THE EFFECT OF REGIME SUPERVISION, RISK APPETITE AND PROFILE ACTUARIAL ON FINANCIAL HEALTH LIFE INSURANCE COMPANY IN INDONESIA 2006-2018

Oleh
Putu Willy Adhitya Nugraha[1], Doddy Ariefianto[2]
[1,2,3]Universitas Bina Nusantara
Email:[1]putuwilly18@yahoo.com

Abstract

Everyone must be able to do financial management. The importance of managing finances because no one does not know for sure to happen tomorrow. Life insurance is one of the financial instruments present in the financial industry as a place to invest and store funds in preparing for tomorrow. In choosing a company where funds are stored, people tend to look at the level of trust, one of which is financial health. In this study, researchers tried to raise the theme of Financial Health in life insurance companies which are influenced by three variables, namely risk appetite, regime supervision and actuarial profile. Researchers are trying to develop a Z-Score modification in banking to find out whether or not there is a connection between the three variables. The results showed that there was a significant influence of the regime supervision variable on financial health compared to other variables such as risk appetite and actuarial profile after conducting various tests. By the three tests, namely Linear Regression Analysis and Data Panel Estimation, the coefficient value still dominates more than 5%

Kata Kunci: Life Insurance, Financial Health, Risk Appetite, Regime Supervision, Profile Actuarial, Data Panel Estimate, Regression Linear Analyze

PENDAHULUAN

In this modern era, it's very important for every individual to be able to manage finances well. This because in life nothing in certain and everything, whether good or bad can happen to anyone and at any time. So it is important for each individual to be able prepare these things in order to minimize risks and prevent even greater effects.

From now on, the financial industry has offered various financial products to individuals as a form of investment and protection for financial preparation in the future. Every individual has the right to choose to be able to manage and get the best result at a later time. These kinds of financial products include banking products, time savings, stock investments, mutual funds to insurance. This wide variety of financial products makes each individual willing to set aside some of the money they have to make good financial arrangements for survival in the future.

In this modern era, one of the financial products that most people are interested in is insurance. Insurance itself is a form of protection against every risk that exists in life. The risk in question is divided into two. Namely speculative risk (the risk that is intentionally inflicted to provide profits and losses) and pure risk, namely the risk that is not intentionally created. The products offered by insurance also variously. Starting from life insurance, investment insurance, loss insurance to general insurance. The benefits offered by insurance make individuals tempted to invest their money in the insurance sector. The money becomes savings in the future and of course protection in old age. In addition, facilities such as

reimbursement guarantees and for compensation that must be paid make some individuals interested in investing their money in insurance. Not frequently in doing protection in this day and age, each individual is more directed to insurance products. Protection is not only carried out on oneself but also protects assets such as buildings, vehicles and others. Therefore the insurance company is the solution to this problem.

In Indonesia, one of the most popular insurance products is life insurance. Life insurance is an insurance product between the insurer and the insured where the insurer receives a premium paid to bind himself by giving a sum of money to the insured party due to an uncertain event. Life insurance tends to be a product sought after by the Indonesian people in order to provide protection for themselves and their loved family members. Another feature of life insurance is long term protection for each individual regarding health and service guarantees. Because of the high cost of health services such as hospitals, is it necessary to reserve funds to solve these problems. The products offered by life insurance are very focused on the health of their customers. In the life insurance product feature there are various types of protection and services from various diseases ranging from moderate to several diseases. The entire health risk of its customers has been born by the insurance company.

Life insurance itself has a very significant role for the economy of a country. According to Patrick M. Liedtke (2007), economists consider insurance to be a superior product which, if done properly, will be an investment in protecting assets. The existence of insurance has important positive effects and externalities that go far beyond pure finance. The impact of investment in the form of insurance contributes to the economy of a country. Meanwhile, according to Xiaojun (2015), life insurance is a complementary instrument that replaces other financial assets in other financial allocations. However, if the public still does not have complete information related to insurance, it will become disinformation. This is because the demand for life insurance has decreased with a positive correlation between the return on capital and the return on the market portfolio. In addition, income and social level of the community are also very influential in the demand for life insurance.

