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### Financial Performance Analysis on PT. Asuransi Jiwa Syariah Bumiputera

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#### ABSTRACT

*The method used in writing this research uses a quantitative method. In analyzing and processing data using the financial ratio method, namely by calculating the profitability ratios (ROA, ROE, and NPM) and liquidity ratios (Current Ratio, Quick Ratio and Cash Ratio). The purpose of this study is to utilize insurance financial ratio analysis, to access the financial condition of PT. AJS Bumiputra available at [www.bumiputrasyariah.co.id](http://www.bumiputrasyariah.co.id) during the 2016-2019 period, and to compare the financial statements of PT. AJS Bumiputra from 2016 so that it can be seen the change in value that occurs, whether it is an increase or a decrease. Based on the research results, it can be concluded that the financial condition of PT. AJS Bumiputra based on this research not from [www.bumiputrasyariah.co.id](http://www.bumiputrasyariah.co.id). The profitability ratio is categorized as poor because the ROA, ROE and NPM values are still in a minus condition, and the company has not been able to generate profits from all company assets. However, the liquidity ratio is categorized as good, because the values of the CR, Quick Ratio and Cash Ratio are still in a safe condition, meaning that the company is still able to pay/cover all short-term debts/liabilities. The comparison of the value of the asset component during the 2016-2019 period tends to fluctuate. Compared to the average assets of the sharia insurance industry in Indonesia, the assets owned by PT. AJS Bumiputra still has to be improved again in order to continue to compete in the midst of the development of the sharia insurance industry in Indonesia.*

#### 1. INTRODUCTION

Company competition is getting tougher, along with the implementation of ratios as the basis for financial assessment. The existence of competition between companies as well as with other conventional and sharia service companies including insurance companies which cannot be avoided, has positive and negative impacts on the development of a company, including insurance companies. The positive impact is to motivate companies to compete with each other to be the best. Meanwhile, the negative impact is that the defeat in the competition can hamper the development of the company concerned. This condition will bring huge losses to the company, it can even lead bankruptcy.

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PT. Bumiputera Syariah Life Insurance is a company engaged in services so that to obtain services, the company must have good operational activities, both in financial performance and in other operational activities. Every company aims to maximize the wealth of its shareholders, and so do Islamic insurance companies. Measurement of the company's financial performance is needed to determine success in achieving these goals. Performance measurement based on financial reports is mostly done using performance measurement tools that are sometimes different. To assess how far the effectiveness of the company's operations in achieving its objectives, certain measurements are needed. One way to determine the financial performance of a company can be done by analyzing its financial statements. Financial statements are very important information because from the financial statements the performance of a company can be known. By way of analysis of financial statements with ratio calculations is a way to facilitate the evaluation of the financial condition of a company both past, present and future which is the most commonly used way to analyze financial statements, in other words to measure the company's financial strengths and weaknesses. Measurement of the financial performance of an insurance company is important to protect the interests of the wider community to maintain whether the insurance company can at all times fulfill its obligations under conventional and sharia insurance.

The importance of measuring the performance of an insurance company can be done by using the company's financial statements using financial ratios. Financial ratios are company analytical instruments that are intended to show changes in past financial conditions or operating performance and help describe trends in the pattern of these changes and then show the risks and opportunities inherent in the company concerned. Financial ratio analysis is a financial analysis that explains a certain relationship between one number and another, from a company's financial statements. The author's motivation for choosing Bumiputera Syariah Life Insurance is because it is part of the oldest life insurance company in Indonesia. Bumiputera Insurance as the oldest insurance in Indonesia has more experiences so that it can be a reference for companies other. In the end, Asuransi Bumiputera opened a sharia division as a form of attention to the needs of Muslims today. This shows that there is attention to apply Islamic principles in running the company. The various awards that have been received by Bumiputra Syariah Life Insurance are proof that the company's performance has been good so far. However, the performance measurement carried out by Bumiputra Syariah Life Insurance has so far focused on measuring financial performance. Then based on the results of the research studied by Mawali (2016), it shows that the financial health condition of PT. Bumiputera sharia has not been good in recent years with a value of 84.19%, because it has an RBC value of < 120%. For bankruptcy analysis, Bumiputra Syariah has a low Z-score, which is below 1.81 ( $Z < 1.181$ ). This shows that Bumiputera Syariah is experiencing serious financial problems. It is feared that this condition will experience difficulties in facing increasingly fierce global economic competition, especially in entering the era of the Asean Economic Community (AEC). The following table of financial conditions at PT. Bumiputera Sharia Life Insurance for the last four (4) years (2016-2019) can be seen from the following table:

