The Role of Accounting Disclosure in Enhancing Solvency: A Case Study on the National Insurance Company for the Period 2022-2023

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Abstract

This study aims to explore the role of accounting disclosure in enhancing the relevance of financial statements and their appendices for the National Insurance Company. A questionnaire was distributed to collect information from a sample of 50 individuals from the study population, which includes both employed and independent accountants. The data were analyzed using the SPSS program. The study found that appropriate accounting disclosure has an impact on financial statements, particularly their appendices, by enhancing the relevance characteristic. The annually or periodically disclosed financial information contributes to future forecasting of the company's activities. The company is committed to achieving relevance in financial statements in a way that aligns with the needs of information users, by providing timely, supported, and verified numerical financial disclosures. This assists in making decisions related to the company's future risks.

Keywords: Accounting Disclosure, Relevance, Financial Statements, Financial Information Users, National Insurance Company (CAAT).

Jel Classification Codes : M41. M48. G33. G22.

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1. Introduction:

The Financial Accounting System mandates that institutions adhere to core functions, including the presentation, measurement, and disclosure of their financial and accounting information in a manner that aligns with the needs of financial information users, as required by the Financial Accounting System. Disclosure is given particular importance due to its impact on users of financial statements, and effective disclosure results in high-quality financial statements that benefit various users in a timely manner. Additionally, essential characteristics of accounting information contribute to the overall quality of accounting information. Among these essential characteristics is relevance, which holds significant importance as stated in various sections of the Financial Accounting System.

1.1. Research Problem: Based on the above, the main research question can be posed:

To what extent does accounting disclosure contribute to enhancing the relevance of financial statements?

1.2. Hypotheses: To answer the research question, the following hypotheses were formulated:

- There is a logical link between accounting disclosure and the characteristic of timeliness.
- There is a significant relationship between accounting disclosure and predictive value.
- There is a connection between accounting disclosure and confirmatory value.

1.3. Significance of the Study: The significance of the study arises from the importance of the topic in the field of accounting. Accounting disclosure is a crucial function emphasized by international accounting standards and the Algerian Financial Accounting System. Focusing on a single qualitative characteristic of accounting information, namely relevance, adds precision and detail to the topic by linking disclosure to relevance.

1.4. Study Objectives: The study aims to achieve several objectives, including:

- Understanding the impact of accounting disclosure on relevance in accounting literature.
- Determining the extent to which users of financial information rely on accounting disclosure in financial statements.
- Clarifying the importance of disclosed data and information for decision-making.
- Explaining the methods of accounting disclosure according to the rules of the Financial Accounting System.

1.5. Research Methodology: The study relied on the descriptive analytical method in the theoretical part of the research, reviewing previous studies on the topic and defining the concept of accounting disclosure in the Financial Accounting System and its relation to relevance. A field study was then conducted to examine the relationship between disclosure and its role in enhancing relevance by analyzing the results of a questionnaire distributed to the sample group.

1.6. Key Previous Studies:

- **Paul Chaney and Others, Chaney 2007-2008***The Quality of Accounting Information in Politically Connected Firms (Chaney & Kaney, 2007/2008)*, This study aimed to assess the extent to which managers of public companies comply with market requirements for publishing the required accounting information and maintaining quality accounting information. It also explored how, often, a company's general manager is its largest shareholder, using their influence in the company and personal ventures. The study employed a descriptive method and concluded that accounting information from public companies is often of lower quality than automatically prepared information. Public companies frequently lack regular financial statements or fail to have them audited, and many do not publish their financial statements.

- **C.O. Mgbame, Ph.D., and Ohio Reneu Jude Ikhathua***Accounting Information and Stock Volatility in the Nigerian Capital Market: A Garch Analysis Approach 2013 (Mgbame& Ohio Reneu, 2013)*,This study aimed to identify the qualitative characteristics of accounting information quality and key factors influencing stock volatility in Nigerian financial markets. The study's problem centered on insufficient disclosure of accounting information in financial statements, which display actual performance without adequate attention to disclosed information. A deductive, inductive, and descriptive approach was used. Results showed that accounting information has essential qualities for relevance and usefulness in stock volatility, and that accounting data prepared under the historical cost principle improved information quality.

- **Iman Zare***Qualitative Characteristic of Accounting Information in Reported Values of Goodwill and Intangible Assets: A Case Study of the Stock Exchange of Iran, 2012 (Zare, 2012)*, This study aimed to determine whether accounting information possesses qualitative characteristics of reliability and relevance for decision-making and its impact on market values, with a focus on goodwill and intangible assets in financial reports. The study used descriptive and deductive methods and concluded that there is a specific positive relationship between the fair valuation of goodwill and intangible assets and the qualitative characteristics of accounting information. Accounting information prepared in line with international financial reporting standards is generally of high quality.