Because it is in demand by the public, the life insurance business is experiencing rapid growth and competing with other insurance products. In Indonesia, the number of life insurance customers has reached tens of millions of Indonesians. The rapid growth of the life insurance business from year to year has caused other financial business fields such as banking to spread its wings to become an insurance company. By utilizing banking customers so as to develop a life insurance business line to increase income and develop the company's big name. Examples of life insurance from the banking business sectors such as BRI Life, BCA Life, BNI Life and do on. It is proof that life insurance is one og the famous businesses, especially financial products, which in modern times are in demand especially as a form of protection against unwanted things. Customers trust in the company has made the life insurance business grow.

However, in choosing a life insurance company where you will invest your premiums, you need to consider several things. People tend to look at variously factors before they choose a life insurance company. These factors include the company's history, investment scenarios, public testimonials to see the details of the company's financial statements. This is done solely to avoid losses and also to safeguard the investment. According to Honsen (2012), financial health can increase education in choosing financial service so that every financial service provider company is obliged to increase knowledge for the community. Meanwhile, according to Pauline (2017), in a case study in banking institutions, customer's

trust in banks is based on determining factors in the banking sector. So that many customers believe that the bank is able to fulfil all aspects and the best performance.

One of the factors seen by the public is the health of financial statements. Why is that? A sound financial report or financial health provides a guarantee for the public, especially trust in the management of investment money, which is a sensitive matter. The health of the financial statements is seen from the number of assets and funds owned by the life insurance company, the amounts of profits and liabilities owned and whether there is fraud or manipulation in the financial statements. According to Keisidou (2013), good company performance is seen from financial reports and builds trust in customers. From the financial statements too, life insurance companies based on the results of inspections by authorized institutions such as OJK and AAJI. Trust in terms of financial statements is a priority to become a recommendation material in making investments.

The health of financial statements today is influenced by various things. These include risk appetite or types of risk, actuarial profile and supervision or regime supervision. These factors are considered to affect the financial health of the life insurance company. Risk Appetite is the level of risk that every organization must accept to achieve its goals. This factor was chosen because the level of risk in each life insurance company is also different. So that the risk management in each life insurance company is also different. According to Abor (2011), the level of risk that exists in life insurance companies with non-life insurance has different policies in handling risk. The role of actuaries is very influential in reducing the number of risks. Meanwhile, in terms of the actuarial profile, it also affects financial health. According to Velmurugan (2015) the high number of claims causes the financial burden to increase. This is because many customers do not understand the life insurance business so they tend to claim not on the time. And based on regime supervision which in Indonesia is supervised by OJK and BAPEPAM LK (before 2012). We can see if there is a difference in the effects of the supervision of the two agencies. According to Yuliani (2013), BAPEPAM-LK is still not effective in supervision securities companies related to money laundry problems in the capital market and has weakness from several factors such as substance, structure, culture and facilities. Meanwhile according to Faustina (2017), after the supervision carried out by the OJK, there are several significant differences such as CAR and LDR. So it can be concluded if there are differences after the supervision carried out by the two institutions.

Departing from these problems, researchers are interested in researching this problem by raising the title "The Effect of Regime Supervision, Risk Appetite and Actuarial Profiles on Financial Health Life Insurance Companies 2006-2018"

METHODS

The data for this study were obtained from life insurance reports sourced from the Otoritas Jasa Keuangan (OJK) from 2006 to 2018. The data is in the form of reports from all life insurance companies which can be accessed at https://www.ojk.go.id/id/kanal/iknb/data-dan-statistik/asuransi/default.aspx . The company data is a total of 29 companies from 2006 to 2018. A total of about 12 years of data collected. To get the estimation results, all panel data will be estimated using Fixed Effect (FE), Random Effect (RE), and Pooled OLS. After the estimation test is carried out, the results will be checked based on several criteria. After the evaluation, the regression begins. Fixed Effect and Random Effect and inserted Pooled OLS which has been collected for comparison. Meanwhile, to assess the constraints on statistical parameters based on the weighted distance between the infinite estimate and the hypothesized value below zero, we carried out

ISSN No. 1978-3787
Open Journal Systems

the Wald Test to test the suitability, Meanwhile, to test heteroscedasticity in the linear regression model which is carried out independently with several extensions, it is necessary to do the Breusch Pagan test to get the results. Finally, a comparison test was conducted between the fixed effect and the random effect to obtain a result which is commonly known as the Hausman Test.

