

ABSTRACT

The insurance industri has a very important role in the financial sector, economic activity, development and society. An important role is providing protection from losses arising from the insured event. In order to fulfill its role properly, insurance companies must run their business well and have good performance. Currently, the insurance industri in Indonesia still has good market opportunities, therefore foreign investors are still interested in investing in Indonesia. This is shown by the existence of several foreign affiliated Indonesian insurance companies.

This study examines the effect of foreign insurance affiliation, market share, own retention ratio, claims ratio and expense ratio on the performance of general insurance companies in Indonesia. The performance of insurance companies in this study is measured by return on equity (ROE). The population of this research is all general insurance companies in Indonesia operating in 2018-2021. The sample of this study is data from 190 insurance companies in that period. Data collection uses financial reports submitted by insurance companies to the Indonesia Financial Services Authority (OJK). The data analysis technique uses multiple linear regression with SPSS software.

The results of multiple linear regression analysis show that foreign affiliation and own-retention ratio have a positive effect on ROE of insurance companies. Meanwhile market share, claims ratio, and expense ratio have a negative effect on ROE. Taken together, foreign affiliate, market share, own retention ratio, claims ratio and expense ratio have an effect on ROE. The results of this study can provide an overview to regulators in regulating foreign ownership in the insurance industri in Indonesia as well as arrangements regarding own-retention. For shareholders and management of insurance company, this research can provide an overview of cooperation policies with foreign parties as well as reinsurance policies related to the risk profile of insurance business lines in Indonesia, expense policies, underwriting and claim handling.

Keywords: *Foreign Ownership, Market Share, Own Retention Ratio, Return Equity*