- **Céline Michaïlesco, 2010***The Determinants of the Quality of Accounting Information Disclosed by French Listed Companies (Michaïlesco, 2010)*, This study aimed to measure the qualitative characteristics of accounting information and the quality of accounting disclosure in financial reports, comparing accounting standards and principles applied in France with those in the UK, Sweden, Japan, and Spain. It sought to improve the quality of accounting information and accounting disclosure and meet the needs of users and analysts of French corporate accounting information. The study found that the quality of accounting information and accounting disclosure in financial reports from French companies does not meet the requirements of markets and users, as there is no mandatory application of international disclosure standards.

2. Theoretical Framework of Key Concepts in Accounting Disclosure and Relevance

Accounting disclosure plays a crucial role in providing value and utility to the accounting data and information contained in financial statements and their appendices, which the company prepares annually. The goal of disclosure is to present a true and fair view of financial information, assisting users of these statements in making sound decisions with information that possesses characteristics, including relevance.

1.2 Definition of Accounting Disclosure

- **First Definition:** "Accounting disclosure generally refers to the provision of data and information to users in an accurate and suitable format to help them make decisions. This includes both internal and external users of information" (Hanan, 2009, p. 119).

- **Second Definition:** "Disclosure of financial information entails that financial reports include all necessary and essential information to give users a clear and accurate picture of the accounting entity" (Al-Shirazi, 1990, p. 89).

2.2 Essential Elements of Accounting Information Disclosure (Al-Sweity, 2008, p. 76)

Disclosure of accounting information in published financial statements relies on the following main elements:

❖ **Target User of Accounting Information:**The users of accounting information vary, and their methods of using this information differ. Some use it directly, while others use it indirectly. Examples of users include current and potential owners, creditors, financial analysts, employees, and government entities concerned with social matters, among others.

❖ **Determining the Purposes for Which Accounting Information Will Be Used:**The purpose for which accounting information is used must be linked to an essential element, known as the relevance characteristic. Relative importance serves as the quantitative criterion that determines the amount of accounting information to be disclosed, while relevance is the qualitative criterion that defines the nature or type of accounting information to be disclosed. Therefore, the relevance characteristic requires a close relationship between the method of preparing and disclosing information and the main purpose of using it.

❖ **Determining the Nature and Type of Accounting Information to be Disclosed:**Currently disclosed accounting information includes financial data in traditional financial statements such as the balance sheet, income statement, cash flow statement, and statement of changes in equity, in addition to essential information presented in the notes accompanying the financial statements. These are prepared following a set of principles, assumptions, and conventions, resulting in restrictions on the type and amount of information shown in these financial statements.

- **Determining Methods and Means of Disclosing Accounting Information:**Proper disclosure requires that information be presented in financial statements in a manner that is easy to understand, and that it is logically organized, focusing on the essential matters.

3.2 Types of Disclosure (Al-Shirazi, 1990, pp. 331-344)

- **Full Disclosure:** Refers to the comprehensiveness of financial reports and the importance of covering any information that significantly impacts the reader.
- **Fair Disclosure:** Emphasizes a balanced consideration of the needs of all relevant parties, focusing on ethical objectives related to justice and equality among financial statement users by presenting facts about company activities to help them make sound decisions.
- **Adequate Disclosure:** Indicates the minimum amount of information that must be made available, which must be fair and comprehensive. It is widely used by professional organizations and many authors and researchers. According to this concept, appropriate information is provided that aligns with the needs of information users, helping them make sound decisions in a timely manner.
- **Protective (Traditional) Disclosure:** Aims to protect the financial community, especially the ordinary investor with limited ability to use financial information. Consequently, financial information should be as objective as possible to prevent misuse, even if this means excluding much potentially relevant information. Protective disclosure requires the revelation of various aspects, such as accounting policies, changes in accounting policies, correction of errors in financial statements, changes in the nature of the accounting entity, potential gains and losses, financial commitments, and subsequent events.
- **Relevant Disclosure:** Involves disclosing any relevant information (which may include a considerable degree of estimation and personal judgment) intended to support decision-making, such as disclosure of financial forecasts.
- **Comprehensive Disclosure:** Requires that economic events be accurately represented to provide all essential financial information. Comprehensive disclosure has been criticized, with Kaisso noting, "Accountants have long recognized that attempting to present all the necessary information about an entity in financial reports is a highly challenging task."
- **Informative Disclosure:** Entails the disclosure of information suitable for decision-making purposes, such as disclosing financial forecasts by separating ordinary and extraordinary items in financial statements. This type of disclosure can reduce the need to seek additional information through informal internal sources, which may result in benefits for certain groups at the expense of others.