The researcher tries to connect the dependent variable, give name Financial Health which is proxy by Z Score. Z Score it's a tool used to measure the prediction of the bankruptcy of a company, especially in the banking sector. Specifically in this study, the researcher try to adopt the modified Z Score model belonging to Lepetit (2013). With this modified model, a different approach is taken to determine the threshold point for bankruptcy of a financial institution (insurance or banking). Based on the view of the variance value (Capital Adequacy Ratio + Return On Assets) > 0 it can be assumed if the capital adequacy ratio represents the ratio of capital assets while the return on assets represents the entire rate of return on assets. So when use as an equation, the Z Score model as follow:

$$Z = \frac{Capital\ Adequacy\ Ratio + Profitability\ ROA}{STDEV\ Profitability\ ROA}$$

Based on Bank Indonesia regulations, the safe level of CAR for banks is at a minimum of 8%. In 2021, Capital Adequacy Ratio in the level of 25%. The greater the CAR value reflects the better ability of the banking system to deal with possible risk of loss. After the Z-Score results are known, then we have to relate it to other variables. To determine the effect between variables, the interest variable is installed. The interest variable focuses on risk appetite, regime supervision and actuarial profiles (with RA, RS and PA proxies). To get the results of the linear test, the control variables are entered to get the results of the linear regression test. Control variables consists of equity, operating expenses, return on equity and firm size. So if its modelled in linear form it's as follows:

With description :
FH = *Financial Health*
RAI = *Risk Appetite Investment*
RAE = *Risk Appetite Equity*
RS = *Regime Supervision*
PA = *Profile Actuarial*
SC = *Size Company*
RE = *Return on Equity*
OE = *Operating Expense*
EQ = *Equity*
PROA = *Return on Asset Profitability*
PROE = *Return on Equity Profitability*

In this linear formula, where Financial Health is financial health which is proxied as Z Score. For regressors, the researcher added Actuarial Profile (PA), Risk Appetite (RA), Regime Supervision (RS). Meanwhile, regression residuals were included due to the composite error originating from the residual component of uniform (fixed or random effect) and the component of the idiosyncratic residual.

RESULT AND DISCUSSION

Descriptive Estimation Results

Variabel	Name	Proxy	Hypotesis	Author
Variable Dependent	Financial Health	$\frac{CAR + Profitab}{STDEV\ R}$	None	1. Parker S, 2016 2. Atma Hayat, 2018 3. Irham, 2015
Variable Independent	Regime Supervision	-Year data 2006-2011 (BAPEPAM) -Year data 2012-2018 (OJK)	Positive	1. Nina Faustina, 2017 2. Yuliani Indah Permatasari, 2013 3. Rizka Maulida, Heru Prijanto S.H, M.H and M Zairul Alam S.H,M.H, 2015
	Risk Appetite Investments	$\frac{Total\ Assets}{Investments}$	Negative	1. Cecilia Feng and Tawei Wang, 2018 2. Tandelilin, 2010

	Risk Appetite Equity	$\frac{Current\ Assets}{Curre}$	Positive	1. Geert Bekaert and Marie Hoerova, 2015 2. Leo De Haan and Jan Kakes, 2010	
	Profile Actuarial	$\frac{Claim\ Expenses}{Premium\ Amount}$	Negative	1. Kusi, 2020 2. Tarsono, Ardheta and Amriyani, 2013 3. Joji Rao, 2013 4. Mazviona Dube and Sakahuwa, 2017 5. Rininda, 2019 6. Velmurugan, 2015	
	Size Company	-Asset Total > 5000000 = Large -Asset Total < 5000000 = Small	None	1. Sri Kustono Alwan, 2009 2. Sayidah, 2019 3. Hastuti, 2010 4. Taswan, 2002 5. Sujoko, 2007	
	Equity	-Company Equity	None	1. Rizki, Fatma Lubis and Sadalia, 2018 2. Gazi et al, 2021 3. Rostampur, 2019 4. Khaira, 2020	
Variable Control	Profitability ROA	$\frac{Profit}{Assets}$	None	1. Rudresh Pandey and Francis Diaz, 2019 2. Dwi Sihono Raharjo and Riska Widarti, 2021 3. Rosikah et al, 2018	
	Profitability ROE	$\frac{Profit}{EBIT}$	None	1. Munawir, 2014 2. Adare, Murni and Repi, 2016 3. Sutrisno, 2012	
	Operating Expense	Claim Expense + Other Expense + Operational Expense	None	1. Diener, 2020 2. Jopie Jusuf, 2008 3. Farah Margaretha 4. Werner Murhadi	
	Total Assets	Investment Amount + Not An Investment	None	1. Asih, 2016 2. Weldon, 2014 3. Simamora, 2000 4. Soemarno, 2005 5. Brealy, 2008 6. I Made Sudana, 2011	

