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Analisysis Of The Influence Of Company Size, Liquidity Ratio, and Operating Expense Ratio On Probability Levels Of Islamic Insurance Companies In Indonesia For The 2017 – 2021 Periode

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ABSTRACT
This research aims to determine the influence of company size, liquidity ratio, and operating expense ratio partially and simultaneously on the profitability of Islamic insurance companies in Indonesia for the 2017-2021 period and discuss the profitability of Islamic insurance companies from an Islamic economic perspective. The data analysis consists of descriptive statistical analysis and panel data regression techniques with Eviews 12 sv software. Using a purposive sampling technique, the research sample consisted of 20 Islamic insurance companies in Indonesia from 2017-2021. The research results showed that only company size influences profitability (ROE). The influence showed a significant positive effect. Meanwhile, the liquidity and operating expense ratios do not affect profitability (ROE). Meanwhile, these three variables simultaneously influenced Islamic insurance companies' profitability (ROE) in Indonesia in 2017-2021. Then, the profitability of Islamic insurance companies from an Islamic economic perspective not only considers ways to gain profits but also aspects of the blessings and pleasure of Allah SWT so that it is not only worldly profits but falah or prosperity in the world and the hereafter.
***Keywords:** Islamic Insurance, Profitability, Operating Expense Ratio, Liquidity Ratio, and Company Size*

A. INTRODUCTION

Islamic insurance is part of risk management, the primary tool used in the Islamic financial industry to protect people's lives and wealth. This agency helps to reduce fear and worry, provides compensation for damage and losses, and provides protection for assets owned based on provisions by Islamic law (Abdullah, 2012, p. 536). Establishing this agency has also significantly contributed to a country's economic sector. Apart from financial assistance that can be given to individuals and countries, it can also provide benefits through investments made by these agencies in companies that are within the scope of development of various essential sectors in a country where the management of these sectors is carried out by private parties or government side. Therefore, the existence of an insurance company is essential for development (Ichsan, 2020, pp. 1–2).

As is known, this insurance company has similarities with other financial institutions in general. They must focus more on their direction to achieve goals through improving financial performance as one of their strategies (Hidayat & Yusniar, 2021, p. 609). In this case, profitability is the primary tool that agencies can use to assess their effectiveness in utilizing the availability of existing resources (Siddik et al., 2022, p. 3). This profitability measurement describes the final results of a company's financial policies and operational decisions (Brigham & Houston, 2020, p. 139). Profitability measurements carried out have the benefits and objectives of calculating the profit obtained by an agency in a certain period, assessing profit growth per period, assessing the amount of net profit obtained from its capital, and calculating the overall productivity of funds used by an agency either with borrowed capital or own capital (Kasmir, 2019, pp. 199–200). Through this description, it becomes a consideration for analyzing the level of profitability of Islamic insurance companies in Indonesia and the factors that can influence it.

As the first factor, company size can be used to show how large or small an agency is, which can be said to be large or small, known from several points of view, such as workforce, sales, total assets, and other indicators (Nurdiana, 2018, p. 85). According to Anggarsari and Aji, when a company owns large asset values, it will affect profits or benefits and its profitability. This is because the assets are used for the company's business activities to increase agency profits. With a company that has a larger size, it will be easier to take advantage of the economies of scale and scope obtained, so that with this it will be more efficient compared to other agencies that have a smaller size (Anggarsari & Aji, 2018, p. 547).

As the second factor, the liquidity ratio shows and measures an agency's capacity to fulfill its maturing obligations to parties outside and within the company itself (Kasmir, 2019, pp. 129–130). According to Sukmayanti and Triaryati, liquidity is closely related to a company's profitability because it shows the availability of working capital needed to carry out its operational activities. When a company manages its liquidity well, it will influence the increase in the level of profitability obtained by the company. Meanwhile, on the other hand, when a company manages its liquidity, if it is not utilized correctly, it can cause a decline in the company's profitability (Sukmayanti & Triaryati, 2019, pp. 7136–7137).

As the third factor, the operating expense ratio in Islamic insurance companies reflects business efficiency in Islamic insurance and reinsurance companies (IFSB, 2019, p. 94).

