

# THE EFFECT OF PREMIUM, CLAIMS, INVESTMENT RESULTS AND OPERATIONAL EXPENSES ON ASSET GROWTH IN SHARIA LOSS INSURANCE IN INDONESIA PERIOD (2016-2018)

**Ardiansyah Habibillah, Dahlifah, SE., M, Si., CSRS., CSRA**

S1 - Accounting

Indonesian College of Economics, Jakarta

East Jakarta, Indonesia

[Ardianjakarta2015@gmail.com](mailto:Ardianjakarta2015@gmail.com), [dede.stei@gmail.com](mailto:dede.stei@gmail.com)

***Abstract-**This study aims to menguji: The Influence of Claims Premiums on Investment Results and Operating Expenses on Asset Growth in Sharia Loss Insurance for the 2016-2018 Period. This research is a quantitative study using descriptive statistical methods with the help of Eviews 9.0 software. The population of this study is a sharia insurance company registered with the Financial Services Authority (OJK) for the period 2016 to 2018. The sample data used is secondary data using a purposive sampling method with a sample size of 16 Islamic insurance companies so that the total data in this study is 48. The results of the study prove that (1) the premium affects the growth of assets. Because if the premium he gets is greater, the greater the value of his asset growth. (2) Claims have no effect on asset growth, because the funds spent are taken from the Tabaru Fund or Virtue Fund account. (3) Investment results have no effect on asset growth. Because the funds invested are relatively small so that they are not able to increase asset growth. (4) Operational Expenses affect asset growth. Because if operating expenses increase, it will reduce asset growth.*

***Keywords:** Asset Growth, Premiums, Claims, Investment Results, Operational Expenses, Sharia Loss Insurance.*

## **I. Introduction**

The existence of sharia insurance in Indonesia is a necessity that must be met, especially after the emergence of Islamic banking institutions because both have a reciprocal relationship with each other. This is part of the principles of sharia, as stipulated in the National Sharia Council Fatwa No.21 / DSN-MUI / X / 2001 regarding the general guidelines for Islamic insurance in Indonesia which states that all investments made by sharia insurance companies must be carried out in sharia (Ikhsan, 2015).

يَا أَيُّهَا الَّذِينَ آمَنُوا أَوْفُوا بِالْعُقُودِ أَحَلَّتْ لَكُمْ بِهِمَةَ الْأَنْعَامِ إِلَّا مَا يَتْلَى عَلَيْكُمْ غَيْرِ مَحَلِّي الصَّيْدِ وَأَنْتُمْ حَرَامٌ إِنَّ

اللَّهُ يَحْكُمُ مَا يُرِيدُ

Meaning: "O you who believe, fulfill these covenants. Livestock are lawful for you, except those that are read to you. (that is) by not legalizing hunting while you are doing Hajj. Indeed, Allah determines the laws according to his will.

نَهَى رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ عَنْ بَيْعِ الْحَصَاةِ وَعَنْ بَيْعِ الْغَرَرِ

Meaning: "Rasulullah SAW prohibited buying and selling containing Gharar". (Reported by Muslim Tarmidzi, Nasa'i, Abu Daud, Ibn Majah from AbuHurairah).

The purpose of the above verses of the alqur'an and hadith is an insurance company that contains elements of gharar, maisir, usury, falsehood, and syiwah. Islam is strictly prohibited if the formation of an insurance system that has long been echoed, is not professional, is transparent (openness) to the insured. Therefore, why do some companies that guarantee social security to investors need to avoid, because in fact it tends to only benefit one party and harm another.

Like the non-Islamic insurance companies, insurance companies Sharia also recognizes the term premium or the amount of funds paid by the insured to the managing entity after deducting administrative and operational costs. Claims are submissions of rights made by the insured to the insurer to get their rights in the form of coverage for losses suffered based on an agreement or contract that has been made (Ikhsan, 2015). In addition, there are investments which are trading activities or business activities in which these activities are in the form of businesses related to assets or services. One form of investment is buying company shares, both publicly and publicly (Ainul, 2016). Insurance companies also make financial reports to show the information and financial position that is presented to interested parties.

According to the Financial Services Authority (OJK), the asset level of sharia insurance, namely life insurance and general insurance, grew 21.69% from 2015 to 2016. Significant growth occurred in life insurance of 21.82% compared to general insurance of 21.13%. When viewed from the total number of insurance companies, general insurance units and general sharia insurance companies have 28 sharia insurance offices compared to 24 life insurance companies. This indicates that the number of company assets, which are mostly general insurance companies, have not been able to perform good asset management compared to Islamic life insurance, where the number of companies is only 24 life insurance companies with an asset growth of 21.82%. With a market share of 6.37% sharia life insurance and 3.74% general insurance and sharia reinsurance (AASI, 2016).

The Financial Services Authority (OJK) noted that sharia insurance assets reached Rp. 41.96 trillion in 2018, these assets came from sharia life insurance worth Rp. 34.47 trillion, sharia general insurance Rp. 5.62 trillion, and sharia reinsurance. Rp. 1.86 trillion.