The variable Financial Health has a mean value of 32,382 Std. Dev have a value of 30,017, the min value -43,484 and max value 132,712. The variable Regime Supervision has a mean value of 0,538 Std. Dev have a value of 0,499, the min value 0 and max value 1. The variable Profile Actuarial has a mean value of 5,734 Std. Dev have a value of 64,339, the min value -5,960 and max value 886,736. The variable Risk Appetite Investment has a mean value of 1,178 Std. Dev have a value of 0,334, the min value 0,001 and max value 3,196. The variable Risk Appetite Equity has a mean value of 305,373 Std. Dev have a value of 3539,18, the min value -13455,4 and max value 54418,79. The variable Equity has a mean value of 1,178 Std. Dev have a value of 0,334, the min value 0,001 and max value 3,196. The variable Total Assets has a mean value of 1,178 Std. Dev have a value of 0,334, the min value 0,001 and max value 3,196. The variable Size Company has a mean value of 0,212 Std. Dev have a value of 0,409, the min value 0 and max value. The variable profitability Assets has a mean value of -0,155 Std. Dev have a value of 4,469, the min value -51,08 and max value 46,823. The variable Profitability Equity has a mean value of 0,011 Std. Dev have a value of 8,084, the min value -121,561 and max value 98,282. The variable Operating Expense has a mean value of 5,815 Std. Dev have a value of 0,932, the min value 2,034 and max value 7,441.

Table 4.1 Descriptive Results

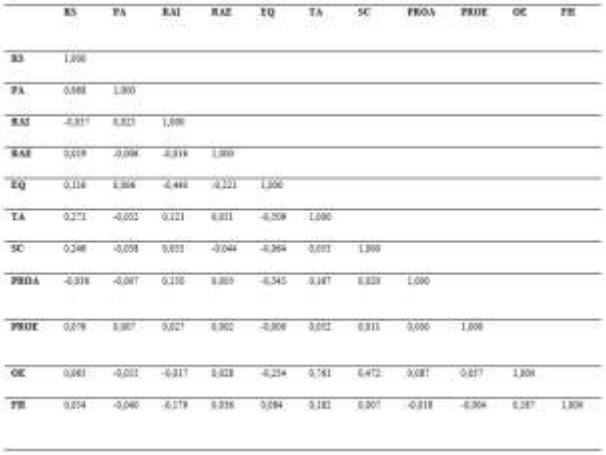
Variabel	Obs	Mean	Std. Deviasi	Min	Max
RS	377	0,538	0,499	0	1
PA	377	5,734	64,339	-5,960	886,736
RAI	377	1,178	0,334	0,001	3,196
RAE	377	305,373	3539,178	-13455,4	54418,79
EQ	377	10,313	81,951	-16,173	789,343
TA	377	6,316	0,967	2,093	7,855
SC	377	0,212	0,409	0	1
PROA	377	-0,155	4,469	-51,708	46,823

ISSN No. 1978-3787
Open Journal Systems

Variabel	Obs	Mean	Std. Deviasi	Min	Max
PROE	377	0,011	8,084	-121,561	98,282
OE	377	5,815	0,932	2,034	7,441
FH	377	32,382	30,017	-43,484	132,712

Correlation Test

Table 4.2 Correlation Test



The correlation coefficient value ranges from -0,75 to 0,75 HH. If the correlation coefficient value is close to 1, it's classified as a strong correlation and is directly proportional. From the table above it can be seen that the relationship between the independent variables (RS, PA, RAI, RAE, EQ, TA, SC, PROA, PROE, OE) to the dependent variable (FH). Where the highest correlation is found in the SC and FH variables. Meanwhile the variable with lowest relationship are the RAE and FH variables, which are equal to 0,019.