4.2 Definition of Relevance (Al-Shirazi, 1990, p. 275)

Relevance means that the information has the capacity to influence the decisions of financial statement users. It is known that relevance, as one of the qualitative characteristics required in accounting information, necessitates two main elements:

- The information must have predictive power.
- The information should enable the decision-maker to verify previous expectations. It should be noted that the relevance characteristic should align with the main objective of financial statements, which is to provide useful information to guide investment, credit, and other decisions.

3. The Financial Accounting System and the Relevance Characteristic

3.1 Relevance Characteristic in Law 07-11 of 25-11-2007:

According to the legal texts of the Financial Accounting System, relevance of financial information is emphasized as follows:

- Article 6 of Law 07-11 states that the Financial Accounting System includes a conceptual framework for financial accounting, as well as a chart of accounts, accounting rules, and principles, specifically: accrual accounting, going concern, comparability, and the precedence of economic over legal reality. These must be met for information to be relevant.
- Article 7 of the law indicates that "the conceptual framework for financial accounting serves as a guide for establishing accounting standards, interpreting them, and selecting the appropriate accounting method when certain transactions and events are not addressed by a standard or interpretation."
- Article 27 mandates that financial statements be finalized within four months of the fiscal year's end to prevent the information contained in the financial statements from losing its relevance and timeliness for users due to delays. This allows sufficient time for preparers to complete and present the statements, adding another dimension to relevance.
- Article 37 permits entities to change estimates or accounting methods if the aim is to improve the quality of financial statements, making them more relevant, understandable, comparable, and cost-effective.
- Additionally, Article 39 prohibits any changes in accounting policies and methods unless explicitly mandated by new regulatory guidance, ensuring consistency over periods and enhancing the relevance of financial statements.

3.2 Relevance Characteristic in Executive Decree 08-156 of 26-05-2008:

This decree clarifies relevance as follows:

- Article 2 of Executive Decree 08-156 references relevance by noting the "agreements and accounting principles that must be adhered to and the qualitative characteristics of financial information," with relevance being one of these characteristics.
- The Financial Accounting System emphasizes relevance by outlining the objectives of the conceptual framework in Article 3: "The conceptual framework for financial accounting aims to assist users in interpreting information contained in financial statements prepared according to accounting standards."

According to Article 4, every entity's accounting must:

- Be based on an organization that meets the requirements for maintaining, controlling, gathering, and transmitting information for processing purposes. This implies that timeliness—a sub-characteristic of relevance—is required in information transmission.
- Article 8 of Executive Decree 08-156 asserts that accounting information must possess qualitative characteristics such as relevance, accuracy, comparability, and clarity: "The information provided in the financial statements must possess the qualitative characteristics of relevance, accuracy, comparability, and clarity." Thus, relevance is clearly stated.
- Article 15 of the decree links relevance and comparability: "Consistency and comparability of accounting information across successive periods require continued application of rules and methods."
- Article 19 emphasizes the balance between relevance and reliability, stating: "To provide a true and fair view" and "to provide appropriate information," highlighting relevance with the phrase "to provide appropriate information."

3.3 Relationship Between Disclosure and Relevance

Many researchers argue that achieving adequate disclosure in financial statements requires reevaluation of the concepts guiding the preparation of financial statements. The first step in this process is to prioritize the qualitative characteristics of accounting information, with relevance being deemed more significant than other characteristics because it is the primary criterion around which the concept of proper disclosure revolves.

The prioritization of relevance over other characteristics has led to a broader scope of disclosure in published financial statements in various aspects. For example:Disclosure of financial forecasts and projections, accompanied by calculated risk disclosures regarding the accuracy of this information, is required.

From these observations, it can be concluded that there is a relationship between disclosure and relevance, as reflected in the following statements:

- "Prioritizing relevance over other characteristics of accounting information has expanded the scope of desired disclosure in published financial statements."
- It can be concluded that the more relevance is prioritized, the broader the scope of disclosure in accounting information, thus improving understanding and usefulness for financial statement users.
- "Disclosure of financial forecasts and projections, accompanied by calculated risk disclosures, is necessary for these forecasts and projections."

This suggests that the disclosure of forecasts—a sub-characteristic of relevance—is essential, highlighting the relationship between the two.