**Table 1.1 Financial statements of PT AJS Bumiputera**

YEAR	PROFITABILITY			LIQUIDITY		
	ROA	ROE	NPM	CR	QR	CAR
2016	-0,04%	-0,04%	-2,30%	378,48%	378,48%	10,26%
2017	-0,01%	-0,12%	-0,26%	18,80%	18,80%	0,40%
2018	-0,01%	-0,17%	-0,41%	28,68%	28,68%	0,54%
2019	-0,04%	-0,19%	-2%	6,08%	60,80%	0,09%

Source: bumiputrasyariah.co.id (Data processed)

From table 1.1 above, it can be seen that the Return On Asset (ROA) value from year to year has a very low value, not even >7%, this indicates that the total assets owned by PT. Bumiputra Sharia Life Insurance did not have an effect on increasing profits, and so did ROE and NPM, which experienced a fluctuating decline. CR in 2016 experienced a very high achievement and exceeded the average of 200%, this shows that the company is able to pay all of the company's obligations in the short term, and then the following year experienced a fluctuating decline until 2019, and this is the reason for researchers to find out what actually caused the decline, and QR also experienced a fluctuating decline, and so did the CAR (Cash Ratio) which continued to decline. From the above background, the authors are interested in conducting research with the title: Financial Performance Analysis at PT. Bumiputera Sharia Life Insurance. The purpose of this study is to analyze the financial performance of PT. Bumiputera Sharia Life Insurance based on Profitability Ratios and Liquidity Ratios in 2016 – 2019. The research researched by Suhendro (2016) entitled Profitability and Liquidity Analysis to Assess Financial Performance at PT Siantar Top Tbk and the results of his research that for financial performance it is said to be IL Liquid (not good). Calculation of the average Quick Ratio below the industry average (time series) for financial performance is said to be liquid IL (not good). Then Erica's research (2018) entitled Analysis of Financial Statements Ratios to Assess Company Performance PT Kino Indonesia Tbk and the results of his research that the company has sufficient ability to take action in guaranteeing and paying off debts to creditors, and for the results of other business financial ratio analysis results can be obtained. done. used as a benchmark for investors in investing funds into the company.

The difference between the previous research above and the research writer did lies in the number of variables, where in the research conducted by Erica with the title Financial Statement Ratio Analysis to Assess Company Performance PT Kino Indonesia Tbk only used the liquidity ratio, while in this study using 2 (two) the company's financial ratios such as profitability and liquidity. Whereas in previous studies mostly only used 1 to 2 financial ratios. Then from the object and time of research, in writing writer only use 1 research object, namely an insurance company, PT. Bumiputra Syariah Life Insurance with a research period of 2016 - 2019.

## 2. LITERATURE REVIEW

The company's financial performance is a formal effort carried out by the company to evaluate the efficiency and effectiveness of the company's activities that have been carried out in a certain period of time. The definition of performance is a description of the achievement of the implementation / program / policy in realizing the goals, objectives, mission and vision of an organization. The concept of financial performance is a series of financial activities in a certain period that are reported in the financial statements including the income statement and balance sheet. Financial performance is an analysis carried out to see the extent to which a company has implemented it using financial implementation rules properly and correctly. Finance is the art of recording, classifying, summarizing all transactions that occur within the company. Transactions recorded by the company include financial transactions and other transactions that will result in financial events that will occur in the future. The company's financial statements are a form of management accountability to parties

with an interest in the company's performance achieved during a certain period. The purpose of the company's financial statements is to provide information about the financial position, performance, changes in equity, cash flows, and other information that is useful for users of financial statements in making economic decisions, as well as showing management's responsibility for the use of resources entrusted to them. Financial statements are the final result of a recording process, which is a summary of financial transactions that occurred during the financial year concerned. The definition according to Financial Accounting Standards is "Financial reports are part of the financial reporting process. Conducting an interpretation or analysis of the financial statements of a company will be very useful for the company's management to be able to know the state of developments in the company's financial concerned. In conducting the interpretation and analysis of the financial statements, the company's management requires the existence of a measure. The measure that is often used in analyzing financial statements is the ratio.

