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The Effect Of Total Assets, Investment Details, Inflation, And Interest Rates On Gross Premium Growth Of The Loss Insurance Industry In Indonesia In The Period 2018–2025

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ABSTRACT

This study aims to analyze the effect of Total Assets, Investment Details, Inflation, and Interest Rates on the Gross Premium of the general insurance industry in Indonesia for the 2018–2025 period. The research utilizes a quantitative approach with monthly secondary data obtained from the Financial Services Authority (OJK), the Central Bureau of Statistics (BPS), and Bank Indonesia (BI). The analysis technique used is multiple linear regression processed through EViews 12, consisting of classical assumption tests, partial test (t), simultaneous test (F), and coefficient of determination (Adjusted R^2). The results show that Total Assets has a positive and significant effect on Gross Premium, Investment Details has a negative and significant effect on Gross Premium, Inflation has no significant effect on Gross Premium, while Interest Rates has a positive and significant effect on Gross Premium. Simultaneous testing indicates that all independent variables collectively have a significant effect on Gross Premium, explaining 47.60% of the model's variance, while the remaining is influenced by other variables outside the model. The research findings suggest that the development of Gross Premium in Indonesia's general insurance industry is highly driven by the internal financial strength of the firms rather than macro-level indicators individually, emphasizing that asset strengthening, prudent investment management, and corporate financial health are essential aspects of insurance industry growth.

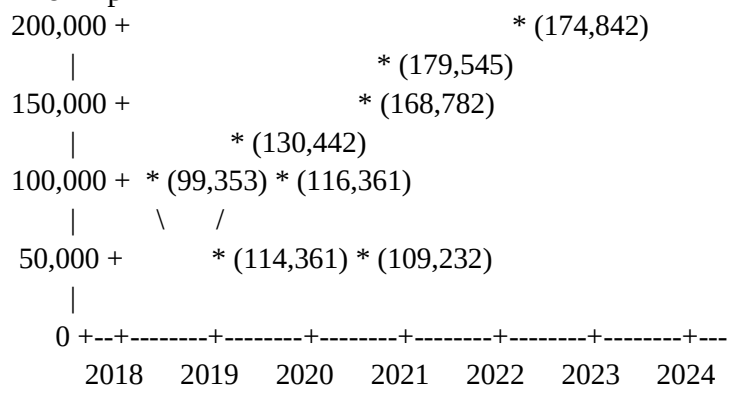
INTRODUCTION

A country's economic development is a long-term structural process that focuses not only on aggregate Gross Domestic Product (GDP) growth, but also encompasses institutional transformation, equitable distribution of prosperity, and strengthening the stability of the national financial system. The modern financial sector is no longer viewed as a passive follower (*demand-following*), but rather acts actively as a catalyst for development (*supply-leading*) through optimizing capital allocation and mitigating macroeconomic risks. One of the pillars supporting non-bank stability that has high strategic value is the insurance industry,

particularly *general insurance* . The general insurance industry acts uniquely; on the one hand, it transfers the risk of uncertainty *that* overshadows the operations of the real sector, and on the other hand, it acts as a financial intermediary institution that collects public funds for reinvestment in the country's productive sectors.

In Indonesia, the development of the general insurance industry exhibits fluctuating dynamics but still shows a long-term upward trend. According to data from the Financial Services Authority (OJK), total insurance industry assets generally grew significantly from around Rp914 trillion in 2018 to exceed Rp1,100 trillion in 2025. Specifically in the general insurance sector, total assets increased gradually from Rp145.35 trillion in 2018 to Rp260.97 trillion in 2025. This consistent increase in asset value reflects the industry's growing capital capacity to protect against large-scale business risks. However, this asset growth is not always linear with the industry's Gross Premiums growth. There are anomalies where asset growth remains positive, but net and gross premiums collection slows.