"The contemporary approach to disclosure aims to provide relevant information for decision-making. This approach expands disclosure beyond merely presenting the most objective information that suits the abilities of the average investor. It includes relevant information requiring significant expertise to interpret, used by investors and financial analysts for decision-making. Examples include information related to financial forecasts and the preparation of segmental and interim reports. This type of informative disclosure serves to enhance the relevance of accounting information."

In conclusion, there is a logical relationship between the fundamental concepts studied, namely accounting disclosure and relevance.

4. Methodology and Tools

❖ **Research Method and Data Analysis Tools**

To address the study's main question and examine the case of the National Insurance Company, a questionnaire was distributed to the study sample as follows:

- **Personal Interviews:** Conducted with company officials to understand the impact of accounting disclosure on the relevance characteristic.
- **Document Analysis:** Reviewing various financial statements and related company documents.

❖ **Study Population, Sample, and Data Collection**

- **Study Population:** Consisted of accounting professionals.
- **Sample:** The sample included employed accountants at the company, such as company account auditors, heads of the accounting and finance department, other accountants affiliated with the National Insurance Company, as well as independent accountants. Questionnaires were distributed to this sample according to the following table:

Description	Count	Percentage
Distributed Questionnaires	50	100%
Lost or Unreturned Questionnaires	3	6%
Disqualified Questionnaires	0	0%
Valid Questionnaires	47	94%

Prepared by researchers after screening

The table above shows that 50 questionnaires were distributed to the study population, chosen randomly. Among these, 3 were not returned, leaving 47 valid questionnaires, representing 94% of the sample, with 0% disqualified.

❖ **Data Collection:**

The study's data, essential for addressing the research question, were gathered through the following:

- **Theoretical Aspect:** Researchers collected information from specialized books, journals, official publications, theses, and articles on the topic to shape the study's variables.
- **Practical Aspect:** To thoroughly examine the subject, a case study was conducted at the headquarters of the National Insurance Company, along with distributing pre-prepared questionnaires. The questionnaire was divided into two sections: the first for personal data and the second for the remaining three sections, which aimed to test the main hypotheses with statements related to the study's variables.
- **Tools Used in the Study:** This section discusses the data collection tool—the questionnaire—its design and divisions, and the main statistical programs used in the study.
- **Study Tool Design**: The questionnaire was designed to assess the role of accounting disclosure in enhancing the relevance of the National Insurance Company's financial statements. The statistical tools were distributed among the sample and analyzed using statistical methods, specifically with SPSS version 22, to obtain and interpret results.

❖ **Questionnaire Divisions:**The questionnaire was divided into two sections:

– **Section 1:** Included personal data of the study sample, such as position, academic qualification, and professional experience.

– **Section 2:** Comprised three parts corresponding to the following hypotheses:

- **Hypothesis 1:** "There is a logical link between accounting disclosure and the timeliness characteristic."
- **Hypothesis 2:** "There is a logical relationship between accounting disclosure and predictive value."
- **Hypothesis 3:** "There is a logical relationship between accounting disclosure and confirmatory value."

A specific scoring system was used in analyzing the questionnaire responses:

– **Section 1:** Scoring was based on order: the first choice received a score of 1, the second a score of 2, and the third a score of 3.

– **Section 2:** The five-point Likert scale was used, as illustrated in the following table:

Response	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Weight	1	2	3	4	5

❖ Description of Study Sample Responses:

In this section, we attempt to describe and analyze the responses of the study sample and determine the sample's trend for each question based on the weighted scores of the five-point Likert scale. The category length, calculated as the range divided by the number of response options (Strongly Disagree, Disagree, Neutral, Agree, Strongly Agree), is 4/5 = 0.80.

According to the Likert scale responses, the weighted scores are as follows:

Weighted Average	Trend
1 to 1.79	Strongly Agree
1.80 to 2.59	Agree
2.60 to 3.39	Neutral
3.40 to 4.19	Disagree
4.20 to 5	Strongly Disagree

❖ Data Processing Software

Two programs were used for data processing in the practical aspect of the study:

– **SPSS:** Originally designed for social science studies, SPSS has expanded for use across various fields due to its ability to input and analyze data.

– **Excel:** A spreadsheet program that allows for the storage of large amounts of data, performs calculations, statistical analysis, and generates charts.

❖ Statistical Tools and Methods Used

– **Frequency Tables:** Organize and summarize collected data by showing the number of individuals in each category.

– **Arithmetic Mean:** A key measure of central tendency used frequently in statistics and practical applications.

