

Analysis of the Influence of Investment, Premium Income, and Tabarru' Funds on Sharia Insurance Company Profits

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ISSN: 1979-4703 (p)

ISSN: 2527-9726(e)

Article history:

Received: 07 July 2022

Accepted: September 19, 2022

Published: December 30, 2022

Keywords:

Investments, Premiums,
Tabarru' Funds, Profits

ABSTRACT

This study aims to determine investment, premium income, and tabarru funds on profits of sharia life insurance companies in Indonesia. This study tested the hypothesis which stated that there was an effect of investment, premium income, and tabarru funds on profits. This data collection technique uses a purposive sampling technique with certain criteria. The population in this study were 24 sharia life insurance companies registered with the Financial Services Authority and the sample in this study were 6 sharia life insurance companies. Data analysis technique using multiple linear regression analysis. The research results showbased on the results of the regression test and t test investment has a positive and significant effect on insurance company profits. The tcount value is positive, meaning that the higher the investment, the higher the profit earned by the sharia life insurance company.Based on the results of the regression test and the t test, premium income has a positive and significant effect on insurance company profits. The tcount value is positive, meaning that the higher the premium income, the higher the profit earned by the sharia life insurance company.Based on the results of the regression test and t test, tabarru funds have a negative and significant effect on insurance company profits. The tcount value is negative, meaning that the higher the Tabarru fund, the lower the profit earned by the sharia life insurance company.

Introduction

Company insurance is one of the non-bank financial institutions that remains for everyone to obtain guarantees. The role of insurance companies in Indonesia

is to protect against unexpected risks and disasters by pooling premium funds with each other. Insurance institutions cannot be separated from social nature and helping each other(Aryaningsih et al., 2018; Damayanti & Kuswanto, 2019; Nababan et al., 2019; Nur et al., 2018). In

table 1. The number of sharia insurance companies from 2016 to 2020 has decreased. In 2017 there were 63 of them, while in 2020 it decreased to 60. This shows that interest in Islamic

insurance companies is starting to diminish, especially in Indonesia.

Table 1.

Growth in the number of sharia insurance companies in Indonesia in 2016-2020

Information	2016	2017	2018	2019	2020
Life insurance company with sharia principles	6	7	7	7	7
General insurance company with sharia principles	4	5	5	5	5
Reinsurance company with sharia principles	1	1	1	1	1
Life insurance companies that have sharia units	21	23	23	23	23
General insurance companies that have sharia units	24	25	24	24	21
Reinsurance companies that have sharia units	2	2	2	2	2
amount	58	63	62	62	60

(source: www.ojk.go.id)

In table 2 the profit growth each year has experienced a high increase from 0.54 trillion in 2017 to 0.64 trillion at the end

of 2020. This shows that the insurance company's finances are quite good and good in its operations.

Table 2.

Profit Growth of Sharia Life Insurance Companies in Indonesia 2016-2020 (In Trillion Rupiah)

		year			
	2016	2017	2018	2019	2020
	0.39	0.54	0.69	0.69	0.64

(source: www.ojk.go.id)

Previous research that examined the effect of investment, premium income, and tabarru funds on profits of Islamic companies, (Ainal Putra Harahap and Murni Dahlena Nst: 2021) stated that investment returns have a positive effect on profits of Islamic insurance companies, and the results of premium income have a positive effect on profits of Islamic insurance companies. According to (Januaryfah Rizqi Wulandari, Wimbo Wiyono, and Noviansyah Rizal: 2019) found that

investment returns have a positive effect on profits of Islamic insurance companies, and the results of premium income have a positive effect on profits of Islamic insurance companies. Whereas other researchers (Nurul Hidayati Nasution and Satria Tri Nanda: 2020) found that investment returns have a negative effect on profits of Islamic insurance companies, and the results of premium income have a positive effect on profits of Islamic insurance companies. Previous research that has

been conducted studies with the same problem has similar factors, so a research gap arises. From the existing research gap, the researcher wants to conduct a similar study but by adding a new variable, namely the tabarru database variable. This is because tabarru funds are voluntary gifts from one person to another without compensation and the transfer of ownership to fellow insurers who have suffered a disaster. So the tabarru funds are also those that can influence the profit growth of sharia insurance companies. Researchers also took data from sharia insurance companies in the OJK. From the existing research gap, the researcher wants to conduct a similar study but by adding a new variable, namely the tabarru database variable. This is because tabarru funds are voluntary gifts from one person to another without compensation and the transfer of ownership to fellow insurers who have suffered a disaster. So the tabarru funds are also those that can influence the profit growth of sharia insurance companies. Researchers also took data from sharia insurance companies in the OJK. From the existing research gap, the researcher wants to conduct a similar study but by adding a new variable, namely the tabarru database variable. This is because tabarru funds are voluntary gifts from one person to another without compensation and the transfer of ownership to fellow insurers who have suffered a disaster. So the tabarru funds are also those that can influence the profit growth of sharia insurance companies. Researchers also took data from sharia insurance companies in the OJK.

