

Research Article

The Effect of Claim Expense Ratio and Net Premium Growth on Liquidity Ratio in General Insurance Companies Listed on the Indonesia Stock Exchange (2017–2024)

Hanaya Michelle Herwinata^{1*}, Salma Farah Faiza², Michael Kidastra Latayu³, Aisyah Rizki Adinda⁴, Valeria Lisa Savitri⁵, Muhammad Fazli Rabbaani⁶, Dewi Hanggraeni⁷

¹⁻⁷ Jurusan Manajemen, Universitas Indonesia, Indonesia

* Corresponding Author : hanaya.michelle19@gmail.com

Abstract: This research intends to examine the impact of Claim Expense Ratio (CER) and Net Premium Growth (PGR) towards Liquidity Ratio (LIQ) of general insurance firms quoted at Indonesia Stock Exchange (IDX), incorporating Firm Size as a control variable. Using panel data from 5 general insurance companies with the largest market capitalization during 2017–2024 (40 observations), this study applies the Pooled Ordinary Least Squares (OLS) method. The F-test confirms the model is jointly significant ($F = 3.461$; $p = 0.026$), accompanied by an R^2 of 22.4%. Partially, only Firm Size proves to have a significant negative effect on the Liquidity Ratio ($\beta = -0.054$; $p = 0.008$), while CER ($\beta = -0.068$; $p = 0.205$) and PGR ($\beta = -0.116$; $p = 0.332$) are not statistically significant. The non-significance of CER and PGR is explained through the OJK regulatory framework that mandates the formation of technical reserves, rendering the effect of claims and premium growth on liquidity indirect. These findings contribute to the understanding that firm size characteristics are more dominant in determining liquidity levels than operational dynamics of claims and premiums in the Indonesian general insurance industry.

Keywords: Claim Expense Ratio; Firm Size; General Insurance; Liquidity Ratio; Net Premium Growth.

1. Introduction

The insurance sector occupies a pivotal position within the Indonesian economy serving as a mechanism for risk transfer and long-term fund mobilization. As liability-driven institutions, insurance firms are obligated to sustain adequate liquidity for meeting their short-term obligations, particularly in settling policyholder claims. In this context, the liquidity ratio becomes a vital benchmark of financial health and operational sustainability. The Otoritas Jasa Keuangan (OJK) formally identifies liquidity as a primary element in assessing the financial soundness of insurance entities, as stipulated in Circular Letter Number 1/SEOJK.05/2021.

Despite its importance, several high-profile default cases in the Indonesian insurance industry such as Jiwasraya (2018), Kresna Life, and Wanaartha Life have revealed structural weaknesses in liquidity management. These incidents not only disrupted claim payments but also eroded public trust and raised concerns regarding the stability of the insurance sector (Sugandi & Gantowati, 2024). Such phenomena highlight the urgency of understanding the key determinants that influence the liquidity position of insurance companies.

From a theoretical perspective, the Claim Expense Ratio (CER) is hypothesized to impose a detrimental impact on liquid positions, as claim payments constitute a major component of cash outflows. A higher proportion of claims relative to premium income may reduce the availability of liquid assets. Conversely, Net Premium Growth (PGR) is predicted to favorably affect liquidity, as increasing premium income enhances cash inflows and strengthens the firm's financial flexibility (Ulfan et al., 2018). However, empirical evidence on

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the relationship between these variables and liquidity remain inconclusive and fragmented, particularly within the general insurance sector in Indonesia.

Previous studies have primarily focused on financial distress prediction rather than directly examining liquidity determinants. For instance, Sugandi and Gantowati (2024) demonstrated that premium growth exerts a notable inverse impact regarding financial distress, whereas liquidity functions as a mitigating factor. Meanwhile, studies by Dewi and Mahfudz (2017) and Zamachsyari and Amanah (2016) reported mixed results, suggesting that the relationship between financial ratios may vary depending on industry segments and observation periods. This indicates a research gap in the literature, particularly in understanding how operational ratios such as claim expenses and premium growth influence liquidity in general insurance companies.

In addressing this gap, this study employs Net Premium Growth instead of gross premium measures. Net premiums, calculated after deducting outward reinsurance premiums, more accurately reflect the actual income retained by the company and its direct impact on cash flow. This approach is consistent with the definition provided by OJK (SEOJK No. 1/2021) and prior empirical research (Sugandi & Gantowati, 2024). Furthermore, the use of net premiums helps eliminate potential distortions arising from differences in reinsurance policies across firms.