– **Standard Deviation:** An essential measure of dispersion, it helps researchers understand the variation from the mean.

– **Cronbach's Alpha:** To test the reliability of the questionnaire, Cronbach's Alpha coefficient was used, which is statistically acceptable if it exceeds 60%. Results are as follows:

Number of Items	Cronbach's Alpha	Reliability Coefficient
24	0.8360	0.9143

Source: SPSS output

Using Cronbach's Alpha to assess the reliability and validity of responses from a sample of 47 participants, we obtained a Cronbach's Alpha value of 0.8360, indicating strong statistical reliability for this study. The reliability coefficient, calculated as the square root of Cronbach's Alpha, is 0.9143, confirming the validity and reliability of the questionnaire, which supports the accuracy of the analysis and answers to the study's questions.

5. Study Results and Discussion

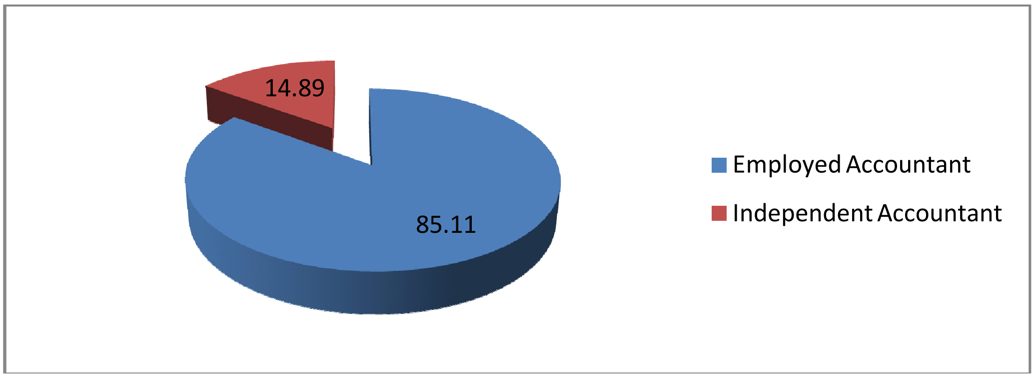
The results will be presented after analyzing the data and testing the hypotheses to arrive at the study's conclusions.

5.1 Analysis by Job Position

Variable	Category	Frequency	Percentage
Job Position	Employed Accountant	40	85.11%
	Independent Accountant	7	14.89%
Total		**100%**	

Source: Prepared by researchers based on survey data using SPSS

Figure 1 - Distribution of Study Sample by Job Position



Source: Prepared by researchers based on survey results using Excel.

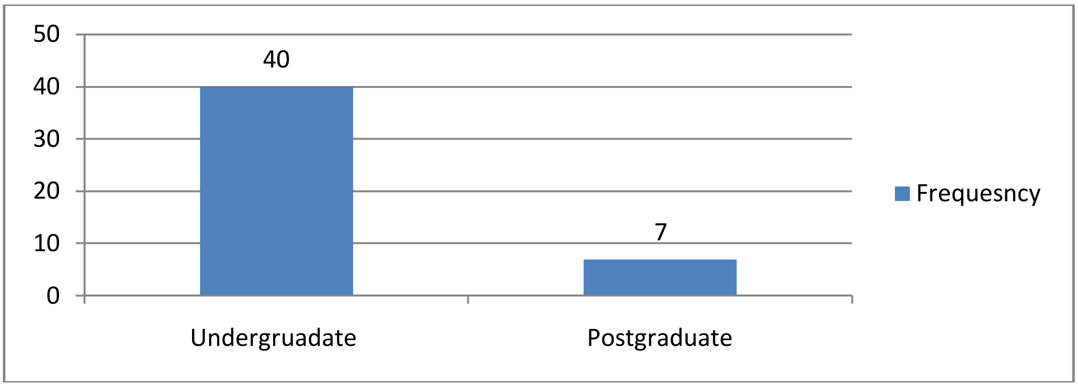
From the table and the figure above, we observe that the participation rate of employed accountants is 85.11%, which equals 40 individuals. This is expected given the context of the National Insurance Company. On the other hand, the participation rate of independent accountants is 14.89%, or 7 individuals. The smaller number of the latter group is due to the study's primary focus on non-independent accountants within the company, aiming to minimize bias. The first group, employed accountants, represents the majority of respondents, as they are directly involved in accounting work and have insights on accounting disclosure and information relevance. Therefore, their opinions are more influential and affected by the insurance field, making the sample's views more reflective of the topic's reality.