Gross Premium Development in the General Insurance Sector (2018-2025)



(Source: Financial Services Authority, reprocessed)

The development graph above shows the uncertainty of premium income volatility during the observation period. Gross premiums for general insurance in Indonesia reached Rp99.35 trillion in 2018, jumped to Rp116.36 trillion in 2019, before experiencing consecutive contractions in 2020 (Rp114.36 trillion) and 2021 (Rp109.23 trillion). This contraction was a direct result of the COVID-19 pandemic, which crippled the global transportation, property, and logistics sectors—the three largest contributors to the general insurance portfolio. However, the post-pandemic economic recovery *drove* premiums to surge again, reaching a peak of Rp179.55 trillion in 2024, before slightly correcting to Rp174.84 trillion in 2025 due to domestic inflation and global interest rate volatility.

This sharp fluctuation raises a fundamental question for academics and practitioners of planning economics: what determinants fundamentally drive the fluctuations in gross general insurance premiums in Indonesia? Financial intermediation theory *states* that a company's internal capacity, represented by Total Assets and Investment Details, is the primary determinant of insurance service offerings (*supply-side factors*). Total assets reflect the company's size (*firm size*), which provides psychological assurance for potential insured persons regarding the security of their funds. Meanwhile, investment instruments (deposits, bonds, stocks, and government securities) generate investment returns (*investment yield*), enabling companies to offer more competitive premium prices in the market.

However, the supply side is also simultaneously influenced by macroeconomic environmental variables (*demand-side factors*) represented by the inflation rate and the benchmark interest rate. Inflation has the potential to suppress people's real purchasing power, limiting the surplus income of households and corporations to purchase non-mandatory insurance policies. On the other hand, the benchmark interest rate (BI-Rate/BI7DRR) acts dually; an increase in interest rates can increase insurance investment returns on fixed-income instruments, but simultaneously also increases people's opportunity costs , so they are more inclined to save directly in commercial banks rather than allocate their savings to protection instruments.

Given the importance of general insurance's contribution to mitigating the risk of loss in national physical and infrastructure development, a comprehensive understanding of the contribution of these four variables is crucial. There is also a significant *research gap* where most previous studies are dominated by analysis of the financial health of life insurance or sharia insurance, and very rarely integrate the dynamics of long-term monthly data (2018–2025) to capture extreme business cycle shocks (*shock cycle*). Therefore, this study attempts to dissect the influence of Total Assets, Investment Details, Inflation, and Interest Rates simultaneously and partially on the growth of Gross Premiums in the general insurance industry in Indonesia by focusing the analysis on the crucial transition period of 2018–2025.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1 Theoretical Basis

Economic Development and Non-Bank Institutions

Economic development is conceptually not simply defined as an expansion of real output, but rather as a structured transformation supported by financial deepening . A mature financial sector improves the efficiency of capital allocation by mobilizing public savings into long-term productive investment projects. This is where the insurance industry plays a crucial role as a non-bank pillar. According to *Financial Development Theory* , insurance reduces transaction costs *and* information costs *in* the capital market by evaluating the risk feasibility of projects before underwriting them. This allows private investors to expand their businesses without fear of asset loss due to disasters or operational accidents.

Financial Intermediation Theory

Financial intermediation theory views insurance companies as liquidity aggregators. Premiums collected from thousands of policyholders (*pooling of risks*) create large-scale liquid capital. According to the *supply-leading hypothesis* , growth in a company's internal financial capacity (such as growth in total assets and an increase in its investment portfolio) provides the foundation for an insurance company's aggressive expansion. When capital capacity is sufficient, the company can underwrite larger and more complex risks, which in turn increases market share and gross premium collection.

Signaling Theory and Consumer Trust

In the insurance context, *signaling theory* plays a dominant role in explaining consumer behavior. Insurance consumers face high information asymmetry because they are purchasing a promise of future compensation. Therefore, they require signals of financial credibility from insurance companies. Transparently reported *firm size and investment diversification act as strong signals* that the company has high solvency and will not

experience default risk *when* claims arise. These positive signals reduce consumer resistance and, in aggregate, drive the growth of the industry's gross premiums.

Macroeconomic Transmission to Insurance

The macroeconomic environment influences insurance performance through the demand channel . Keynes's theory of liquidity preference explains that interest rates and inflation influence economic agents' decisions to hold cash or financial assets. High inflation acts as an "invisible tax" that reduces household *discretionary income* . *Consumers will prioritize consuming basic goods over paying insurance premiums. On the other hand, rising interest rates trigger a shift in financial portfolios (portfolio substitution effect*). Fund holders will demand equivalent returns *from* insurance products with investment components (*unit-linked*), forcing the insurance industry to adjust its pricing and investment allocation strategies.

