

SYSTEMATIC LITERATURE REVIEW: THE EFFECT OF PREMIUMS AND INVESTMENTS ON SHARIA INSURANCE COMPANY PROFITS

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Abstract

This study aims to map the effect of premiums and investments on the profits of Islamic insurance companies. In research using the Systematic Literature Review method, eight articles out of 200 matched the criteria, with search strings from 2018 to 2022. The results showed that (RQ1) the problems contained in research journals varied, namely differences in results from previous studies on Premiums, Investment Returns, and Profits, as well as the decline in profits of Islamic insurance companies. In the research conducted by Alifia Nur Afifah and Anniza Citra Prajasari (2022), there are problems of inconsistency with the results of the previous study on premiums and profitability. In a study conducted by Ridwan Tabe et al. (2018), there are problems with the decline in net profit of the Panin Dai-ichi Life Sharia insurance company. And research conducted by Nur Indah et al. (2021) showed there needs to be more consistency in previous research between premiums for profits and investment for gains. (RQ2) The research method that is often used is the quantitative method; this method is very relevant because quantitative research looks at the "Facts/Truth" that are in the research object out there, and the researcher must be neutral about whatever is found in the field and be impartial. Furthermore, the results of the research question (RQ3) Every year and even in 2022, some journals discuss the effect of premiums and investments on the profits of Islamic companies

Keywords: Premium, Investment, Sharia Insurance Profit

Introduction

The development of an increasingly advanced era followed by advances in information and communication technology makes economic actors increase daily. This increase in economic actors causes society's demand for goods and services to become more diverse and complex. Along with these economic developments, it raises public concerns about possible risks. In anticipating unexpected risks, entrepreneurs or individuals cover goods, loans, and their lives, giving rise to the need for reduced risk; this is the concept of insurance.

Based on Law Number 40 of 2014 concerning Insurance, Insurance is an agreement between two parties, namely the insurance company and the policyholder, which forms the basis for receiving premiums from the insurance company in return. Public awareness of the importance of Insurance continues to increase due to the uncertainty of risks that will occur, ranging from threats to health, education, property, and death (Pahlevi & Lisandri, 2022). According to RI Law no. 40 of 2014 concerning Insurance from a system perspective, divided into (1) Conventional Insurance. The operational principle of conventional Insurance is the transfer of risk from insurance customers to insurance companies (2) Islamic Insurance (takaful); the working code of Islamic Insurance is mutual help (risk share).

Based on the products marketed, compared to conventional-based insurance, Sharia insurance is more profitable. Profit sharing is one of the advantages of Sharia Insurance, primarily because of tabarru funds or pool funds (Nasution & Nanda, 2020). One way to assess the success of a company's performance is to look at the profits generated; if profit growth continues to increase over several periods, it can be said that company management can manage company finances effectively and efficiently to provide an increase in company value (Pahlevi & Lisandri, 2022). The performance of an insurance company is very closely related to profits; the basis of an insurance business is a public trust. By having good profit growth in terms of financial capability (bonafide), the company can fulfill its obligations, namely paying dividends to shareholders, fulfilling claims obligations, and other obligations on time.

Various factors influence profits at insurance companies. Based on research conducted (Diyuni, 2019), several factors impact insurance industry profits: investment returns, claims expenses, premium receipts, RBC, and underwriting results. In contrast to research conducted by (Maharani & Ferli, 2020), various factors that affect insurance company profits are claims expenses, premium receipts, and RBC. So, insurance profit is influenced by investment returns, premium receipts, risk-based capital, and underwriting results. However, this research only focuses on two factors, namely premiums and investment. According to research conducted by (Fitrianty et al., 2022), the premium variable's effect on profit is that partially premium income has a negative and significant effect on profit, which means that if premium income increases, insurance profit will decrease and vice versa. This is contrary to research conducted by (Nasution & Nanda, 2020) that partially premium income has a positive and significant effect on insurance profit, which means that if premium income increases, insurance profit will increase, and vice versa. Meanwhile, the effect of the

investment variable on profit is, according to research conducted by (Ainul & Ambari, 2019), that partial investment income has a positive and significant effect on profit, which means that if investment income increases, insurance profit also increases, and vice versa. This is contrary to research conducted by (Nasution & Nanda, 2020) that investment income has a negative and significant effect on insurance profit, which means that if investment income increases, insurance profit will decrease, and vice versa.

