

The Effect of Contributions Income, Claims Expense and Investments Return on Asset Growth in Sharia Insurance Companies (Islamic General and Life Insurance Company 2016-2020 Period)

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ABSTRACT

Considering the insurance company's assets to finance the current insurance performance, this research is crucial. This study was based on data from Islamic insurance companies in Indonesia over the past three years (from 2016 to 2020). Purposive sampling was used to collect the final sample, which consisted of 13 company samples out of a total of 65 observational samples. Multiple linear regression test data analysis. The study's findings indicate that: 1) The expansion of Islamic insurance assets is aided by contribution income. (2) The expense of claims will hinder the expansion of Islamic insurance assets. 3) The return on investments hinders the expansion of Islamic insurance assets.

Keywords: Islamic investments, asset development, contributions, claims, and insurance

INTRODUCTION

In contrast, the figure for 2018 is lower, with a contribution of 17%-18% and projected asset growth of 15%. In 2017, the contribution or premium was 20%, and the growth of sharia insurance assets was 17%. OJK is still evaluating a comprehensive analysis of the 2018 decline in the sharia insurance industry's growth target. Financial Services Authority, the development of the sharia insurance industry has been marked by four strategic issues: a high level of dependence on sharia banks, an uneven distribution of sharia insurance branch offices, a significant business gap between players in the sharia insurance industry, and a very low level of public literacy about sharia insurance at 6.9%-17.7% of people are interested in sharia insurance, according to a survey of the general public.

Several factors, including contributions (insurance premiums), influence the rate of asset growth in light of the preceding phenomenon. (Amrin, 2016) says that a company's growth rate is inversely proportional to the insurance company's contribution, investment, and profit opportunities. In other words, a company's growth rate is inversely proportional to the insurance company's contribution, investment, and profit opportunities. In the role of contribution as sharia insurance income, the company's assets expand at a faster rate when the sharia insurance company contributes more.

Claim costs are the second aspect. (Mas'uliah, 2019) defines the claim burden as the insured's presentation of a right to the insurer to produce a right for coverage for a loss that occurs based on the agreement. Asset growth will be slowed down if claims occur because they include an expense problem. The sharia insurance company's assets will decrease if the number of claims rises (Ghofar, 2012).

Investment returns are the final factor. (Ainul et al., 2017) asserts that investment is crucial to the business. Asset growth is proportional to investment return. It could be said that the amount of money invested will increase in proportion to either the higher the premium paid or the higher the profits made by the business. As a result, there will be more money invested

LITERATURE REVIEW

In order to influence investor decisions, signal theory discusses the ups and downs of market prices like bond prices and stock prices. Market conditions are greatly influenced by investors' responses to both positive and negative signals; investors will respond to these signals in a variety of ways

Assets or growth in financial statements is often used by management to attract potential investors and creditors so asset growth is often engineered in such a way by management to influence the final decisions of these parties. This is to signaling theory which shows the tendency of information asymmetry between management and parties outside the company. The company's internal parties in general have more information about the real condition of the company today and its prospects in the future than external parties. Therefore, the quality of asset growth reported by management is the center of attention from external parties of the company (Suud, 2016).

A contribution, as defined by (Amrin, 2016), is a payment made by the insured party to the insurer to cover a loss, damage, or loss of anticipated profit as a result of an agreement for the transfer of risk from the insured to the insurer. (Amrulloh, 2019) says that a company's assets grow at a faster rate if it receives a larger contribution, invests more money, and has a greater chance of making a profit. This relationship holds true regardless of the size of the insurance company.

The insured makes a claim to the insurer in order to obtain his rights in the form of coverage for losses as a result of an agreement or contract. In the event of a claim, the growth rate of assets will be slowed down as a result of claims being included in expenses. The sharia life insurance company's assets will decrease if the number of claims rises (Ghofar, 2012). (Amrulloh, 2019) defines a claim as a claim made by the insured to the insurer in order to secure coverage for losses in accordance with the agreement or contract.

The term "investment" refers to the act of placing assets, either in the form of funds or assets themselves, in something that is intended to either increase in value or generate income in the future. According to (Cholifatulaini & MH, 2016) the company's investment policy's primary objective is to put into action program plans designed to maximize the likelihood of a positive return from invested assets

METHODS

Data Types and Sources: This research employs quantitative research as its method. This study relies on secondary data from articles, journals, and related literature as its primary sources of data.