Literature review

Sharia Insurance

Insurance is an agreement with a name the insurer binds himself to the insured by accepting the premium, to provide a replacement for him due to a loss, damage or loss of expected profit that he may suffer due to an uncertain event (Egam et al., 2017; Geriadi & Wiksuana, 2017; Permana, 2017; Zulkarnaen, 2018). Sharia insurance is a risk management arrangement that meets sharia provisions, helping manually involving participants and operators, sharia comes from the Al-Quran and As-Sunnah (Ainal, 2021). Life insurance is an agreement between two or more parties where the insurer binds himself to the insured by accepting a premium to provide a suggested payment for the death or life of the insured person (Januarifah, 2019: 80).

corporate profits

Profit is the result of the company's operational activities in one accounting period (Banks et al., 2021; Mubarak, 2019; Mubarak et al., 2017). Profit is the net result of a series of policies and management decisions (Khusnul, 2014). Where if a company has profits that continue to grow, then the company has flexible finances and operational capabilities.

Investments

Investment is a commitment to a number of funds or other resources that are carried out at this time with the aim of obtaining a number of benefits in the future (Januarifah, 2019). Investment returns are investment activities such as assets with the aim of profit sharing of

investment returns which are handed over to the owner of the funds, in this case, namely managers and insurance participants (Nurul, 2020). So the greater the investment given and the management of the company which well, the greater the opportunity to get a relatively large profit (Harnida, 2017; Hutapea et al., 2017; Mubarok, 2019; Robbyah et al., 2021).

Premium Income

Premium income or in terms of fiqh muamalah is *al-musamab* or contribution funds (Nurul, 2020:42). Premiums are the amount of money paid by a policyholder or customer to an insurance company (Ainal, 2021: 112).

Tabarru Fund

Tabarru' comes from the word *tabarra'a-yatabarra'u-tabarru'an*, which means donation, grant and benevolence or charity. Tabarru' is a person's voluntary giving to another person without compensation which results in a transfer of ownership of property, without compensation made by someone who is alive to another person voluntarily (Titin, 2020:32).

Table 4.

Descriptive statistical results

Descriptive Statistics

	N	Minimum	Maximum	Means	std. Deviation
	Statistics	Statistics	Statistics	Statistics	Statistics
Insurance Company Profits	30	-19235	343914	4.04E4	77136.482
Investments	30	198	1840114	4.79E5	628763.651
Premium Income	30	-81	255685	5.43E4	71906.202
Tabarru Fund'	30	-14385	593657	1.08E5	177789.291
Valid N (listwise)	30				

Research methods

The research method used by researchers is a quantitative method. By using secondary data types, namely indirect data sources obtained through intermediary media or other parties. Secondary data in this study are historical reports that have been compiled in archives. The internal data of this research were obtained from the website of each sharia life insurance company which was published by the company. And also data obtained from the website of the Financial Services Authority (OJK). The population in this study are sharia life insurance companies registered on the Financial Services Authority (OJK) website for the 2016-2020 period as many as 24 companies. Samples were taken using purposive sampling technique. The data analysis technique used by this researcher is multiple linear regression analysis. In this study using the Classical Assumption Test in statistical testing. Meanwhile, the hypothesis test uses a partial test (t test), data processing is done using SPSS 16.

Results and Discussion

Descriptive Test

The variable results of insurance company profits table 4. with a total amount of data 30. has a mean value of 4.04E4 which means that the average company profit is 4% with a minimum value of -19235 and a maximum of 343914. while the the standard deviation is 77136.482 which means the spread of variables the insurance company's profit is 77.13%. Variable investment results in table 4. with a total amount of data 30. has a mean value 4.79E5 which means that the average investment is 4.7% with a minimum value of 198 and a maximum of 1840114. while the standard deviation 628763,651 which means the spread of the investment return variable is 62.87%. The variable results of premium income table 4. with a total number of data 30 has a mean value of 5.43E4 which means that the average premium income is 5.4% with a minimum value of -81 and a maximum of 255685. while the standard deviation is 71906.202 which means the spread of variables premium income yield of 71.9%. The yield variable for tabarru funds is table 4. With a total amount of 30 data, it has a mean value of 1.08E5, which means that the average tabarru fund is 1% with a minimum value of -14385 and a maximum of 593657. Meanwhile, the standard deviation is 177789.291 which means the spread of the variable yields of tabarru funds by 17%.

