The Influence of Insurance Financial Health Level, Capital Structure, Asset Growth, On Company Net Profit Growth

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Abstract. The study aims to decide whether the level of insurance financial health, capital structure, asset growth both jointly (simultaneously) and individually (partial) had an effect on the growth of PT. Asuransi Jiwaseraya (Persero) Bandar Lampung Branch. A survey method is used with a quantitative approach. The number of samples taken as many as 84 samples. Multiple Regression Analysis Model was used to examine the measurement results. Multiple Regression Analysis Model was used to examine the measurement results. The model analysis results obtained are Y = 20,102+0,601X1+1,075X2–0,071X3+e. The coefficient of determination = 0.726, meaning that 72.60% Net Profit Growth can be explained by the level of insurance financial health, capital structure, and asset growth, the remaining 17.40% is caused by external factors. U-Fcount (26,456) > Ftable (2,92), meaning that the level of insurance financial health, capital structure, and simultaneously, asset growth has a impact on net profit growth significantly. The t-test results of the level of financial health insurance obtained t-count (4,543) > t-table (2,039) showed significantly an effect on the growth of net income. The t-test of capital structure obtained t-count (6.292) > t-table (2.039) which shows significantly an impact on increase in net profit. The t-test of return on assets is calculated by multiplying the t-count (0.554) by the t-table (2.039), which indicates that increase in net profit has no significant influence.

Keywords: the level of health insurance finance; capital structure; growth of assets; profit growth

1 Introduction

Insurance companies exist because people need them for risk aversion. Insurance benefits the community by setting aside a portion of wealth to cover losses due to loss of life or property. So some people choose insurance as an effort to overcome the risks that will arise in life in the future. The purchase of this insurance is intended as a form of anticipation for the families left behind, where they need financial support due to death which can cause the family to lose income and experience loss of income. economy crisis. Insurance companies are very helpful in overcoming financial problems that will occur in the future, in other words the insurance company will stabilize the insured's financial position again as it was before the loss occurred.

Insurance companies in Indonesia are currently growing rapidly, each insurance company offers guarantees and benefits to attract the interest of its customers. PT Asuransi Jiwasraya (Persero) Bandar Lampung Branch is a company which operates mainly in insurance that offers

ICLSSEE 2022, April 16, Semarang, Indonesia

DOI 10.4108/eai.16-4-2022.2319783

variety of health insurance products, which are products that are suitable for financial planning at all stages of life. One of its products is JSPROMAPAN which can be used as a product for preparing education funds, preparing for old age, can be used as an inheritance, and can be used as a product to realize all dreams such as a house, car, worship trip, or traveling abroad. In running its business there are several important aspects in running a company, one of which is the financial aspect.

Insurance companies need to analyze financial statements in order to be able to assess how well and how healthy the insurance company is running, starting from the capital structure, asset growth to the company's health level. The purpose of financial statement analysis is to control the debt and profits of the company. It is also used to assess whether the company is healthy or not. From the description of the background, this research is intended to examine financial statements related to the level of insurance financial health. Thus, the authors are interested in writing a thesis related to the title Influence of Financial Health Level of Insurance, Capital Structure, Asset Growth, Against Net Profit Growth of the Company Case Study at PT. Asuransi Jiwasraya Branch Office Bandar Lampung".

Literature Review

1. Health Insurance Finance

The Financial Services Authority issued Decree Number 71/POJK.05/2016 addressing the Financial Health of Insurance and Reinsurance Companies, it is stated that every year an Insurance Company must meet the provisions of the internal solvency level as referred to, which is set at a minimum of 120% (one hundred and twenty percent) of the minimum capital based on risk (MMBR) which considers the risk profile of a company and the results of the change scenario simulation (stress test).

