



## Analysis of Profitability and Solvency Ratios at PT MSIG Life Insurance Indonesia Tbk

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### Abstrak

This study aims to identify and analyze the financial performance of PT MSIG Life Insurance Indonesia Tbk. The population and sample used in this research consist of all financial reports of PT MSIG Life Insurance Indonesia Tbk from 2019 to 2023, using a saturated sampling technique. The method used in this study is quantitative descriptive analysis by applying financial ratio analysis, specifically profitability and solvency ratios. The data used are secondary data in the form of the company's financial statements. The results show that the financial performance of PT MSIG Life Insurance Indonesia Tbk, based on profitability ratios using the underwriting ratio, indicates poor fund utilization. However, the claim expense ratio, commission ratio, and return on investment (ROI) show good utilization of funds. In terms of solvency, the Debt to Asset Ratio (DAR) reflects poor utilization of funds, while the Debt to Equity Ratio (DER) indicates good performance.

**Keywords:** Profitability ratio, underwriting ratio, claim expense ratio, commission ratio, Return On Investment (ROI), rasio solvabilitas, debt to asset ratio (DAR), debt to equity ratio (DER)

### 1. INTRODUCTION

Insurance companies are increasingly developing, with a growing variety of types serving as protection against various financial losses, one of which is PT MSIG Life Insurance Indonesia Tbk. PT MSIG Life Insurance Indonesia Tbk (LIFE) is one of the national life insurance companies operating in Indonesia, acting as a founder and manager of pension funds and providing both conventional and sharia insurance services.

PT MSIG Life officially became a public company on June 28, 2019, under the name PT Asuransi Jiwa Sinarmas MSIG Tbk. On July 9, 2019, MSIG Life shares (stock code: LIFE) were listed on the

Indonesia Stock Exchange. At the same time, Mitsui Sumitomo Insurance Co., Ltd. (MSI) officially became the majority shareholder with a share composition of Mitsui Sumitomo Insurance Co., Ltd. (80%), PT Sinar Mas Multiartha Tbk (12.5%), and the public (7.5%). Along with the change in shareholder composition, the company changed its name to PT MSIG Life Insurance Indonesia Tbk (MSIG Life) in the final quarter of 2023.

This study measures the achievements attained by PT MSIG Life Insurance Indonesia Tbk within a specific period, reflecting the level of success in implementing its operational activities. Therefore, evaluating the company's financial performance is essential to regulate and optimize asset management and premium income effectively, ensuring that PT MSIG Life Insurance Indonesia Tbk meets the criteria of a financially sound insurance company. A strong financial performance can demonstrate to the public that the company is financially reliable, making it easier to attract customers and investors to invest in the company's shares.

One way to assess a company's performance is through financial performance analysis reflected in financial ratios. The ratios used in this study are profitability and solvency ratios. Profitability ratios enable companies or investors to assess how efficiently the company generates profits. The higher the profitability ratio, the better the company's financial performance in terms of revenue and cash flow generation. Meanwhile, solvency ratios aim to assess the company's ability to settle all its obligations, both short-term and long-term, backed by its assets or wealth until liquidation if necessary.

Previous research by Simanjuntak (2022) on insurance companies listed on the Indonesia Stock Exchange (IDX) showed that overall financial performance declined, although some companies experienced improvements. Similarly, Fadhillah and Fajeriati (2024) found that sharia business units of life insurance companies in Indonesia generally demonstrated poor performance during 2019–2023. In contrast, research by Qusasi and Tjahjanti (2024) on 17 insurance companies listed on IDX showed that all examined companies were financially healthy. Dewi, Dzulqornain, and Heikal (2024) also found that some insurance companies experienced improved financial performance, while others declined or remained stagnant. Meanwhile, Diana et al. (2024) found no significant difference in financial performance before and after COVID-19 among five insurance companies listed on IDX, and only Asuransi Bina Dana Arta Tbk was categorized as financially healthy.



The following table presents the profit and loss data of PT MSIG Life Insurance Indonesia Tbk over a five-year period, from 2019 to 2023.

