0.05) and that refers to the presence of the role of the internal auditor in risk management, the significant level for this axis was less than (0.05), we can say that the sample members agree on the importance of the role of this axis.

table (6) results of testing the main hypothesis

Result	"T" Value	Average	standard deviation	Significance level
Accept	25.56	3.32	0.38	0.000

The fourth Sub hypothesis

Results of test "T" show differences between a sample and a constant value. The calculated value of "T" was (22.5) which is greater than its table value (1.98) and that means there are differences at the significant level (0.05) and that refers to the presence of the role of the external auditor in risk management, the significant level for this axis was less than (0.05), we can say that the sample members agree on the importance of the role of this axis.

table (7) results of testing the main hypothesis

Result	"T" Value	Average	standard deviation	Significance level
Accept	22.5	3.29	0.39	0.000

The fifth Sub hypothesis

Results of test "T" show differences between a sample and a constant value. The calculated value of "T" was (20.17) which is greater than its table value (1.98) and that means there are differences at the significant level (0.05) and that refers to the presence of the role of the actuarial specialist in risk management, the significant level for this axis was less than (0.05), we can say that the sample members agree on the importance of the role of this axis.

table (8) results of testing the main hypothesis

Result	"T" Value	Average	standard deviation	Significance level
Accept	20.17	3.26	0.42	0.000

Conclusions and Recommendations:

First: The Conclusions

The research lead to the following conclusions:

1- The corporate governance is considered one of the main reasons in improving the performance of organizations by improving the risk management using the application of principals and bases and determining the parties and distributing responsibilities and liabilities between them to limit the risks.

2- There is an understanding by the responsible parts for their responsibilities of risk management, not for the share holders only, but for the insurance contracts carriers, as they own the savings of the corporate and also towards the other insurance dealers.

3- The management council is considered the most important part of the corporate governance because it is one of the internal monitoring parts and it monitors the management, supervises it and the decisions it makes are of big influence on its performance.

4- The integration between responsible parties for risk management leads to providing various systems for risk management and that leads the corporate to support its strategies and achieve its goals.

5- The monitoring tools differ inside the organizations but they all meet in assuring the importance of the internal auditor's role as an effective job for the management, the auditing committee, and both the internal and external auditors, for that, it is important to re-engineer this job according to the modern international standards and provide it with the qualified employees and raise its independency to handle its role in the risk management.
6- The results show that the role of the external auditor is weak and limited in testing the procedures of the internal auditor, and there is no mentioned cooperation between him and the other parts.
7- The results also show that the role of the actuarial specialist in risk management came in the last position in spite of his importance in the insurance corporates specially the life insurance companies.
8- The results show the absence of ties between the actuarial specialist, the internal auditor and the external auditor regarding the issues related to their performance.
9- The absence of sustainable training programs for the auditors and the management council, and this leads to a misunderstanding to their role in risk management, and affects their ability to implement their job efficiently in a way that supports the corporate governance rule.

Second: The Recommendations

1- It is important to determine the clear lines of responsibility and the ability to question, and get the maximum benefiting of the internal and external auditors, the auditing committee and the actuarial specialist, as they are practicing an important role of monitoring, recommendations of some specialized organizations can be used, like the recommendations of the International Association of Insurance Sector monitoring (IAIS).
2- Assure the independency of the internal and the external auditors and also the actuarial specialist, by determining the recruiting and salary setting procedures.
3- Raise the capability of the employees by holding sustainable training courses to make them familiar with the organization, laws, bylaws, unit and department liabilities and responsibilities and raise their awareness of the corporate governance principals.
4- Commitment to the international standards in re-engineering the internal auditing job in a way that supports its contribution in following up and evaluating and analyzing the organizational risks and the related monitoring tools. And put standards to rule the relation with the actuarial specialist for auditing and revision operations.
5- It is important to hold specialized courses for the internal and external auditors and the actuarial specialist by the profession organizers to develop their skills in reinventing the ways and methods they use in order to support their role in minimizing the negative effect of the risks that may face the corporate work.
6- Support the role of the actuarial specialist in the questioning by putting the standards used in the actuarial work performance, and determine the regulations associated with his responsibilities in the governance committees.

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