Liquidity in insurance companies is influenced by multiple financial performance indicators, including underwriting outcomes and premium growth dynamics. A higher claim expense ratio reflects greater claim obligations, which can exert pressure on liquidity if not balanced by sufficient premium income and investment returns. Meanwhile, net premium growth indicates the company's ability to expand its underwriting activities, which can enhance cash inflows and improve liquidity positions when managed efficiently. In addition, firm size plays a significant role, as larger firms generally have better access to capital markets, diversified portfolios, and stronger financial resilience, allowing them to maintain stable liquidity levels. Therefore, analyzing these variables simultaneously provides a comprehensive understanding of liquidity determinants in the insurance sector (Cummins & Weiss, 2014; Harrington & Niehaus, 2004; Outreville, 2013).

2. Literature Review

Signaling Theory and Liquidity Ratio

Signaling theory posits that financial information published by companies serves as a signal to external stakeholders regarding the company's condition and prospects (Spence, 1973). In the context of the insurance industry, financial ratios including the liquidity ratio function as signals of a company's financial health to policyholders, investors, and regulators (Sugandi & Gantowati, 2024). The liquidity ratio, measured by the current ratio, reflects the company's ability to meet short-term obligations using available current assets. OJK has designated the liquidity ratio as a mandatory indicator in the assessment of the financial soundness of insurance companies (SEOJK No. 1/SEOJK.05/2021), affirming the regulatory relevance of this variable.

Claim Expense Ratio and Liquidity Ratio

The Claim Expense Ratio (CER) measures the proportion of claim expenses relative to premium income received. Theoretically, an increase in CER indicates greater cash outflows relative to income, which may pressure the company's liquidity position. In the context of insurance companies, claim payments represent the largest and most volatile expenditure component, depending on the insured risk events. The higher the CER, the greater the pressure on current assets, resulting in a tendency for the liquidity ratio to decline (Ulfan et al., 2018; Ridwan et al., 2022). Based on this argument, the first hypothesis is formulated:

H1: Claim Expense Ratio has a significant negative effect on Liquidity Ratio.

Net Premium Growth and Liquidity Ratio

Net Premium Growth (PGR) measures the growth of net premiums actually retained by the company after deducting premiums ceded to reinsurers. The use of net premiums is more relevant than gross premiums as it reflects the real cash inflows from underwriting activities (OJK, 2021; Sugandi & Gantowati, 2024). Theoretically, positive net premium growth increases the company's cash and cash equivalents, potentially improving the liquidity ratio. However, high premium growth is also accompanied by greater obligations to form technical reserves as required by OJK regulations, so the net effect on short-term liquidity may be

indirect and may vary across companies (Wong, 2022). Based on this argument, the second hypothesis is formulated:

H2: Net Premium Growth has a significant effect on Liquidity Ratio.

Firm Size as a Control Variable

Firm Size is used as a control variable as it has been consistently proven to influence asset structure and corporate liquidity policy. Larger companies tend to allocate a greater proportion of assets to long-term investments and business expansion, resulting in a relatively lower ratio of current assets to current liabilities. In addition, larger companies have better access to external financing, reducing the need to maintain large liquidity buffers (Dewi & Mahfudz, 2017; Nilasari, 2021; Sugandi & Gantjowati, 2024). Based on this argument, Firm Size is included as a control variable to ensure the robustness of the model.

Conceptual Framework

While liquidity is widely recognized as the lifeblood of the Indonesian insurance sector, the existing literature reveals several persistent gaps that this research intends to bridge. First, an empirical gap is apparent through inconsistent findings surrounding liquidity determinants. While traditional models suggest that claim expenses and premium growth are the primary drivers of cash positions (Ulfan et al., 2018; Ridwan et al., 2022), this study observes a "decoupling" effect where operational dynamics do not immediately impact liquidity. This is largely attributed to the mandatory buffer provided by technical reserves under the OJK regulatory framework (Wong, 2022; SEOJK No. 1/2021), which renders the impact of claims and premium growth indirect.

Second, a theoretical gap remains concerning the dual nature of firm size. Although frequently employed as a control variable, its influence is still a subject of scholarly debate centered on whether larger firms benefit from "too big to fail" stability or, conversely, face lower liquidity ratios due to sophisticated treasury management and aggressive long-term investment strategies (Dewi & Mahfudz, 2017; Sasidharan & Ranjith, 2023). Finally, a contextual gap arises from the recent volatility in the Indonesian market. High-profile defaults, such as the Jiwasraya and Wanaartha Life cases, underscore an urgent need to re-evaluate liquidity resilience specifically for the 2017–2024 period, a timeframe that critically tested the sector's risk management.