According to the statement by the Deputy Commissioner for Supervision of IKNB II OJK, Mochammad Ihsanuddin, the target is indeed quite optimistic. In fact, the growth of Islamic insurance assets grew by 3.55% in 2018 from 2017 which was around Rp. 40.52 trillion (CNN Indonesia, 2019).

According to the Financial Services Authority (OJK) itself, the share of the sharia insurance market is still 5%, so the opportunity for sharia insurance to increase is still there, on the other hand Indonesia has just formed a national sharia finance committee (KNKS) which functions to expand financial penetration and reach the sharia market in Indonesia. While the growth of sharia insurance assets until the end of March 2019, the OJK recorded Rp. 43.43 trillion, at least sharia insurance assets grew by 3.52 percent from the end of last year (CNN Indonesia, 2019).

According to Deputy Commissioner for Sharia IKNB supervision, Moch ihsanuddin, the development of sharia insurance contributions as of March 2019 amounted to Rp. 3.85 trillion with the largest contribution being sharia life insurance of Rp. Referring to the development of total assets in Islamic insurance in Indonesia, it cannot be said that it has shown good performance even though it has increased from year to year (CNN Indonesia, 2019).

Based on data from the financial services authority (OJK) in 2016, Islamic general insurance company (loss) insurance claims amounted to Rp. 34.19 trillion with a growth rate of 2.91%. In 2017, sharia general insurance claims (losses) increased by Rp. 35.26 trillion with a growth rate of 3.13%. It was noted that the assets of sharia general insurance companies (losses) amounted to Rp. 33.24 trillion and increased in 2017 by 40.52 trillion. This means that the claims and assets of general insurance companies (losses) from year to year have increased. This proves that the theory which states that claims will increase, assets will decrease is not necessarily in accordance with the theory (Sula 2004).

According to the results of research conducted by Ainul (2016) entitled *The Effect of Premiums, Claims, Underwriting Results, Investment and Profitability on Asset Growth in Islamic Life Insurance Companies in Indonesia*, it shows that both simultaneously and partially premiums and underwriting have no effect on asset growth. While claims, investment and profitability have a significant effect on asset growth, different from previous research conducted by Utama (2015) in his journal entitled *Factors Affecting the Growth of Assets of Non-Sharia Life Insurance Companies in Indonesia*. The results of the analysis prove that the premium, capital growth, return, claims, and type of capital affect the growth of life insurance company assets.

From this phenomenon and research gap, it can be concluded that not every empirical event is in accordance with the existing theory. This is reinforced by the existence of a research gap in the above studies which shows that there are different effects of the premium, claims, investment variables on asset growth.

Based on the explanation of the background description of the problem above, this is what makes the author interested in conducting research entitled *The Effect of Premiums, Claims, Investment Results and Operating Expenses on the Growth of Assets of Sharia Loss Insurance Companies in Indonesia for the 2016 - 2018 Period*.

## **II. Theoretical basis**

### **2.1. Asset Theory**

Asset Assets are balance sheet elements that will form information in the form of financial position when linked to other elements such as liabilities and equity.

In its conceptual framework, the Financial Accounting Standards Board (FASB) identifies assets as future economic benefits that allow it to be acquired or controlled / controlled by an entity due to past transactions or events. Meanwhile, the Australian Accounting Standards Board (AASB) defines assets as potential future economic services or benefits that are controlled by reporting an entity as the result of past transactions or events.

The definition of assets stated by the FASB and AASB is quite representative because assets are considered to have the nature of economic benefits and not as economic resources because economic benefits do not limit the form or types of economic sources that can be categorized as assets. In addition, the Financial Accounting Standards Board and the Australian Accounting Standards also do not limit asset controllers to only business companies, but also non-business organizations broadly.

### **2.2. Asset Growth**

Generally, company goals can be grouped into three groups, namely, profitability, growth, survival. Survival without growth only places the company as life shy or unwilling. Asset growth is the change (increase or decrease) in total assets (assets) owned by the company. Growth in assets (assets) is calculated as the percentage change in total assets in a particular year against the previous year.

In this study, growth is measured by asset growth, where assets represent assets used for the company's operational activities. In general, asset growth can be formulated as follows:

$$\text{Asset Growth} = \frac{\text{Total aset tahun ini (t)} - \text{Tahun sebelumnya (t-1)}}{\text{Total aset sebelumnya (t-1)}} \times 100\%$$

### **2.3. Sharia Loss Insurance**

Based on the Act No. 40 of 2014 concerning insurance article 1 states that sharia loss insurance is a risk management business based on sharia principles in order to help and protect each other by providing compensation to participants or policyholders due to losses, damages, costs incurred, lost profits, or legal liability to third parties that may be suffered by participants or policyholders due to an uncertain event. So it can be concluded that loss insurance is an agreement in the name of one party the insurer binds himself to the participant (the insured) to compensate for losses that could be suffered by the insured due to an event in which the insured promises to pay the premium in accordance with sharia principles.

### **2.4. Premium**

Premium is an amount of money made by the insured party (participant) to the insurer (company) to compensate for a loss, damage, or loss of profit expected as a result of an agreement for the transfer of risk from the insured to the insurer (transfer of risk).

