International Journal of Current Economics & Business Ventures, 5 (2) 2025, 166-175
International Journal of Current Economics & Business Ventures
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THE EFFECT OF UNDERWRITING RESULTS, OPERATING EXPENSES, AND INVESTMENT RESULTS ON THE ASSET GROWTH OF SHARIA INSURANCE COMPANIES IN INDONESIA 2024

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Abstract:
The optimal performance of a sharia insurance entity can be seen from its asset growth rate, when asset growth increases, the entity is able to fulfill all claim obligations to insurance participants in a timely manner, thereby increasing public trust in using sharia insurance products. Optimal management will be achieved if there is an increase in income and an emphasis on costs. Therefore, this study aims to see the relationship between underwriting results, operating expenses, and investment results on asset growth by involving 36 sharia insurance companies registered with the Financial Services Authority in 2024 as research samples. Sampling was conducted using a simple random sampling technique with secondary data obtained from the financial reports of each Sharia insurance company's website. This study employed a quantitative method with multiple regression analysis and was analyzed using IBM SPSS Statistics 25 software. Partial research results indicate that underwriting results have a significant positive effect on asset growth; higher underwriting results lead to greater asset growth. Meanwhile, operating expenses have a significant negative effect on asset growth; higher operating expenses lead to lower asset growth. Investment returns also have no effect on asset growth because the resulting investment returns are not optimal, thus not increasing the company's assets. Simultaneously underwriting results, operating expenses, and investment returns have a significant positive effect on asset growth with a coefficient of determination of 16%, while remaining influence is attributed to other factors not included in this study. Therefore, this research adds value to validate the measurement of Sharia insurance asset growth.

Keywords: *Underwriting Results, Operating Expenses, Investment results, Asset Growth*

BACKGROUND

The development of Islamic finance in Indonesia is currently experiencing quite rapid growth. This is evident in data from the Financial Services Authority (OJK) in its 2023 report on the development of Indonesian Islamic finance, which noted that total Islamic financial assets in Indonesia reached IDR 2,582.25 trillion in December 2023. This figure increased by

9.04% from IDR 2,368.24 trillion the previous year (OJK, 2023). Islamic financial institutions are believed to have a significant impact and contribution to the community's economic activities (Rahmah et al., 2023).

The Islamic financial services sector in Indonesia consists of three subsectors: Islamic banking, the Islamic Non-Bank Financial Industry (IKNB) (one of which includes insurance), and the Islamic capital market. Compared to the other two subsectors, the Non-Bank Financial Industry (IKNB) has the lowest total assets. Therefore, this study only focuses on examining Islamic insurance entities because they are still lagging behind in terms of asset growth. This is in line with research by Alsakinah et al., (2022) which states that in recent years the growth of Islamic insurance assets has decreased.

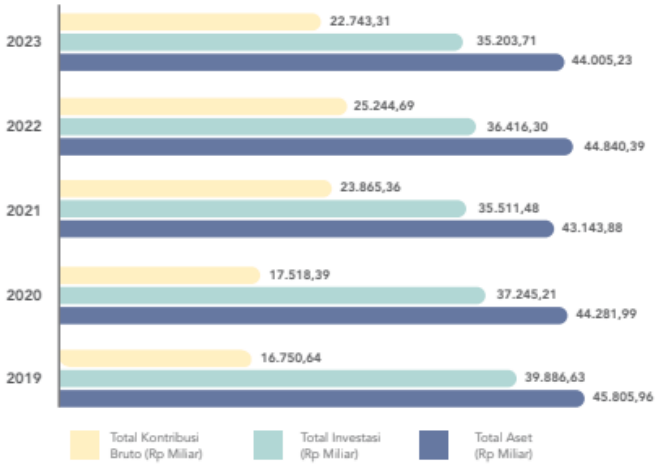


Figure 1. Sharia Insurance Asset Development in 2023
Sumber: Financial Services Authority (2023)

According to this data, total Sharia insurance assets reached IDR 44,005.23 billion as of December 2023. This figure represents a 1.87% decrease compared to IDR 44,840.39 billion the previous year. This decrease in total assets was due to a decrease in the value of claims and investments generated in 2023. Therefore, the lower the value of claims and investments, the lower the total assets, and vice versa. Contributions or premium income also contribute to the increase or decrease in asset growth.