According to the Decree of the Financial Services Authority Number 71/POJK.05/2016 as explained in article 2 paragraph 1, it is stated that the company must meet the requirements for the level of financial soundness at all times. (1) Stability level, (2) technically reserves, (3) investments sufficiency, (4) capital, (5) guarantee funds, and (6) additional provisions relating to financial health are included in the analysis of the company's financial soundness referred to in paragraph 1. According to the Decree of the Minister of Finance No. 504/KMK.06/2004 in Budiarjo (2015) says that from a legal perspective, the government has provided a legal umbrella to protect the interests of insurance company customers by establishing Risk Based Capital (RBC), which is expected that insurance companies have sufficient capital strength and avoid risks. harm its customers in the event of problems or losses as the outcome of deviations in the management of assets and liabilities.

2. Capital Structure

According to Irham (2014) capital structure is a component of retained earnings, preferred equity, equity capital, lengthy debt, and preferred equity. It is maintained by the business unit in financing assets. So it is understandable that the capital structure is an illustration of the financial proportion of the company, which are between the owned capital which originally comes from long-term debt and the own capital as the company’s source for financing. According to Brigham and Houston (2011) the target of a company's capital structure is a structure that will maximize the company's stock price. Analyzing the situation and trying to determine the optimal structure will be useful, although in practice it will be difficult to be sure.

3. Asset Growth

Asset growth, according to Ang and Robert (1997), is defined as annual changes in total assets. With a high asset growth rate, the company is increasing its external funding sources because internal funding sources are not able to support the company's growth rate.

4. Profit Growth

According to Dhian Eka Irawati (2012), profit growth is an increase in profit or decrease in profit per year expressed in percentages. If a company owns the opportunity to grow on its own profits, it has the meaning that the company's financial performance is running well and it is possible to also have the opportunity to grow on the quality of its earnings.

Hypothesis

H1: It is suspected that the level of insurance financial health has an effect on profit growth company

H2:The capital structure is believed to have an effect on profitability of the company is increasing.

H3: It's considered that the profitability of the company is increasing is affected by asset growth.

H4: It is assumed that the level of insurance financial health, capital structure, asset growth, has an effect together positively or negatively on the company's profit growth.

2 Research Methods

This is a quantitative research project with the goal of determining the impact of the independent variable (X) on the dependent variable (Y). The level of insurance economic condition (X1), capital requirements (X2), and return on assets (X3) were employed as independent variables in the study (X3). While the company's profit increase is the dependent variable in the study (Y). The population in the research is the financial statements of PT Asuransi Jiwasraya (Persero) Bandar Lampung Branch for the last seven years, namely from 2011-2017. The sampling technique used is the saturated sample, which is 84 samples. The flow of the framework of thought in this research can be described in the research paradigm as follows:

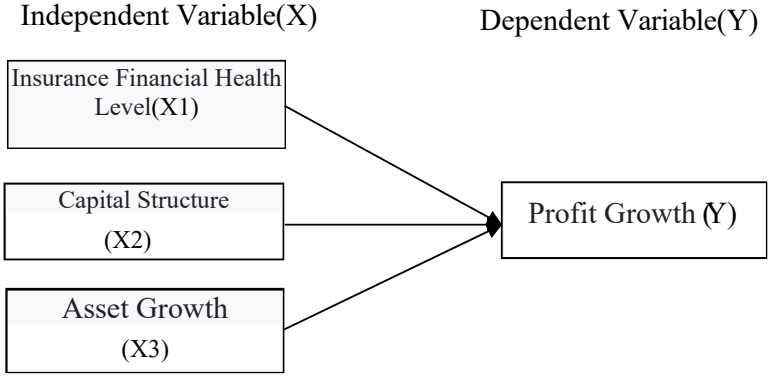


Fig 1. Thinking Framework

3 Results and Discussion

Normality test

The Kolmogrov-Smirnov statistical test was commonly used to manage to determine normality. The test's outcomes are listed in the table below.

