

## Determinants of Islamic General Insurance Market Share in Indonesia: The Influence of ROA, ROE, BOPO, and Inflation during the 2006-2021 Period

Zulfia Artiza<sup>A</sup>, Jaih Mubarak<sup>B</sup>, Immas Nurhayati<sup>C</sup>, Ibdalsyah<sup>D</sup>

### Abstract

This study aims to determine the effect of Return on Assets (ROA), Return on Equity (ROE), the Operating Cost and Income Ratio (BOPO), and inflation on the market share of Sharia general insurance in Indonesia. This associative study utilizes a quantitative approach. The data used are secondary data in the form of Insurance Statistics from the Financial Services Authority (OJK) for 2006-2021. The COVID-19 period was eliminated to avoid bias. Multiple linear regression analysis was used, using endogenous market share variables and exogenous variables: ROA, ROE, BOPO, and inflation. The analysis tool used was EViews version 12. The results showed that ROA had a negative and significant effect on the market share of Sharia general insurance, ROE and BOPO had a positive and significant effect on the market share of Sharia general insurance, while inflation had no effect on the market share of Sharia general insurance. Sharia general insurance companies need to address these issues, including increasing public literacy and inclusion in Sharia general insurance, improving marketing human resources quantitatively and qualitatively, increasing investment in IT and human resource development, and controlling company operational costs.

**Keywords:** ROA, ROE, BOPO, Literacy, Inclusion.

### INTRODUCTION

The establishment of the Islamic insurance industry in Indonesia began with the establishment of the first Islamic insurance company, PT Syarikat Takaful Indonesia, on February 25, 1994. This company was a holding company for PT. Asuransi Takaful Keluarga, established on August 24, 1994, and PT. Asuransi Takaful Umum, established in 1995 (Heradhyaksa & Hikmah, 2019). The company's presence aimed to support the development of Islamic banking products and services, which had previously been pioneered by Bank Muamalat Indonesia, the first Islamic financial institution in Indonesia since 1992.

This growth continued until 2021, with 197 Islamic banking institutions and 207 Islamic non-bank financial institutions (IKNB), including Islamic insurance. The potential of the Islamic finance industry

<sup>A</sup>Universitas Ibn Khaldun Bogor, Indonesia, Email: [zulfia.artiza@uika-bogor.ac.id](mailto:zulfia.artiza@uika-bogor.ac.id)

<sup>B</sup>Universitas Ibn Khaldun Bogor, Indonesia, Email: [jaih.mubarak@uika-bogor.ac.id](mailto:jaih.mubarak@uika-bogor.ac.id)

<sup>C</sup>Universitas Ibn Khaldun Bogor, Indonesia, Email: [immasnurhayati1@gmail.com](mailto:immasnurhayati1@gmail.com)

<sup>D</sup>Universitas Ibn Khaldun Bogor, Indonesia, Email: [ibdalsyah@uika-bogor.ac.id](mailto:ibdalsyah@uika-bogor.ac.id)

is quite substantial, with total assets under management reaching IDR 2,050.44 trillion in 2021, a 13.82% year-on-year increase compared to IDR 1,801.40 trillion the previous year (OJK, 2021a). However, its market share compared to the conventional financial industry remains relatively small, ranging from 4-6% (Achdiat, 2022).

With the establishment of the National Islamic Finance Committee (KNKS), established under Presidential Regulation (Perpres) No. 91 of 2016, the growth of the Islamic finance industry continues to be accelerated. The KNKS, which will serve as a target market for domestic and international industrial products, is also expected to be a major driver of Islamic economic development. The regulations issued regarding the Islamic economy align with the Islamic foundations enshrined in Surah Al-Baqarah, verse 275:

الَّذِينَ يَأْكُلُونَ الرِّبَا لَا يَقُومُونَ إِلَّا كَمَا يَقُومُ الَّذِي يَتَخَبَّطُهُ الشَّيْطَانُ مِنَ الْمَسِّ ذَلِكَ بِأَنَّهُمْ قَالُوا إِنَّمَا الْبَيْعُ مِثْلُ الرِّبَا وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا فَمَنْ جَاءَهُ مَوْعِظَةٌ مِنْ رَبِّهِ فَانْتَهَى فَلَهُ مَا سَلَفَ وَأَمْرُهُ إِلَى اللَّهِ وَمَنْ عَادَ فَأُولَئِكَ أَصْحَابُ النَّارِ هُمْ فِيهَا خَالِدُونَ

The meaning: “Whoever consumes (transacts in) usury cannot stand, except as one who staggers due to being possessed by Satan. This happens because they say that buying and selling is the same as usury. In fact, Allah has permitted buying and selling and forbidden usury. Whoever receives a reminder from his Lord (regarding usury), then he desists until what he has acquired becomes his own and his affairs are with Allah. Whoever repeats (usury transactions), those are the inmates of Hell. They will abide therein forever”.

The above verse indicates the need to return to the sharia system by abandoning the usury system, as the majority of Indonesia's population is Muslim. Cooperation between the Government and the Indonesian Ulema Council (MUI) is intended to regulate all matters related to sharia provisions (Setyowati et al., 2019).

A company's contribution to the national economy can be seen from the market share it achieves. According to Hanafi (2021), to further dominate the market, companies need to command a significant market share. Setyowati et al. (2019) explain that calculating market share by comparing a company's sales volume to the total sales of all similar companies can serve as a benchmark for market share.