5.2 Analysis by Educational Qualification

Variable	Category	Frequency	Percentage
Educational Level	Undergraduate	40	85.11%
	Postgraduate	7	14.89%
Total		**100%**	

Source: Prepared by researchers based on survey data using SPSS

Figure 2 - Distribution of Study Sample by Educational Qualification



Source:* Prepared by researchers based on survey results using Excel.

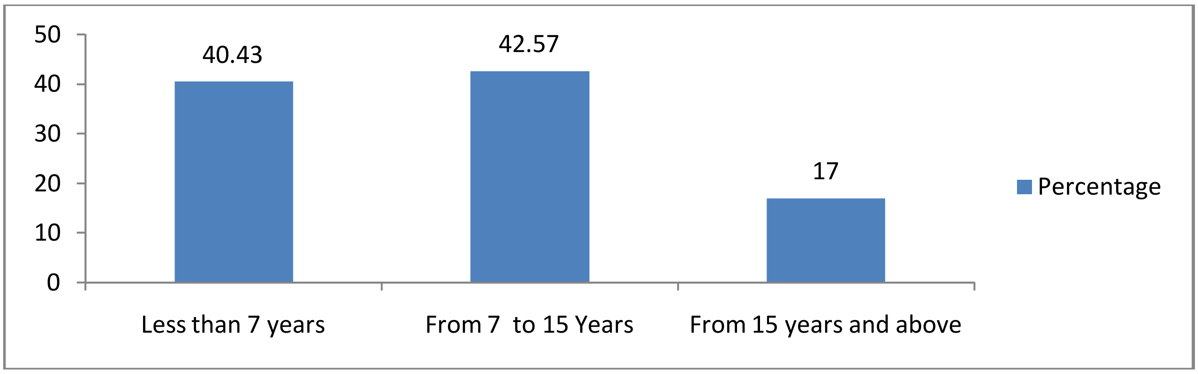
Rom the table and the previous figure, which show the distribution of sample individuals by educational qualification, we observe that the sample of undergraduate accountants includes 40 individuals, with a participation rate of 85.11%. Meanwhile, the participation rate of postgraduate accountants is 14.89%, equivalent to 7 individuals. This indicates that the first group is more numerous and prevalent in the profession, which reflects the study's realism and enhances the reliability of the results derived from the questionnaire.

3.5. Analysis by Professional Experience

Variable	Category	Frequency	Percentage
Professional Experience	Less than 7 years	19	40.43%
	7 to less than 15 years	20	42.57%
	More than 15 years	8	17%
Total		**47**	**100%**

Source: Prepared by researchers based on survey data using SPSS

Figure 3 - Distribution of Study Sample by Professional Experience



Source: Prepared by researchers based on survey results using Excel

From the table and figure above, which show the distribution of the sample by professional experience, we note that the percentage of individuals with less than 7 years of experience is 40.43%. Those with experience between 7 and less than 15 years account for 42.57%, or 20 individuals. Participants with more than 15 years of experience constitute 17% of the sample. It is observed that the most represented group has between 7 and 15 years of experience, followed by accountants with less than 7 years of experience. This indicates a reasonable level of experience within the field, with 17% of participants having over 15 years in the specialty, adding reliability to the questionnaire responses.

4.5. Presentation and Analysis of Participant Opinions

To determine the sample's views on the questionnaire topics, we present and analyze the descriptive statistics results.

- **Analysis and Interpretation of the First Main Hypothesis: "There is a logical link between accounting disclosure and the timeliness characteristic."**

Statement	Percentages	Measurement Level
	Strongly Agree	Agree
Interim accounting disclosure supporting balance sheet items helped in delivering information in a timely manner.	68%	27.66%
Frequency	32	13
There is a benefit between disclosure in periodic financial statements and annual disclosure in insurance company statements.	53.19%	40.43%
Frequency	25	19
The more timely the accounting disclosure by the insurance company, the better its information meets user needs.	61.70%	31.19%
Frequency	29	15
The timeliness characteristic is subject to a cost/benefit test when disclosing interim financial statements and appendices.	68%	21.53%
Frequency	32	12
Disclosure during appropriate periods ensures information availability to decision-makers when it impacts the decision.	85%	15%
Frequency	40	7
Disclosure during appropriate periods can determine the institution's net assets and assess financial instrument risks.	42.56%	48.94%
Frequency	20	23
Disclosure during appropriate periods can assess risks related to provisions, reserves, and potential compensation.	61.70%	34.04%
Frequency	29	16

Source: Prepared by researchers, based on SPSS output

Table 9: Mean and Standard Deviation of Sample Responses on "There is a Logical Link Between Accounting Disclosure and Timeliness"

Statement No.	Sample Opinion Direction	Mean	Standard Deviation
1	Strongly Agree	1.3617	0.56820
2	Strongly Agree	1.5319	0.62035
3	Strongly Agree	1.4468	0.61885
4	Strongly Agree	1.3830	0.60982
5	Strongly Agree	1.1489	0.35987
6	Strongly Agree	1.6596	0.63508
7	Strongly Agree	1.4255	0.58028
Overall Mean and Standard Deviation		**1.4223**	**0.6461**

Source: Prepared by researchers based on SPSS output.