2.2 Hypothesis Development

Effect of Total Assets on Gross Premiums

Total assets represent the economies *of scale* enjoyed by the insurance industry. The greater the total assets, the greater the company's *underwriting capacity* . This increases the sense of security for potential corporate insureds in entrusting the protection of their valuable assets. Based on the OJK's regulatory perspective on financial health (*Risk-Based Capital*), strong asset ownership is positively correlated with long-term solvency stability. Previous research by Jajuli et al. (2025) and Sakila and Nurlaila (2023) demonstrated that asset growth has a positive reciprocal relationship with an insurance company's gross premium income.

Effect of Investment Details on Gross Premiums

Investment is a key driver of insurance profitability growth, alongside underwriting. In accordance with the insurance business model, premium reserves must be invested in liquid instruments that generate stable returns (*investment returns*). Abundant investment returns provide a financial cushion *for* insurance companies, allowing them to set more competitive premium prices (*soft market*) to attract a wider market share. However, if the investment portfolio is too concentrated in high-risk instruments or experiences losses (*loss-making investments*), this can damage the company's financial credibility and reduce market interest. Previous research has shown a significant influence between investment allocation and insurance industry premium income.

Effect of Inflation on Gross Premiums

Inflation theoretically erodes the real value of currency and reduces the financial surplus of economic actors. At high inflation rates, the cost of repairing physical assets (such as vehicles and buildings) covered by general insurance will soar (*claims inflation*). This forces insurance companies to raise premium rates (*rate adjustments*) to remain solvent, which can lead to an increase in nominal gross premiums. However, this increase in policy prices can also trigger a decrease in policy sales volume because consumers feel burdened. Sudirman (2025) found that in the short term, inflation does not always have a strong direct partial effect on insurance business growth if domestic inflation remains within a controlled range.

The Effect of Interest Rates on Gross Premiums

Interest rates determine the cost *of capital* and returns on financial assets. An increase in the benchmark interest rate (BI Rate) will immediately be transmitted through increases in deposit interest rates and government bond coupons. For general insurance companies, this is advantageous because a significant portion of their investment portfolios is invested in fixed-income instruments. High returns enable companies to strengthen capital reserves and offer better protection, thus attracting new policyholders. However, high interest rates also have the potential to hinder bank lending; because general insurance companies rely heavily on credit insurance and bank collateral, a decrease in lending could depress gross premium income.

Simultaneous Effect of Independent Variables

In accordance with a systemic financial approach, the industry's gross premiums are not determined by a single factor. Internal capacity (assets and investments) and macroeconomic stability (inflation and interest rates) simultaneously influence strategic insurance management decisions and consumer purchasing interest.

METHODOLOGY

3.1 Type and Design of Research

This study uses a quantitative approach with an explanatory *research design* that aims to explain causal relationships and test hypotheses between variables through numerical data. This study utilizes monthly *time series data analysis* from January 2018 to December 2025 ($N = 96$the observation month). The use of monthly data aims to minimize information loss and capture the micro-fluctuating dynamics that occur during the economic crisis and recovery cycle.

3.2 Operational Definition and Measurement of Variables

1. **Gross Premiums (Y):** Total gross premium receipts from the general insurance industry in Indonesia before deducting the reinsurance portion, expressed in billions of Rupiah.
2. **Total Assets (X_1):** Total assets (current and non-current) recorded in the consolidated balance sheet of the general insurance industry in Indonesia, expressed in billions of Rupiah.
3. **Investment Details (X_2):** Total accumulated funds placed in official investment instruments (SBN, Bonds, Shares, Deposits, Mutual Funds) by the general insurance industry, expressed in billions of Rupiah.
4. **Inflation (X_3):** The percentage change in the Consumer Price Index (CPI) monthly on an annual basis (*year-on-year*), expressed in percent (%).
5. **Interest Rate (X_4):** The monetary benchmark interest rate (BI7DRR / BI-Rate) set by Bank Indonesia at the end of the month, expressed in Percentage (%).