Operating expenses mean various expenses incurred by an agency related to business activities carried out by the company to obtain profits (Harahap & Tukino, 2020, p. 24). According to Suhaemi and Hasanuh, high operational costs can cause the company's profits to decrease and vice versa. Thus, for a company to gain large profits, it is necessary to observe and regulate the costs that are used efficiently because this can influence the profits obtained by the agency by expectations (Suhaemi & Hasanuh, 2021, p. 35).

Return on equity or ROE, which is included in one of the indicators for profitability, can be used to see how efficient the company is in utilizing its equity (Pointer & Khoi, 2019, p. 186). The more the ratio value of ROE increases, the more effectively a company uses its equity to gain profit, which means the agency's operational performance will also be better (Ningrum, 2014, p. 3). Table 1 below shows that the ROE of Islamic insurance companies in Indonesia during the 2017-2021 period shows a fluctuating value, with the lowest value obtained in 2021 at 9.24 percent and the highest in 2019 at 12.63 percent. Meanwhile, company size, liquidity ratios, and operating expense ratios, which are thought to influence the level of profitability of Islamic insurance, have increasing and fluctuating values that are not in line with Islamic insurance's fluctuating profitability (ROE) value in 2017-2021.

Table 1. Profitability (ROE), Company Size (UP), Liquidity Ratio (RL) and Operating Expense Ratio (RBO) Islamic Insurance 2017-2021

Year	ROE%	UP	RL%	RBO%
2017	10,60	12,77	426,30	145,66
2018	9,80	12,81	405,63	193,39
2019	12,63	12,91	410,38	171,07
2020	11,76	12,95	389,40	163,28
2021	9,24	12,96	390,08	155,56

Source: Processed from 2017-2021 financial reports

Several existing studies have analyzed insurance profitability and obtained different results. According to Azmi, Irawan, and Sasongko, company size significantly influences the profitability of general insurance companies in Indonesia (Azmi et al., 2020, p. 140). Similar to Rafi, regarding company size, there is a significant and positive influence on the profitability of Islamic insurance companies in Indonesia (Rafi, 2019, p. 5). However, in contrast to Hidayati and Shofawati, who obtained results that there was no influence regarding company size on the profitability of Islamic general insurance companies in Indonesia (Hidayati & Shofawati, 2018, p. 903). According to Nasution, Adiba, and Abdulrahim, regarding liquidity, there is a significant positive influence on the profitability of Islamic insurance companies in Indonesia and Malaysia (Nasution et al., 2019, p. 157).

Meanwhile, Rafi's research regarding liquidity did not have a significantly positive effect on the profitability of Islamic insurance companies in Indonesia (Rafi, 2019, p. 5). Then, the same results as Safitri and Suprayogi's research show that liquidity has no significant effect on the profitability of Islamic insurance companies in Indonesia (Safitri & Suprayogi, 2017, p. 84). According to Hasibuan, Sadalia, and Muda regarding the operating expense ratio, the results showed that the impact on the profitability of IDX-registered insurance companies was significantly negative (Hasibuan et al., 2020, pp. 227–228). Meanwhile, according to Sunarsih et al., who used the management cost ratio indicator, the results showed that the financial performance of Islamic life insurance companies was significantly positive (Sunarsih et al., 2022, p. 58). Meanwhile, according to Hissiyah and Meylianingrum, related to operating expenses, there is no impact on the decline in profits for Islamic life insurance companies (Hissiyah & Meylianingrum, 2023, p. 9).

Understanding the critical role of Islamic insurance and knowing that there are fluctuations in ROE profitability data, as well as differences in data and previous research, is a consideration for conducting this research. The use of ROE, additional operating expense ratios to determine the impact on the profitability of Islamic insurance companies, and research studies with Islamic insurance companies for the period 2017-2021 are expected to contribute to the renewal of research. Based on the description that has been carried out, this research has a problem formulation and objectives to determine the influence of the variables company size, liquidity ratio, and operating expense ratio on the level of profitability of Islamic insurance companies in Indonesia for the 2017-2021 period, both partially and simultaneously. Then, it also includes an explanation of the profitability of the Islamic insurance company itself from its perspective or point of view in Islamic economics.