Profitability is the company's ability to earn profits in relation to sales, total assets, and own capital. Total net income is often compared with other measures of activity or financial condition such as sales, assets, shareholder equity to assess performance as a percentage of some level of activity or investment (Sartono, 2010).

The liquidity ratio is a ratio that measures the company's ability to meet its short-term obligations. These ratios can be calculated through sources of information about working capital, namely current assets and current liabilities. Thus the liquidity ratio affects the company's financial performance so that this ratio has a relationship with the company's profitability (Riyanto, 2001).

Islam views work as part of worship and jihad if the worker is consistent with Allah's rules, has pure intentions and does not forget Him. By working, people can carry out their caliphate duties, protect themselves from immorality, and achieve greater goals. Based on the Islamic perspective, it is illustrated that performance orientation is not only for profit maximization, such as the use of conventional performance appraisal methods, but performance orientation needs to include a broader and comprehensive dimension, namely the welfare of stakeholders including: investors, employees, customers, suppliers, communities, , environmental/social and future generations.

### 3. RESEARCH METHODS

In this study, the type of research is quantitative research. The type of data in this study is to use quantitative data. Sources of data used in this study is secondary data. In this study, the data were obtained from literature studies, internet, journals and quarterly financial reports at PT. Bumiputera Sharia Life Insurance for the 2016-2019 period, with the website [www.bumiputrasyariah.co.id](http://www.bumiputrasyariah.co.id).

The data analysis technique used is financial ratio analysis, which is an activity to compile, classify, interpret and interpret or conclude data so as to provide an overview of the problems faced or studied. The data that has been collected by researchers is analyzed using analytical tools in the form of financial ratios, namely profitability ratios and liquidity ratios. And the benchmark in this study is the Indonesian Accounting Standards (SAI).

Financial Ratio	Good Guiding Standards	Information
ROA	>10	Very Good
	7 – 10	Well
	3 – 6	Pretty Good
	1 – 2	Not Good
	< 1	Bad
ROE	>10	Very Good
	7 – 10	Well

	3 – 6	Pretty Good
	1 – 2	Not Good
	< 1	Bad
NPM	>10	Very Good
	7 – 10	Well
	3 – 6	Pretty Good
	1 – 2	Not Good
	< 1	Bad
CR	175 – 200	Very Good
	150 – 174	Well
	125 - 149	Pretty Good
	100 – 124	Not Good
	< 100	Bad
<i>Quick Ratio</i>	175 – 200	Very Good
	150 – 174	Well
	125 - 149	Pretty Good
	100 – 124	Not Good
	< 100	Bad
<i>Cash Ratio</i>	175 – 200	Very Good
	150 – 174	Well
	125 - 149	Pretty Good
	100 – 124	Not Good
	< 100	Bad

Source: Indonesian Accounting Standards (in percent (%))

#### 4. RESULTS AND DISCUSSION

Based on the analysis of several financial ratios that have been shown above, it can be seen how the condition of the financial performance of PT. Bumiputra Syariah Life Insurance in 2019 by comparing the average ratio during the 2016-2019 period (internal average).

##### 1. Profitability Ratios.

In this case the authors take the research indicators on the profitability ratios are the ROA, ROE, and NPM.