Insurance companies are financial institutions that play a significant role in a country's economy. Their role includes providing risk coverage by providing compensation for disasters, accidents, losses, damages, costs incurred, lost profits, or legal liability. Sharia insurance plays a role in economic development because it is part of the national insurance system. Sharia insurance companies' operations and principles are based on Islamic law, whereby the insurance company and the insured enter into an agreement regarding fundraising that must be in accordance with Sharia law (Suryanto et al., 2020). Sharia insurance companies in Indonesia are an integral part of economic development, reflecting the public's hope for secure financial management in the future and in accordance with Islamic law. This situation provides a strong basis for the future development of Sharia insurance, as Indonesia has a

relatively high Muslim population, making it a highly potential market (Rahmadhani et al., 2024).

Aryonindito et al. (2020) state that market share is crucial for a company's survival and is a key reason for its presence in this business. Market share means there are opportunities to generate revenue and profit in that business sector. The higher the market share, the greater the company's opportunity to generate profits. Therefore, market share is crucial for Sharia insurance companies. The market here refers to the community in need of products from Sharia insurance companies in Indonesia.

Sharia insurance companies include Sharia general insurance, Sharia life insurance, and Sharia reinsurance. According to the non-bank financial institution indicators published by the Indonesian Financial Services Authority (OJK), sharia insurance in Indonesia consists of sharia general insurance, sharia life insurance, and reinsurance. Sharia general insurance is an insurance agreement that provides services based on sharia principles to address the risks of loss, damage, reduced benefits, and legal liability to other parties. Sharia life insurance provides sharia-based risk management for risks related to life or family protection. Furthermore, sharia reinsurance provides risk retention services from insurance companies (Yayuningsih & Yusgiantoro, 2022). Furthermore, sharia general insurance is explained as the form of sharia insurance with the smallest market share (Makhrus, 2017).

The report on the development of sharia finance in Indonesia (Finance, 2022) states that the market share of sharia life insurance in Indonesia in 2022 reached approximately 5.62%, while sharia general insurance accounted for approximately 3.49% of the total assets of the Indonesian insurance industry. Insurance companies continuously strive to expand their market share by understanding the factors that can attract more customers. They examine the factors that influence individuals' behavioral intentions to choose Takaful insurance, with the aim of adjusting their communication and marketing strategies to align with consumer expectations. Many studies have been conducted in this context, applying various behavioral intention theories to increase the market share of Islamic insurance (*Takaful*) (Boudaly et al., 2025).

This study aims to determine the determinants of the market share of Islamic general insurance in Indonesia. The results are expected to reveal the factors that influence the market share of Islamic general insurance, which can be used as a basis for recommending aspects that need to be improved or reduced to increase the market share of Islamic general insurance in Indonesia. The factors analyzed for testing in this study are limited to Return on Assets (ROA), Return on Equity (ROE), Operating Expense Ratio to Operating Income, and Inflation, which are the most dominant factors in influencing the market share of the Islamic financial industry (Rahman, 2016; Setyowati et al., 2019; Hanafi, 2021; Amaliyah, 2022).

## LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

### Sharia Insurance

The word "insurance" originates from the Dutch word "*assurantie*", which is called "*verzekering*", meaning "coverage". Based on the term "*assurantie*", the terms "*assuradeur*" (company) and "*greassuranceerde*" (customer) emerged (Sula, 2004). The Takaful industry functions as an ethical and cooperative system to improve the overall welfare of society by considering financial and social well-being (Rahman & Khan, 2026).

The Great Indonesian Dictionary (KBBI) defines insurance as a two-party contract, with the customer as the first party and the company as the second party. The first party is obligated to provide a certain amount of funds, and the second party is obligated to fully guarantee the first party in the event of a disaster, such as loss or damage to the first party's property, based on the agreed contract.

The definition of sharia insurance in Arabic is called *at-ta'min*, the risk bearer is *mu'ammin*, while the insured is called *mu'amman lahu* or *musta'min*. For *at-ta'min*, the origin of the word is from the word *amana*, which means providing comfort with protection and peace (Sula, 2004). According to the Fatwa of the National Sharia Council No: 21/DSN-MUI/X/2001 concerning General Guidelines for Sharia Insurance, it is stated that sharia insurance (*Ta'min*, *Takaful* or *Tadhamun*) is an effort to help each other and protect each other among a group of participants by investing in the form of funds and or *tabarru'* which prepares a form of return when a certain loss or risk occurs based on a contract (agreement) based on Islamic sharia (Makhrus, 2017). Takaful insurance (cooperative, mutual, and Islamic insurance) is a system where a number of people work together to cover potential losses through contributions, with the Takaful company organizing this cooperation and managing funds based on Sharia principles. This system offers a legitimate alternative to conventional insurance. The significance of Takaful insurance lies in providing security for participants, encouraging solidarity and cooperation, achieving permissible profits, supporting the application of Islamic law in transactions, contributing to national economic growth, building capital for policyholders, protecting the national economy from exploitation by commercial insurance companies, and complementing the Islamic economic framework (Houssem & Hassiba, 2025).

Law of the Republic of Indonesia No. 40 of 2014 concerning Insurance, Chapter I, Article 1, Point 2, contains the essence of Sharia Insurance, which consists of a set of agreements between the customer as the policyholder and the Sharia insurance company. The objective is to manage potential risks based on Sharia principles, and to provide mutual protection and assistance through the following mechanisms: a) providing compensation to customers for any disaster or loss, damage, costs incurred, loss of profits, or legal liability to third parties that may be incurred by the customer due to an unforeseen event; and b) providing payments to deceased participants or payments to surviving participants, with predetermined benefits and/or from the proceeds of fund

management. The explanation in section a above is about general sharia insurance, while section b is about sharia life insurance.

General sharia insurance products include motor vehicle insurance, fire insurance, cargo insurance, engineering insurance, marine hull insurance, general insurance, professional liability insurance, and others (Soemitra, 2014). They also cover billboard insurance, neon signs, earthquakes, contractors, money insurance, and personal accident insurance.