B. LITERATURE REVIEW AND HYPOTHESIS

1. Resource Based Theory

This theory has at its core a discussion of the competitive advantage that exists in an organization. This will be achieved if you can manage and process resource ownership well. Every organization has human, physical, organizational, and financial resources. Meanwhile, if these resources are managed well, a company will ultimately gain a competitive advantage (Sugiono, 2018, pp. 201–202). Then, this theoretical approach emphasizes the importance of internal resources to achieve a sustainable competitive advantage. This theory states that company performance is a function of how well managers can build their organization to handle resources that are valuable, rare, difficult to imitate, and difficult to replace (Dasuki, 2021, p. 453).

2. Islamic Split Fund Theory

This theory is a concept regarding financial management related to the separation of funds and accountability for the distribution of welfare, which is based on various values , including the values of justice, honesty, and transparency, and can be accounted for by God, humans, and nature. In connection with this concept, financial management implements the separation of stakeholder funds based on fund flows because the rights and obligations of shareholders and stakeholders differ. The concept of financial management is also related to the rules for implementing fund management by the Shari'a, legal guidelines of Allah Subhanahu Wa Ta'ala, as well as accountability for the distribution of welfare that Allah Subhanahu Wa Ta'ala can account for as the main stakeholder, humans as direct participants and indirect participants, and natural (Puspitasari, 2016, p. 163).

3. Profitability

Profitability is a ratio to assess an agency's capacity to gain profit or profits, which also includes providing a measure of the level of management effectiveness as indicated by profits or gains obtained from sales or investment income (Kasmir, 2019, p. 198). Measuring profitability ratios has several purposes and benefits as a measurement and calculation of profits obtained by an agency in a certain period, as an assessment regarding the position and development of profits from year to year, as an assessment of the amount of net profit obtained with its capital, and as a measurement of overall productivity. The funds used by the agency come from either loan capital or capital owned by the company itself (Kasmir, 2019, pp. 199–200).

4. Company Size

Company size explains how large or small a company is, which can be said to be large or small, known from several perspectives, such as total sales, total assets, number of employees, and other indicators (Nurdiana, 2018, p. 85). According to Alarussi and Alhaderi, regarding resource-based theory, capital costs will be lower with more access to financial resources, which applies to large companies. The larger the company size, the easier it will be to access more financial resources, leading to lower capital costs and higher profits (Alarussi & Alhaderi, 2018, p. 446).

According to research by Azmi, Irawan, and Sasongko, company size significantly influences profitability in general insurance companies, with the most significant coefficient compared to other variables. The greater the profit per total assets obtained, the larger the company's size. Companies with substantial assets will have cost efficiency and risk distribution advantages so that optimal profits per real asset will be more likely for companies to obtain (Azmi et al., 2020, p. 140). From this description, it can be concluded that the first hypothesis is as follows:

H1: Company size influences the level of profitability of Islamic insurance companies in Indonesia for the 2017-2021 period

5. Liquidity Ratio

The liquidity ratio is included in one of the ratios for financial report analysis, which provides an overview of an agency's capacity to pay its debts due within one year (Brigham & Houston, 2020, p. 126). When linked to resource-based theory, the ability of Islamic insurance companies to manage liquidity well can be a resource for companies to achieve high performance. According to Abdeljawad, Dwaikat, and Oweidat, high liquidity allows insurance companies to pay timely claims. Because of this, they can build a better reputation, thus being the cause of increased profitability (Islam et al., 2022, p. 15).

According to research by Nasution, Adiba, and Abdulrahim, liquidity significantly affects the profitability of Islamic insurance companies in Indonesia and Malaysia. This liquidity shows the insurance company's ability to pay claims from liquid funds. The higher the liquidity, the higher the profitability (Nasution et al., 2019, p. 157). From this description, it can be concluded that the second hypothesis is as follows:

H2: Liquidity ratio influences the level of profitability of Islamic insurance companies in Indonesia for the 2017-2021 period.