## **2.5. Claim**

Claim is the submission of rights made by the insured (participant) to the insurer (company) to obtain his rights in the form of coverage for losses based on an agreement or contract that has been previously agreed. In other words, a claim is the process of submitting a participant to get the sum insured after the participant has carried out all of its obligations to the company, namely in the form of settling premium payments according to the previous agreement.

## **2.6. Investment Results**

The investment yield is the results of operations that the insurance company collects in the form of an hour of money to be distributed to the insurance participants. When added to the company's own funds, the amount would be very large to be left idle without being invested.

## **2.7. Operating Expenses**

Operating expenses is the cost that must be incurred by the company to keep its business running. Operating costs or operating expenses are costs that are not directly related to the company's products but are related to the company's daily operational activities. Expenses are a deduction from income to make a profit. Therefore, operating expenses are expenses in the form of spending funds to carry out the company's main operational activities.

## **2.2 Influence Between Variables**

### **2.2.1. Influence Premium on Asset Growth**

From Zubaidah's research (2017) shows that premiums have a positive effect on asset growth. Premium is a payment of an amount of money made by the participant to the company to compensate for a loss, damage or loss of expected profit due to an agreement on the transfer of risk from the participant to the company (Amrin, 2006).

**H1: Premiums have a positive effect on asset growth in general insurance companies in Islamic Indonesia for the 2016-2018 period.**

### **2.2.2. Influence Claims Against Asset Growth**

According to The results of research conducted by Ikhsan (2015) show that claims have a significant effect on the growth of assets of insurance companies and Ainul (2017) also provide evidence that claims affect asset growth in insurance companies. KLaim is an amount of funds paid to the insured for the loss / damage suffered by the insured in accordance with the agreement with the insurer. The higher the level of claims submitted by participants, the greater the funds issued by the insurance company. This indicates that the costs incurred by the insurance company are getting bigger. The amount of costs / expenses incurred by the company will reduce the company's ability to invest in assets so that it has an impact on decreasing asset growth.

**H2 : Claims have a significant effect on asset growth in sharia loss insurance companies in Indonesia for the 2016-2018 period.**

### **2.2.3. Influence Investment Results on Asset Growth**

Investment returns good will encourage the company to continue to increase the number of assets. The higher the ability of a company to manage its investments, the higher the growth of the company's assets. In addition, increased investment can provide a positive signal for corporate investors. As research conducted by Sutarna (2015) has proven that the value of investment returns is influential positive on the growth of life insurance company assets. Some insurance companies prefer to make investments that have a higher return to be able to contribute to the growth of their assets.

**H3: Investment results have a positive effect on asset growth in sharia loss insurance companies in Indonesia for the 2016-2018 period.**

#### **2.2.4. Influence Operating Expenses Against Asset Growth**

According to the results of research conducted by Candra that operating expenses affect asset growth. Operating expenses are costs that must be incurred by a company to keep its business running. Expenses are a deduction from income to obtain total assets. The theory states that high operating costs will make the increase in asset growth decrease, and vice versa if operating costs are low, the increase in asset growth will increase.

**H4: Operating expenses have a negative effect on asset growth in general insurance companies in Islamic Indonesia for the period 2016-2018.**

### **III. RESEARCH METHOD**

#### **3.1. Research Strategy**

Research which is used in this research is quantitative research. According to Surjaweni (2015: 12). The data taken in this study is a sharia general (loss) insurance company registered with the Financial Services Authority (OJK) which issued a financial report for 2016-2018. Then processed with these tools or methods is panel data regression analysis to analyze the correlation. This study uses time series data, namely the 2016-2018 financial statements. Taking this time period is to see the results of research consistency from year to year.

#### **3.2. Population and Sample**

The population is Objects or subjects that have certain qualities and characteristics that are determined by the researcher for study and then draw a conclusion. The population in this study is 52 Islamic insurance companies in Indonesia that are registered with the Financial Services Authority (OJK). The sample is the part of the population that is owned. In this research sample using purposive sampling technique or method.

The criteria for researchers in sampling by purposive sampling in this study:

1. Sharia insurance company registered with OJK for the period 2016-2018.
2. Sharia insurance company that has financial reports related to premiums, claims, investment returns and operating expenses.
3. Sharia insurance company in Indonesia.

Based on the results of the above criteria, 16 sharia insurance companies were taken as samples registered with the Financial Services Authority (OJK), with the following details:

a set of generalization areas consisting of objects or subjects that have certain qualities and characteristics that are determined by the researcher for study and conclusions to be drawn (Sugiyono, 2017: 2015). The population in this study were 48 property & real estate companies in Indonesia which are listed on the Indonesia Stock Exchange (BEI).

#### **3.3. Data and Data Collection Methods**

Sources of research data in this study are secondary data. According to Surjaweni (2015) Secondary data is a source of research data obtained by researchers indirectly through intermediary media obtained and recorded by other parties. The data is obtained from financial reports published by the financial services authority (OJK) and the websites of general Islamic insurance companies in Indonesia. The data collection technique used the documentary method from the center.