The products marketed by Islamic insurance differ from those of conventional insurance. This difference is caused because in Islamic insurance we are familiar with profit sharing or profit sharing. This is evident from OJK data (2023), which shows that Sharia insurance assets account for only 5.6% of total insurance in general. Because there are still very few people using sharia insurance products, the number of sharia insurance sectors has not developed rapidly.

The financial condition and performance of an entity can be said to be healthy if the growth of assets in that entity is stated to be stable or even high (Shalsa & Nurlaila, 2023). Therefore, Islamic insurance companies must know the factors that influence asset growth. Based on the results of research conducted by Wijaya (2023) it was stated that premium income, investment returns, claims, and underwriting results have an impact on asset growth.

Meanwhile, according to research by Amin & Kamaliyah (2023), only operational expenses have an impact on asset growth. The following research conducted by Shakila & Nurlaila (2023) found that asset growth is influenced by claims, contributions, and investments.

This study aims to determine the effect of underwriting results, operating expenses, and investment returns on the asset growth of Islamic insurance companies. Analyzing these three factors provides a comprehensive overview of the success and asset growth of Islamic insurance companies. Furthermore, these three factors are key aspects in managing the finances of Islamic insurance entities: risk management (underwriting results), operational efficiency (operating expenses), and fund management (investment returns).

THEORETICAL FRAMEWORK

Agency Theory

Agency theory was first introduced by Jensen & Meckling (1976) as a theory to understand the relationship between agents and principals, where agents are given responsibility for managing the company. This theory explains the potential for conflicts of interest between agents and principals due to differences in goals and information held (information asymmetry). Thus, agency theory provides an overview for analyzing how underwriting results, operating expenses, and investment returns can affect the asset growth of a sharia insurance company, by managing or aligning the interests of agents and principals and by implementing adequate internal controls.

Sharia Enterprise Theory (SET)

The theory proposed by Triyuwono (2001) emphasizes that a company's primary responsibility is not solely to its owners but to all stakeholders, as a trust from Allah SWT, the creator and primary owner. The SET theory explains that humans on earth are considered *khalifatullah fil ardh*, meaning they have the duty to create and distribute prosperity to all humans and nature. Therefore, SET prioritizes not only personal concerns but also broader stakeholder concerns.

Asset Growth

According to Supriyanto et al., (2022) in their book, asset growth is the total assets that change annually. A high rate of Sharia insurance asset growth will support the company's growth rate and increase external funding sources. The Sharia insurance industry will grow rapidly and attract public interest if assets are managed effectively and optimally.

Underwriting Results

According to Prahasti (2020), underwriting results are the difference between premium income minus claims expenses and commission expenses. This underwriting process is used to determine the potential risks that the company will face and how much risk the company can face. Maximum management of underwriting results will generate profits or assets for an insurance company.

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Operating Expenses

According to Widajatun et al., (2021) in their book, operating expenses are expenses incurred by a company to support operational activities, which will impact its profit. The lower the operating expenses, the greater the profit, which can increase the assets of a sharia insurance company. Well-managed and efficient operating expenses can improve a company's performance.

Investment Results

According to Nugroho et al., (2024) in their book, sharia investment is the activity of investing funds or capital using sharia principles that refer to Islamic teachings. Investment returns are the portion of profits a company obtains from products invested in the capital market, allowing the funds to be distributed to the insured or investors (Purwaningrum & Filianti, 2020). High investment returns will impact the company's future asset growth opportunities.

METHOD

The method used in this study is quantitative research, focusing on Islamic insurance companies registered with the Financial Services Authority in 2024. Quantitative research is a method of processing data using statistics to obtain numerical results using tools (Sahir, 2022, p. 13). The relationship between variables will be depicted through a constellation diagram, as shown in Figure 2. This study uses secondary data sourced from the 2024 financial reports of Islamic insurance companies, obtained from their respective websites. The sampling technique used was simple random sampling, referring to the Isaac and Michael table with a 5% margin of error, by determining the accessible population based on certain criteria. Data analysis for this study was conducted using software IBM SPSS Statistics 25.