### Market Share

Markets emerge due to supply and demand, which lead to transactions in the market. Market share is defined as the proportion of an industry's goods or services marketed over which a company can control (Hanafi, 2021). Meanwhile, according to Rahman (2016), market share is determined by consumer demand, which influences product choices. A company's operations are tied to market conditions that influence its activities, both in services and goods. This is related to its ability to dominate market share over other companies.

The various forms of market share found in the Sharia Insurance industry are tailored to the company's specific circumstances within the industry. Companies that achieve high market share can increase profitability, efficiency, and volume (Aryonindito et al., 2020). Market share is often an indicator of the emergence of market power and the importance of a company within the market. In addition to profits and prices, a company's success can be determined by the size of its market share. According to Rahman (2016), market share can be calculated as follows:

$$\text{Market Share} = \frac{\text{Total Assets of Sharia Insurance Companies}}{\text{Total Assets of All National Insurance Companies}} \times 100\%$$

According to the Financial Services Authority (OJK), over the past five years (2017-2021), the growth of assets and market share of Sharia insurance companies in Indonesia has been considered very slow, as seen in Table 1. This slow market share growth can be attributed to various factors, including the limited level of literacy and inclusion of the Indonesian public in the Sharia economy, the lack of capital or capacity in the Sharia insurance industry, and limited professional human resources (Mahalizikri, 2020).

**Table 1. Assets and Market Share of Sharia Insurance Companies in Indonesia (2017-2021)**

Growth	2017	2018	2019	2020	2021
Assets	4,219 T	3,437T	3,752T	3,800T	4,797T
	Grown	Grown -	Grown	Grown	Grown
	43,9%	18,5%	9,18%	1,2%	26,3%
Market Share	5,07%	4,22%	4,12%	4,67%	3,83%

Source: OJK (2017-2021)

Indonesia has a larger Muslim population than any other religion, thus creating a significant potential market share for Islamic financial products, including Islamic general insurance. The data above indicates a decline in market share from 5.07% to 3.83% from 2017 to 2021. The

pandemic occurred between 2020 and 2021, which is understood to have reduced the ability to purchase Islamic general insurance products. However, demand also declined from 2017 to 2019, with a slight increase in 2020. Based on this data, various efforts are underway to capture the enormous market potential, which is expected to grow significantly each year. Therefore, it is crucial to understand the factors influencing the Islamic general insurance market share.

### Financial Performance

Financial performance is an analysis conducted to determine the extent to which a company is able to manage its finances based on sound financial governance (Amaliyah, 2022). Furthermore, optimal financial performance can be achieved through sound and efficient financial management. Islamic teachings urge us to avoid all forms of wasteful or wasteful use of assets, as stated in Surah Al-Isra', verses 26-27:

وَاتِ ذَا الْقُرْبَىٰ حَقَّهُ وَالْمِسْكِينَ وَابْنَ السَّبِيلِ وَلَا تُبَذِّرْ تَبْذِيرًا إِنَّ الْمُبْذِرِينَ كَانُوا إِخْوَانَ الشَّيْطَانِ ۗ وَكَانَ الشَّيْطَانُ لِرَبِّهِ كَفُورًا

Meaning: "And give to close relatives their rights, (also to) the poor or needy, and travelers. It is forbidden for you to waste (your wealth) wastefully. Indeed, those who squander their wealth are among the devils and the devils are very disbelieving of their Lord".

Measuring financial performance, a concept used in banking, can also be used to analyze the performance quality of the Islamic insurance industry. Expert opinion and regulations established by the government and the Indonesian Ulema Council (MUI) suggest that the financial performance of Islamic insurance companies can be assessed using the same concepts as Islamic banks or can be adopted from existing banking systems. Financial performance is measured in several ways: profitability ratios reflected by ROA and ROE, and profitability, liquidity, activity, and solvency ratios (Setyowati et al., 2019). Islamic insurance companies in Indonesia and Malaysia should focus on improving efficiency through regular performance evaluations and product innovation to increase financial inclusiveness and expand their reach. Regulators and academics are encouraged to support these efforts by monitoring industry performance, addressing operational challenges, and conducting further research to provide comprehensive insights into the efficiency of Islamic insurance companies (Priantina & Syahnum, 2024).

Similarly, three proxies are often used as indicators in analyzing a company's financial performance. These three proxies include return on assets (ROA), return on equity (ROE), and return on sales (ROS) (Yayuningsih & Yusgiantoro, 2022).

Several studies have examined market share using various financial performance measures. Purboastuti et al. (2015) examined market share using Third Party Funds (TPF), ROA, Non-Performing Financing (NPF), and the Financing to Deposit Ratio (FDR). The results showed that TPF, ROA, and FDR had a positive effect, but NPF had a negative effect. Rahman (2016) examined the effect of NPF, BOPO, Capital Adequacy Ratio (CAR), and Bank Indonesia Sharia Certificates (SBIS) on

market share. The results showed that all variables impacted market share, with BOPO and NPF having a significantly higher influence in the short and long term. Furthermore, Setyowati et al. (2019) examined Islamic banking market share using ROA, ROE, BOPO, and inflation. The results show that ROA and BOPO have a negative effect, ROE a positive effect, while inflation has no effect on market share. The calculation of ROA, ROE, and BOPO is based on the following formula:

$$ROA = \frac{\text{Pre – Tax Income of the Sharia General Insurance Company}}{\text{Total Assets of the Sharia General Insurance Company}}$$

$$ROE = \frac{\text{After – Tax Income of the Sharia General Insurance Company}}{\text{Total Equity of the Sharia General Insurance Company}}$$

$$BOPO = \frac{\text{Operating Costs of the Sharia General Insurance Company}}{\text{Operating Income of the Sharia General Insurance Company}}$$

### **The Effect of Return on Assets (ROA) on Sharia General Insurance Market Share**

ROA is the ratio of a company's gross income to its total assets. ROA reflects a company's ability to manage all its assets to generate gross income. A company's ROA can influence the efficiency of a Sharia insurance company. Therefore, the higher the ROA, the more efficiently the insurance company utilizes its assets to generate profits, which can impact the company's market share. Previous research by Setyowati et al. (2019) found a significant negative effect of ROA on the market share of Sharia non-bank financial institutions.