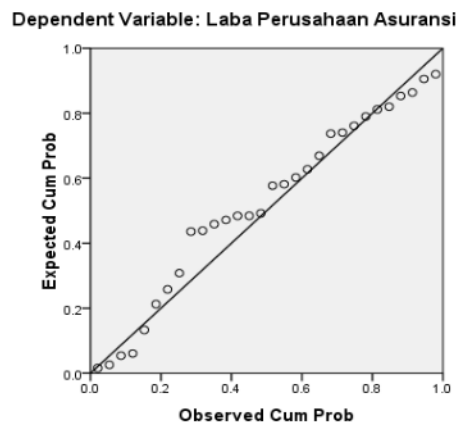
Classic assumption test

Normality test

The normality test is used to distribute data, whether it is in the form of a normal distribution or not. The statistical test used can use two methods, namely the P-Plot and the Kolmogorov Smirnov test. . (Ali muhson, 2016:39)

Figure 1.
Normality Statistical Results

Normal P-P Plot of Regression Standardized Residual



Based on the picture above, it can be concluded that the dotted graphs are around the horizontal line, so the data results are normally distributed.

Multicollinearity Test

The multicollinearity test is used to see whether there is a very strong relationship between the independent variables (Ali Muhson, 2016: 43). If VIF value > 10 or if valuetolerance < 0.1 that there is multicollinearity in the regression model. If the VIF value is < 10 or if the tolerance value is > 0.1, there is no multicollinearity in the regression model.

Table 6.

Multicollinearity Statistical Results

Model		Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
		B	std. Error	Betas	t	Sig.	tolerance	VIF
1	(Constant)	-16155.808	8821038		-1,832	.079		
	Investments	.021	.033	.169	.636	.530	.111	8,986
	Premium Income	1831	.357	1,707	5.129	.000	.071	14.128
	Tabarru Fund'	-.488	.114	-1.126	-4,284	.000	.114	8,810

a. Dependent Variable: Insurance Company Profit

It can be seen from table 6 that the investment variable and tabarru tiresshow VIF value < 10 and tolerance value > 0.1 means that there is no multicollinearity in the regression model. Meanwhile, the premium income variable shows a VIF value (14.128) > 10 and a tolerance value (0.071) < 0.1 which means there is multicollinearity in the regression model.

Autocorrelation Test

Table 7.

Autocorrelation Statistics Results

Model summary b

Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
1	.892a	.796	.773	36776772	1,649

a. Predictors: (Constant), Tabarru' Fund, Investment, Premium Income

b. Dependent Variable: Insurance Company Profit

The autocorrelation test is used to detect the relationship between one period error and another error period (Ali Muhson, 2016: 54). Forsee autocorrelation test using Durbin-Watson values. The criterion is if the Durbin & Watson value lies between 2 and 4 then there is no autocorrelation, but if the value is outside that then there can be autocorrelation or cannot be determined.

Based on the results of table 7 the DW value (1.649) where the DW value outside is between 2And4, it means that the autocorrelation cannot be concluded.

Multiple Linear Regression Test

Multiple linear regression test is used forto measure the strength of the relationship between two or more variables. Regression analysis can also be used to show the relationship between the dependent variable and the independent variable. The Multiple

Linear Regression equation can be calculated as follows:

$$Y = a + b1X1 + b2X2 + b3X3$$

Information:

- Y =Insurance Company Profits
- a =Constant
- b =Regression coefficient
- X1 = Investments
- X2 = Premium Income
- X3 = Tabarru Fund'

Table 8.

Results of Multiple Regression Statistics

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics	
		B	std. Error	Betas	t	Sig.	tolerance VIF
1	(Constant)	-16155.808	8821038		-1,832	.079	
	Investments	.021	.033	.169	.636	.530	.111 8,986
	Premium Income	1831	.357	1,707	5.129	.000	.071 14.128
	Tabarru Fund'	-.488	.114	-1.126	-4,284	.000	.114 8,810

a. Dependent Variable: Insurance Company Profit

The results of multiple linear regression tests in table 8. show the regression equation. With the equation:

$$Y = -16155.808 + 0.021 (X1) + 1.831 (X2) - 0.488 (X3)$$

a = yield constant value of -16155.808 indicating that if all investment variables, premium income, and tabarru funds are equal to 0, then the insurance company's profit is -16155.808.