Synthesizing these perspectives, this study develops a conceptual framework that integrates operational risk and structural firm characteristics. The model is primarily adapted from the frameworks of Sugandi and Gantjowati (2024) and Herwinata, with a strategic modification to focus on Net Premium Growth. This choice, supported by Bunyaminu et al. (2022), ensures a more accurate reflection of actual cash retention by accounting for reinsurance dependency. Ultimately, this framework analyzes how the Claim Expense Ratio (X1) and Net Premium Growth (X2) influence the Liquidity Ratio (Y), while utilizing Firm Size as a control variable intended for segregating the consequences regarding company scale towards financial health.

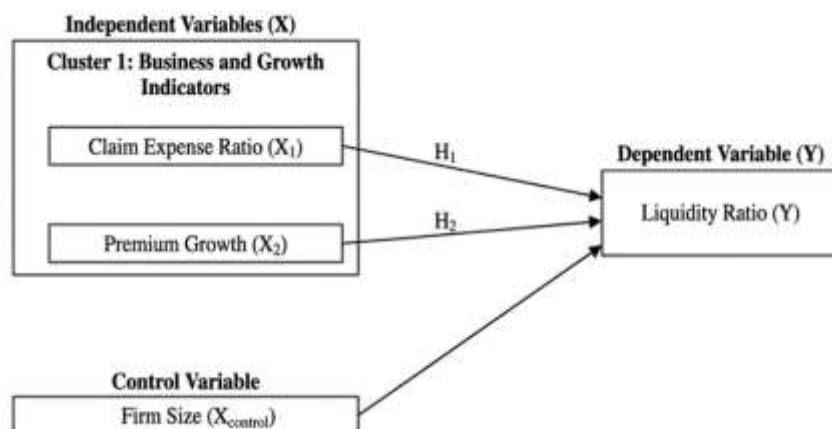


Figure 1. Conceptual Framework.

3. Proposed Method

Data and Sample

This research adopts a quantitative methodology utilizing secondary data derived from the firms' published annual financial statements and the Indonesia Stock Exchange. The sample consists of 5 general insurance companies with the largest market capitalization listed on the IDX namely TUGU, AMAG, LPGI, ABDA, and ASRM, intentionally delineated through purposive criteria contingent upon the accessibility of exhaustive data across the entire observation horizon. The study covers 2017 to 2024, yielding 40 observations in a balanced panel data format.

Operational Definition of Variables

The research variables are operationalized as consolidated in Table 1 presented below.

Table 1. Operationalization of Research Variables.

Variable	Calculation	Information
Liquidity Ratio (Y)	Current Assets / Current Liabilities	Dependent Variable
Claim Expense Ratio (X1)	Claim Expense / Premium Income	Main Independent Variable
Premium Growth Neto (X2)	(Net Premium-t - Net Premium t-1) / Net Premium t-1	Main Independent Variable
Firm Size (Z)	Ln (Total Assets)	Control Variable

Analytical Method

This study employs Multiple Regression Analysis employing the Pooled Ordinary Least Squares (OLS) estimator. The regression equation used is:

$$LIQ_{it} = \alpha + \beta_1 CER_{it} + \beta_2 PGR_{it} + \beta_3 SIZE_{it} + \epsilon_{it}$$

Where LIQ is the Liquidity Ratio; CER is the Claim Expense Ratio; PGR is Net Premium Growth; SIZE is Firm Size (Ln of Total Assets); and ϵ is the error term. Before proceeding with hypothesis testing, classical assumption diagnostics are performed, encompassing normality, heteroscedasticity, multicollinearity, as well as autocorrelation diagnostics. All data handling are conducted utilizing IBM SPSS Statistics software.

4. Results and Discussion

Descriptive Statistical Analysis

Descriptive statistical analysis was conducted for all research variables as presented in Table 2.

Table 2. Statistic Descriptive.

Variable	N	Min	Max	Mean	Std. Deviation
CER	40	0,7532	3,7955	1,8047	0,8869
PGR	40	-0,1714	2,3572	0,1293	0,3883
SIZE	40	21,5832	28,2466	23,4735	2,4434
LIQ	40	1,3318	2,5575	1,7304	0,3092

The relatively wide range observed in the Claim Expense Ratio (CER) and Firm Size (SIZE) indicates substantial variation in claim burdens across companies as well as significant differences in firm scale within the sample. Meanwhile, Premium Growth Rate (PGR) exhibits a lower mean with a fairly wide range, reflecting that some firms experienced negative premium growth, particularly during the period of COVID-19 pandemic. On the other hand, the Liquidity Ratio (LIQ) shows a relatively narrow range, suggesting that firms' liquidity levels tend to be stable and exhibit limited variability.