##### a. ROA

The profitability ratio as measured by Return On Assets (ROA) experienced a very rapid increase in 2017 in terms of total assets, then the following year it decreased. The increase in this figure was due to an increase in profit in 2017 from 2016 which experienced a loss. Losses occur because the total expenses are greater than revenues. The biggest burden is on marketing expenses. This means that in that year, Bumiputera Sharia Life Insurance was increasing its marketing activities that required large funds. However, in 2018 to 2019 there was no change, even experiencing an increasing loss, because the value of profit before tax tends to fluctuate while in terms of total assets it has increased very rapidly from year to year. Overall the average value of the ratio achieved is -0.092% indicating a "Not Good" value because it is in the <4% position. This means, for a period of 4 years, from 2016 – 2019. Bumiputera Sharia Life Insurance is only able to generate -0.0092% net profit from the total assets used. The value of Return On Assets at PT AJS Bumiputra in 2016 was -0.040%, then in 2017 it rose to -0.009%, then in 2018 it rose again to -0.008%, then in 2019 down again to -0.035%. According to good accounting standards, ROA is >7%, this means that the company's performance measured by ROA is not good/bad. This condition explains that the company in that year was not able to utilize assets to generate profits.

## b. ROE

The profitability ratio as measured by the Return on Equity Ratio shows the effectiveness of using capital to generate profits. The average value of the ratio obtained in the 2016-2019 period is -0.519%. The value is also "Not Good" because it is <5%. This means that Bumiputera Sharia Life Insurance has not been effective in generating profits with the capital owned. The profitability ratio achieved by Bumiputera Syariah Life Insurance is in the bad category. This means that the company's operational management has not been maximized in generating profits for the company. This is because all assets or capital owned are mostly used to meet the company's obligations, both short-term and long-term. As a result, the company is less able to generate profits and develop competitiveness optimally from a financial point of view. The Return On Equity value at PT AJS Bumiputra has decreased, in 2016 it was -0.040%, then in 2017 it fell to -0.121%, then in 2018 it fell again to -0.169%, then in 2019 it fell again to -0.189%. According to good accounting standards, ROE is >7%, this means that the company's performance from 2016 – 2019 as measured through ROE is not good. This condition explains that the company in that year was not able to generate profit from shareholder investment.

## c. NPM

Profitability ratio as measured by Net Profit Margin shows the total revenue from sales to generate profit. The average value of the ratio obtained in the 2016-2019 period is -4.97%. The value is also "Not Good" because it is <5%. This means that Bumiputera Sharia Life Insurance has not been effective in generating profits with sales proceeds. The profitability ratio achieved by Bumiputera Syariah Life Insurance is in the bad category. This means that the company's operational management has not been maximized in generating profits for the company. This is because all assets or capital owned are mostly used to meet the company's obligations, both short-term and long-term. As a result, the company is less able to generate profits and develop competitiveness optimally from a financial point of view. The Net Profit Margin value at PT. Asuransi Jiwa Syariah Bumiputra increased in 2017, then the following year it decreased. According to good accounting standards, NPM is >7%, this means that the company's performance from 2016 – 2019 as measured through NPM is not good. This condition explains that the company in that year was not able to generate profit from sales.

## 2. Liquidity Ratio

### a. Current ratio

In 2016 the Current Ratio value was 378%, this is explained by the comparison of current assets of 95.687.65 to current debt of 252.82, meaning that the company's ability to pay its short-term debts is 378% or it can be interpreted every 1 rupiah of long-term debt. The short term is secured by 3.78 rupiah of current assets. In 2017, the value of the Current Ratio has decreased to 18.80%, this is explained by the comparison of current assets of 924,741.68 to Current Debt of 49,174.89, meaning that the company's ability to pay its short-term debts is 18.80% or can be interpreted every 1 rupiah of short-term debt is guaranteed by 0.188 rupiah of current assets. In 2018, the Current Ratio value has increased from the previous year to 28.68%, this is explained by the comparison of current assets of 923,650.99 to Current Debt of 32,264.47, meaning that the company's ability to pay its short-term debts is 28.68%. or it can be interpreted that every 1 rupiah of short-term debt is guaranteed by 0.286 rupiah of current assets. In 2019, the Current Ratio value decreased from the previous year to 6.08%, this is explained by the comparison of current assets of 782.742.67 to current debt of 128.722.68, meaning that the company's ability to pay its short-term debts is 6.08%. or it can be interpreted that every 1 rupiah of short-term debt is guaranteed by 0.060 rupiah of current assets. The value of the Current Ratio at PT AJS Bumiputra in 2016 was 378%, then decreased in 2017 to 18.80%, then in 2017 increased to 28.68%, then decreased again in 2019 to 6.08%. According to good accounting standards for CR is > 150%, this means that the company's performance measured through CR is very good in 2016, because the

company's current debt is much smaller than current assets, then in the following year 2017-2019 it falls in the category not good, because current liabilities experienced a very high increase, including in the part of claims payable to insurance participants and other debts, and almost offset their total current assets.