### **3.4. Operationalization of Variables**

#### **3.4.1. Dependent Variable (Y)**

In This research is the growth of assets, namely changes in the increase or decrease in total assets / assets owned by the company which can be calculated as follows:

$$\text{Asset growth} = \frac{\text{Total aset tahun ini} - \text{Tahun sebelumnya}}{\text{Total aset tahun sebelumnya}} \times 100\%$$

#### **3.4.2. Independent Variable**

An explanation of the independent variables in his research is as follows:

1. Premium (X1)

In This research can see the premiums in general Islamic insurance companies in Indonesia in the premium income / contributions to the publication of Islamic insurance financial reports.

2. Claim (X2)

In In this research, claims can be seen in general Islamic insurance companies in Indonesia in the claim burden on the publication of Islamic insurance financial reports.

3. Investment Results (X3)

In In this research, investment returns can be seen in general Islamic insurance companies in Indonesia in the income statement in the publication of Islamic insurance financial reports.

4. Operating Expenses (X4)

In In this research, operating expenses can be seen in the income statement in the Islamic insurance financial report data publication data.

### **3.5. Data Analysis Methods**

According to Harjito and Martono (2014) descriptive statistics provide an explanation through a description or a data view of the mean, standard deviation, maximum and minimum values. With the descriptive statistics to provide an overview of the distribution and behavior of sample data.

## **IV. RESULTS AND DISCUSSION**

### **4.1. Description of Research Object and Profile of Sharia Insurance**

In This research uses secondary data obtained from financial reports and annual reports published on the official website of Islamic insurance companies in Indonesia that have been registered with the Financial Services Authority (OJK) during the 2016-2018 period. The analysis used in this research is panel data regression analysis and it is processed using Eviews software version 9.0. From this population, as a sample selected by purposive sampling method with bbased on the criteria that have been selected, the Islamic insurance companies registered with the Financial Services Authority (OJK) for the 2016-2018 period totaling 52 research samples, Islamic insurance companies that have financial reports related to premiums, claims, investment returns and operating expenses as many as 16 18 samples and loss insurance companies that have sharia insurance businesses from the 2016-2018 period in 3 years with a total of 48 studies, the samples taken in this study are 16 general insurance companies that have Islamic insurance businesses.

**4.2. Descriptive Statistical Data Analysis**

**Table 4.1. Result Descriptive statistics**

|              | Y             | X1         | X2         | X3         | X4         |
|--------------|---------------|------------|------------|------------|------------|
| Mean         | 0.080417      | 85788.48   | 35761.46   | 8918,688   | 31420.75   |
| Median       | 0.060000      | 36094.50   | 13774.00   | 3372,500   | 8044,500   |
| Maximum      | 0.240000      | 447954.0   | 212288.0   | 36544.00   | 146968.0   |
| Minimum      | -<br>0.040000 | 214.0000   | 96.00000   | 452.0000   | 54.00000   |
| Std. Dev.    | 0.064609      | 116482.2   | 52165.96   | 10212.68   | 44888.30   |
| Jarque-Bera  | 1.956454      | 26.75191   | 38.55298   | 10.99733   | 17,56056   |
| Probability  | 0.375977      | 0.000002   | 0.000000   | 0.004092   | 0.000154   |
| Sum          | 3.860000      | 4117847.   | 1716550.   | 428097.0   | 1508196.   |
| Sum Sq. Dev. | 0.196192      | 6.38E + 11 | 1.28E + 11 | 4.90E + 09 | 9.47E + 10 |
| Observations | 48            | 48         | 48         | 48         | 48         |

*Source: data results from eviews 9.0*

Based on the above results it can be concluded that the asset growth has an average value 0.080417 and standard deviation 0.064609 the highest asset growth value 0.240000 obtained by PT. Asuransi Astra Buana in 2018, while the value of asset growth is the lowest 0.040000 owned by PT. Mega General Insurance in 2017.

The premium has an average value of 85788.48 and standard deviation 116482.2. The highest premium income value is 447954.0 obtained by PT. Asuransi Astra Buana in 2016, while the lowest premium value 214.0000 owned by PT. Allianz Utama Indonesia in 2017.

Claims have an average value of 35761.46 and a standard deviation of 52165.96. The highest claim value is 212288.0 obtained by PT. Astra Buana in 2017, while the lowest claim value 96.00000 owned by PT. Tokio Marine Indonesia in 2018.

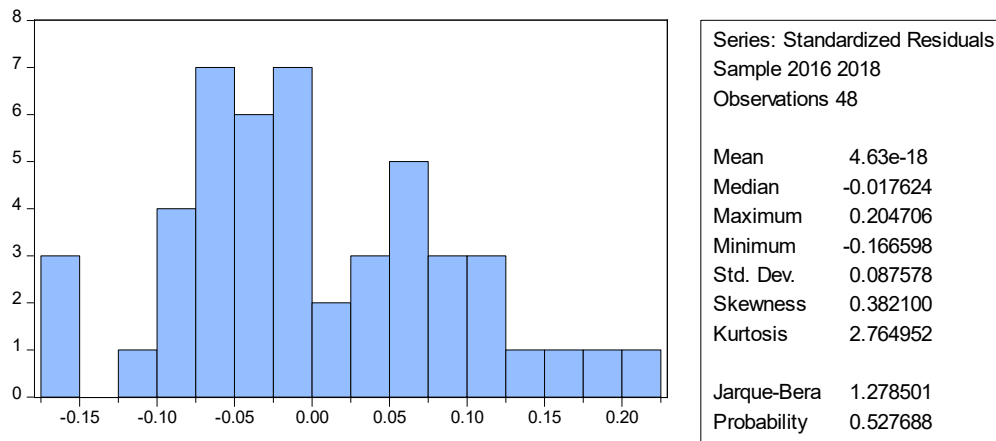
The investment yield has an average value of 8918,688 and a standard deviation of 10212.68. The highest investment return value is 36544.00 obtained by PT. Adira Dinamika Insurance in 2017, while the lowest investment return value 452.0000 owned by PT. Staco Mandiri Insurance in 2017.