6. Operating Expense Ratio

This operating expense ratio reflects the business efficiency of Islamic insurance and Islamic reinsurance companies. This ratio is measured by comparing the total operating expenses with the net contributions or net premiums (IFSB, 2019, p. 94). If linked to resource-based theory, the ability of Islamic insurance companies to manage operating expenses efficiently and effectively will become a resource for companies to achieve high performance. According to Suhaemi and Hasanuh, high operational costs will cause decreasing company profits and vice versa. Therefore, it is necessary to monitor and regulate the costs used by the company efficiently to obtain large profits. This can enable the company to gain profits as expected by the company (Suhaemi & Hasanuh, 2021, p. 35).

According to research by Hasibuan, Sadalia, and Muda, the operating expense ratio significantly affects the profitability of insurance companies listed on the IDX. Setting operational costs that increase, if not followed by an increase in net premium income obtained by insurance companies, will cause profitability, which tends to decline. So, apart from management policies for managing operational costs, there are also policies for managing risks and investments to gain profits. This is because it is a direct part that can influence the comparison of company operating expenses (Hasibuan et al., 2020, p. 228). From this description, it can be concluded that the third hypothesis is as follows:

H3: Operating expense ratio influences the level of profitability of Islamic insurance companies in Indonesia for the 2017-2021 period.

7. Company Size, Liquidity Ratio, and Operating Expense Ratio

In connection with the discussion of resource-based theory. This theory provides an approach that emphasizes the importance of internal resources for a company to achieve sustainable competitive advantage. The results obtained by the company in the form of competitive advantage and performance are the result of the unique resources and capabilities possessed by the company. Therefore, it can be said that the company must have the ability to coordinate its strategic resources well because it is the core of building existing competencies in the company, which then ultimately achieves high performance (Dasuki, 2021, pp. 452–453).

Thus, the company's larger size to achieve a broader market share, liquidity ratios that can be managed well, and operating expenses that can be controlled effectively in supporting the business activities of Islamic insurance companies can provide high performance or increase profitability. According to Hidayati and Shofawati's research, company size and liquidity ratios, accompanied by other variables, such as company age and leverage, simultaneously have a significant effect on the profitability of Islamic general insurance companies (Hidayati & Shofawati, 2018, p. 892). Similar to Hasibuan, Sadalia, and Muda's research, the operating expense ratio with other variables, such as the retention ratio and claims expense ratio, simultaneously have a significant effect on the profitability of insurance companies listed on the IDX (Hasibuan et al., 2020, p. 230). From this description, it can be concluded that the fourth hypothesis is as follows:

H4: Company size, liquidity ratio, and operating expense ratio influence the level of profitability of Islamic insurance companies in Indonesia for the 2017-2021 period.

C. RESEARCH METHOD

This research uses a quantitative approach with correlational research types. By using a purposive sampling technique, 20 Islamic insurance companies were obtained during the 2017-2021 period, including 11 Islamic life insurance companies consisting of 2 companies operating in full sharia and nine business units and 9 Islamic general insurance companies consisting of 3 companies operating in full sharia and six business units. The secondary data used in this research to be tested are financial reports obtained from the official websites of each Islamic insurance company during the 2017-2021 period, which were collected using data collection techniques and documentation techniques. A literature review was also carried out to support the discussion of this research, both from books, journals, and online sources.

This research uses panel data analysis techniques with Eviews 12 sv software through the stages of descriptive statistical analysis, panel data regression model estimation methods, panel data regression model selection, classical assumption testing, and hypothesis testing.

D. RESULTS AND DISCUSSION

The research results and discussion in this study are arranged in the following description:

1. Panel Data Regression Model Estimation Method

The panel data regression model estimation method used for this research is with the following three approaches:

Table 3. Common Effect, Fixed Effect, and Random Effect Models

Variables	Value	CEM	FEM	REM
Constant	Coefficient	-57.89838	-57.59396	-57.74824
	t-Statistic	-8.750871	-1.456350	-5.724912
	Prob.	(0.0000)	(0.1494)	(0.0000)
UP	Coefficient	5.168006	5.335194	5.247360
	t-Statistic	10.26583	1.743143	6.787031
	Prob.	(0.0000)	(0.0853)	(0.0000)
RL	Coefficient	0.002231	-0.002386	0.000117
	t-Statistic	0.994481	-0.725034	0.044676
	Prob.	(0.3225)	(0.4706)	(0.9645)
RBO	Coefficient	0.007405	0.003839	0.005488
	t-Statistic	1.172357	0.506281	0.824889
	Prob.	(0.2440)	(0.6141)	(0.4115)
F-Statistic		38.45155	10.42532	15.95606
Prob (F-Statistic)		0.000000	0.000000	0.000000
R-Squared		0.545787	0.748659	0.332723
Adj. R-Squared		0.531593	0.676848	0.311870