Test Estimated Panel Data

Variables PROA	(1)	(2)	(3)
VARIABLES	CEM	REM	FEM
PROA	0.105	0.103	0.103
	(0.351)	(0.078)	(0.078)
SC	-15.517***	-1.562	-1.487
	(4.430)	(1.279)	(1.280)
TA	13.893***	2.578***	2.457***
	(2.175)	(0.794)	(0.796)
EQ	0.112***	0.091***	0.091***
	(0.023)	(0.006)	(0.006)
Constant	-53.212***	15.508**	16.262***
	(13.421)	(7.348)	(4.975)
Observations	377	377	377
R-squared	0.106		0.483
Number of DaftarPerusahaan		29	
DaftarPerusahaan FE			YES
Tahun FE			YES

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

In the table above, the results of the regression test are explained as follows. The PROA variable has positive results for the CEM, REM and FEM proxies of 0.105, 0.103 and 0.103 respectively. Other that, the company size variable also has a value that influences CEM of -15.517, for REM it has an influence of -1.562 and FEM of -1.487. Meanwhile, total assets have a value of 13.893 for CEM, 2.578 for REM and 2.457 for FEM respectively. Lastly, the equity variable has a value of 0.112 for CEM, 0.091 for REM and 0.091 for FEM.

Variables PROE

	(1)	(2)	(3)
VARIABLES	CEM	REM	FEM
PROE	-0.093	-0.097**	-0.097**
	(0.182)	(0.042)	(0.042)
SC	-15.576***	-1.587	-1.513
	(4.431)	(1.272)	(1.273)
TA	13.960***	2.613***	2.493***
	(2.179)	(0.789)	(0.792)
EQ	0.110***	0.089***	0.089***
	(0.022)	(0.005)	(0.005)
Constant	-53.618***	15.296**	16.041***
	(13.446)	(7.337)	(4.949)
Observations	377	377	377
R-squared	0.106		0.488
Number of DaftarPerusahaan		29	
DaftarPerusahaan FE			YES
Tahun FE			YES

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

For testing the PROE variable, the results are as shown in the table. If we look at the PROE variable which has negative results for the entire test, scored -0.093 on CEM, -0.097 on REM and -0.097 on FEM. Another variable, company size also has a value that influences CEM of -15.576, for REM it has an influence of 13.960 for CEM, 2.613 for REM and 2.493 for FEM. The last variable, namely equity has a value of 0.110 for CEM, 0.089 for REM and

0.089 for FEM.

Variables RAI

	(1)	(2)	(3)
VARIABLES	CEM	REM	FEM
RAI	-10.849**	-10.232***	-10.220***
	(4.938)	(1.686)	(1.689)
SC	-14.476***	-1.350	-1.285
	(4.427)	(1.219)	(1.220)
TA	13.065***	2.010***	1.901**
	(2.193)	(0.761)	(0.763)
EQ	0.085***	0.069***	0.069***
	(0.024)	(0.006)	(0.006)
Constant	-35.166**	31.311***	31.978***
	(15.650)	(7.625)	(5.388)
Observations	377	377	377
R-squared	0.117		0.530
Number of DaftarPerusahaan		29	
DaftarPerusahaan FE			YES
Tahun FE			YES

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

After testing several variables, several conclusions were drawn. RAI variables have negative numbers for all tests on FEM, REM, CEM with the count -10.220, -10.232, and -10.849. The company size variable has a value that has an influence on CEM of -14.46, for REM it has an influence of -1.350 and FEM of -1.285. As for total assets, each has a value of 13.065 for CEM 2.010 for REM and 1.901 for FEM. Lastly, the equity variable has a value of 0.085for CEM, 0.069 for REM and 0.069 for FEM.