X1 = investment return variable shows 0.021. it shows that if the investment yield variable increases by 1%, then the profit will increased by 0.021.

X2 = premium income outcome variable shows 1,831. this shows that if the premium variable income results increase by 1%, the profit will increase by 1,831.

X3 = the yield variable of tabarru' funds shows -0.488. this shows that if the

tabarru fund variable increases by 1%, the profit will decrease by 0.488.

Partial Test

The t (partial) hypothesis test is used to test whether or not there is an influence between the independent variables partially or individually on the dependent variable by comparing thung with ttable. If Sig. > 0.05, the independent variables individually have no effect on the

dependent variable. Whereas if Sig. <0.05, the independent variable has an effect on the dependent variable. Then it can be concluded that H0 is rejected and H1 is accepted if Sig. < 0.05. and H0 is accepted and H1 is rejected if Sig. >0.05. In the t test can be seen in table 9. where there is a tcount for each independent variable. Then the test results are:

Table 9.

Results of Multiple Regression Statistics

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
		B	std. Error	Betas	t	Sig.	tolerance	VIF
1	(Constant)	-16155.808	8821038		-1,832	.079		
	Investment	.021	.033	.169	.636	.530	.111	8,986
	Premium Income	1831	.357	1,707	5.129	.000	.071	14.128
	Tabarru Fund'	-.488	.114	-1,126	-4,284	.000	.114	8,810

a. Dependent Variable: Insurance Company Profit

The Effect of Investment on Insurance Company Profits

The t test is used, where the statistical value for the constant is -1.832 and the statistical value for the investment variable coefficient is 0.636. with Sigs. $0.05 : 2 = 0.025$ (2 sided test) with $df = nk-1$ or $30-3-1 = 26$ (k is the number of independent variables). because tcount $0.636 < 2.05553$ or Sig. $0.53 > 0.05$ then H0 is accepted and H1 is partially rejected investment has a positive and significant effect on insurance company profits. The tcount value is positive, meaning that the higher the investment,

the higher the profit earned by the sharia life insurance company.

Effect of Premium Income on Insurance Company Profits

The t test is used, where the statistical value for the constant is -1.832 and the statistical value for the variable coefficient of premium income is 5.129. with Sigs. $0.05 : 2 = 0.025$ (2 sided test) with $df = nk-1$ or $30-3-1 = 26$ (k is the number of independent variables). because tcount is $5.129 > 2.05553$ or Sig. $0.00 < 0.05$ then H0 is rejected and H1 is partially accepted premium income has a positive and significant effect on

insurance company profits. The tcount value is positive, meaning that the higher the premium income, the higher the profit earned by the sharia life insurance company.

The Effect of Tabarru Funds on Insurance Company Profits

The t test is used, where the statistical value for the constant is -1.832 and the statistical value for the variable coefficient of tabarru funds is -1.126. with Sigs. 0.05 : 2 = 0.025 (2 sided test) with $df = nk-1$ or $30-3-1 = 26$ (k is the number of independent variables). because $tcount -1.126 < 2.05553$ or $Sig. 0.00 < 0.05$ then H_0 is rejected and H_1 is accepted, partially tabarru funds have a negative and significant effect on insurance company profits. The tcount value is negative, meaning that the higher the Tabarru fund, the lower the profit earned by the sharia life insurance company.

Conclusion

Based on the results of the research and discussion in the previous chapter, this study can be concluded that based on the results of the regression test and the t test, investment has a positive and significant effect on insurance company profits. The tcount value is positive, meaning that the higher the investment, the higher the profit earned by the sharia life insurance company. Based on the results of the regression test and the t test, premium income has a positive and significant effect on insurance company profits. The tcount value is positive, meaning that the higher the premium income, the higher the profit earned by the sharia life insurance company. Based

on the results of the regression test and t test, tabarru funds have a negative and significant effect on insurance company profits. The tcount value is negative, meaning that the higher the Tabarru fund, the lower the profit earned by the sharia life insurance company.

Recommendations

Based on the findings of this study, it is advisable to further research to add variables outside of this model, and also add a longer time period, and refer to a different object, namely outside the insurance sector.

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