Given the inconsistent results (research gap) on the effect of premium and investment variables on insurance profits, the researcher is interested in further examining the journal mapping of the effect of premiums and investment on the profits of Islamic insurance companies.

Methods

The objects in this study are premiums and investments in profits of Islamic insurance companies. This study uses a Systematic Literature Review (SLR) approach. Systematic Literature Review, according to (Triandini et al., 2019), is a term used to refer to a particular research or research methodology and the development carried out to collect and evaluate related research on a particular topic focus and previously founded by Kitchenham & Charters. This method has three stages (Wahono, 2016).

Research questions or research questions are made based on the needs of this research topic. The formulation of research questions regarding voluntary disclosure of company value must focus on five elements known as PICOC, namely:

1. Population (P), the target group for investigation (eg, people, software, etc.)
2. Intervention (I), determining aspects of the investigation or problems of interest to researchers.
3. Comparison (C), aspects of the investigation that will be compared with the intervention
4. Outcomes (O), the effect of the intervention.
5. Context (C), background, or investigative environment. (Wahono, 2016).

Table 1. PICOC Structure

PICOC The effect of premiums and investments on profits of Islamic insurance companies.	
Population	Premiums, investments, and Profits of Sharia insurance companies
Intervention	The inconsistency of the results of previous research on premium and investment variables on profits of Islamic insurance companies.
Comparison	Premiums and Investments against Profits of existing Sharia insurance companies.
Outcomes	Increasing profits of Islamic insurance companies.
Context	Premium Performance Variables, Investment, Profit.

Source: Data processed in 2023

Search process or searching for the data needed in this research. Data were obtained from the Google Scholar site with the site address <https://scholar.google.co.id/> with the help of the Publish or Perish (PoP) application or software to make it easier to find the required journal. Then search for journals by entering the keywords "Premium," "Investment," and "Profit of Islamic insurance."

The input criteria and limitations are to determine whether the data is feasible or not to be used in this study. The following criteria are eligible for this study:

1. Data used in the 2018-2022 period.
2. Data obtained from the source <https://scholar.google.co.id/>.
3. The data used only concerns premiums, investments, and profits of Islamic insurance
4. The data used is only quantitative research.

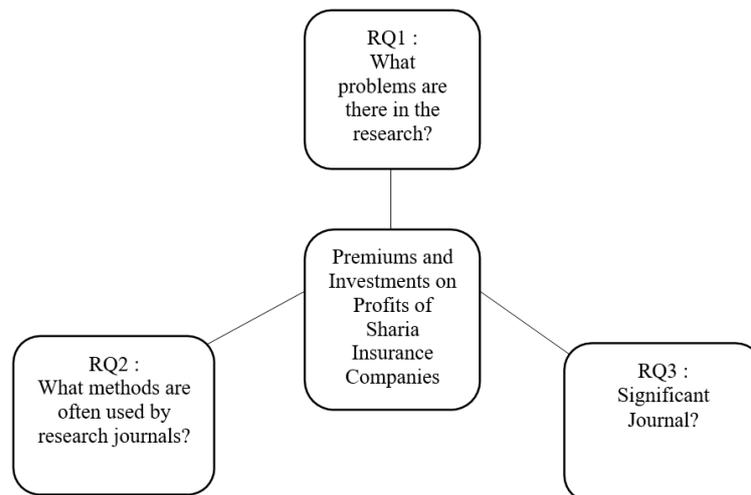


Figure 1. Mind Map

Result and Discussion

Research Data

A literature search was conducted in April 2023; the initial search process was carried out based on the year of publication in the 2018-2022 timeframe using the keywords "Premium," "Investment," and "Profit of Sharia Insurance." The search results from the Publish or Perish (PoP) software contained 200 articles obtained from the Google Scholar site; then, the articles were selected. The literature used is only a journal paper; the research study selection process is also carried out by looking at titles, abstracts, and full text, and the main study results are obtained, which will be used for further analysis.