Variables RAE

	(1)	(2)	(3)
VARIABLES	CEM	REM	FEM
RAE	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)
SC	-15.379***	-1.541	-1.466
	(4.442)	(1.282)	(1.283)
TA	13.832***	2.545***	2.423***
	(2.179)	(0.795)	(0.798)
EQ	0.109***	0.089***	0.089***
	(0.022)	(0.006)	(0.006)
Constant	-52.900***	15.717**	16.473***
	(13.434)	(7.361)	(4.985)
Observations	377	377	377
R-squared	0.106		0.480
Number of DaftarPerusahaan		29	
DaftarPerusahaan FE			YES
Tahun FE			YES

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

From the results of the regression test several conclusions were obtained. If we look at the RAE variable which has no numbers at all. Apart from that, the company size variable also has a value that influences CEM of -15,379, for REM it has an influence of -1,541 and FEM of -1,466. Meanwhile, total assets have a value of 13,832 for CEM, 2,545 for REM and 2,423 for FEM respectively. Lastly, the equity variable has a value of 0,109 for CEM, 0,089 for REM and 0,089 for FEM. The EQ proxy has a positive value and isn't significant for Financial Health. Researchers concluded that the higher the equity, the better the financial health of a company. According to Mitha Christina (2017), if equity is less and total debt exceeds equity then the company can be said to be experiencing a crisis.

Test Fixed Effect Model

While the probability test results show if the P > |t test results| which has a value of less than α of 5% or 0,05 has a significant influence on financial health (FH) in the partial test. Meanwhile, if the amount exceeds the α value, it is considered that it doesn't have a significant influence on the Y (Financial Health) variable. So if look at the results of the table partial test above, only the variables PA, RAI, EQ, PROE, and OE do significant results on financial health. This can be seen from their respective numbers of each variable which exceed the limit of the α value of 0,05.

Partial Test Fixed Effect Model

Model	T	Pvalue	Description
PA	2,01	0,045	Influence,
RAI	-5,76	0,000	Influence
RAE	0,04	0,967	Not Influence
RS	-0,42	0,675	Not Influence
EQ	9,69	0,000	Influence

ISSN No. 1978-3787
Open Journal Systems

TA	1,94	0,053	Not Influence
SC	-1,02	0,308	Not Influence
PROA	1,19	0,233	Not Influence
PROE	-2,05	0,041	Influence
OE	0,87	0,382	Influence

Random Effect Model

Then the results of the Random Effect Model test produce test results for each variable to have different properties. Some variables that have a positive value such as equity variables (EQ) that have a coefficient value of 0.073, variable total assets (TA) have a coefficient value of 2.143, variable profile actuarial (PA) has a coefficient value of 0,010, variable operating expenses (OE) has a coefficient value of 0.621, and variable profitability ROA (PROA) has a coefficient value of 0.089. This means that the value from variable X has an influence on the value of the variable Y. While the minus result is obtained by the company size variable (SC) which has a coefficient value of -1.299, the ROE profitability variable (PROE) has a coefficient value of -0.082, the regime supervision variable (RS) has a coefficient value of -0.447. And the risk appetite investment variable (RAI) has a coefficient value of -9.794. This indicates if the variables of company size, ROE profitability, regime supervision and risk appetite investment have a decrease against the variable Y.

Tabel 4.4 Partial Test Random Effect Model

Model	T	P value	Description
PA	2,00	0,045	Influence
RAI	-5,80	0,000	Influence
RAE	0,05	0,961	Not Influence
RS	-0,51	0,611	Not Influence
EQ	9,84	0,000	Influence
TA	2,09	0,036	Influence
SC	-1,06	0,288	Not Influence
PROA	1,21	0,228	Not Influence
PROE	-2,06	0,040	Influence
OE	0,93	0,353	Not Influence

Pooled OLS

Based on P> |t| it can be seen that the variables RAI, EQ, TA, and SC have an significant influence on the value of financial health. This is because each of them has a value greater than α. Furthermore, if we look at the F value statistically significant by looking at the Prob>F value and is smaller than α. This shows if the free variable significantly affects the bound variable. The R-Square value of 0.123 indicates that this model can explain the variation of 377 in financial health volatility and is greater than the Fixed Effect and Random Effect Models.