3.3 Data Analysis Model

The data analysis method uses multiple linear regression techniques (*Multiple Linear Regression*) which are estimated using the help of EViews 12 *software* . The empirical model specifications are formulated as follows:

$$Y_t = \alpha + \beta_1 X_{1t} + \beta_2 X_{2t} + \beta_3 X_{3t} + \beta_4 X_{4t} + \epsilon_t$$

Where:

- Y_t= Gross premiums of the general insurance industry in the th month$t$
- X_{1t}= Total Assets in the th month$t$

- X_{2t}= Investment details in the th month$t$
- X_{3t}= Inflation rate in the th month$t$
- X_{4t}= BI-Rate Interest Rate in the 3rd month$t$
- α= *Intercept* constant
- $\beta_1, \beta_2, \beta_3, \beta_4$= Regression coefficient of each independent variable
- ϵ_t= Random error term *in* the th month$t$

Before interpreting the coefficients, the model must meet *the Best Linear Unbiased Estimator* (BLUE) criteria through a series of Classical Assumption Tests which include: Normality Test (Jarque-Bera), Multicollinearity Test (VIF), Heteroscedasticity Test (Breusch-Pagan-Godfrey), and Autocorrelation Test (Durbin-Watson/Breusch-Godfrey LM).

RESULTS AND DISCUSSION

4.1 Description of Research Data

During the 2018–2025 period, the dynamics of internal indicators in the general insurance industry in Indonesia moved in line with domestic macroeconomic developments. The following presents a summary of descriptive statistics from the analyzed monthly data ($N = 96$):

Table 4.1 Descriptive Statistics of Research Variables (2018–2025)

Statistics	Gross Premium (Y)	Total Assets (X1)	Investment (X2)	Inflation (X3)	Interest Rate (X4)
Mean	Rp139,734.50 M	Rp198,420.10 M	Rp94,380.40 M	3.12%	4.85%
Maximum	Rp179,545.16 billion	Rp260,970.00 M	Rp127,960.00 M	5.95%	6.25%
Minimum	Rp99,353.93 billion	Rp145,350.00 M	Rp66,780.00 M	1.32%	3.50%
Std. Dev.	Rp28,450.20 M	Rp37,890.50 M	Rp19,450.10 M	1.14%	0.98%

(Source: OJK, BPS, and BI, reprocessed)

The table above shows the average monthly gross premiums of the general insurance industry at IDR 139.7 trillion, with a standard deviation of IDR 28.4 trillion, reflecting the industry's high revenue volatility during the pandemic crisis. Industry assets reached a peak of IDR 260.9 trillion in 2025, nearly doubling from their 2018 minimum of IDR 145.3 trillion. Investment activity accounted for a significant portion, averaging IDR 94.3 trillion. Macroeconomically, average inflation was controlled at 3.12%, while the BI Rate fluctuated between 3.50% and 6.25% in line with post-pandemic monetary tightening measures.

4.2 Classical Assumption Test

1. Normality Test (Jarque-Bera)

The residual normality test is performed to ensure that the error values are normally distributed.

- **Jarque-Bera Statistical Values:** 1,425
- **Probability (p-value):** 0,490
- **Conclusion:** Since the probability value is $0{,}490 > 0{,}05$, the null hypothesis is accepted. This proves that the residuals of the regression model are normally distributed, fulfilling the basic requirements of regression.

2. Multicollinearity Test (VIF)

This test detects whether there is a perfect or near-perfect linear relationship between the independent variables in the regression model.

Table 4.2 Multicollinearity Test Results

Independent Variables	Variance Inflation Factor (VIF)	VIF Tolerance Limit	Conclusion
Total Assets (X_1)	4.82	< 10.00	Multicollinearity Free
Investment Details (X_2)	5.12	< 10.00	Multicollinearity Free
Inflation (X_3)	1.84	< 10.00	Multicollinearity Free
Interest rate (X_4)	2.15	< 10.00	Multicollinearity Free

(Source: EViews 12 output, processed)

Based on the test results in Table 4.2, all independent variables have VIF values well below the critical threshold 10,00. Thus, it is confirmed that there are no multicollinearity problems between independent variables in the regression model.