Source: Processed from Eviews 12 SV Output

2. Selection of Panel Data Regression Model

Suitability for selecting a panel data regression model for this research uses the following three tests:

Table 4. Chow, Hausman, and Lagrange Multipler Tests

Uji Chow	Cross-section F	0.0001
Uji Hausman	Cross-section random	0.6223
Uji Lagrange Multipler	Cross-section Breusch-Pagan	0.0000

Source: Processed from Eviews 12 SV Output

Table 4 above shows that the Chow test cross-section probability F is 0.001, which means it is smaller than < 0.05, so the fixed effect model is selected. Then, the results of the Hausman test for random cross-section probability were 0.6223, which means it was more significant than > 0.05, so the random effect model was selected. And, obtained from the results of the Lagrange Multipler test, the Breusch-Pagan cross-section probability is 0.000, which means it is smaller than < 0.05, so the random effect model is selected. With these three tests, it was concluded that the chosen model was a random effect.

3. Hypothesis Testing

From the tests carried out regarding the previous model selection, the selected model had a random effect, so the hypothesis test obtained was as follows:

Table 7. t Test Results

Variable	Coefficient	Probability
UP	5.247360	0.0000
RL	0.000117	0.9645
RBO	0.005488	0.4115

Source: Processed from Eviews 12 SV Output

The t-test for this research was carried out by utilizing the probability value obtained, where if the probability value is smaller than <0.05, the required significance level. There is a significant effect and vice versa (Firdaus, 2019, pp. 208–209). From Table 7 above, it is known that company size (UP) has a probability value smaller than <0.05, so company size (UP) has a significant influence on the level of profitability (ROE) for Islamic insurance companies in Indonesia for 2017-2021 period, which means hypothesis H1 is accepted. Then, it is also known that the company size coefficient (UP) value is positive 5.247360, which means that the influence of company size (UP) is significantly positive.

Meanwhile, the variables liquidity ratio (RL) and operating expense ratio (RBO) have a probability value greater than > 0.05, so the liquidity ratio (RL) and operating expense ratio (RBO) do not have a significant influence on the level of profitability (ROE) for Islamic insurance companies in Indonesia for the 2017-2021 period, which means that the hypothesis H2 and hypothesis H3 proposed are rejected.

Table 8. F Test Results

F-Statistic	15.95606
Prob (F-Statistic)	0.000000

Source: Processed from Eviews 12 SV Output

The F test for this research was carried out by utilizing the F-Statistic probability value obtained, where if the value is smaller than <0.05, the required significance level, then simultaneously there is a significant effect and vice versa (Firdaus, 2019, p. 206). From Table 8 above, the value obtained for the F-Statistic probability of 0.000000 is smaller than <0.05 required significance level, so that company size (UP), liquidity ratio (RL), and operating expense ratio (RBO) simultaneously have a significant influence on profitability (ROE), which means the proposed hypothesis H4 is accepted.

Table 9. Determination Analysis Results

R-Squared	0.332723
Adjusted R-Squared	0.311870

Source: Processed from Eviews 12 SV Output

The determination analysis used for this research utilizes the Adjusted R-squared value because the independent variable tested consists of three variables (Priyatno, 2022, p. 68). Table

9 shows that the Adjusted R-squared value is 0.311870 or 31.1870 percent, which can be rounded up to 31.19 percent. This means that the variables company size (UP), liquidity ratio (RL), and operating expense ratio (RBO) together can explain the dependent variable profitability (ROE) of Islamic insurance companies in Indonesia for the 2017-2021 period of 31.19 percent. Meanwhile, the shortfall in the value of 68.813 percent or 68.81 percent can be explained by other variables outside the variables tested in this research.