Linear Agression Analys Test

Model	T	P value	Description
PA	-0,54	0,588	Not Influence
RAI	-2,04	0,042	Influence
RAE	0,39	0,700	Not Influence
RS	-1,29	0,198	Not Influence
EQ	3,55	0,000	Influence
TA	4,23	0,000	Influence
SC	-3,18	0,002	Influence
PROA	0,26	0,799	Not Influence
PROE	-0,34	0,738	Not Influence
OE	-0,07	0,940	Not Influence

Results for Chow, Hausman, and Pagan

(1)	(2)	(3)
VARIABLES	Chow	Hausman Breusch and Pagan
RS	1.957**	1.922** 1.922**
	(0.886)	(0.879) (0.879)
PA	0.011*	0.011* 0.011*
	(0.006)	(0.006) (0.006)
RAI	-20.773***	-20.747*** -20.747***
	(1.699)	(1.684) (1.684)
RAE	-0.000	0.000 0.000
	(0.000)	(0.000) (0.000)
EQ	0.000	0.000 0.000
	(0.000)	(0.000) (0.000)
TA	-0.000	-0.000 -0.000
	(0.000)	(0.000) (0.000)
SC	-1.247	-1.309 -1.309
	(1.719)	(1.706) (1.706)
PROA	-0.151*	-0.151* -0.151*
	(0.084)	(0.084) (0.084)
PROE	-0.068	-0.068 -0.068
	(0.047)	(0.047) (0.047)
OE	0.000	0.000 0.000

(0.000)	(0.000)	(0.000)

The results chosen one is H_0 namely Ordinary Least Square as the next comparison. So the chosen is Fixed Effect Model. For the Hausman Test, chosen the results of the Fixed Effect Model with the Random Effect Model need to be compared. And the test results based on the table above the Prob> chi2 numbers have a number of 0.9991. That means the number is greater more than 0.05. So the decision the chosen one is the Random Effect Model because can't to refuse H0. Meanwhile Bresuch Pagan chosen So when viewed from the probability value of 0,00, it can be concluded that the value is smaller than the α value. So it can be concluded that the chosen one is a Random Effect Model with 95%.

CLOSING

Conclusion

In this study the researchers investigated the determinants that affect the financial health of life insurance companies by focusing on actuarial profile, risk appetite and regime supervision so that in the future they will become considerations for the public in choosing an insurance company in which to invest. Researchers included control variables consisting of company size, total assets, equity and operating expenses. Test results of linear regression analysis selected Random Effect Model because the score better than Fixed Effect Model. After analyzing the data provided, several conclusions can be drawn. Test variables to prove whether the hypothesis described is correct or not. If we look from the result of analyst, Total Asset Variable has a positive coefficient on all regression test results. While the variable equity and firm size have a negative coefficient value. According to Arkan (2016), if this condition occurs, the company must focus on risk management in the actuarial profile and capital ratios to increase company value. If equity is managed optimally, the community will see the company well and the value of the company will also increase. Meanwhile, according to Tandelilin (2010), it's very natural for those who invest to want high returns so that confidence in the company in managing investments increases.

Based on the results of the robustness check test that the researchers tested sequentially, it showed that EQ, TA, PROA and OE showed results that were consistent and quite robust because the previous regression results showed a negative correlation with a significant level of 5%, while the robustness check test showed a negative correlation and was not significant

Recomendation

Based on the results of research that has been carried out, researchers have several suggestions for developing accuracy results and further research, namely:

A. Carry out innovation by trying various new variables. To get results with precise accuracy, new variables need to be tried to get the best results.
B. Try to innovate other research methods and regression tests to get the best regression results
C. Conduct research by taking innovative topics that are still related
D. Try alternative datasets and increase the number of years to add variety to the study
E. Increase literacy and development in the topic

REFERENCES

[1] Abor, Joshua & Joseph Oscar Akotey (2011). Risk Management in the

Ghanaian Insurance Industry. Qualitatvie Research in Financial Market, 5 (1), 26-42

[2] Alwan, Sri Kustono. (2009). "Pengaruh Ukuran, Dividend Payout, Resiko Spesifik, dan Pertumbuhan Perusahaan terhadap Praktik Perataan Laba pada Perusahaan Manufaktur Studi Empiris Bursa Efek Jakarta 2002-2006". Jurnal Ekonomi Bisnis Vol. 14 No. 3, pp. 200-203