Research by Amaliyah (2022) and (Al Arif & Rahmawati, 2018) found a negative but insignificant effect of ROA on the market share of Indonesian Sharia banks. Therefore, this study examines the effect of ROA on the Sharia general insurance market.

H<sub>1</sub>: ROA has a negative effect on the market share of Sharia general insurance

### **The Effect of Return on Equity (ROE) on the Market Share of Sharia General Insurance**

ROE is the ratio between net income and the capital/equity acquired by a company. ROE measures a company's ability to generate net income after taxes by utilizing its capital. The higher the ROE, the better the company's performance in generating net income after taxes. ROE can also be used to measure the effectiveness of fund management in utilizing the cost of equity for company operations and development.

Therefore, the higher the ROE of a Sharia general insurance company, the more effectively it uses its equity to generate high net income, thus impacting market share. This aligns with research conducted by Setyowati et al. (2019), which found that ROE has a positive and significant effect on the market share of Sharia non-bank financial institutions.

H<sub>2</sub>: ROE does not have a positive effect on the market share of sharia general insurance.

### **The Effect of the Operating Cost and Income Ratio (BOPO) on the Market Share of Sharia General Insurance**

BOPO is the ratio between operating costs and operating income, which indicates a company's level of efficiency and ability to carry out its operational activities. BOPO also indicates the company's management's ability to manage its operating costs in relation to operational results.

Therefore, the lower the BOPO of a sharia general insurance company, the more efficient it is in controlling its operational activities, which can impact market share. This aligns with the research findings of Desil & Amri (2020), Rohman & Karsinah (2016), and Setyowati et al. (2019), which show that BOPO has a negative and significant effect on the market share of sharia banks and non-bank sharia financial institutions.

H<sub>3</sub>: BOPO has a negative effect on the market share of sharia general insurance.

### **The Effect of Inflation on the Market Share of Sharia General Insurance**

Inflation is a macroeconomic condition in a country that indicates a simultaneous increase in the prices of goods or services over a certain period. Inflation reduces purchasing power or the value of a currency. This results in the need for more money to meet consumption needs for the same goods or services.

Under these conditions, people will increasingly withdraw funds from Sharia-compliant savings/investments to meet their needs. Consequently, financial institutions will increase their profit-sharing ratios, resulting in a decline in the market share of financial institutions, including Sharia-compliant general insurance companies.

H<sub>4</sub>: Inflation negatively impacts the market share of Sharia-compliant general insurance.

## **METHOD**

This study employed a quantitative approach with an associative research design, utilizing secondary data in the form of Insurance Statistics from the Financial Services Authority (OJK). The study population comprised all Sharia general insurance companies in Indonesia registered with the OJK between 2006 and 2021. The sample collection method used in this study was purposive sampling. The dependent variable was the market share of all Sharia general insurance companies. The independent variables were return on assets (ROA), return on equity (ROE), the ratio of operating expenses to operating income (BOPO), and the average annual inflation rate. The data analysis procedure used was a multiple linear regression model for time series data using the data analysis tool EViews 12. The multiple linear regression analysis stage included determining the estimation model, testing the classical assumptions, analyzing the multiple linear regression equation, and testing the feasibility of the regression model.

## RESULTS AND DISCUSSION

Observation data on all sharia general insurance companies based on processed data from the Indonesian Insurance Statistics book issued by the OJK from 2006 to 2021 are shown below in Table 2:

**Table 2. Observation Data**

Year	Share	ROA	ROE	BOPO	Inflation
2006	1.38%	43.02%	12.34%	51.23%	13.33%
2007	1.64%	43.53%	19.63%	53.27%	6.40%
2008	2.02%	46.30%	30.19%	47.76%	10.31%
2009	2.20%	39.58%	13.57%	62.26%	4.90%
2010	9.00%	32.01%	28.79%	55.06%	5.13%
2011	3.30%	37.59%	16.97%	60.75%	5.38%
2012	4.40%	41.90%	22.04%	61.22%	4.28%
2013	3.60%	36.90%	18.89%	56.54%	6.97%
2014	3.40%	32.83%	15.15%	57.88%	6.42%
2015	3.60%	31.77%	14.97%	58.41%	6.38%
2016	4.32%	37.21%	13.10%	68.24%	3.53%
2017	5.07%	27.54%	11.59%	70.31%	3.81%
2018	4.22%	33.63%	9.78%	72.35%	3.20%
2019	4.12%	33.28%	10.96%	66.96%	3.03%
2020	4.67%	31.95%	11.69%	62.59%	2.04%
2021	3.83%	28.48%	4.09%	79.90%	1.56%

The observation data, after being tested using descriptive statistics to see the data trends, can be seen in Table 3.

