ABSTRACT

Financial performance is an achievement that can be achieved by a company in a certain period and reflects the soundness of the company. Financial performance shows the achievements produced by management in carrying out its function as manager of company assets. High company financial performance indicates that the company has good credibility and can increase investor confidence to invest in the company.

This study aims to determine the effect of institutional ownership, the Early Warning System (EWS), which is proxied by the liquidity ratio, claims expense ratio, and premium growth ratio, as well as Risk Based Capital (RBC) on the company's financial performance as measured by Return on Equity (ROE).) in insurance sub-sector financial sector companies listed on the Indonesia Stock Exchange (IDX) in 2018-2021. The method used in this study is a quantitative method with secondary data obtained from the company's financial reports and annual reports obtained from the Indonesian Stock Exchange website and the company's website.

The population in this study are insurance companies listed on the Indonesia Stock Exchange in 2018-2021. The sampling technique was purposive sampling and a sample of 15 companies was obtained based on the specified criteria, so that the observation data in this study totaled 60 samples. The data analysis method in this study was descriptive statistical analysis and panel data regression analysis using Eviews version 12.

The results of this study indicate that institutional ownership, Early Warning System (EWS), and Risk Based Capital (RBC) simultaneously affect financial performance. Partially, the claim expense ratio has a significant negative effect on financial performance. While institutional ownership, liquidity ratios, premium growth ratios, and Risk Based Capital (RBC) have no effect on the company's financial performance.

Based on the research that has been done, there are deficiencies that may be made by the author, for this reason the suggestions submitted by the author are given to researchers for further research as well as to the community and investors, as well as to companies.

Keywords: Financial performance, institutional ownership, Early Warning System, Risk Based Capital.