

CORRUPTION IN JORDAN- REALITY AND CHALLENGES

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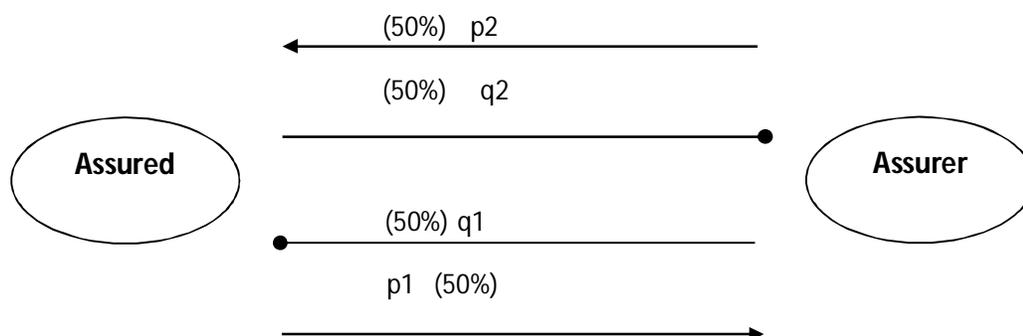
Corruption is a scourge of carcinogenic invade the entire world community in general, and in the Middle East communities in particular and in the Jordanian society accurately.

The most important challenges facing the fight against corruption is the insurance sector, and despite the limited contribution of this sector to the GDP, but it affects the rate of the fight against corruption, especially in countries with limited resources, such as Jordan. The official commission in the fight against corruption is Jordanian Anti-Corruption Commission (JACC).

So, insurance is the most important sector, because we can through risk distribution to get to participate in the tremendous business activities or individual benefit. Despite all this opportunities for fraud in the insurance sector remains present “Peter and others - corruption and anti corruption, the Australian National Library, the Australian National University, p(147) 2013.”

The insurance sector in Jordan has several problems facing several parties who are assurer and reinsurance, and these problems are cyclical fluctuations in the prices of insurance policies. This generates recurring disputes between the parties and access to justice for the separation of the conflict. Then to repeat that the insurance companies are starting with fraud the facts of the damage in order to receive greater compensation and this may also make insurance companies manipulate the prices of insurance policies to compensate for losses and to cover future risks.

Therefore, we can say that the entry of risk management from the perspective of Actuaries in the assessment of the insurance sector plays an important role in drying up evasion of compensation for the insured and the manipulation of the facts of the incidents to get the most compensation for the insured, and in both cases can be represented so as follows:-



whereas:

p1: probability of occurrence fraud from assured.

p2: probability of occurrence fraud from assurer.

q1: probability of not occurrence fraud from assured.

q2: probability of not occurrence fraud from assurer.

The behavior of corruption can not be monitored only by the possibilities that determine how to monitor the behavior of corruption in multiple sectors, the most important theory of the insurance sector, and the importance of the fight against corruption in the insurance sector must take into account the nine axes, namely:

1. Is opportunities and motives for the behavior of corruption exist?
2. Is corruption happened?
3. Do seen corruption?
4. Do you select the behavior that corruption?
5. Does the witness decided to take any action?
6. Do you have been reported behavior?
7. Do you reported within the approved models of JACC?
8. Is behavior report within the approved models of JACC?
9. It is investigated by JACC?

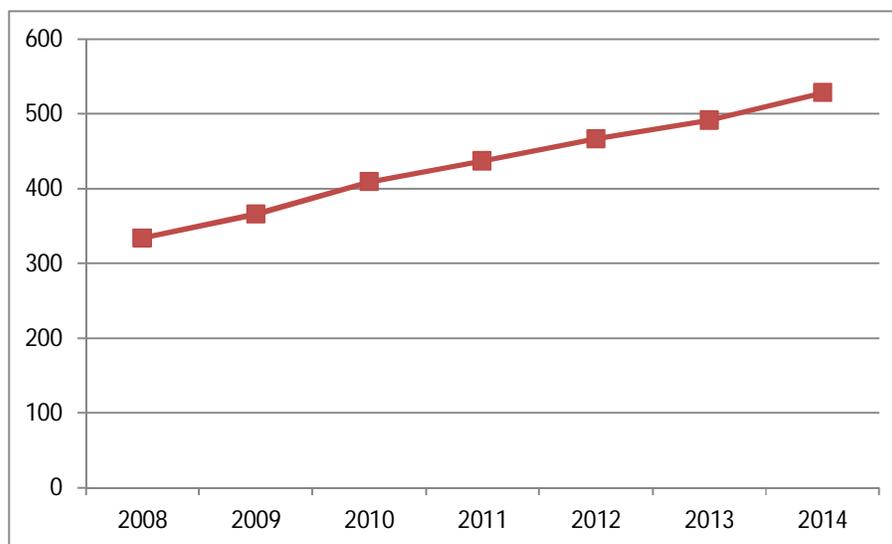
Therefore, we can reach that probability theory take the relative character as p1 and p2 are the probability of occurrence of quasi-corruption and q1 and q2 is the probability of not occurrence of quasi-corruption, and thus can be represented likelihood of getting caught and not fall into the behavior of corruption as follows:

The high risks to the insurance sector mainly rely on large numbers theory, as it works to protect insurance companies from the risk of financial bleeding degree, which is summarized that the greater the number of the insured. The less degree of risk with the financial bleeding, from another perspective at risk distribution a greater number of insured starts loading the insured risk ratio less than they were. This is reflected positively on the insurance company and thus increasing the rate of profit rates this is called in the science of financial management optimization, the highest return on investment in less risky.

Jordan's ranking and score in Transparency International's 2014 Corruption Perceptions Index has recorded an improvement compared to last year.

Jordan, along with Bahrain, Lesotho, Namibia, Rwanda and Saudi Arabia, ranked 55 among 175 countries in the index, scoring 49 out of 100, while last year, the Kingdom ranked 66 among 177 countries and territories, scoring 45 out of 100.

The insurance sector has witnessed in Jordan a significant increase in insurance premiums, especially after the global financial crisis, where the shape financially enormous pressure on the insurance contract holders (policyholders) causing a negative impact on some insurers out a lot of the insured from the insurance coverage circle. And it was the reverse effect in three out of the insurance companies Jordanian insurance market, the following figure shows the movement of insurance premiums over the past years:



Insurance premiums during the years 2008-2014 / million dinars

Through indicators, previous reports we summarize the main points as follows:

1. Develop a national equation from which to predict the Corruption Perceptions Index for the coming years.
2. Inclusion Actuarial studies index on the National Strategic Plan to anti-corruption for the years 2018-2022.
3. Increase the factors that go into calculating the Corruption Perceptions Index of seven factors to twelve factor.
4. Reconsideration of some of the legislation in the promotion of investment.
5. Amend the Penal Code to criminalize bribery in the private sector.