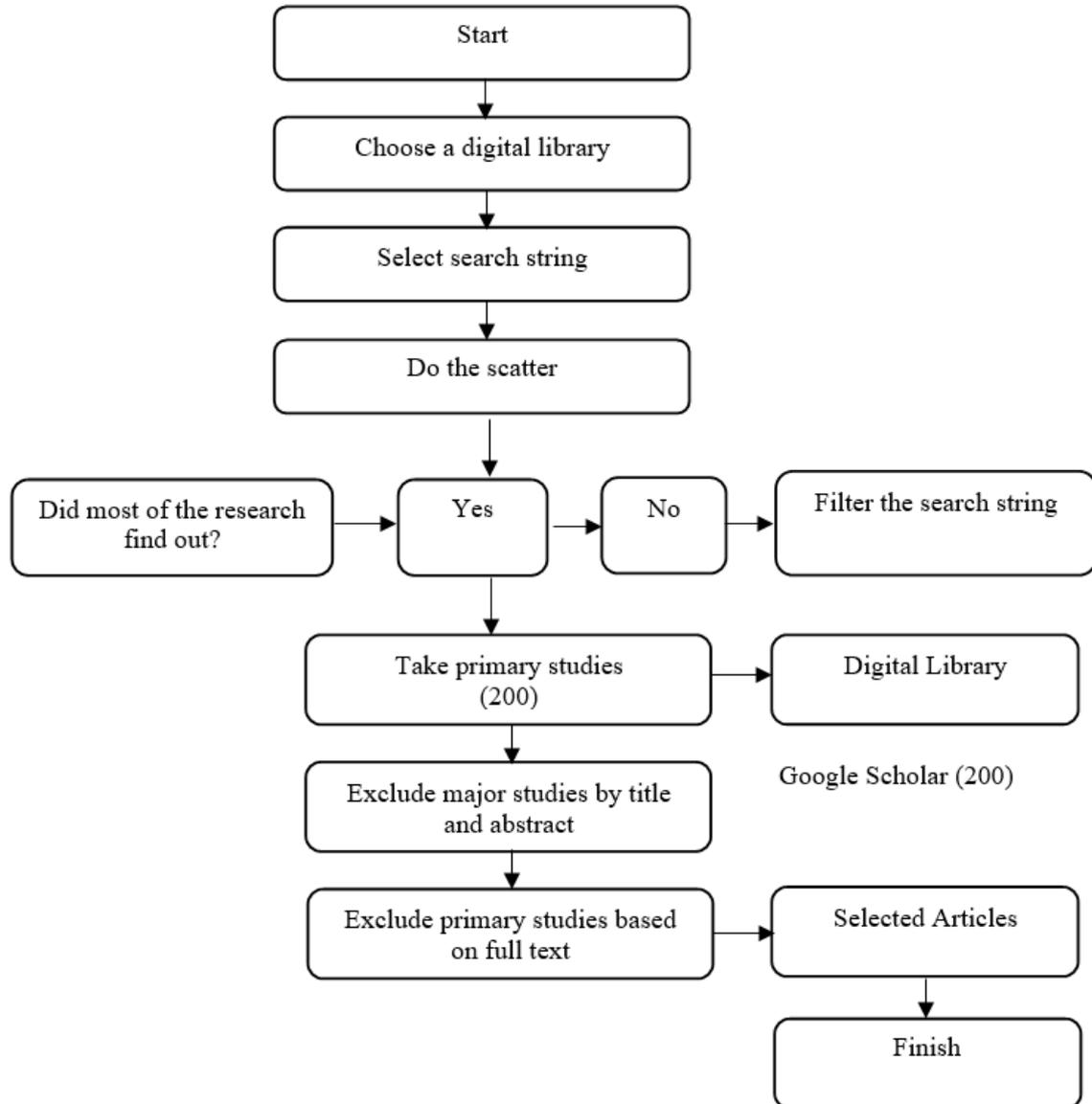


Figure 2. Main Study Search

After getting 200 articles, they are manually selected to improve the search results to get the desired main study. Here are the details below:

Table 2. Search Screening

No	Search Filtering	Number of Articles
1.	Invalid (not a journal paper).	149
2.	The title and abstract do not match.	43
3.	The title and abstract are appropriate, but filled in are not discussed.	-
4.	Articles Selected.	8

From Table 2. above, it can be seen that there were 149 invalid articles; what is meant by invalid is not the journal paper presented but the thesis from the researcher. Journals and abstracts that are not following the topic

or research theme; there are 43 articles. So that was selected for further analysis, as many as eight articles. Then the information obtained will be divided into several types of journals.