[3] Andrew, D.F (1974). A Robust Method for Multipe Linear Regression. Technometrics Vol.16, No.4 , PP. 523-531

[4] De Haan, Leo & Jan Kakes (2010). Are Non Risk Based Capital Requirements for Insurance Companies Binding?. Journal of Banking & Finance Volume 34, Issue 7 , July 2010,

[5] Feng, Cecilia & Tawei Wang (2018). Does CIO Risk Appetite Matter? Evidence from Information Security Breach Incidents. International Journal of Accounting Information Systems Volume 32, March 2019, 59-75

[6] Gazi, A. I. et al. (2021) 'Determinants of Profitability in Banking Sector : Empirical Evidence from Determinants of Profitability in Banking Sector : Empirical Evidence from Bangladesh', (November). doi: 10.13189/ujaf.2021.090616

[7] Hanafi, M. Mamduh (2012). Manajemen Keuangan Edisi Pertama. Yogyakarta: BPFE

[8] Hastuti, Sri & Ponty Sya'banto Putra Hutama. 2010. "Perbedaan Perilaku *Earnings Management* Berdasarkan Pada Perbedaan *Life Cycle* dan Ukuran Perusahaan. SNA XII, Purwokerto : IAI

[9] Husnan, Suad & Eny Pudjiastuti. (1998). Teori Portofolio dan Investasi. Jakarta : PT. Gramedia Pustaka Utama.

[10] Indah, Yuliani Permatasari (2013). Efektivitas Pengawasan Badan Pengawas Pasar Modal (BAPEPAM-LK) terhadap Perusahaan Efek Terkait Prinsip Mengenal Nasabah dalam Pencegahan Pencucian Uang di Pasar Modal (Studi di Badan Pengawas Pasar Modal dan Lembaga Keuangan). Jurnal Ilmiah Universitas Brawijaya

[11] Irawati, Susan, (2006). Manajemen Keuangan. Bandung : Pustaka Utama Grafiti.

[12] Jusuf Jopie. 2008. Buku Analisis Kredit Untuk Akun Officer. Jakarta : PT. Gramedia Pustaka Utama

[13] Lepetit, Laetitia & Frank Strobel (2013). Bank Insolvency Risk and Time-Varying Z-Score Measures. Int. Fin. Markets, Inst. and Money 25, 73-87.

[14] Otoritas Jasa Keuangan, Peraturan Otoritas Jasa Keuangan Nomor 68 / POJK.05/2016 tentang Perizinan Usaha Asuransi Jiwa

[15] Otoritas Jasa Keuangan, Peraturan Otoritas Jasa Keuangan Nomor 70 / POJK.05/2016 tentang Penyelenggaraan Perusahaan Asuransi Jiwa

[16] Otoritas Jasa Keuangan, Peraturan Otoritas Jasa Keuangan Nomor 71 / POJK.05/2016 entang Kesehatan Keuangan Perusahaan Asuransi dan Perusahaan Reasuransi

[17] Simamora, Henry. 2000. Akuntansi Basis Pengambilan Keputusan Bisnis. Jakarta: Salemba Empat

[18] Soliha, Euis & Taswan. (2002). "Pengaruh Kebijakan Hutang terhadap nilai perusahaan serta beberapa faktor yang mempengaruhinya". Jurnal Bisnis Ekonomi (Online)

[19] SR Soemarno. 2005. Akuntansi Suatu Pengantar Buku 2. Edisi Kelima. Jakarta: Salemba Empat

[20] Sudana, I Made. 2011. Manajemen Keuangan Perusahaan. Jakarta: Erlangga

[21] Sujoko & Ugy Soebiantoro. 2002. "Pengaruh Struktur Kepemilikan Saham, Leverage, Faktor Intern dan Faktor Ekstern terhadap Nilai Perusahaan". Jurnal Manajemen dan Kewirausahaan (Online), Vol 9 No. 1

[22] Weldon, Kipkoech Kigen, (2014). The Effect of Firm size on Profitability of Insurance companies.

[23] Yadav, Babita & Anshuja Tiwari (2012). A Study on Factors Affecting Customers Investment Towards Life Insurance Policies. International Journal of Marketing, Financial Services & Management Research, 17-18.

HALAMAN INI SENGAJA DIKOSONGKAN