Operating expenses have an average value of 31411.73 and a standard deviation of 44894.69. The highest operating expense value is 146968.0 obtained by PT. Astra Buana in 2017, while the value of operating expenses was the lowest 48.00000 owned by PT. Tripakarta Insurance in 2017.



### 4.3. Normality test

**Table 4.2. Test results Normality**



Source: data results from eviews 9.0

Based on the results of the normality test, it was obtained profitability 0.527688 and a value of  $\alpha$  0.05, which indicated that the profitability value was greater than  $\alpha$  or  $0.527688 > 0.05$ , with these results it can be concluded that the data is normal distribution.

### 4.4. Test Panel Data Regression Model Selection

#### 4.4.1. Test Chow

**Table 4.3. Test results Chow**

| Effects Test             | Statistics | df      | Prob.  |
|--------------------------|------------|---------|--------|
| Cross-section F          | 2,527780   | (15.28) | 0.0165 |
| Chi-square cross-section | 41.096991  | 15      | 0.0003 |

Source: data results from eviews 9.0

Based on the test results above, it is known that the cross-sectional value of F statistical is: 2.527780 with as much cross section data ( $n = 16$ ), then as much time series data ( $t = 3$ ), as well as the number of observations ( $nt = 48$ ), with as many variables as ( $k = 4$ ) and  $\alpha = 0.05$ . The results of Ftable are determined from looking at the F table by determining  $df1$  ( $N1$ ) and  $df2$  ( $N2$ ).  $N1$  can be obtained by calculating  $df1 = k - 1 = 4 - 1 = 3$ , while  $N2$  can be obtained by calculating  $df2 = n - k = 16 - 4 = 12$ . So the Ftable result is 3.49.

Thus the obtained comparison between probability is smaller than  $0.0165 < 0.05$ , it can be concluded from the results of the Chow test that  $H_0$  is rejected. So that the more appropriate method to use is the Fixed Effect Model (FEM). Then the next step can be taken for the selection of the next model by choosing which one is the best between the common effect model or the Random Effect Model.

4.4.2. Test *Hausman*

Table 4.4. Test results *Hausman*

| Test Summary         | Chi-Sq. Statistics | Chi-Sq. df | Prob.  |
|----------------------|--------------------|------------|--------|
| Random cross-section | 0.417135           | 4          | 0.9811 |

Source: data results from *evIEWS 9.0*

Based on the test results above, it shows that the probability value of random cross section is equal to **0.9811** > **0.05**, that is then H0 is accepted. With these known results, the most appropriate method for estimating equations is the Random Effect Model (REM).

4.4.3. Test *Lagrange Multiplier*

Table 4.5. Result *Langrange Multiplier* Test

|               | Hypothesis Test      |                      |                      |
|---------------|----------------------|----------------------|----------------------|
|               | Cross-section        | Time                 | Both                 |
| Breusch-Pagan | 5.996600<br>(0.0143) | 1.524105<br>(0.2170) | 7.520705<br>(0.0061) |

Source: data results from *evIEWS 9.0*

The results of the lagrange multiplier test show that the probability value of the Breusch-Pagan cross section **0.0143** < **0.05**, meaning that H0 is rejected. Thus, the appropriate model to use in estimating the regression equation is the Random Effect Model (REM).

From the three test results, it shows that there are 2 tests that produce the Random Effect Model (REM), namely the Hausman test and the Langrange multiplier test. So, it can be concluded that the best model approach used to determine the effect of investment claim premiums and operating expenses on asset growth in sharia loss insurance companies in Indonesia for the 2016-2018 period is the Random Effect Model (REM).