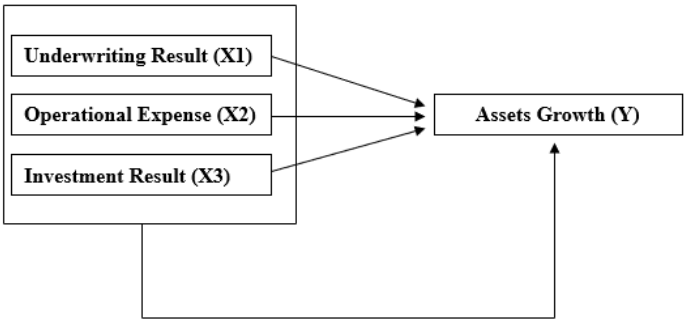


Figure 2. Research Model

Sumber: Data processed by the author (2025)

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RESULT

Classical Assumption Test

Normality Test

Table 1. Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		36
Normal Parameters[a,b]	Mean	0,0000000
	Std. Deviation	8,98593493
Most Extreme Differences	Absolute	0,069
	Positive	0,064
	Negative	-0,069
Test Statistic		0,069
Asymp. Sig. (2-tailed)		,200[c,d]
a. Test distribution is Normal. b. Calculated from data. c. Lilliefors Significance Correction. d. This is a lower bound of the true significance.		

Sumber: Data processed by the author (2025)

Based on the results of the normality test, it can be seen that the Asymp. Sig. (2-tailed) value is 0.200 > 0.05. Therefore, it can be concluded that the regression model is normally distributed.

Multicollinearity Test

Table 2. Multicollinearity Test Results

Coefficients[a]								
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	13,565	15,803		0,858	0,397		
	Hasil Underwriting	4,511	1,486	0,703	3,037	0,005	0,450	2,222
	Beban Operasional	-3,991	1,742	-0,514	-2,291	0,029	0,479	2,088
	Hasil Investasi	-1,811	1,704	-0,180	-1,063	0,296	0,845	1,183
a. Dependent Variable: Pertumbuhan Aset								

Sumber: Data processed by the author (2025)

Based on the results of table 2, it can be concluded that all tolerance values > 0.10 and VIF values < 10, which means that all independent variables do not show symptoms of multicollinearity.

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Heteroscedasticity Test

Table 3. Heteroscedasticity Test Results

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	23,013	9,387		2,452	0,020
	Hasil Underwriting	0,627	0,882	0,178	0,710	0,483
	Beban Operasional	-1,236	1,035	-0,290	-1,195	0,241
	Hasil Investasi	-1,159	1,012	-0,210	-1,146	0,260
a. Dependent Variable: Pertumbuhan Aset						

Sumber: Data processed by the author (2025)

Based on the results of table 3, it can be concluded that all significance values > 0.05, which means that all independent variables are free from heteroscedasticity symptoms.

Multiple Linear Regression Equation

Table 4. Results of Multiple Linear Regression Analysis

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	13,565	15,803		0,858	0,397
	Hasil Underwriting	4,511	1,486	0,703	3,037	0,005
	Beban Operasional	-3,991	1,742	-0,514	-2,291	0,029
	Hasil Investasi	-1,811	1,704	-0,180	-1,063	0,296
a. Dependent Variable: Pertumbuhan Aset						

Sumber: Data processed by the author (2025)

Referring to the conclusions shown in the regression analysis table above, the following is the multiple linear regression equation obtained:

$$Y = 13,565 + 4,511X1 – 3,991X2 – 1,811X3$$

Hypothesis Test

Coefficient of Determination Test

Table 5. Coefficient of Determination Test Results

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,478[a]	0,229	0,156	9,397716
a. Predictors: (Constant), Hasil Investasi, Hasil Underwriting, Beban Operasional				
b. Dependent Variable: Pertumbuhan Aset				

Sumber: Data processed by the author (2025)

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Based on Table 5, the Adjusted R Square shows a value of 0.156 or 16%. Therefore, it can be concluded that the variables of underwriting results, operating expenses, and investment returns can influence the asset growth variable by 16%, with the remaining 84% influenced by other variables not included in this study.