Classical Assumption Tests

The classical assumption tests were conducted using normality tests (Figure 2 and Figure 3), heteroskedasticity test (Figure 4), multicollinearity test (Table 3), and the Durbin-Watson test (Table 4).

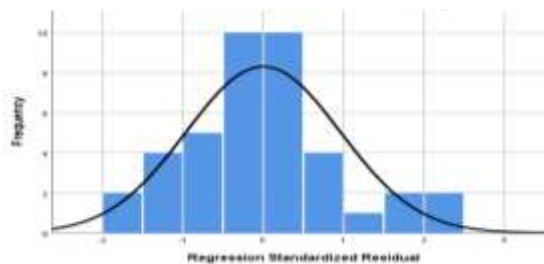


Figure 2. Residual Histogram.

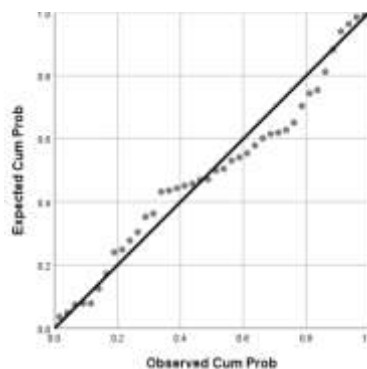


Figure 3. Normal P-Plot Regression.

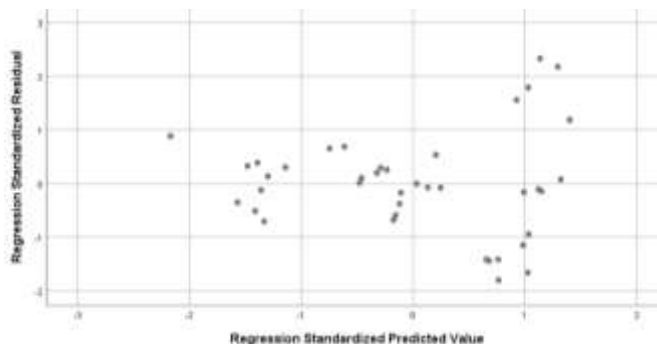


Figure 4. Scatterplot.

Table 3. Multicollinearity.

Variable	95% Confidence Interval		Collinearity Statistics	
	Lower Bound	Upper Bound	Tolerance	VIF
(Constant)	2,167	4,094		
CER	-0,175	0,039	0,945	1,058
PGR	-0,356	0,124	0,976	1,025
SIZE	-0,092	-0,015	0,955	1,047

Table 4. Model Summary.

R	R ²	Adj. R ²	Std. Error of the Estimate	Dubin-Watson
0,473	0,224	0,159	0,2835326	0,381

The normality test suggests that the model residuals are approximately normally distributed. The heteroskedasticity test shows that the data points are randomly dispersed without any systematic pattern, suggesting that the assumption of homoskedasticity is met. The multicollinearity test results demonstrate that the full set of variables have Tolerance > 0.10 and VIF < 10, indicating there are no multicollinearity issues. Finally, the Durbin-Watson value of 0.381 indicates a strong positive autocorrelation within the model. This condition is likely due to the relatively limited time horizon of the data (T = 8 years), where observations across time within the same firm are likely to be correlated.

Model Estimation Results

Table 5. Regression Model Summary (Model Summary & ANOVA).

Criteria	Value	Description
R	0,473	
R ²	0,224	22.4% of LIQ variation is explained by the model
Adj. R ²	0,159	
Std. Error of the Estimate	0,2835	
Durbin-Watson	0,381	
F Statistic	3,461	
Sig. F	0,026	Significant at $\alpha = 5\%$

Table 6. Regression Coefficient Results (Coefficients).

Variable	B	Std. Error	t	Sig.	Conclusion
(Constant)	3.130	0.475	6.588	0.000	Significant
Claim Expense Ratio (X1)	-0.068	0.053	-1.290	0.205	Not Significant
Premium Growth Rate (X2)	-0.116	0.118	-0.983	0.332	Not Significant
Firm Size (Z)	-0.054	0.019	-2.828	0.008**	Significant ($\alpha = 5\%$)

*Note: ** indicates significance at $\alpha = 5\%$*

Based on the estimation results, the final model equation is as follows:

$$LIQ = 3,130 - 0,068CER - 0,116PGR - 0,054SIZE$$

Model Feasibility Test (F-Test)

The F-test result (refer to Table 5) shows 3.461 of F-statistic value, with a significance level of 0.026 ($p < 0.05$). It indicates that, simultaneously, Claim Expense Ratio, Premium Growth Rate, and Firm Size have a significant effect on the Liquidity Ratio.