**Table 3. Data from Descriptive Statistical Tests**

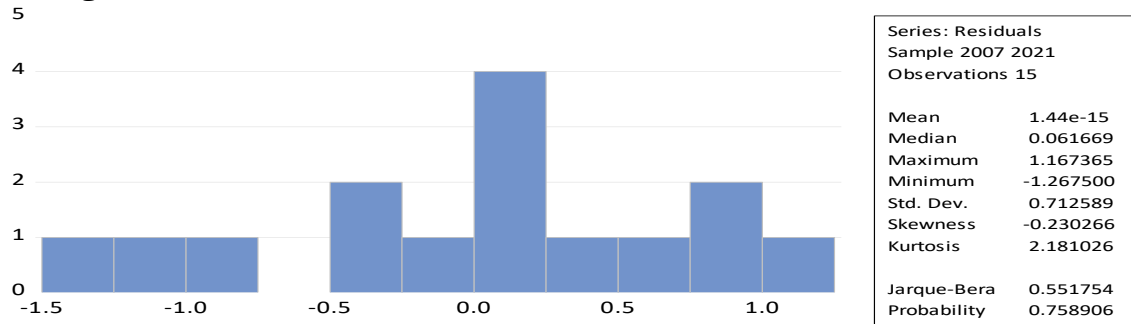
	Share (%)	ROA (%)	ROE (%)	BOPO (%)	Inflation (%)
Mean	3.798125	36.09500	15.85938	61.54563	5.416875
Median	3.715000	35.26500	14.27000	60.98500	5.015000
Maximum	9.000000	46.30000	30.19000	79.90000	13.33000
Minimum	1.380000	27.54000	4.090000	47.76000	1.560000
Std. Dev.	1.771256	5.572296	6.816800	8.415193	3.017161
Skewness	1.361091	0.274173	0.700650	0.440760	1.219286
Kurtosis	5.838546	2.017032	3.091721	2.704042	4.232074
Observations	16	16	16	16	16

Based on the data in Table 3, the average market share of Sharia General Insurance Companies is 3.80, with a minimum market share of 1.38 in 2006 and a maximum market share of 9.00 in 2010. The average ROA of Sharia General Insurance Companies is 36.10, with a minimum ROA of 27.54 in 2017, and a maximum ROA of 46.30 in 2008.

Furthermore, the average ROE of Sharia General Insurance Companies is 12.34, with a minimum ROE of 4.09 in 2021, and a maximum ROE of 30.19 in 2008. The average BOPO of Sharia General Insurance is 61.55, with a minimum ROE of 47.76 in 2008 and a maximum ROA of 79.90 in 2010. 2021. The next variable, namely inflation, has an average value of 5.42% with a minimum value of 1.56% occurring in 2021, and a maximum value of 13.33% occurring in 2006.

### Classical Assumption Test

To test whether the multiple linear regression model is free from the classical assumptions, normality, multicollinearity, heteroscedasticity, and autocorrelation were tested. The normality test was conducted using the Jarque Bera method, which examines the residual normality test results using EViews. The test results are shown in Figure 2.



**Figure 2. Normality Test Residual**

According to Hamid et al. (2020), if the probability value in the residual normality test is  $>0.05$ , the research data is normally distributed. Figure 1 illustrates that the probability value of 0.758906 is  $>0.05$ , indicating that the research data is normally distributed.

The multicollinearity test used the Variance Inflation Factors (VIF) method, based on the test results using EViews, as shown in Table 4.

**Table 4. VIF Test Result**

Variance Inflation Factors			
Date: 02/07/23 Time: 22:08			
Sample: 2006 2021			
Included observations: 15			
	Coefficient	Uncentered	Centered
Variable	Variance	VIF	VIF
C	29.87893	630.4498	NA
ROA	0.004214	115.3615	2.457753
ROE	0.005353	34.40291	5.148832
BOPO	0.004204	349.1795	5.610700
Inflation (-1)	0.012922	10.97184	2.193688

To see if there are any variable variants in the regression model that are not constant/the same, indicating the presence of heteroscedasticity, which is undesirable in a regression model. The results of the heteroscedasticity test using the Breusch Pagan Godfrey method on research data using eviews are presented in Table 5.

**Table 5. Breusch Pagan Godfrey Test Result**

Heteroskedasticity Test: Breusch-Pagan-Godfrey			
Null hypothesis: Homoskedasticity			
F-statistic	0.680026	Prob. F (4,10)	0.6214
Obs*R-squared	3.207642	Prob. Chi-Square (4)	0.5237
Scaled explained SS	0.841847	Prob. Chi-Square (4)	0.9328

According to Gujarati (2003), if the Chi-Square Probability  $>0.05$ , the research data does not exhibit heteroscedasticity. Table 5 shows that the Chi-Square Probability = 0.5237 and 0.9328  $>0.05$ , indicating that the research data determining the market share of Islamic general insurance companies do not exhibit signs of heteroscedasticity. In

classical assumption testing, the results of the heteroscedasticity test indicate that the regression model for Islamic general insurance variables does not exhibit heteroscedasticity. This condition indicates that the residual variance or error term for each observation is constant or homogeneous. Therefore, the regression model meets the homoscedasticity assumption, and the regression parameter estimates can be considered more reliable, efficient, and unbiased.

The absence of heteroscedasticity also indicates that the relationship between variables in the model is relatively stable and there is no deviation in the residual variance at a specific observation level. Therefore, the regression estimation results can be used for more accurate interpretation and hypothesis testing.

The autocorrelation test uses the Breusch-Godfrey Serial Correlation LM method due to the presence of a lag variable, namely inflation. This test examines the Chi-Square value in the Breusch-Godfrey Serial Correlation LM. If the Chi-Square is  $>0.05$ , the research data does not exhibit autocorrelation (Gujarati, 2003). The results of the autocorrelation test for the research data determining the market share of Islamic general insurance companies, as shown in Table 6, indicate that the Chi-Square value is  $>0.05$ , indicating that the research data does not exhibit autocorrelation. The results of the autocorrelation test indicate that the regression model does not exhibit autocorrelation. This condition indicates that the residual or error term in one observation period is not reduced by the residual term in the other observation period. Thus, the model meets one of the classical regression assumptions, namely the independence of residuals.