F Test

Table 6. F Test Results

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	837,544	3	279,181	3,161	,038[b]
	Residual	2826,146	32	88,317		
	Total	3663,690	35			
a. Dependent Variable: Pertumbuhan Aset						
b. Predictors: (Constant), Hasil Investasi, Hasil Underwriting, Beban Operasional						

Sumber: Data processed by the author (2025)

Based on table 6, the calculated F value shows a value of 3.161 and the F table value is 2.901, with a significance value of 0.038 < 0.05, so it can be concluded that the variables of underwriting results, operational expenses, and investment results have a positive and significant effect on asset growth.

T Test

Table 7. T Test Results

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	13,565	15,803		0,858	0,397
	Hasil Underwriting	4,511	1,486	0,703	3,037	0,005
	Beban Operasional	-3,991	1,742	-0,514	-2,291	0,029
	Hasil Investasi	-1,881	1,704	-0,180	-1,063	0,296
a. Dependent Variable: Pertumbuhan Aset						

Sumber: Data processed by the author (2025)

Based on table 7, the calculation results of the underwriting results variable have a Tcount value of 3.037 and a Ttable of 2.032 with a significance value of 0.005 <0.05, so the underwriting results variable has a significant positive effect on asset growth. The operating expenses variable has a Tcount value of -2.291 and a Ttable value of 2.032 with a significance value of 0.029 <0.05, so the operating expenses have a significant negative effect on asset growth. The investment results variable has a Tcount value of -1.063 and a Ttable value of

2.032 with a significance value of 0.296 >0.05, so the investment results do not have a significant effect on asset growth.

DISCUSSION

The Effect of Underwriting Results on Asset Growth

Based on the t-test results, it was concluded that underwriting results have a significant positive relationship with the asset growth of sharia-based insurance companies. A high underwriting result indicates an increase in asset growth.. High underwriting results indicate that the company has successfully managed risks well, so that the premiums received by the company are greater than the claims that must be paid (Wijaya, 2023). This aligns with research by Triana & Dewi (2020), which found that increased underwriting results will increase company asset growth. If the risks borne in the future are small, then the funds that the company will spend will also be small, so that its assets will increase and can be used for investment.

The Effect of Operating Expenses on Asset Growth

Based on the t-test results, it was concluded that operating expenses have a significant negative relationship with asset growth in Sharia-compliant insurance companies. High operating expenses lead to a decline in asset growth. Expenses represent a decrease in economic income in the form of outflows, resulting in reduced equity. Therefore, the higher the expenses incurred, the lower the asset growth will be (Amin & Kamaliyah, 2023). If the expenses incurred can be managed optimally, it will achieve maximum revenue and increase the company's assets. This research is in line with research Dewi et al., (2024) dan Faradifa et al., (2024).

The Effect of Investment Results on Asset Growth

Based on the t-test results, it was concluded that investment returns had no significant relationship with asset growth in Sharia-compliant insurance companies. This was due to the inconsistent macroeconomic conditions and investment climate, which in recent years have resulted in investment losses (Fatmawati & Devy, 2021). This research is in line with research Dewi et al., (2024), Afiqah & Laila (2021), dan Andryano & Fatimah (2024). The investment returns obtained by the company are still relatively low and fluctuating, because the company is still less than optimal in determining investment decisions and operational costs company are still high so that the funds invested by the company are not yet optimal.

CONCLUSION

Based on the previous analysis discussion, the study draws the following conclusions: 1) There is a significant positive relationship between underwriting results and asset growth in Islamic insurance companies. This indicates that increased underwriting results result in significant increases in asset growth. 2) There is a significant negative relationship between operating expenses and asset growth in Islamic insurance companies. This indicates that increasing operating expenses results in a significant decrease in asset growth. 3) There is no

effect between investment returns and asset growth in Islamic insurance companies. This indicates that increased investment returns have no impact on asset growth. 4) There is a significant positive influence between underwriting results, operating expenses, and investment returns on asset growth in Islamic insurance companies. This indicates that increases in underwriting results, operating expenses, and investment returns significantly increase asset growth.

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