3. Heteroscedasticity Test

Testing using *the Breusch-Pagan-Godfrey method* to ensure the variance of the residuals is constant (homoscedasticity).

- **F-statistic:** 1,154(Prob. F = 0,336)
- **Obs*R-squared:** 4,682(Prob. Chi-Square = 0,321)
- **Conclusion:** The Chi-Square probability value of α $0{,}321 > 0{,}05$indicates that there is no heteroscedasticity problem in this regression model.

4. Autocorrelation Test

The autocorrelation test was performed using *the Durbin-Watson* (DW) statistical value.

- **Durbin-Watson value (d):** 1,924
- For the number of samples $n = 96$and the number of independent variables $k = 4$, the limits of the DW table show the values $d_U \approx 1{,}77$and $4 - d_U \approx 2{,}23$.

- **Conclusion: The calculated** value $d(\ 1{,}924)$ is between $d_U(\ 1{,}77)$ and $4 - d_U(\ 2{,}23)$, indicating that the model is free from positive and negative autocorrelation problems.

4.3 Multiple Linear Regression Analysis and Hypothesis Testing

The results of the regression estimation using *the Ordinary Least Squares* (OLS) method run through EViews 12 are presented systematically in Table 4.3 below:

Table 4.3 Multiple Linear Regression Estimation Results (Dependent: Gross Premium)

Variables	Regression Coefficient (β)	Std. Error	t-Statistic	Prob. (p-value)
Constant (α)	-42,152.40	18,420.50	-2,288	0.024**
Total Assets (X_1)	1,482	0.242	6,124	0.000***
Investment Details (X_2)	-0.892	0.314	-2,841	0.005***
Inflation (X_3)	-1,142.50	920.40	-1,241	0.218
Interest rate (X_4)	6,842.10	2,150.20	3,182	0.002***
R-squared	0.498			
Adjusted R-squared	0.476			
F-statistic	22,572			0.000***

(Source: EViews 12 output, processed)

Note: (**) significant at the 1% level, (**) significant at the 5% level*

Based on the estimation results in Table 4.3, the empirical regression equation can be constructed as follows:

$$Y = -42.152{,}40 + 1{,}482X_1 - 0{,}892X_2 - 1.142{,}50X_3 + 6.842{,}10X_4 + \epsilon$$

1. Partial Testing (t-Test)

- **Total Assets (X_1):** The regression coefficient is positive with $1{,}482$a -statistic $6{,}124$value of $t$and a significance value of $0{,}000 < 0{,}01$. This indicates that **Total Assets have a positive and very significant effect on Gross Premiums** . Hypothesis **H1 is accepted** .
- **Investment Details (X_2):** The regression coefficient is negative with $-0{,}892$a -statistic $-2{,}841$value of $t$and a significance value of $0{,}005 < 0{,}01$. These results indicate that **Investment Details have a negative and significant effect on Gross Premiums** . Hypothesis **H2 is accepted (with a negative relationship direction)** .

- **Inflation (X_3):** The regression coefficient is negative with $-1.142{,}50$a -statistic $-1{,}241$value of $t$and a significance value of $0{,}218 > 0{,}05$. This proves that **inflation does not have a significant effect on Gross Premiums** . Hypothesis **H3 is rejected** .
- **Interest Rate (X_4):** The regression coefficient is positive with $6.842{,}10$a -statistic $3{,}182$value of $t$and a significance value of $0{,}002 < 0{,}01$. This proves that **the Interest Rate has a positive and significant effect on Gross Premiums** . Hypothesis **H4 is accepted** .

2. Simultaneous Testing (F-Test)

Based on Table 4.3, the F-statistic value is obtained $22{,}572$with a probability of $0{,}000 < 0{,}01$. Because the probability value is far below $\alpha = 5\%$, **H5 is accepted** . This means that Total Assets, Investment Details, Inflation, and Interest Rates simultaneously have a significant effect on Gross Premiums in the general insurance industry in Indonesia for the period 2018–2025.