The absence of autocorrelation indicates that the error pattern in the model is random and does not form a specific pattern over time. Therefore, the resulting regression parameter estimates can be considered more accurate, consistent, and efficient in explaining the relationship between research variables.

**Table 6. Breusch-Godfrey Serial Correlation LM Test Results**

Breusch-Godfrey Serial Correlation LM Test:			
Null hypothesis: No serial correlation at up to 1 lag			
F-statistic	1.234736	Prob. F (1,9)	0.2953
Obs*R-squared	1.809625	Prob. Chi-Square (1)	0.1786

### Hypothesis Testing Results

The results of the hypothesis testing using multiple linear regression analysis with eviews12 are shown in Table 7.

**Table 7. Results of Multiple Linear Regression Analysis**

Dependent Variable: Market Share				
Method: Least Squares				
Date: 02/07/23 Time: 22:00				
Sample (adjusted): 2007 2021				
Included observations: 15 after adjustments				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.764818	5.466162	-0.322862	0.7534
ROA	-0.293401	0.064916	-4.519671	0.0011
ROE	0.345398	0.073162	4.720986	0.0008

BOPO	0.168024	0.064840	2.591372	0.0269
Inflation (-1)	0.028816	0.113676	0.253494	0.8050
R-squared	0.825859	Mean dependent var		3.959333
Adjusted R-squared	0.756203	S.D. dependent var		1.707611
S.E. of regression	0.843146	Akaike info criterion		2.757849
Sum squared resid	7.108955	Schwarz criterion		2.993866
Log likelihood	-15.68387	Hannan-Quinn criteria		2.755335
F-statistic	11.85622	Durbin-Watson stat		2.419091
Prob(F-statistic)	0.000821			

From the multiple linear regression analysis presented in Table 7, the multiple linear regression equation can be written as follows:  $Y = -1.765 - 0.293X_1 + 0.345X_2 + 0.168X_3 + 0.029X_4 + e$ . The coefficient of determination (R<sup>2</sup>) is 0.8259, or 82.59%. This result indicates that 82.59% of the Market Share variable can be explained by ROA, ROE, BOPO, and inflation. The remaining 17.41% of the Market Share variable is explained by other variables outside this study. In the F-test from Table 7 above, the significance value in this study was 0.000821. This value is lower than the established significance level of 0.05, thus concluding that all independent variables (ROA, ROE, BOPO, and inflation) collectively have a significant effect on the dependent variable (market share).

Based on the multiple linear regression equation used in this study, the following hypothesis test analysis can be performed:

1. The Effect of ROA on Market Share

From the processed data in the study, ROA has a negative regression coefficient of -0.293 on Market Share, meaning that every 1% increase in ROA decreases Market Share by 0.293%. ROA has a p-value/significance value below 0.05, at 0.0011, indicating that ROA has a negative and significant effect on Market Share. It can be concluded that the first hypothesis (H1) is accepted, stating that ROA has a negative effect on Market Share of Sharia general insurance companies in Indonesia. This study's results also align with previous research conducted by Setyowati et al. (2019), Amaliyah (2022), and Al Arif & Rahmawati (2018), which found a negative and significant effect of ROA on Market Share. ROA indicates the operational efficiency of a sharia general insurance company in managing its assets to generate optimal revenue. Therefore, the higher the ROA of a sharia general insurance company, the more efficient the company is in managing its assets, which impacts its market share. This study found that ROA negatively impacts market share, indicating that sharia general insurance companies are unable to optimally manage revenue from their assets. This finding aligns with the research findings of Tuffahati & Mardian (2016) and Sabiti et al. (2017), resulting in a decline in the sharia general insurance market share.

To increase ROA or improve the efficiency of a sharia general insurance company, one can increase its market share. According to Sabiti et al. (2017), it is necessary to increase *tabarru* funds by increasing premium revenue. This increase in premiums can be achieved through increased literacy and public inclusion in sharia insurance, as well as by increasing the quantity and quality of the marketing workforce. Based on data from the Financial Services Authority (OJK) (2022), the literacy and

inclusion levels of the Indonesian public regarding Islamic finance, including Islamic insurance, are still very low at 9.14% and 12.12%. Increasing literacy and inclusion, where increasing understanding and awareness of Islamic transactions is an obligation in Muslim life, is achieved through continuous formal and informal education.

A Sharia general insurance company with a positive ROA indicates the company's ability to manage assets effectively and efficiently to generate profits. However, a company with a negative ROA indicates a lack of efficient asset management capabilities. Consequently, the company will experience losses. In this situation, even though total assets increase, the company does not achieve a significant increase in profits. This indicates that the company is experiencing wasteful financial management. The company's total assets are being utilized effectively, resulting in increased profitability, which contributes to an increase in market share (Setyowati et al., 2019).

## 2. The Effect of ROE on Market Share

From the following analysis, ROE yields a positive regression coefficient of 0.345 on market share, meaning that every 1% increase in ROE will increase market share by 0.345%. ROE has a p-value/significance value below 0.05, at 0.0008, indicating that ROE has a positive and significant effect on market share. Therefore, the second hypothesis (H2) is accepted, stating that ROE has a positive effect on the market share of Islamic general insurance companies in Indonesia. This finding aligns with research conducted by Almaaiteh & Alsaraireh (2019) and Setyowati et al. (2019), which found that ROE has a positive and significant effect on market share.

