

## **VI. Conclusions and Suggestions**

This study constructs a simple regression model for the stock price of an insurance company portfolio. We employ Ohlson's (1995) model that combine the accounting data and time-series earnings' forecasting in estimating the intrinsic value of a firm to create P/V ratios as predicting variables for the stock price. Although Lee, Myers, and Swaminathan (1999) point out that the P/V ratio has statistically better predictive power than traditional multiples P/B and P/E, we find minor differences in using the newly created variables.

The above results could be due to the smoothing behaviors of the insurers. The smoothing hinders the extraction for the information dynamics of abnormal earnings. Real profitability might have been hidden. Detailed data on insurers are needed to really test our inference and the panel regression method can be an alternative to analyze the short-term data, however. Exploring the size effect in the insurance industry would be an easier way to extend the current study.