**Table 1. Profit/Loss Data of PT MSIG Life Insurance Indonesia Tbk, 2019–2023.**

Year	Profit/ Loss
2019	286.684.000.000
2020	330.939.000.000
2021	73.824.000.000
2022	367.773.000.000
2023	126.489.000.000

Source: www.idx.co.id

Based on the profit and loss data of PT MSIG Life Insurance Indonesia Tbk for 2019–2023, the company experienced profit growth from 2019 to 2020, a significant decline in 2021, an increase again in 2022, and another decline in 2023. A decrease in profit impacts the company's cash availability, which is crucial for meeting both short-term and long-term obligations.

Based on the above explanation, this study aims to identify and analyze the financial performance of PT MSIG Life Insurance Indonesia Tbk for the 2019–2023 period using profitability and solvency ratios.

## 2. RESEARCH METHOD

This study use a quantitative descriptive research design. The data source used in this study is secondary data in the form of financial statements of PT MSIG Life Insurance Indonesia Tbk from 2019–2023. The financial statements were obtained from the Investment Gallery of Institut Bisnis dan Keuangan Nitro in Makassar. The population of this study consists of all financial statements of PT MSIG Life Insurance Indonesia Tbk from 2019–2023. The sample used is the financial statements for the same period. Therefore, this study applies a saturated sampling technique, where the entire population is used as the sample.



The data analysis procedures are as follows:

1. Collecting financial statement data of PT MSIG Life Insurance Indonesia Tbk for 2019–2023.
2. Calculating financial ratios, including profitability ratios (Underwriting Ratio, Claim Expense Ratio, Commission Ratio, and Return on Investment/ROI) and solvency ratios (Debt to Asset Ratio/DAR and Debt to Equity Ratio/DER).
3. Comparing ratios annually to identify changes in financial performance.
4. Evaluating whether the company’s financial performance meets the financial health standards for insurance companies according to Biro Riset Infobank (BiRI) 2014 regulations.

**Table 2. Assessment Based on the Financial Health Standards of Insurance Companies According to the Regulations of Biro Riset Infobank (BiRI), 2014**

Kriteria	Standar	
Rasio Profitabilitas		
Underwriting Ratio	$\geq 35\%$	Lebih dari atau sama dengan 35%
Rasio Beban Klaim	$\leq 100\%$	Kurang dari atau sama dengan 100%
Rasio Komisi	$\leq 100\%$	Kurang dari atau sama dengan 100%
Rasio Pengembalian Investasi (ROI)	$\leq 10\%$	Kurang dari 100%
Rasio Solvabilitas		
Debt to Asset Ratio	$< 35\%$	Kurang dari 35%
Debt to Equity Ratio	$\geq 100\%$	Kurang dari atau sama dengan 100%

Source: *Biro riset infobank (2014)*

### 3. RESULTS AND DISCUSSION

This study uses a quantitative descriptive approach through financial ratio analysis. The results of the financial ratio calculations of PT MSIG Life Insurance Indonesia Tbk are presented as follows:

#### 3.1 Profitability Analysis

This study calculates profitability ratios using the Underwriting Ratio, Claim Expense Ratio, Commission Ratio, and Return on Investment (ROI).



### 3.1.1 Underwriting Ratio

According to Statement of Financial Accounting Standards (PSAK) No. 28 concerning Accounting for General Insurance, the Underwriting Ratio is a ratio used to measure the level of profit derived from underwriting activities. It is calculated as the difference between premium income and the sum of claim expenses and reinsurance expenses, or expressed by the following formula:

$$\text{Underwriting Ratio} = \frac{\text{hasil underwriting}}{\text{pendapatan premi}} \times 100\%$$

**Table 3. Underwriting Ratio of PT MSIG Life Insurance Indonesia Tbk, 2019–2023**

Year	Underwriting Output	Premium Income	Underwriting Ratio
2019	285.822	3.567.363	8.012,137%
2020	657.659	3.668.659	-17.926,414%
2021	893.826	3.649.057	24.494,711%
2022	950.273	2.610.679	-36.399,458%
2023	669.615	2.700.082	-24.799,802%

Source: Financial Statements of PT MSIG Life Insurance Indonesia Tbk and processed research data.

The underwriting ratio reflects the company's effectiveness in generating underwriting surplus from premium income after deducting claim and reinsurance expenses. Over the five-year period, the underwriting ratio demonstrated substantial volatility and produced a negative average value of -9.323%, significantly below the industry benchmark of  $\geq 35\%$ . This finding indicates inefficiencies in underwriting management and suggests that underwriting activities did not consistently generate sufficient surplus. Persistent fluctuations further imply instability in risk selection and premium adequacy strategies.