#### 4.5. Panel Data Multiple Linear Regression Analysis

**Table 4.6. Result Panel Data Multiple Linear Regression Analysis**

| Variable | Coefficient | Std. Error | t-Statistic | Prob.  |
|----------|-------------|------------|-------------|--------|
| C        | 0.072709    | 0.017176   | 4.233107    | 0.0001 |
| X1       | 9.66E-07    | 3.94E-07   | 2.453116    | 0.0183 |
| X2       | -1.18E-06   | 8.87E-07   | -1.331195   | 0.1901 |
| X3       | 6.93E-07    | 1.66E-06   | 0.418531    | 0.6776 |
| X4       | -1.24E-06   | 5.42E-07   | -2.295675   | 0.0266 |

| Effects Specification |  | SD       | Rho    |
|-----------------------|--|----------|--------|
| Random cross-section  |  | 0.044099 | 0.4401 |
| Idiosyncratic random  |  | 0.049738 | 0.5599 |

| Weighted Statistics |          |                    |          |
|---------------------|----------|--------------------|----------|
| R-squared           | 0.189497 | Mean dependent var | 0.043882 |
| Adjusted R-squared  | 0.114102 | SD dependent var   | 0.050594 |
| SE of regression    | 0.047620 | Sum squared resid  | 0.097511 |
| F-statistic         | 2.513376 | Durbin-Watson stat | 1.707493 |
| Prob (F-statistic)  | 0.055410 |                    |          |

| Unweighted Statistics |          |                    |          |
|-----------------------|----------|--------------------|----------|
| R-squared             | 0.165847 | Mean dependent var | 0.080417 |
| Sum squared resid     | 0.163654 | Durbin-Watson stat | 1.017391 |

*Source: data results from eviews 9.0*

Based on the results of the processing in the panel data regression analysis table above, the linear regression equation for panel data can be formulated as follows:

$$C(Y) = 0.072709 + 9.66(X1) - 1.18(X2) + 6.93(X3) - 1.24(X4)$$

Based on the above equation, it can be analyzed as follows:

1. A constant value of 0.072709 that with the effect of the premium on investment returns and operating expenses, there will be an increase in asset growth so that it reaches a value of 0.072709 or in other words, the independent variable is considered constant, then the growth will increase by 0.072709.
2. The premium has a coefficient value of 9.66. This means that the value of the regression coefficient illustrates that if each increase of one unit of premium income is worth 9.66 with the assumption of constant (constant) variables, the asset growth will increase by 9.66.

3. Claims have a coefficient value of -1.18. This means that the coefficient value illustrates that if each increase of one unit claims expense is 1.18 with the assumption of a fixed variable (constant). The coefficient is negatively related, meaning that with an increase in claims, there will be a decrease in asset growth worth 1.18.
4. Investment results have a coefficient of 6.93. This means that the coefficient value illustrates that if investment increases, there will be an increase in asset growth of 6.93 with the assumption of a fixed variable (constant).
5. Operating Expenses have a coefficient value of -1.24. This means that the coefficient value describes that if the high operational costs will reduce the growth of assets by 1.24 assuming a constant variable (constant). The coefficient is negative, which means that the increase in operating expenses will result in a decrease in asset growth by 1.24.

#### **4.6. Hypothesis test**

##### **4.6.1. Determination Coefficient Test (R<sup>2</sup>)**

**Table 4.7. Determination Coefficient Test Results**

|                    |          |                    |          |
|--------------------|----------|--------------------|----------|
| R-squared          | 0.189497 | Mean dependent var | 0.043882 |
| Adjusted R-squared | 0.114102 | SD dependent var   | 0.050594 |
| SE of regression   | 0.047620 | Sum squared resid  | 0.097511 |
| F-statistic        | 2.513376 | Durbin-Watson stat | 1.707493 |
| Prob (F-statistic) | 0.055410 |                    |          |

*Source: data results from eviews 9.0*

Based on the results obtained from the coefficient of determination test, the value of Adjusted R-Squared is equal to **0.189497**, that is 18% from the growth of assets can be affected by the premium on investment returns and operating expenses. While the remaining 82% is influenced by other factors that are outside the regression method in this study.

##### **4.6.2. Partial Test (t Statistical Test)**

**Table 4.8. Statistical Test Results t**

| Variable | Coefficient | Std. Error | t-Statistic | Prob.  |
|----------|-------------|------------|-------------|--------|
| C        | 0.072709    | 0.017176   | 4.233107    | 0.0001 |
| X1       | 9.66E-07    | 3.94E-07   | 2.453116    | 0.0183 |
| X2       | -1.18E-06   | 8.87E-07   | -1.331195   | 0.1901 |
| X3       | 6.93E-07    | 1.66E-06   | 0.418531    | 0.6776 |
| X4       | -1.24E-06   | 5.42E-07   | -2.295675   | 0.0266 |

*Source: data results from eviews 9.0*

Then the results obtained for t table of 2.01669. Based on the results of the t test, the following decisions can be made:

1. First Hypothesis Test

The first hypothesis in this study is that the premium has an effect on asset growth. Based on the results obtained from the table above shows that t count is greater than t table or  $2.453116 > 2.01669$ . So it can be concluded that the premium individually affects asset growth. From the test results, it can be concluded that the premium has an effect on asset growth. Means H1 is accepted.

2. Second Hypothesis Testing

The second hypothesis in this study is that claims have an effect on asset growth. Based on the results obtained from the table above, it shows that the value of t count is smaller than t table or  $-1.331195 < 2.01669$ . So it can be concluded that individual claims have no effect on asset growth. From the test results, it can be concluded that claims have an effect on asset growth. Means H2 is rejected.