ROE indicates the level of profitability of Islamic general insurance companies in managing their businesses to achieve optimal profits. The higher the ROE of a Sharia general insurance company, the higher its profitability, which in turn increases its market share. In this study, the ROE of Sharia general insurance companies positively impacts the market share of Sharia general insurance. Therefore, to increase the market share of Sharia insurance, it is necessary to increase ROE, or the company's profitability. Because ROE is related to the company's capital, increasing profitability can be achieved by increasing investment through various company facilities to support marketing, including investments in information technology and human resources. Technology can accelerate business processes and marketing, thereby reaching a wider market, especially millennials who already need insurance products. Therefore, market share is expected to grow faster.

## 3. Effect of BOPO on Market Share

From the results of this study, BOPO has a positive regression coefficient of 0.168 on market share, meaning a 1% increase in BOPO will increase market share by 0.168%. The BOPO (Boost-to-Equivalent Cost-to-Equivalent) p-value/significance value is below 0.05, at 0.0269, indicating a positive and significant effect on market share. This means that the third hypothesis (H3) is accepted, stating that BOPO has a positive effect on market share for sharia general insurance companies

in Indonesia. Therefore, this study's results align with previous research conducted by Rahman (2016), Rohman & Karsinah (2016), and Setyowati et al. (2019), which found that BOPO has a positive and significant effect on market share.

BOPO indicates the efficiency of a sharia general insurance company's performance in managing its operational costs to achieve optimal profits. The higher the BOPO, the more efficient the sharia general insurance company's performance in controlling its operational costs. In this study, BOPO has a positive effect on market share, so the more efficient a sharia general insurance company is in controlling its operational costs, the greater its market share will be. Operational cost control can be achieved through controlling general expenses, administration, acquisition costs, and marketing. According to insurance statistics from the Financial Services Authority (OJK) (2021), general, administrative, and acquisition expenses account for 43.5%, while marketing costs account for 9.9%. Therefore, cost control is recommended by reducing general, administrative, and acquisition expenses and shifting them to marketing costs. This is expected to increase the market share of Sharia general insurance.

#### 4. The Effect of Inflation on Market Share

The research found that inflation has a positive regression coefficient of 0.029 on market share, meaning that every 1% increase in inflation results in a 0.168% increase in market share. Inflation has a p-value/significance value of 0.8050, exceeding 0.05. Therefore, the fourth hypothesis (H4) above is rejected, which states that inflation has no effect on the market share of Sharia general insurance companies in Indonesia. The results of this study are consistent with previous research by Setyowati et al. (2019) stated that inflation has no effect on market share. Therefore, it can be concluded that inflation has no effect on the market share of Islamic general insurance.

## CONCLUSION

Based on the research findings, several important conclusions can be drawn regarding the determinants of market share in Islamic general insurance companies. First, Return on Assets (ROA) has a negative effect on market share, where a 1% increase in ROA decreases market share by 2.93%. This finding indicates that Islamic general insurance companies have not yet been able to optimize the management of income generated from their assets effectively, resulting in limited market share growth.

Second, Return on Equity (ROE) has a positive effect on market share. A 1% increase in ROE contributes to a 0.345% increase in market share. This suggests that strengthening company equity and capital management can support the expansion of market share, particularly through investments in information technology development and human resource improvement.

Third, the Operational Expenses to Operational Income ratio (BOPO) positively influences market share, where a 1% increase in BOPO

increases market share by 0.168%. This result implies that operational management and cost control play an important role in supporting the competitiveness and market expansion of Islamic general insurance companies.

Finally, inflation does not have a significant effect on the market share of Islamic general insurance companies. Changes in inflation rates, whether increasing or decreasing, do not significantly influence the growth or decline of the Islamic insurance market share. This indicates that internal company factors are more dominant than macroeconomic inflation factors in determining market share performance in the Islamic general insurance industry.

## REFERENCES

- Achdiat, I. (2022). Outlook Industri Jasa Keuangan Syariah Tahun 2022: Peluang & Tantangan. *KNEKS Komite Nasional Ekonomi dan Keuangan Syariah*.
- Al Arif, M. N. R., & Rahmawati, Y. (2018). Determinant factors of market share: Evidence from the Indonesian islamic banking industry. *Problems and Perspectives in Management*, 16(1), 392–398. [https://doi.org/10.21511/ppm.16\(1\).2018.37](https://doi.org/10.21511/ppm.16(1).2018.37)
- Almaaitih, W. A., & Alsaraireh, A. S. (2019). Accounting Indicators and their Impact on Market Prices of Shares of Commercial Banks Listed on the Amman Stock Exchange for the Period 2006-2017. *International Review of Management and Marketing*, 9(4), 32–38.
- Amaliyah, R. (2022). Determinan Market Share Bank Syariah di Indonesia. *Seminar Nasional Penelitian LPPM UMJ*, 1–7.
- Aryonindito, S., Yadiati, W., & Handoyo, S. (2020). Effect of Market Share and Firm Size on Efficiency and its Implications to Profitability of Sharia Insurance in Indonesia. *Journal of Accounting Auditing and Business*, 3(1), 122. <https://doi.org/10.24198/jaab.v3i1.25911>
- El Boudaly, H., Marnouch, B., & El Khamlichi, A. (2025). Understanding Takaful Insurance Adoption: A Systematic Review of Organizational Theories and Behavioral Factors. *Risk Governance & Control: Financial Markets & Institutions*, 15(4), 19–32. <https://doi.org/10.22495/rgcv15i4p2>
- Desil, I. M., & Amri. (2020). Faktor-Faktor Yang Mempengaruhi Peningkatan Market Share Bank Umum Syariah (Bus) di Indonesia. *Jurnal Ilmiah Mahasiswa Ekonomi Islam*, 2(1), 18–31.
- Gujarati, D. N. (2003). *Basic Econometrics*. McGraw Hill/Irwin.
- Hamid, R. S., Bachri, S., Salju, & Ikbal, M. (2020). *Panduan Praktis Ekonometrika Konsep Dasar dan Penerapan Eviews 10*. AA. Rizki.
- Hanafi, S. M. (2021). Determinant of Market Share in the Indonesian Islamic Banking Industry. *Muqtasid: Jurnal Ekonomi Dan Perbankan Syariah*, 12(1), 1–16. <https://doi.org/10.18326/muqtasid.v12i1.1-16>
- Heradhyaksa, B., & Hikmah, N. (2019). the Comparison Between Conventional, Sharia, and Social Insurance in Indonesia. *Diponegoro Law Review*, 4(2), 209–225.