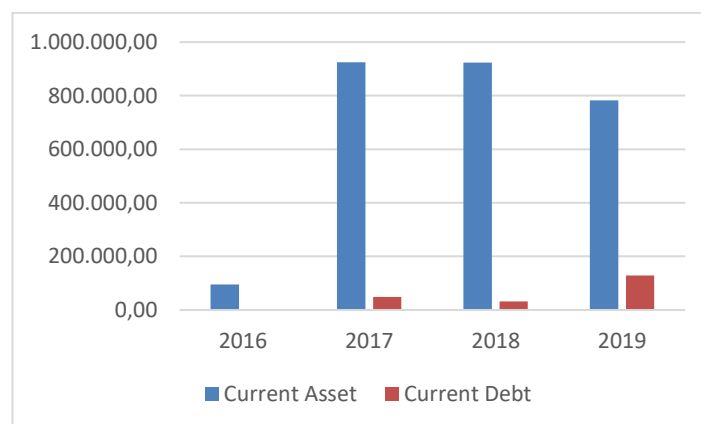
#### b. Quick ratio

In 2016 the Quick Ratio value was 378%, this is explained by the comparison of current assets of 95.687.65 to Current Debt of 252.82, meaning that the company's ability to pay its short-term debts is 378% or it can be interpreted every 1 rupiah of long-term debt. The short term is secured by 3.78 rupiah of current assets. In 2017, it can be seen that the Quick Ratio value has decreased to 18.80%, this is explained by the comparison of current assets of 924,741.68 to Current Debt of 49,174.89, meaning that the company's ability to pay its short-term debts is 18.80% or can be interpreted every 1 rupiah of short-term debt is guaranteed by 0.188 rupiah of current assets. In 2018 it can be seen that the Quick Ratio value has increased from the previous year to 28.68%, this is explained by the comparison of current assets of 923,650.99 to Current Debt of 32,264.47, meaning that the company's ability to pay its short-term debts is 28.68%. or it can be interpreted that every 1 rupiah of short-term debt is guaranteed by 0.286 rupiah of current assets. In 2019, the Quick Ratio value decreased from the previous year to 6.08%, this is explained by the comparison of current assets of 782.742.67 to current debt of 128.722.68, meaning that the company's ability to pay its short-term debts is 6.08%. or it can be interpreted that every 1 rupiah of short-term debt is guaranteed by 0.060 rupiah of current assets.

Changes in the Quick Ratio value are due to changes in Current Debt and Current Assets that occur every year, while the growth of Current Debt and Current Assets is described in the graph below:

In the graph, it can be explained that the growth conditions of Current Debt and Current Assets are factors that affect the growth of the Quick Ratio. In 2016 current debt was 252.82, then in 2017 it rose to 49,174.89, in 2018 it fell to 32,264.47, then in 2019 it rose to 128,722.68. The graph above also explains the growth of the company's Current Assets, this can be seen in 2016 the company's current assets amounted to 95,687.65, then in 2017 it rose to 924,741.68, in 2018 it fell to 923,650.99, then in 2019 it fell again to 782,742.67.

The company's financial performance measured through the Quick Ratio was very good in 2016, because the company's current debt was much smaller than current assets, then in the following year 2017-2019 it fell in the less good category, because the company's current debt experienced a very high increase.