3. Third Hypothesis Testing

The third hypothesis in this study is that investment returns have an effect on asset growth. Based on the results obtained from the table above, it shows that the tcount value is smaller than ttable or  $0.418531 < 2.01669$ . So it can be concluded that individual investment returns have no effect on asset growth. From the results of these tests, it can be concluded that investment returns have an effect on asset growth. Means H3 is rejected.

4. Fourth Hypothesis Testing

The fourth hypothesis in this study is that operating expenses have an effect on asset growth. Based on the results obtained from the table above shows that the value of t is greater than t table or  $-2.295675 > 2.01669$ . So it can be concluded that operating expenses individually have an effect on asset growth. Means H4 is accepted.

#### 4.6.3. Simultaneous Test (Test F)

**Table 4.9. F Test Results**

|                    |          |                    |          |
|--------------------|----------|--------------------|----------|
| R-squared          | 0.189497 | Mean dependent var | 0.043882 |
| Adjusted R-squared | 0.114102 | SD dependent var   | 0.050594 |
| SE of regression   | 0.047620 | Sum squared resid  | 0.097511 |
| F-statistic        | 2.513376 | Durbin-Watson stat | 1.707493 |
| Prob (F-statistic) | 0.055410 |                    |          |

*Source: data results from eviews 9.0*

In the table above, the Fcount value is smaller than Ftable or  $2.513376 < 3.49$ . So it can be concluded that the claim premium on investment returns and operating expenses simultaneously affect asset growth. Based on the test results above, it can be concluded that the simlutan states that the claim premiums on investment returns and operating expenses have an effect on asset growth. Means are simultaneously received.

#### **4.7. Discussion of Research Results**

##### **4.7.1 Prummy on Asset Growth**

The results of this study indicate that the premium in the period 2016 to 2018 has an influence on growth. This result is in accordance with the theory that the relationship between premiums and the growth of insurance assets is positive. This positive relationship is because premiums are the most important source of Islamic loss insurance income even though the premiums are not owned by the company but will affect the company's activities, the greater the amount of premiums received by Islamic general insurance from the public, the greater the growth rate of Islamic general insurance assets. Sharia insurance company income is obtained from *ujrah* paid by participants, company funds investment results and participant investment profit sharing. *Ujrah* in sharia loss insurance is obtained from the contribution of participant premium funds given to the company. So that the premium will affect the increase in the assets of Islamic loss insurance companies. Premium funds collected in sharia loss insurance will be invested by the company in accordance with sharia principles so that results will be obtained from the investment of participant funds. The results of this investment will be reduced by expenses and then the operating costs of the sharia loss insurance company will be deducted so that profits will be shared by the company with sharia loss insurance participants according to the initial agreement. The results of this company will affect the growth of the company's assets. The results of this study indicate that the premium affects the growth of assets obtained from premium payments for company fees and from the investment returns of participant funds. This shows that the premium has an indirect effect on asset growth, however, even so, this premium fund is the initial income of Islamic loss insurance.

This research is in line with previous research conducted by Zubaidah (2019). with the title "Determinants of the growth of insurance assets in Indonesia" which states that the premium has a positive effect on the growth of insurance assets in Indonesia.

##### **4.7.2. Claims Against Asset Growth**

The results of this study indicate that claims have no effect on asset growth. Claims are the rights of insurance participants that must be provided by the insurance company as stipulated in the contract. In this case the stipulated contract is *tabaru fund*. According to Syakir Sula Tabaru Fund is the voluntary giving of someone to another person, without compensation, which results in the transfer of property ownership from the giver to the person who is given. interests please help. According to Ulandari, this *tabarru 'fund* is a fund to be invested so that if the claim is high it will reduce the amount of funds to be invested.

This is not in line with the results of previous research conducted by Muhammad Ikhsan, H. Asep Ramdan Hidayat and Epi Fitriah in their journals entitled *The Effect of Premiums and Claims on the Growth of Assets of PT. Asuransi Sinarmas Syariah* also concluded that the variable claims on the asset growth of PT. Sinarmas Syariah Insurance has a negative effect with the t value greater than the t table value. And previous research conducted by I Putu Sutarna (2015) in his journal entitled *Factors Affecting the Growth of Assets of Non-Sharia Life Insurance Companies in Indonesia*. The results of the analysis prove that the claim variable affects the growth of life insurance company assets.

##### **4.7.3. Influence Investment Results on Asset Growth**

The results of this research individually do not affect asset growth. Good investment results will encourage the company to continue to increase the number of its assets, but in this research, investment does not bring large or relatively small profits and even losses so that it is unable to increase asset growth in Islamic loss insurance. According to theory, the higher a company's ability to manage its investments, the higher the growth of the company's assets. However, in recent years investment returns have suffered losses due to a number of unfavorable investment and

macroeconomic climates. In addition, the number of investment instruments in sharia loss insurance is less than conventional insurance. Segingga in this case causes a decrease in assets.

The research results above are not in line with the research sutama (2015) entitled Factors Affecting the Growth of Assets of Non-Sharia Life Insurance Companies in Indonesia which proves that the value of investment returns has a positive effect on the growth of assets of life insurance companies.