- <https://doi.org/10.14710/dilrev.4.2.2019.209-225>
- Houssein, K., Almi, H., & Awashreh, R. (2025). The Role of Takaful Insurance in Enhancing the Quantitative Development of the Islamic Finance Industry. *Economic and Regional Studies*, 18(2), 234-253.
- Mahalizikri, I. F. (2020). Strategi Integrating Brand Dan Nilai Komunikasi Produk Asuransi Syariah Dalam Meningkatkan Market Share. *Jurnal Administrasi Bisnis*, 2(1), 37-52.
- Makhrus, M. (2017). *Manajemen Asuransi Syariah* (1st ed., Issue December 2017). Penerbit Litera.
- OJK. (2021a). Laporan Perkembangan Keuangan Syariah Indonesia 2021. In *Otoritas Jasa Keuangan*. <https://www.ojk.go.id/id/kanal/syariah/data-dan-statistik/laporan-perkembangan-keuangan-syariah-indonesia/Pages/Laporan-Perkembangan-Keuangan-Syariah-Indonesia-2020.aspx>
- OJK. (2021b). Statistik Perasuransian. In *Direktorat Statistik dan Informasi Industri Keuangan Non Bank OJK*. <https://www.ojk.go.id/>
- OJK. (2022). *Laporan Perkembangan Keuangan Syariah Indonesia 2022*. Jakarta: OJK.
- OJK. (2022). *Siaran Pers Survei Nasional Literasi Dan Inklusi Keuangan Tahun 2022*. Jakarta: OJK.
- Priantina, A., & Syahnum, M. (2024). *Comparative Efficiency Analysis in Takaful Industry in Southeast Asia*. 13(2), 133-148.
- Purboastuti, N., Anwar, N., & Suryahani, I. (2015). Pengaruh Indikator Utama Perbankan Terhadap Pangsa Pasar Perbankan Syariah. *Jejak*, 8(1), 13-22. <https://doi.org/10.15294/jejak.v8i1.3850>
- Rahmadhani, L., Ramadhan, M., Ahmadi, N., & Rahmani, B. (2024). *Risk Analysis and Sustainability of Sharia Insurance in Facing the Challenges of the Digital Era*. 5(5).
- Rahman, A. (2016). Analisis Faktor-faktor yang Mempengaruhi Market Share Bank Syariah. *Analytica Islamica*, 5(2), 291-314.
- Rahman, M., & Khan, I. (2026). *Multi-dimensional and contemporary sustainability practices in takaful industry : a systematic review of Islamic insurance*. <https://doi.org/https://doi.org/10.1007/s43621-025-02414-z>
- Rohman, S. N., & Karsinah. (2016). Economics Development Analysis Journal. *Economics Development Analysis Journal*, 5(2), 135-142.
- Sabiti, M. B., Effendi, J., & Novianti, T. (2017). Efisiensi Asuransi Syariah di Indonesia Efisiensi Asuransi Syariah di Indonesia dengan pendekatan Data Envelopment Analysis Islamic Insurance Efficiency in Indonesia using Data Envelopment Analysis Approach berkembang dan mengalami pertumbuhan yang cukup. *Jurnal Al-Muzara'ah*, 5(1), 69-87.
- Setyowati, D. H., Sartika, A., & Setiawan, S. (2019). Faktor-Faktor Yang Mempengaruhi Pangsa Pasar Industri Keuangan Syariah Non-Bank. *Jurnal Iqtisaduna*, 5(2), 169.

- <https://doi.org/10.24252/iqtisaduna.v5i2.10986>
- Soemitra, A. (2014). *Asuransi Syariah* (1st ed.). Wal Ashri Publishing.
- Sula, M. S. (2004). *Asuransi Syariah (Life and General): Konsep dan Sistem Operasional* (H. Kurniawan (ed.); 1st ed.). Gema Insani Press.
- Suryanto, T., Dimasqy, D., Ronaldo, R., Ekananda, M., Dinata, T. H., & Tumbelaka, I. (2020). The influence of liberalization on innovation, performance, and competition level of insurance industry in indonesia. *Sustainability (Switzerland)*, 12(24), 1–25. <https://doi.org/10.3390/su122410620>
- Tuffahati, H., & Mardian, S. (2016). Pengukuran Efisiensi Asuransi Syariah Dengan Data Envelopment Analysis (DEA). *Jurnal Akuntansi Dan Keuangan Islam*, 4(1), 1–24.
- Undang-Undang Republik Indonesia Nomor 40 Tahun 2014 tentang Perasuransian.
- Yayuningsih, S., & Yusgiantoro, I. (2022). *Assessing the performance of Islamic insurance firms in Indonesia : Does life insurance differ from general of insurance ?*