Table 1. Normality Test Results
One-Sample Kolmogorov-Smirnov Test

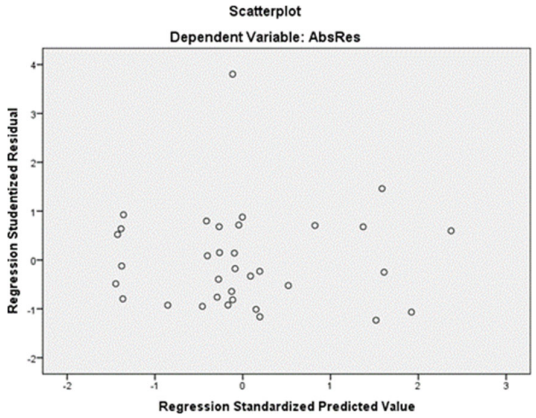
		Unstandardized Residual
N		34
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	1.18779675
Most Extreme Differences	Absolute	.140
	Positive	.087
	Negative	-.140
Test Statistic		.140
Asymp. Sig. (2-tailed)		.091[c]

a. The distribution of the findings is normal.

Per the above-mentioned test findings, which is the result of data transformation to natural logarithm (Ln) showing a significance value of 0.091 which is more than 0.05 (0.091 > 0.05). The conclusion that can be drawn is that the data is commonly shared.

Heteroscedasticity Test

The sample in this research employed a scatter plot test for the heteroscedasticity test. The results of data processing for scatter plot images are shown in the graph that follows.



Looking at the pattern on the scatter plot figure above, it is showed that the points has spread randomly either above zero or under zero and it does not form a specific pattern, so it may be fair to conclude that heteroscedasticity in this regression model exist.

Multicorrelation Test

The intention of multicorrelation test is to determine whether the relationship between variables that aren't dependent has a multicorrelation problem (multicollinearity symptoms). The multicorrelation test's results are presented in the table:

Table 2. Multicolonearity Test Results

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	20.102	2.959		6.795	.000		
LN_X1	.601	.132	.571	4.543	.000	.580	1.725
LN_X2	1.075	.171	.871	6.292	.000	.477	2.097
LN_X3	-.071	.129	-.079	-.554	.584	.444	2.252

a. Dependent Variable: LN_Y

Looking at the table, it is clear that the VIF value of the three variables is less than 10 and the tolerance value has exceeded by 0.1 so that it is fair to conclude that there is not any multi - collinearity signs among the variables that are unrelated.

Autocorrelation Test

The testing of synchronization determines whether there is a relationship between the period T's affecting mistake and it's the same error in a prior period (t–1) in a linear regression model. In this study, the Durbin-Watson test was applied. Table 3 shows the Durbin-Watson synchronization analysis.

Table 3. Autocorrelation Test Results

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.852[a]	.726	.698	1.24577	2.193

b. Predictors: (Constant), LN_X3, LN_X1, LN_X2

c. Dependent Variable: LN_Y

The outcome of the autocorrelation test in Table 3. The significance of DW = 2.193, the significance of dU = 1.6519, the value of dL = 1.2707, the value of 4 – dU = 2.3481, and the significance of 4 – dL = 2.7293. Because the significance of DW lies between the values of dU < DW < 4 – dU of 1.6519 < 2.193 < 2.3481 based on these results, it is fair to conclude that there is not any autocorrelation.

Hypothesis Test

a. Multiple linear regression

The outcome from the data processing to obtain a linear regression with many variables model in this research is showed in the following table:

Table 4. Results of Multiple Linear Regression

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	20.102	2.959		6.795	.000		
LN_X1	.601	.132	.571	4.543	.000	.580	1.725
LN_X2	1.075	.171	.871	6.292	.000	.477	2.097
LN_X3	-.071	.129	-.079	-.554	.584	.444	2.252

a. Dependent Variable: LN_Y

From the output above, the following multiple linear linear regression with many variables is gained:

$$\mathbf{Y = 20.102 + 0.601\ X_1 + 1.075\ X_2 - 0.071\ X_3 + e}$$

The interpretation which can be taken from the multiple linear regression equation above are:

1. The value of constant (a) is 20,102, meaning that if the level of insurance financial health, capital structure, asset growth is zero, the company's profit growth value is 20,102
2. The value of b1 is positive, namely 0.601, meaning that every 1 percent increase in the level of
3. insurance financial health will increase the increase in the gain of the firm's profitability
4. growth by 0.60 percent.
5. The value of b2 has a positive value of 1.075, meaning that every 1 percent increase in capital
6. structure increases the value of the company's profit growth by 1.075 percent.
7. The b3 value is negative, namely -0.071, meaning that every 1 percent increase in asset growth
8. will reduce the company's profit growth value by 0.071 percent.