#### **4.7.4. Influence Operating Expenses Against Asset Growth**

The results of this study indicate that operating expenses individually affect asset growth with a t value of 2.295675 and probability value t of 0.9922 at a significant level of 0.05. Operating expenses are costs that must be incurred by a company to keep its business running. Operating expenses determine the final result of assets that can be obtained from the company, namely after the investment profit sharing is obtained by the company and then reduced by operating expenses. The difference between investment returns and operating expenses is the company's assets.

Based on the results of regression analysis, it turns out that the operating expense variable has an effect on the growth of assets in sharia loss insurance companies in Indonesia by 0.9922 which means an increase in operating expenses will affect the decline in the growth of Islamic loss insurance assets.

The results of the research above are in line with the fourth hypothesis, namely operating expenses have an effect on asset growth in Islamic loss insurance companies in Indonesia. These results also support the accounting theory of the concept of expenses (expends), expenses are a decrease in economic benefits in the form of outflows or depletion of the use of an asset, or the formation of liabilities which results in reduced equity other than due to distribution for participation of many parties in equity. Expenses represent either an increase in liabilities or a decrease in assets, with a subsequent effect on equity. So, it can be concluded that there is an inverse relationship between expenses and asset growth, that is, if there is an increase in expenses, it will reduce asset growth. Therefore,

This research is in line with research conducted by Candra Sudha Adnyana and Ketut Alit Suardana in a journal entitled The Effect of Operational Costs-Operating Income, Non-Performing Loans and Return On Assets on Asset Growth. Based on the analysis, it is known that operational costs have an effect on asset growth.

#### **4.7.5. The Effect of Dividend Policy on Firm Value**

Dividend policy (X5) produces a probability value of 0.0836. The test results show a probability > 0.05 significance level. So it can be concluded that partially dividend policy has no effect on firm value. Increasing dividend value is not always followed by an increase in firm value. Because the company value is determined only by the company's ability to generate profits from the company's assets or investment policies. Companies may distribute large or small dividends as long as it is possible that the income earned can cover the lack of external sources of funds. Investors do not use the level of dividend policy to consider their investment decisions. The results showed that the dividend policy was not able to be used as a signal by the company when it attracted investors to invest in company shares. investors do not react when they only see the company in making dividend policies. According to Putra and Putu's (2016) research, investors prefer companies that pay dividends because of the certainty about the return on their investment. The greater the dividends distributed by the company to shareholders, the company's performance will be considered good and companies that are considered to have good performance will be considered profitable, so that the assessment of the company will improve which can be reflected in the level of the company's shares. This means that distributing dividends will increase company value.

## **V. CONCLUSIONS AND SUGGESTIONS**

### **5.1. Conclusion**

Based on the test results that have been researched and analyzed, it can be concluded that simultaneously the premium on investment returns and operating expenses has no effect on the growth of Islamic loss assets in Indonesia with the results obtained from Fcount of 2.513376 and the profitability value of 0.055410, while partially it can be concluded as follows:

1. The premium individually affects the growth of assets, where the value of t is greater than t table ( $2.453116 < 2.17881$ ) and the probability result is smaller than the significant level ( $0.0183 < 0.05$ ). This shows that Premium as a source of funding and income for sharia insurance companies and an important factor in maintaining the company's existence. In sharia loss insurance the proportion of premium as income is a minority because the premium contribution to company funds lies in the payment of the Islamic loss insurance company ujah in Indonesia.
2. Individual claims have no effect on asset growth where the results obtained show that t count is smaller than t table ( $-1.331195 < 2.17881$ ). While the probability result is greater than the significant level ( $0.1901 > 0.05$ ). This is because The amount of costs / burdens incurred by the company will reduce the company's ability to invest in assets so that it has an impact on the decline in the asset growth of Islamic loss insurance companies in Indonesia.
3. Individual investment results have no effect on asset growth where the results obtained show that the value of t count is smaller than t table ( $0.418531 < 2.17881$ ) and the probability result is greater than the significant level ( $0.6776 > 0.05$ ). This shows the higher the ability of a company to manage its investments, the higher the growth of the company's assets. In addition, increased investment can provide a positive signal for corporate investors. With this it can be said that the more Islamic loss insurance companies are investing in various posts, the greater the investment opportunities are generated so that the growth of assets owned by Islamic loss insurance companies in Indonesia will also increase.
4. Operating expenses individually affect the growth of assets where the results obtained show that the value of t is smaller than t table ( $-2.295675 < 2.17881$ ) and the probability result is smaller than the significant level ( $0.0266 < 0.05$ ). High operating costs will make the increase in asset growth decrease, and vice versa if the operating costs are low, the increase in asset growth will increase. Operational costs incurred by sharia loss insurance companies include acquisition costs, marketing costs and general and administrative costs.

### **5.2. Suggestion**

Based on the conclusions and limitations of the study, we can suggest that:

#### **A. For Sharia Insurance Companies.**

Insurance companies should invest in various investment instruments, not only in the form of Islamic deposits but also investment instruments and assets such as Islamic stock companies, including Islamic mutual funds in order to get more profitable results and get high assets while paying attention to sharia.

#### **B. For Further Researchers**

For researchers to study the same problem, it is better if they want to conduct research over more and different periods and increase the number of research samples.



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