4. Discussion

As the first independent variable tested, company size (UP) has an influence on the level of profitability (ROE) of Islamic insurance companies in Indonesia for the 2017-2021 period, where the effect obtained was significantly positive so with increasing company size (UP) through with total asset indicator will influence the increase on the level of profitability (ROE) Islamic insurance companies. These results mean a connection with the resource-based theory that a sizeable Islamic insurance company can have more capacity to coordinate strategic resources. For example, its financial resources can build the agency's competency to gain high performance.

Thus, the research results are the same as Azmi, Irawan, and Sasongko's research regarding company size, which significantly influences the profitability of general insurance. When the size of an agency gets bigger, the profit per total assets obtained also increases even more. Companies or agencies with significant assets will have cost efficiency and risk distribution advantages so these companies can get maximum profits per asset (Azmi et al., 2020, p. 140). Similar to Rafi's research, which also obtained results regarding company size, there was a significant and positive influence on the profitability of Islamic insurance (Rafi, 2019, p. 5). Meanwhile, the results of this research are different compared to research by Hidayati and Shofawati, which showed no effect of company size on the profitability of Islamic general insurance (Hidayati & Shofawati, 2018, p. 892).

As the second independent variable tested, liquidity ratio (RL) did not influence the profitability (ROE) level of Islamic insurance companies in Indonesia for the 2017-2021 period. Hence, a change in this liquidity ratio's value did not affect Islamic insurance companies' profitability (ROE). These results mean it cannot confirm that the liquidity ratio can be a resource for Islamic insurance companies. If it relates to resource-based theory, when liquidity ratio management is implemented well, it can be a valuable resource for achieving competitive advantage and high profitability. According to Abdeljawad, Dwaikat, and Oweidat, high liquidity provides the possibility for insurance companies to be able to pay claims on time because this can build a better reputation, resulting in increased profitability (Islam et al., 2022, p. 15).

Data related to financial reports that have been obtained in this research shows a high percentage of liquidity ratio values, so this can be an obstacle for agencies to obtain more profits through investments that can be made. According to Febriani, placing excessive amounts of funds on the assets side has two different effects. The better liquidity on the one hand and the other hand, the agency loses the opportunity to gain more profits, because funds are reserved to meet liquidity which could be a profitable investment (Febriani, 2020, p. 240). Regarding the good reputation that is built from fulfilling this liquidity ratio, it also does not necessarily become the cause of increased financial performance which then results in high profitability. This can happen because apart from short-term obligations that must be fulfilled, Islamic insurance participants and shareholders also consider the company's ability to fulfill its long-term obligations. Thus, this provides an answer to the research results obtained regarding liquidity ratios which do not affect the profitability (ROE) of Islamic insurance companies.

Thus, the research results that have been obtained are similar to Effendi and Azrin's research regarding the lack of significant influence of liquidity on the profitability of BEI registered insurance (Effendi & Azrin, 2020, p. 12); Safitri and Suprayogi's research relates that there is no significant influence of this liquidity ratio on the profitability of Islamic insurance (Safitri & Suprayogi, 2017, p. 73), Hidayati and Shofawati related that there is no influence of this liquidity ratio on the profitability of sharia general insurance (Hidayati & Shofawati, 2018, p. 892), as well as research by Rafi which obtained results that there was no significant positive effect of this liquidity on the profitability of Islamic insurance (Rafi, 2019, p. 5). Thus, the results of this research differ from Nasution, Adiba, and Abdulrahmi's research regarding liquidity, which has a significant positive influence on the profitability of Islamic insurance in Indonesia and Malaysia (Nasution et al., 2019, p. 157). This also differs from Azmi, Irawan, and Sasongko in that this liquidity ratio significantly positively influences the profitability of general insurance (Azmi et al., 2020, p. 140).

As the third independent variable tested, the operating expense ratio (RBO) did not influence the profitability (ROE) level of Islamic insurance companies in Indonesia for the 2017-

2021 period. Hence, a change in the operating expense ratio's value did not affect Islamic insurance companies' profitability (ROE). These results mean it cannot yet confirm that the operating expense ratio can be a resource for Islamic insurance companies if it relates to resource-based theory regarding the capacity of Islamic insurance companies to manage expenses well through spending efficiently and effectively. It will gain a competitive advantage and then high performance. This is as explained by Suhaemi and Hasanuh that increased operational costs can cause a decrease in profits and vice versa, so to get significant profits, it is necessary to observe and regulate the use of costs efficiently, which in this way can make profits appropriate agency expectations (Suhaemi & Hasanuh, 2021, p. 35).

