

FINANCIAL RATIOS IN ASSESSING THE FINANCIAL HEALTH OF INSURANCE COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE IN 2021-2023

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ABSTRACT

This study aims to evaluate the financial health of insurance companies listed on the Indonesia Stock Exchange (IDX) during the 2021-2023 period. The evaluation is conducted using financial ratio indicators, which include the Solvency Margin Ratio, Underwriting Ratio, Claim Expense Ratio, Commission Ratio, Return on Investment, Liquidity Ratio, Premium Growth Ratio, Retention Ratio, and Risk-Based Capital (RBC). This research employs a descriptive quantitative method using a secondary data analysis approach. The sample consists of 15 insurance companies listed on the IDX, with data obtained from the companies' annual financial reports for the years 2021-2023. The analysis is based on the guidelines of PSAK No. 28 and the regulations of the Financial Services Authority (OJK) regarding RBC calculation and financial ratio standards. The results indicate that most companies possess high solvency levels with SMR values exceeding the minimum threshold, efficient underwriting performance, and sound claim expense management. Most commission ratios remain within reasonable limits, although some companies show relatively high acquisition costs. Return on investment varies depending on each company's investment strategy. Liquidity ratios generally indicate financial stability, while premium growth and retention ratios reflect strong internal risk management. The majority of companies recorded RBC levels above 120%, indicating a very healthy capital structure.

Keywords: Financial ratio, Risk Based Capital, financial health, Insurance companies, Indonesia Stock Exchange.