Quality Assessment determines the accuracy and credibility of the research methods and the study's relevance. In order to strengthen the conclusions presented by researchers. Following are the results of the quality assessment in tabular form:

Table 3. Quality Assessment Results

No.	Author	Year	QA1	QA2	QA3	Result
1.	Ikin Ainul Yakin dan Irfan Ambari	2019	Yes	Yes	Yes	Accepted
2.	Alifia Nur Afifah and Anniza Citra Prajasari	2022	Yes	Yes	Yes	Accepted
3.	Nestianty Yeca Pebriany, Isro'iyatul Mubarakah	2022	Yes	Yes	Yes	Accepted
4.	Rustamunadi dan Feri Fahri	2018	Yes	Yes	Yes	Accepted
5.	Ridwan Tabe, Riska Indah Purnama Minggu, Jamaluddin Majid	2018	Yes	Yes	Yes	Accepted
6.	Dwi Ayu Fitrianty, Fatmi Hadiani, Setiawan, Hendra Sanjaya Kusno	2022	Yes	Yes	Yes	Accepted
7.	Nurul Hidayati Nasution, Satria Tri Nanda	2020	Yes	Yes	Yes	Accepted
8.	Nur Indah Aulia Hidayat, Santi Susanti, Sri Zulaihari	2021	Yes	Yes	Yes	Accepted

Source: Data processed in 2023

Results of data analysis

Table 4. Titles, Methods, and Problems

No.	Author	Title	Method	Problem
1.	Ikin Ainul Yakin dan Irfan Ambari	Pengaruh Pendapatan Investasi Terhadap Laba Perusahaan Asuransi Syariah (Studi Kasus di Perusahaan PT Asuransi Sinarmas Syariah Periode 2014-2018)	Quantitative	The use of financial reports to determine profits in general Islamic insurance companies that are affected by investment income.
2.	Alifia Nur Afifah and Anniza Citra Prajasari	Profitability Antecedents Of Sharia Life Insurance Companies	Quantitative	The inconsistency of the results of previous studies regarding the premium growth ratio has a positive effect on profitability (Azhari & Sukmaningrum, 2021; Hussanie & Joo, 2019; Kaya, 2015). However, other studies prove that the premium growth ratio does not affect profitability (Agustin et al., 2018; Charumathi, 2012). investment returns affect company profitability (Akotey et al., 2013; Agustin et al., 2018; Hussanie & Joo, 2019; Faoziyyah & Laila, 2020). Meanwhile, the results of research conducted by (Safitri & Suprayogi, 2017) prove that investment returns do not affect company profitability.