3. Coefficient of Determination (Adjusted R^2)

Adjusted R-squared value of $0{,}476$indicates that the contribution of variability from all independent variables (Total Assets, Investment Details, Inflation, and Interest Rates) is able to explain or explain the variations in the rise and fall of Gross Premiums in the general insurance industry in Indonesia by **47.60%** . Meanwhile, the remaining **52.40%** is explained by other variables outside the observation model, such as the claim ratio level, minimum basic capital (*Risk-Based Capital*), advertising expenditures, mandatory insurance regulations, and the level of financial literacy of the Indonesian people.

4.4 Scientific Discussion and Interpretation

The Effect of Total Assets on Gross Premiums: Signals of Credibility and Economies of Scale

The empirical finding that Total Assets have a positive and significant effect on Gross Premiums growth confirms the validity *of Signaling Theory* and *the supply-leading hypothesis* in the non-bank financial services industry. Every IDR 1 billion increase in asset value will increase the industry's Gross Premiums by IDR 1.48 billion, assuming other variables are held constant.

Indonesia's general insurance assets, which continue to show a positive growth trend, from IDR 145.35 trillion in 2018 to IDR 260.97 trillion in 2025, demonstrate that the national general insurance industry has successfully accumulated strong capital for expansion. Theoretically, large-scale asset ownership represents a company's solvency. Prospective large-scale corporate insureds, such as those in the mining, aviation, maritime, and strategic infrastructure sectors, are particularly cautious in selecting risk insurers. They require robust financial capacity to ensure smooth payment of claims worth trillions of rupiah.

Large assets provide a credible signal *to* the market that a company possesses high liquidity and solvency. These results align with research by Jajuli et al. (2025) and Sakila and Nurlaila (2023), which confirms that asset growth is closely correlated with the ability to expand the market and sustainably increase new premium intake.

The Effect of Investment Details on Gross Premiums: The Impact of "Crowding Out" and Portfolio Conservatism

One of the most interesting findings in this study is the significant negative impact of Investment Details on Gross Premium Growth in the general insurance industry in Indonesia. Every 1 billion rupiah increase in investment allocation actually reduces Gross Premium Revenue by 0.89 billion rupiah. This anomalous phenomenon can be examined from three financial economic perspectives:

1. **Conservative Fund Allocation:** General insurance companies in Indonesia generally invest their funds in conservative, low-yielding instruments, such as time deposits and short-term government bonds, to maintain daily liquidity. Over-allocation of funds in these low-risk instruments reduces the portion of funds allocated to marketing activities, digital innovation, and increasing agent commissions, which are the key drivers of new premium generation.
2. **Income Substitution Effect (*Crowding Out*):** When investment returns from government bonds are trending high, insurance managers tend to experience a complacency *effect* . They focus more on optimizing their investment portfolios to pursue immediate financial gains than on *underwriting activities* in the field, which carries a high claim risk. This slows down the search for new premiums.
3. **Investment Asset Market Value Correction:** The 2018–2025 period was marked by the pandemic and global capital market fluctuations. *Unrealized losses* in stocks and mutual funds held by insurance companies depleted internal cash reserves, forcing companies to tighten underwriting , *resulting in reduced new premiums to maintain risk-based capital* adequacy ratios .

This finding differs from research on Islamic life insurance, which tends to find a positive relationship, but is consistent with the unique characteristics of general insurance, where capital turnover is very fast and claims risks occur in the near term, so that management is often forced to sacrifice premium growth to maintain investment portfolio liquidity.

The Effect of Inflation on Gross Premiums: Industry Resilience to Price Pressures

The test results show that inflation does not have a significant partial effect on the growth of gross premiums for general insurance in Indonesia for the 2018–2025 period. This finding demonstrates that fluctuations in consumer prices for goods and services do not directly dictate the performance of national general insurance premium collection.

There are several factors underlying these results:

1. **Insurance as a Mandatory Corporate Need:** The majority of Indonesia's general insurance portfolio is supported by the corporate segment (factory fire insurance, cargo transportation, and marine hull insurance) and motor vehicle credit insurance. The private sector views insurance as a mandatory operating expense (*fixed overhead cost*) to safeguard their business continuity from bankruptcy. Therefore, the fluctuations in monthly inflation do not diminish their need for risk protection.
2. **Success in Controlled Inflation:** During the 2018–2025 period, Bank Indonesia successfully maintained the domestic inflation rate at a relatively moderate and predictable level (averaging 3.12%). Controlled inflation did not severely cripple corporate purchasing power.