- **Analysis of Statements in the First Section:**

From Table 9, we observe that Statement 6, "Disclosure during appropriate periods allows the determination of the institution's net assets and the nature of risks related to financial instruments," recorded the highest mean at 1.6596 with a standard deviation of 0.63508. Statement 5, "Disclosure during appropriate periods ensures that decision-makers have access to information at a time when it impacts their decisions," had the lowest mean at 1.1489 and a standard deviation of 0.35987. The overall mean is 1.4223, with a general standard deviation of 0.6461, indicating a certain level of consistency among the sample's responses to the section's questions, though it is not the most consistent among all sections. This does not contradict the strong agreement that there is a logical link between accounting disclosure and timeliness, as evidenced by the sample's responses.

- **Analysis and Interpretation of the Second Main Hypothesis**

Table 10: Sample Responses on "There is a Logical Relationship Between Accounting Disclosure and Predictive Value"

Statement	Percentages	Measurement Level
	Strongly Agree	Agree
Accounting disclosure during short periodic intervals provides accounting information that can be used to predict economic events and the expected financial performance of the institution.	53.19%	40.43%
Frequency	25	19
As the level of accounting disclosure by the insurance company increases, its information becomes better suited to predict current and future events accurately, thus meeting user needs.	42.55%	46.80%
Frequency	20	22
Information is disclosed in a manner that allows for predicting the insurance company's ability to generate future profits, meet obligations, and determine net assets.	65.96%	34.04%

Frequency	31	16
Proper accounting disclosure provides information that can predict risks related to the institution's interests and its impact on financial position and cash flows.	63.83%	36.17%
Frequency	30	17
Proper accounting disclosure enhances the prediction of risks related to financial instruments and provisions.	61.70%	31.91%
Frequency	29	15
Proper accounting disclosure enhances the prediction of risks related to potential compensation.	55.32%	42.55%
Frequency	26	20
The insurance company has information with predictive value if its accounting policy includes methods and indicators that help reduce future risks.	53.19%	38.30%
Frequency	25	18

Source: Prepared by researchers based on SPSS output.

Table 11: Mean and Standard Deviation of Sample Responses on "There is a Logical Relationship Between Accounting Disclosure and Predictive Value"

Statement No.	Sample Opinion Direction	Mean	Standard Deviation
1	Strongly Agree	1.5319	0.62035
2	Strongly Agree	1.6809	0.66288
3	Strongly Agree	1.3404	0.47898
4	Strongly Agree	1.3617	0.48569
5	Strongly Agree	1.4468	0.61885
6	Strongly Agree	1.4681	0.54578
7	Strongly Agree	1.5532	0.65304
Overall Mean and Standard Deviation		**1.4833**	**0.5767**

Source: Prepared by researchers based on SPSS output.

- **Analysis of Statements in the Second Section:**

From Table 11, we observe that Statement 2, "As the level of accounting disclosure by the insurance company increases, its information becomes better suited to predict current and future events accurately, thus meeting user needs," recorded the highest mean at 1.6809 and a standard deviation of 0.66288. Statement 3, "Information is disclosed in a manner that allows for predicting the insurance company's ability to generate future profits, meet obligations, and determine net assets," recorded the lowest mean at 1.3404 and a standard deviation of 0.47898. The overall mean is 1.4833, with a general standard deviation of 0.5767, indicating a high level of consistency among sample responses for this section, suggesting strong agreement that there is a logical relationship between accounting disclosure and predictive value, and that disclosure enhances this characteristic. This trend is reflected in the questionnaire responses, as indicated by the sample's opinions on this section.