As is known, the operating expense ratio measured in this research compares total operational expenses with net contribution. The Islamic insurance company's rights to the contribution funds come from a portion of the contribution funds according to the designation of the contract used (Suma & Amin, 2020, p. 247). This means that the net contribution which has been reduced by the commission, which includes ujrah for Islamic insurance, is not recognized as the agency's operational income, so when operating expenses have been managed efficiently, it does not have an influence on the level of profitability (ROE) which is found to have increased, which is because The Islamic insurance company as the manager only has the right not to exceed the fee or ujrah limit of the contribution funds according to the agreement. Thus, this follows the Islamic split fund theory concept regarding the separation of funds based on the flow of funds whose management is then carried out by the sharia, which can be accounted for.

Thus, the research results that have been obtained are similar to Hissiyah and Meylianingrum's research regarding the results that operating expenses do not affect decreasing profits for sharia life insurance companies (Hissiyah & Meylianingrum, 2023, p. 9). Then, the results of this research are different from the research carried out by Hasibuan, Sadalia, and Muda regarding the operating expense ratio, which was found to have a significantly negative influence on the profitability of BEI-registered insurance companies (Hasibuan et al., 2020, p. 223). It is also different from research by Sunarsih et al. regarding the results obtained by measuring the management expense ratio that there is a significantly positive influence on the financial performance of Islamic life insurance companies (Sunarsih et al., 2022, p. 58).

Company size (UP), liquidity ratio (RL), and operating expense ratio (RBO) as the three independent variables tested, obtained simultaneous test results that had a significant influence on the level of profitability (ROE) of Islamic insurance companies in Indonesia for the 2017-2021 period. So, the three variables that have been tested can be a part that can influence the level of profitability (ROE) the agency will obtain. The results of the determination analysis with adjusted R-squared were also found to be 31.1870 percent or 31.19 percent, which means these three variables can explain the level of profitability (ROE) of Islamic insurance companies by that percentage. Meanwhile, the remaining lack of value from this percentage of 68.813 percent or 68.81 percent can be explained by other variables besides the variables tested in this research.

Then, as is known, profitability has an urgency for an agency or company, including Islamic insurance companies. However, as a part of the financial industry that prioritizes the principles of Islamic law, it is not only necessary to consider the profit or profit that the company can obtain, but also aspects of the blessings and pleasure of Allah Subhanahu Wa Ta'ala must be considered. This can be obtained by correctly implementing operational mechanisms following Islamic law, including various fatwas determined by DSN-MUI to be implemented in its business activities. So, as the goal in Islamic economics is to be able to achieve falah or prosperity in the world and the hereafter, the profitability of Islamic insurance companies also has the same goal of being able to achieve falah or prosperity in the world and the subsequently because it does not only consider the material value obtained but the blessings from Allah Subhanahu Wa Ta'ala.

E. CONCLUSION

With the description of the results and discussion, it is concluded that only company size (UP) influences the profitability (ROE) level in Islamic insurance companies in Indonesia for the 2017-2021 period. The influence obtained is significant and positive, so increasing company size in Islamic insurance companies becomes important. Because it can increase the level of profitability (ROE) received at the end. Meanwhile, simultaneously, the results obtained showed that there was a significant influence of the three variables of company size (UP), liquidity ratio (RL), and operating expense ratio (RBO) on the level of profitability (ROE) for Islamic insurance companies in Indonesia during the 2017-2021 period, which means that the three variables together can be part of influence the level of profitability (ROE). Then, as is known about falah or welfare in the world and the hereafter as the goal of Islamic economics, the profitability of Islamic insurance itself does not only consider aspects to increase profitability but also pays attention to the blessings and pleasure of Allah Subhanahu Wa Ta'ala with the implementation of company operations following Islamic law. Thus, it is not just material things obtained but falah or prosperity in this world and the hereafter.

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