Coefficient of Determination Test (R^2)

The determinant's constant (R2) is the ratio of variance in the data (Y) it is explicable by changes in the independent variables combined. The coefficient of determination test results are shown thus in given figure:

Table 5. Determination Coefficient Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square
1	.852[a]	.726	.698

a. Predictors: (Constant), LN_X3, LN_X1, LN_X2

b. Dependent Variable: LN_Y

From the output above, the coefficient of determination (R2) is obtained at 0.726 = 72.6% which has meaning that the profit growth is influenced by variables, namely the level of insurance financial health, capital structure, asset growth of 27.4% and the rest 27.4% which is influenced by other variables is excluded in the model.

Simultaneous Test (F Test)

The test that was used to test the effect of the independent variable (X) on dependent variable is the F-test. The test results are showed in the following Table 6:

Table 6. Simultaneous Test Results (F-Test)

ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	123.177	3	41.059	26.456	.000[b]
Residual	46.558	30	1.552		
Total	169.736	33			

a. Dependent Variable: LN_Y
b. Predictors: (Constant), LN_X3, LN_X1, LN_X2

Looking at the the output results above, the F-count value is 26,456 which is bigger than the F-table value of 2.92 (26,456 > 2.92), and the sig value of 0.000 < 0.005, it is fair to conclude that the level of insurance financial health, capital structure, asset growth simultaneously significant effect on the company's profit growth.

Partial Test (t-test)

The t-test has been used to investigate the impact of the independent variables (X) on the dependent variable separately. Table 7 summarizes the findings:

Table 7. Parsia Test Results (t-test)

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	20.102	2.959		6.795	.000
LN_X1	.601	.132	.571	4.543	.000
LN_X2	1.075	.171	.871	6.292	.000
LN_X3	-.071	.129	-.079	-.554	.584

a. Dependent Variable: LN_Y

Looking at the output results above, the t-count value of the insurance financial health level variable (X1) is 4.543 which is bigger than the t-count is 2.039 (4.543> 2.039), so it can be concluded that the level of insurance health (X1) has affect the company's profit growth (Y) significantly. The capital structure variable (X2) is 6.292 which is greater than t-count of 2.039 (6.292> 2.039), so the conclusion can be drawn is that the capital structure (X2) has aneffect on the company's profit growth (Y) significantly. Asset growth variable (X3) is 0.554 which is

smaller than t-count of 2.039 (0.55 <2.039), so the conclusion is that asset growth (X2) has no substantial impact mostly on corporation's earnings growth (Y).

4 Conclusion

a. The variable level of financial health insurance has considerable impact on the growing of the company's net income at PT Asuransi Jiwasraya (Persero). It is fair to say that the better the level of insurance financial health, the better the company's net profit growth and vice versa.
b. The capital structure variable affects the growth of the company's net profit at PT Asuransi Jiwasraya (Persero) significantly and positively. This means that the increasing capital structure is always followed by increased profit growth and vice versa if the capital structure decreases, profit growth will also experience a decrease or loss.
c. The net income expansion of the industry is unaffected by the revenue growth variable. at PT Asuransi Jiwasraya (Persero) Bandar Lampung Branch. This means that asset growth will not always be followed by growth in the company's net profit
d. Looking at the test results simultaneously or jointly, the results show that the variables of insurance financial health, capital structure, asset growth have impact on the growth of the company's net profit at PT Asuransi Jiwasraya (Persero) Bandar Lampung Branch significantly and positively.

Acknowledgements

The author would like to say their gratefulness to those who have assisted in this research both in data collection and data processing.

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