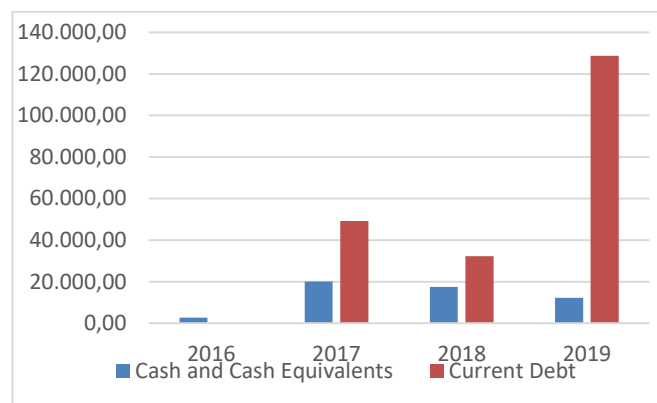


**Figure 4.1 Graph of Current Debt and Current Assets growth (in millions of rupiah)**

### c. cash ratio

In 2016 the value of the Cash Ratio was 10.26%, this is explained by the comparison of current assets of cash and cash equivalents of 2,595.77 to Current Debt of 252.82, meaning that the company's ability to pay its short-term debts is 10.26%. or it can be interpreted that every 1 rupiah of short-term debt is guaranteed by 1,026 rupiah of current assets, cash and cash equivalents. In 2017, the value of the Cash Ratio has decreased to 0.40%, this is explained by the comparison of current assets of cash and cash equivalents of 20,027.36 to Current Debt of 49,174.89, meaning that the company's ability to pay its short-term debts is 0.40 % or it can be interpreted that every 1 rupiah of short-term debt is guaranteed by 0.040 rupiah of current assets, cash and cash equivalents. In 2018, the value of the Cash Ratio increased from the previous year to 0.54%, this is explained by the comparison of current assets of cash and cash equivalents of 17,497.61 to Current Debt of 32,264.47, meaning that the company's ability to pay its short-term debts is equal to 0.54% or it can be interpreted that every 1 rupiah of short-term debt is guaranteed by 0.054 rupiah of current assets, cash and cash equivalents. In 2019, the value of the Cash Ratio decreased from the previous year to 0.09%, this is explained by the comparison of current assets of cash and cash equivalents of 12,171.21 to Current Debt of 128,722.68, meaning that the company's ability to pay its short-term debts is equal to 0.09% or it can be interpreted that every 1 rupiah of short-term debt is guaranteed by 0.009 rupiah of current assets, cash and cash equivalents.

Changes in the value of the Cash Ratio are due to changes in Current Debt and Current Assets that occur every year, while the growth of Current Debt and cash and cash equivalents is described in the graph below:



**Figure 4.2 Graph of Current Debt growth and cash value (in millions of rupiah)**

In the graph above, it can be explained that the growth conditions of Current Debt and Current Assets of cash and cash equivalents are factors that affect the growth of the Cash Ratio. In 2016 current debt was 252.82, then in 2017 it rose to 49,174.89, in 2018 it fell to 32,264.47, then in 2019 it rose to 128,722.68. The graph above also describes the growth of the company's current cash and cash equivalents, this can be seen in 2016 the company's cash and cash equivalent current assets amounted to 2,595.77, then in 2017 it rose to 20,027.36, in 2018 it fell to 17,497.61, then in 2017 it decreased to 17,497.61. in 2019 it fell again to 12,171.21.

The company's financial performance measured through the Cash Ratio was not good in 2016 - 2019, because the company's cash had not been able to cover/pay its short-term debt.

## 5. CONCLUSION

Based on the results of the analysis of financial performance at PT. Bumiputera Sharia Life Insurance for the 2016-2019 period, the following conclusions can be drawn:



1. Financial performance of PT. Bumiputera Syariah Life Insurance in terms of profitability ratios, calculated using ROA in the 2016-2019 financial statements, and measured by Indonesian Accounting Standards (SAI), the company is still in a bad condition or has not been able to earn a profit from the assets used.

2. Financial performance of PT. Bumiputra Syariah Life Insurance in terms of liquidity ratios, calculated using the Current Ratio and Quick Ratio in the 2016 financial statements, and measured by the Indonesian Accounting Standards (SAI), the company is categorized as very good, because the company is very able to cover or pay its short-term debt obligations. But in 2017-2019 in less good condition. Then calculated using the Cash Ratio in the 2016-2019 financial statements, and measured by the Indonesian Accounting Standards (SAI), the company is categorized as poor, because the company has not been able to cover/pay its short-term debt with all cash.

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