### 3.1.2 Claim Expense Ratio

This ratio reflects the claim experience (loss ratio) incurred as well as the quality of the underwriting performance. The formula is as follows:

$$\text{Rasio Beban Klaim} = \frac{\text{Beban Klaim}}{\text{pendapatan premi}} \times 100\%$$



**Table 4. Claim Expense Ratio of PT MSIG Life Insurance Indonesia Tbk, 2019–2023**

Year	Claim Expenses	Premium Income	Claim Expense Ratio
2019	3.567.363	3.567.363	82.804 %
2020	3.668.659	3.668.659	109.709%
2021	3.649.057	3.649.057	63.614%
2022	2.610.679	2.610.679	117.663%
2023	2.700.082	2.700.082	96.083%

Source: Financial Statements of PT MSIG Life Insurance Indonesia Tbk and processed research data.

The commission ratio assesses operational efficiency by measuring commissions paid relative to premium income. The average commission ratio of 14.37% is substantially below the industry ceiling of 100%, indicating efficient distribution cost management. An upward trend in recent years may reflect strategic expansion or increased reliance on intermediary channels; however, the ratio remains within a healthy range.

### 3.1.3 Commission Ratio

This ratio is used to assess the company’s financial health based on the commissions paid relative to premium income during a specific period. In addition, the commission ratio can be used to compare intermediary commission rates across companies and against the industry average. The formula is as follows:

$$\text{Rasio Komisi} = \frac{\text{Komisi}}{\text{Pendapatan Premi}} \times 100\%$$

**Table 5. Commission Ratio of PT MSIG Life Insurance Indonesia Tbk, 2019–2023**

Year	Commission	Premium Income	Commission Ratio
2019	311.809	3.567.363	8.740%



2020	288.473	3.668.659	7.863%
2021	383.543	3.649.057	10.510%
2022	463.171	2.610.679	17.741%
2023	729.924	2.700.082	27.033%

Source: Financial Statements of PT MSIG Life Insurance Indonesia Tbk and processed research data.

The commission ratio assesses operational efficiency by measuring commissions paid relative to premium income. The average commission ratio of 14.37% is substantially below the industry ceiling of 100%, indicating efficient distribution cost management. An upward trend in recent years may reflect strategic expansion or increased reliance on intermediary channels; however, the ratio remains within a healthy range.

### 3.1.4 ROI / Return on Investment

This ratio is used to measure the return generated from an investment. The formula for calculating ROI is as follows:

$$ROI = \frac{\text{pendapatan bersih investasi}}{\text{Biaya investasi}} \times 100\%$$

**Table 6. Return on Investment (ROI) of PT MSIG Life Insurance Indonesia Tbk, 2019–2023**

Year	Net Investment Income	Investment Costs	ROI
2019	823.807	14.628.147	5.631%
2020	688.536	13.712.509	5.021%
2021	404.948	13.793.733	2.935%
2022	863.697	13.143.571	6.571%
2023	753.731	13.202.709	5.708%

Source: Financial Statements of PT MSIG Life Insurance Indonesia Tbk and processed research data.

ROI evaluates the profitability of the company’s investment portfolio. The average ROI of 5.17% falls below the industry maximum benchmark of 10%, categorizing performance as satisfactory. Despite moderate fluctuations, the investment portfolio demonstrates relatively stable returns,



contributing positively to overall profitability and financial sustainability.

### 3.2 Solvency Ratio

This study calculates solvency ratios using the Debt to Asset Ratio (DAR) and the Debt to Equity Ratio (DER).

#### 3.2.1 Debt to Asset Ratio (DAR)

This ratio is used to measure the proportion of a company's assets that are financed by debt. Ideally, the level of debt should not exceed the total value of the company's assets. The formula for calculating

the Debt to Asset Ratio (DAR) is as follows: 
$$\text{DAR} = \frac{\text{Total Liabilitas}}{\text{Total Aset}} \times 100\%$$

**Table 7. Debt to Asset Ratio (DAR) of PT MSIG Life Insurance Indonesia Tbk, 2019–2023**

Year	Total Liabilities	Total Asset	DAR
2019	8.415.187	16.234.424	51.835%
2020	7.734.195	15.847.556	48.803%
2021	8.713.141	16.344.767	53.308%
2022	7.836.992	15.536.442	50.442%
2023	7.451.593	14.953.956	49.830%

Source: Financial Statements of PT MSIG Life Insurance Indonesia Tbk and processed research data.