3.	Nestianty Yeca Pebriany, Isro'iyatul Mubarakah	Pengaruh Risk Based Capital (Rbc) dan Hasil Investasi Terhadap Laba Perusahaan Asuransi Jiwa Yang Terdaftar di Ojk Periode 2017-2020	Quantitative	Companies must be able to maintain stable profits, so it is necessary to measure the level of financial health ratios in insurance companies by maintaining the level of solvency ratios or Risk-Based Capital (RBC). Investment is an activity carried out by investing to obtain benefits that are given to fund managers and insurance participants so that the higher the return on investment, the company will also get large profits and profits.
4.	Rustamunadi dan Feri Fahri	Pengaruh hasil investasi terhadap laba PT. Prudential life	Quantitative	How does the effect of investment returns on PT? Prudential Life Assurance 2012-2017
5.	Ridwan Tabe, Riska Indah Purnama Minggu, Jamaluddin Majid	The Effect of Premium on Profit of Life Insurance Companies in Sharia Units of Pt Panin Dai-Ichi Life Indonesia	Quantitative	The decline in the net profit of the Panin Dai-ichi Life Sharia insurance company compared to the previous year. Decrease in gross premium compared to the previous year.
6.	Dwi Ayu Fitrianty, Fatmi Hadiani, Setiawan, Hendra Sanjaya Kusno	Analisis Faktor-Faktor yang Mempengaruhi Laba Perusahaan Asuransi Umum Unit Usaha Syariah di Indonesia	Quantitative	Based on data from the OJK, in 2017-2018, public insurance companies, especially those with sharia business units, experienced a decline in company performance. In particular, the profit in 2017-2018 has decreased. The results of previous research are different in that there are differences in the influence of premium income variables, Risk-Based Capital, underwriting results, claims expenses, and operating expenses on profits.
7.	Nurul Hidayati Nasution, Satria Tri Nanda	Pengaruh Pendapatan Premi, Hasil Underwriting, Hasil Investasi Dan Risk Based Capital Terhadap Laba Perusahaan Asuransi Umum Syariah	Quantitative	Insurance company profits have fluctuated since 2014. There has been a decrease in pooled funds from the public; some of them have even experienced losses. This got worse when at the end of 2014, the premium did not grow at all, and the company experienced bleeding
8.	Nur Indah Aulia Hidayat, Santi Susanti, Sri Zulaihari	Pengaruh Premi, Hasil Investasi dan Risk Based Capital terhadap Laba Perusahaan Asuransi Syariah Indonesia 2019 (The Effect of Premium, Investment Returns and Risk Based Capital on Profits of Indonesia Sharia Insurance Company in 2019)	Quantitative	Differences in results from previous studies on Premiums, Investment Returns, Risk-Based Capital and Profits. Based on research by Nasution & Nanda (2020), Sastri et al. (2017) and Fauzi (2018) revealed that high premium receipts will have an impact on the high profits earned by insurance companies because the company is entitled to receive compensation for managing premium funds of insurance participants. However, research by Reschiwati & Solikhah (2018) reveals that premium income only significantly affects profit. Based on the research results of Marwansyah & Utami (2017), Diana & Apriani (2020), and Purnamawati (2019), profit is positively and significantly affected by investment returns. Not only used to guarantee payment of claims, but investment

returns are also part of the company's income-generating operations. This contradicts research by Maharani & Ferli (2020) and Amani & Markonah (2020), which state that profit is unaffected by investment returns. Investment returns do not affect profits because insurance company profits fluctuate a lot.

Source: Data processed in 2023

From 8 journals, the method often used is the quantitative method; this method is very relevant to what is needed to find out the results that affect premiums and investment in profits of Islamic insurance companies. Because quantitative research presents proposals that are complete, detailed, specific procedures, complete literature, and formulated hypotheses.

Quantitative methods have advantages in terms of efficiency. Quantitative analysis works using samples to solve the problems at hand. Apart from the sample side, the quantitative method provides a more precise explanation of the facts at hand for some issues. Based on this Systematic Literature Review (SLR) review, there are eight premium and investment journals on the profits of Islamic insurance companies. Every year some journals discuss premiums and investments in profits of Islamic insurance companies, even the most in 2022; several journals with a quantitative approach discuss premiums and investments in profits of Islamic insurance companies and different publishers or publication websites.

Conclusion

Based on the results of the literature study that has been carried out, a systematic literature review is the process of identifying, evaluating, and interpreting all research evidence to answer particular research questions. There were 200 articles then selected, and the final results of the main study selected eight journals according to the inclusion and exclusion criteria. The results obtained are that many things encourage researchers to take this title, as evidenced by the inconsistency of previous studies' results and differences in research results; Islamic insurance companies need more practical information to help determine which variables between premiums and investments affect profits.

The research question (RQ1) results show various problems in research journals, namely differences in results from previous studies on premiums, investment returns, and profits and the decline in profits of Islamic insurance companies. In the research conducted by Alifia Nur Afifah and Anniza Citra Prajasari (2022), there are problems of inconsistency with the results of previous research on premiums and profitability. In research conducted by Ridwan Tabe et al. (2018), there are problems with the decline in net profit of the Panin Dai-ichi Life Sharia insurance company. Moreover, research conducted by Nur Indah et al. (2021) showed there needs to be more consistency in previous research between premiums for profits and investment for profits.

Results of the research question (RQ2) The research method that is often used is the quantitative method; this method is very relevant because quantitative research looks at the "Facts/Truth" that are in the research object out there, and researchers must be neutral whatever is found in the field and be impartial. Furthermore, the results of the research question (RQ3) Every year, some journals discuss the effect of premiums and investments on the profits of Islamic companies; even in 2022, most journals use quantitative methods to discuss premiums and investments on profits of Islamic insurance companies and different publications.

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