– Analysis and Interpretation of the Third Main Hypothesis

Table 12: Sample Responses on "There is a Link Between Accounting Disclosure and Confirmatory Value"

Statement	Percentages	Measurement Level
	Strongly Agree	Agree
Accounting disclosure ensures access to information that affects users' economic decisions and assists in evaluating past and future events.	31.19%	57.45%
Frequency	15	27
The higher the level of accounting disclosure by the insurance company, the more accurate the information in confirming and evaluating past and current events, thus meeting user needs.	46.81%	48.93%
Frequency	22	23
Disclosure supports and verifies the numerical information presented in the balance sheet and income statement.	53.19%	42.55%
Frequency	25	20
Interim accounting disclosure provides information with the ability to correct current and future forecasts related to risks associated with financial instruments, helping users assess the accuracy of their prior forecasts.	63.83%	29.79%
Frequency	30	14
Accounting disclosure provides information that can confirm or change prior assessments related to provisions and reserves, as well as potential compensations of the insurance company.	65.58%	34.04%
Frequency	31	16
Interim accounting disclosure enhances the reliability and accuracy of economic events over the past year.	59.57%	40.42%
Frequency	28	19
Events occurring after the balance sheet date are disclosed in the appendices attached to financial statements, increasing their importance.	48.94%	51.06%
Frequency	23	24

Source: Prepared by researchers, based on SPSS output.

Table 13: Mean and Standard Deviation of Sample Responses on "There is a Link Between Accounting Disclosure and Confirmatory Value"

Statement No.	Sample Opinion Direction	Mean	Standard Deviation
1	Strongly Agree	1.7872	0.62332
2	Strongly Agree	1.5745	0.58028
3	Strongly Agree	1.5106	0.58504
4	Strongly Agree	1.4255	0.61661
5	Strongly Agree	1.3830	0.53378
6	Strongly Agree	1.4043	0.49605

7	Strongly Agree	1.5106	0.50529
Overall Mean and Standard Deviation		**1.5138**	**0.56291**

Source: Prepared by researchers, based on SPSS output.

– **Analysis of Statements in the Third Section:**

From Table 31, we see that Statement 1, "Accounting disclosure ensures access to information that affects users' economic decisions and assists in evaluating past and future events," has the highest mean at 1.7872 and a standard deviation of 0.62332. Statement 5, "Accounting disclosure provides information that can confirm or change prior assessments related to provisions and reserves, as well as potential compensations of the insurance company," has the lowest mean at 1.3830 and a standard deviation of 0.53378. The overall mean is 1.5138, with a general standard deviation of 0.56291, indicating consistency among sample responses for this section. This suggests strong agreement among the study sample that there is a link between accounting disclosure and confirmatory value, with disclosure enhancing this characteristic, as reflected in the sample's responses on this topic.

6. Hypothesis Testing

– **Hypothesis 1:** This hypothesis, which suggests a relationship between accounting disclosure and timeliness, was confirmed through both theoretical literature and previous studies that identified timeliness as a key sub-characteristic of relevance. This was further reinforced by the case study, showing that the company is keen to disclose information at different times to suit decision-making needs, which cannot always be tied to annual financial statements. Thus, timeliness is closely related to accounting disclosure.

– **Hypothesis 2:** This hypothesis, linking accounting disclosure with predictive value, was confirmed as narrative information provided in financial statements increases the ability to predict future outcomes. Interviews revealed that disclosed information significantly aids in estimating future amounts and values.

– **Hypothesis 3:** Based on the logical relationship between accounting disclosure and confirmatory value, this hypothesis was confirmed, showing that existing values are often verified through explanations and clarifications in accounting disclosure, as confirmed by the interviews conducted during the study.

7. Conclusion

Based on this study, which examined accounting disclosure in financial statements according to the financial accounting system in an insurance institution, it can be concluded that the insurance company presents and discloses its financial statements in line with the requirements of the financial accounting system. The company is committed to providing extensive, comprehensive, and relevant information in the form of notes and appendices to give an accurate representation of its financial position, ensuring timely information delivery to gain users' trust.

Through the disclosure function evident in the financial statements, several significant impacts were observed, especially in the company's balance sheet and income statement, as highlighted in the field study. The study concluded with the following results:

- ✓ Accounting disclosure supports and verifies the numerical information presented in the company's balance sheet, income statement, and other reports.
- ✓ Accounting disclosure enhances the timeliness of financial information, thus aiding in timely decision-making and avoiding the costs of delayed decisions.
- ✓ Interim accounting disclosure supports the timely delivery of information.
- ✓ The Algerian accounting system places great importance on insurance companies due to the nature of their business, which requires additional explanations beyond numbers.

Recommendations:

- Emphasize qualitative accounting disclosure, defining what is essential based on each sector.
- Refine accounting legislation with provisions specifying the minimum necessary disclosure, tailored to the nature of the business.

8. References

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