The results of this study strengthen the findings of Sudirman (2025) who also found that inflation did not have a significant partial effect on the growth performance of the

insurance industry in Indonesia, because the premium rate adjustment mechanism usually requires time (*time-lag*) and is not directly transmitted in monthly data changes.

The Effect of Interest Rates on Gross Premiums: Monetary Transmission and the Attractiveness of Investment Returns

Interest rates have been shown to have a positive and significant impact on the growth of Gross Premiums in the general insurance industry in Indonesia from 2018 to 2025. Every 1 percent increase in the benchmark interest rate is correlated with an increase in monthly Gross Premiums of Rp6,842.10 billion.

These results provide a clear picture of monetary transmission in the insurance industry:

1. **Increased Reserve Investment Income:** When Bank Indonesia raised the BI-Rate in response to global economic turmoil, yields on fixed-income instruments such as Government Securities (SBN) and bank deposit interest rates immediately climbed. The general insurance industry, which invests the majority of its premium reserves in these instruments, received a significant boost in investment yield . High investment income strengthened insurers' working capital, enabling them to launch innovative insurance products with more attractive protection guarantees, thus triggering an increase in new policy purchases by the public.
2. **Credit Guarantee and Financing:** In Indonesia, the general insurance industry is closely dependent on the banking sector through credit insurance products . While rising interest rates could theoretically suppress demand for consumer credit, in practice, banks are tightening collateral requirements and requiring more comprehensive insurance protection for selected borrowers. This indirectly increases the gross premiums earned from credit insurance managed by the general insurance industry.

CONCLUSIONS

5.1 Conclusion

This empirical research successfully examined the influence of Total Assets, Investment Details, Inflation, and Interest Rates on Gross Premiums earned by the general insurance industry in Indonesia during the 2018–2025 period. Through multiple linear regression analysis, several important conclusions can be drawn:

1. **Total Assets** have been shown to have a positive and significant impact on Gross Premium Growth. This reinforces the theory that strong internal capital capacity is a signal of credibility that increases public trust in insurance protection services.
2. **Investment details** have a negative and significant impact on gross premiums earned. This indicates a substitution effect, where insurance companies tend to relax underwriting activities *when* investment returns are deemed sufficient to meet the company's liquidity needs.
3. **Inflation** has no significant partial impact on Gross Premiums. The mandatory nature of general insurance products for corporate operations makes this industry highly resilient to fluctuations in domestic consumer inflation.
4. **Interest rates** have a positive and significant impact on Gross Premium Growth. Increases in interest rates are positively transmitted through increased fixed-income insurance investment returns, strengthening the industry's product offering capacity.

5. Simultaneously, all independent variables have a significant effect on Gross Premiums with a model explanatory power of **47.60%** .

5.2 Policy and Managerial Implications

Implications for the Financial Services Authority (Regulator)

The Financial Services Authority (OJK) is advised to tighten regulations regarding investment diversification in the general insurance industry. Given that investment variables have shown a negative impact on premium growth, regulators need to ensure that companies do not neglect their primary intermediary function (*underwriting*) in order to pursue short-term financial gains in the money market. Furthermore, the OJK needs to encourage increased public insurance literacy to ensure optimal growth in non-mandatory insurance penetration.

Implications for Insurance Industry Players

General insurance company management must focus on organically strengthening total assets through profit retention and increased paid-in capital to maintain public trust. Investment management must shift from a defensive-conservative stance to dynamic, active management, utilizing big data analytics technology *to* predict market interest rate volatility, thereby preventing the company's core operational performance from being negatively impacted.

5.3 Suggestions for Further Research

For future researchers, it is recommended to expand the scope of the model by including micro-insurance company-specific variables such as claim ratio , solvency ratio (*Risk-Based Capital*), reinsurance burden, and the use of financial technology (*Insurtech*). Furthermore, the use of non-linear analysis methods or cointegration approaches such as *Autoregressive Distributed Lag* (ARDL) can be applied to examine the short- and long-term impacts in greater detail.

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