Population and Sample: Between 2016 and 2020, the population of this study is Indonesian sharia insurance companies. There are 53 insurance companies, according to OJK data. The purposive sampling technique, or the collection of data based on the ability of several aspects, was used to select the sampling method used in this study. The following are the sample's characteristics and selection criteria for this study:

- Sharia Insurance Company has a business license valid from 2016 to 2020 and is registered with OJK.
- A business that sells sharia-compliant life insurance and general insurance from 2016 to 2020.
- Islamic insurance companies with data on research variables for the years 2016 to 2020.

Variable Operational Definition

- Asset Growth (Y)**

$$\text{Asset Growth} = \frac{\text{Total Asset}_t - \text{Total Asset}_{t-1}}{\text{Total Asset}_{t-1}}$$
- Contribution (X1)**

$$\text{Contribution} = \text{Ln} (\text{Total Contribution})$$
- Claim Expenses (X2)**

$$\text{Claim Expenses} = \text{Ln} (\text{Claim Expenses})$$
- Investment Return (X3)**

$$\text{Investment Return} = \text{Ln} (\text{Total Investment})$$

RESULTS AND DISCUSSION

This study's sample and data are both secondary data. The financial statements that were presented by Indonesian sharia insurance companies from 2016 to 2020 and prepared in accordance with the OJK will serve as the secondary data. Purposive sampling is used in the sampling technique.

Table 1. Sample Criteria

Criteria	Amount
Sharia Insurance Company is registered with OJK and has a business license for the period 2016 – 2020	53
Insurance companies that do not carry out sharia general insurance or sharia life insurance for the 2016 – 2020 period	(27)
Islamic insurance companies that do not have information related to the research variables for the 2016 – 2020 period	(13)
Company Sample Quantity	13
Number of Final Samples (13 Companies x 5 Years)	65

Classic Assumption Test Results The following are some classical assumption tests that must be met including the normality test, multicollinearity test, and heteroscedasticity test which can be explained in detail as follows:

Table 2. Classical Assumption Test

Variable	Normality	Multicollinearity	Heteroscedastic	Autocorrelation
	asyp. Sig.	VIF	Sig.	Durbin-Watson
Contribution	0.125	1,682	0.086	1,764
Claim		1.581	0.216	
Investation		1.333	0.330	

The value of Asymp can be seen in the normality test data utilizing the non-parametric statistical test Kolmogorov-Smirnov (KS) as shown in the preceding table. Sig. (2-tailed) is greater than or equal to 0.050 (0.125>0.050), indicating that the data are normally distributed. In the meantime, the multicollinearity test reveals that each variable has a value inflation factor variance (VIF) below 0.1, indicating neither multicollinearity nor a correlation between the independent variables.

The Glejser test is used in the heteroscedasticity test, and since all of the research variables have an absolute residual value greater than 0.05, there are no signs of heteroscedasticity. Regarding the Durbin Watson autocorrelation test, which is worth 1.764, the Durbin Watson table will yield a dl value of 1.503 and a du value of 1.696. The following can be concluded: $du < dw < 4 - du$, which indicates that the value of dw (1.764) is less than the value of $4 - du$ (2.304), while the value of du (1.696) is greater than the value of dw (1.764). As a result, the regression model does not contain either a positive or negative autocorrelation.

Therefore, it can be concluded that the classical assumption test, namely that the residuals are normally distributed, the regression model does not exhibit autocorrelation, heteroscedasticity, or multicollinearity, has been satisfied (Ghozali, 2018).

Results of Multiple Linear Regression The goal of multiple regression analysis is to determine the magnitude of the influence that two or more independent variables have on one another and to predict the dependent variable based on the independent variable.

Table 3. Multiple Linear Regression Test

Variable	Linear Regression	Coefficient of Determination	Model Eligibility	Hypothesis
	B	Adjusted R Square	F (Sig.)	t (Sig.)
(Constant)	0.261	0.102	0.023	0.178
Contribution	0.051			0.011
Claim	-0.030			0.172
Investation	-0.035			0.023

$$PA = 0.261 + 0.051KT - 0.030KL - 0.035IN +$$

It can be seen from the above equation's results that:

- a. Asset growth (Y) will increase by 0.261 if contributions, claims, and investments all have the same value. This indicates that asset growth will increase by 0.261% if it is increased by one factor.
- b. Asset growth (Y) will increase by 0.0051 if the contribution's value (X1) is increased by a factor of one while claims and investments' values remain unchanged (X2, X3 = 0). This indicates that asset growth is correlated with contribution income.
- c. Asset growth (Y) will decrease by -0.030 if the claim value (X2) is increased by one-time the contribution and investment values (X1, X3 = 0). This indicates that asset growth is stifled by a company's higher claim burden.
- d. Asset growth (Y) will decrease by -0.035 if the investment value (X3) is increased by a factor of one while the value of contributions and claims remains constant (X1, X2 = 0). This indicates that asset growth decreases in proportion to investment return.