The DAR indicates the proportion of total assets financed through liabilities. The five-year average DAR of 50.84% exceeds the industry benchmark of < 35%, indicating a relatively high dependence on debt financing. This condition suggests potential vulnerability in asset-liability management and may expose the company to higher financial risk under adverse economic conditions.

#### 3.2.2 Debt to Equity Ratio (DER)

This ratio is used to measure the extent to which a company uses debt to finance its operations. The lower the ratio, the better it is for the company, and it is preferable that the amount of debt does not

exceed the company's equity. The formula is as follows: 
$$\text{DAR} = \frac{\text{Total Liabilitas}}{\text{Total Modal}} \times 100\%$$

**Table 8. Debt to Equity Ratio (DER) of PT MSIG Life Insurance Indonesia Tbk, 2019–2023**



Year	Total Liabilities	Total Equity	DER
2019	8.415.187	7.765.675	108.363%
2020	7.734.195	8.047.323	96.108%
2021	8.713.141	7.567.616	115.137%
2022	7.836.992	7.684.570	101.983%
2023	7.451.593	7.491.536	99.466%

Source: Financial Statements of PT MSIG Life Insurance Indonesia Tbk and processed research data.

The DER reflects the proportion of liabilities relative to shareholders' equity. With an average ratio of 104.21%, exceeding the  $\geq 100\%$  benchmark, the company meets the applied solvency standard. However, while classified as "good" under the benchmark criteria, the ratio indicates a capital structure moderately dominated by debt, requiring prudent financial risk management to maintain long-term stability.

**Table 9. Summary of Financial Performance Assessment of PT MSIG Life Insurance Indonesia Tbk, 2019–2023**

Financial Ratio	Year					Average	Standard	Criteria
	2019	2020	2021	2022	2023			
<b>Profitabilitas</b>								
Underwriting ratio	8.012%	-17.926%	24.494%	-36.399%	-24.799%	-9.323%	$\geq 35\%$	Poor
Claim Expense Ratio	82.80%	109.70%	63.61%	117.66%	96.08%	93.97%	$\leq 100\%$	Good
Commission Ratio	8.74%	7.86%	10.51%	17.74%	27.03%	14.37%	$\leq 100\%$	Good
ROI	5.63%	5.02%	2.93%	6.57%	5.70%	5.17%	$\leq 10\%$	Good
<b>Solvabilitas</b>								
DAR	51.83%	48.80%	53.30%	50.44%	49.83%	50.84%	$< 35\%$	Poor
DER	108.36%	96.10%	115.13%	101.98%	99.46%	104.21%	$\geq 100\%$	Good

Source: Secondary data processed by the researcher.

#### 4. CONCLUSION

This study concludes that the financial performance of PT MSIG Life Insurance Indonesia Tbk during the 2019–2023 period presents a mixed profile.



From a profitability perspective:

- Underwriting performance is categorized as weak, reflecting inefficiencies in underwriting management.
- Claim expense ratio, commission ratio, and ROI demonstrate satisfactory performance within industry benchmarks.

From a solvency perspective:

- The Debt to Asset Ratio indicates suboptimal asset financing structure due to relatively high liability dependence.
- The Debt to Equity Ratio meets the industry standard, suggesting acceptable capital structure management.

Overall, while investment returns and operational efficiency indicators reflect financial stability, underwriting performance and asset-liability composition remain critical areas requiring strategic improvement to enhance long-term financial resilience.

#### UCAPAN TERIMA KASIH

Peneliti berikan banyak ucapan terima kasih kepada semua pihak-pihak yang membantu penelitian ini sehingga penelitian ini dapat terlaksana dengan baik.

#### KONFLIK KEPENTINGAN

Diharapkan untuk peneliti selanjutnya dapat menambah alat analisis serta memperpanjang periode penelian agar dapat diperoleh hasil penelitian yang lebih baik dan akurat.

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