Coefficient of Determination Test Results According to table 3, the corrected double correlation coefficient in the adjusted R Square column is 0.102, or 10.2 percent. This indicates that the variable contributions, claims, and investments contributed to the asset growth rate of 10.2 percent, while other variables influenced the remaining 89.8 percent.

Model Feasibility Test Results: As shown in table 3 above, a significant p-value of less than 0.05 (0.026 < 0.05) indicates that H_a is accepted, the model is accepted, and the study can be referred to additional research. This indicates that the expansion of Islamic insurance assets is influenced by contributions, claims, and investments as independent variables.

Table 3 shows that the significance values of each research variable are as follows:
Hypothesis Test Results:

- a) The contribution variable (X1) has a positive significance level of 0.011 < 0.05, indicating that the contribution to asset growth is significantly influenced positively.
- b) Because the variable Klaim (X2) has a negative value that is significant at 0.172 > 0.05, there is no significant negative effect that claims have on asset growth.
- c) The investment variable (X3) has a negative significance level of 0.023 < 0.05, indicating that investment has a significant negative impact on asset growth.

DISCUSSION

The Effect of Contribution to the Growth of Sharia Insurance Assets

The analysis of the data reveals that contribution income significantly boosts the expansion of Islamic insurance assets. This indicates that the company's assets will expand more rapidly the more contribution it receives. Therefore, according to (Muhyani & Baihaqi, 2019) the insurance company's profits and asset growth are correlated with the premium, which in turn increases the amount of money that can be invested by the company.

Although premiums are not owned by the company, they will have an impact on the activities of the company. As a result, the growth rate of sharia general insurance assets increases proportionally to the number of premiums obtained from the community. This positive relationship exists because premiums are the most important source of income for sharia insurance. According to the findings of this study, the greater the number of contributions received by the business, the more of those contributions will be invested, resulting in an increase in the assets of the business. This demonstrates that Islamic insurance company assets are significantly influenced by customer contributions.

The Influence of Claims on the Growth of Sharia Insurance Assets

The findings of the data analysis indicate that the burden of claims has little effect on the expansion of Islamic insurance assets. This indicates that the company's asset growth rate decreases proportionally to the level of claim burden it bears. M. Syakir Sula posits that an insurance company is obligated to shoulder a claim as a burden. Because a claim against the insurance company is a cost or expense, the rate of asset growth will decrease in the event of a claim. Similar to the findings of researchers demonstrating that claims hinder asset growth, a company's asset growth decreases as claims rise.

The test brings about this review showed no adverse consequence. The existence of a claim, which the sharia insurance company is required to issue, is one of its obligations, which can be explained. This is based on accounting theory, which states that expenses are explained as a decrease in economic benefits as a result of the depletion of assets' use, which lowers equity and is in addition to distributions for equity participation by various parties. Thus, asset growth is inversely correlated with expenses. Thus, the company's asset growth decreases proportionally to its claim burden (Fatmawati & Devy, 2021).

The Effect of Investment on the Growth of Sharia Insurance Assets

According to the findings of the data analysis, investment returns hinder the expansion of Islamic insurance assets. This indicates that asset growth slows down in proportion to investment return. This could happen because investing money yields high profits, as the findings of this study support the theory. Therefore, asset growth in sharia life insurance companies is impossible. However, the unfavorable investment climate and macroeconomic conditions may be to blame for recent investment losses.

This study's data analysis revealed that investment returns have a significant negative impact on asset growth. This is because the company will be able to profit from future investments if an increasing number of funds are used for investment. Asset growth will increase when investment returns are high, while asset growth will decrease when investment returns are low. Because of this, investment returns have a significant negative impact on asset growth.

CONCLUSION

The objective of this research is to empirically demonstrate how contributions, claims, and investments affect the rate of asset growth in Indonesian Islamic insurance companies. This study was based on data from Islamic insurance companies in Indonesia over the past three years (from 2016 to 2020). This study's population consisted entirely

of OJK-registered sharia insurance companies. Purposive sampling was used to collect the final sample, which consisted of 13 company samples out of a total of 65 observational samples. Multiple linear regression testing as the method of data analysis. The study's findings indicate that: 1) The expansion of Islamic insurance assets is aided by contribution. (2) Claims that the expansion of Islamic insurance assets will be harmed. 3) The expansion of Islamic insurance assets is harmed by investment.

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