The R² value of 0.224 indicates that 22.4% of the differences in the Liquidity Ratio is driven by the independent variables in the model, while the other 77.6% can be attributed to the other factors outside the model. The moderate explanatory power of the model may be attributed to the limited number of observations and the heterogeneity of financial policies across firms, which may not be fully captured by the three predictor variables used.

Effect of Claim Expense Ratio on Liquidity Ratio

Partial estimation reveals a negative but statistically non-significant relationship between CER and LIQ (beta = -0.068; t = -1.290; p = 0.205), leading to the rejection of H1. The negative sign is directionally consistent with theory: an insurer absorbing a higher fraction of premium revenue in claim payments faces progressively greater pressure on its stock of liquid assets (Cummins & Weiss, 2013; Ulfan et al., 2018). However, three institutional features of the Indonesian general insurance market collectively dampen the statistical detectability of this channel.

First, investment portfolio diversification attenuates the direct pass-through from claims to liquidity. Sample firms with elevated CERs can offset claims-driven cash drains by holding short-duration liquid instruments such as Bank Indonesia Certificates, time deposits, or short-term sovereign bonds that generate predictable cash inflows irrespective of underwriting performance (Chen & Wong, 2004). Second, the pervasive use of proportional and non-proportional reinsurance treaties among Indonesian general insurers materially reduces net claims exposure: a large share of catastrophic or accumulation losses is ceded to reinsurers, meaning that the net cash outflow is considerably smaller than the gross claims figure that forms the numerator of CER (OECD, 2016). This structural risk transfer weakens the linear link between gross CER and current-ratio outcomes.

Third, and perhaps most importantly from a regulatory standpoint, OJK Regulation No. 71/POJK.05/2016 mandates minimum solvency and liquidity floors for insurance and reinsurance companies. The existence of these binding regulatory minima creates a managed liquidity floor: firms are compelled by supervision to maintain prescribed current-ratio thresholds regardless of claims experience, effectively attenuating the marginal sensitivity of LIQ to CER movements. Taken together, these mechanisms imply that CER is a necessary

but insufficient predictor of liquidity variation; its effect is mediated by investment portfolio quality, reinsurance program depth, and regulatory compliance incentives. These findings are corroborated by Burca and Batrinca (2014), who similarly found non-significant claim ratio effects on Romanian insurers' liquidity during high-volatility periods, and by Kaya (2015), who documented a weak claims-to-liquidity linkage in the Turkish non-life market.

Effect of Net Premium Growth on Liquidity Ratio

The second hypothesis is also rejected: PGR does not exert a statistically significant effect on LIQ (beta = -0.116; $t = -0.983$; $p = 0.332$). Notably, the sign of the coefficient is negative rather than the positive direction implied by simple cash-flow reasoning, warranting closer examination.

The negative direction is explicable through the actuarial obligations that premium growth triggers. Under OJK regulations, every increment in net premiums written simultaneously obligates the insurer to augment its unearned premium reserves, its IBNR (Incurred But Not Reported) provisions, and its unexpired risk reserves. Because these reserve increments must be backed by admissible assets that are partly held in less-liquid long-duration instruments to match liability durations, aggressive premium growth can paradoxically compress short-term liquidity by channelling resources into reserve-backing assets (Datu, 2016; Wong, 2022). This regulatory compulsion creates a wedge between gross premium expansion and current-ratio improvement.

A second mechanism operates through the premium billing cycle. Corporate commercial clients frequently obtain instalment or credit terms on their premiums, generating premium receivables that appear as current assets in the balance sheet yet lack the immediate convertibility of cash. Rapid premium growth thus inflates the receivables component of current assets without proportionally expanding cash balances, leaving the current ratio broadly unchanged (Shiu, 2004). The statistical insignificance of PGR is additionally consistent with the wide cross-sectional and temporal dispersion of premium growth rates in the dataset, ranging from deep negative growth during the 2020–2021 pandemic disruption to high double-digit expansion, which introduces econometric noise that reduces the power of the t -test. Future research applying Fixed Effects or Generalised Least Squares with autocorrelation correction is likely to yield sharper estimates. These findings align with Noussia and Asare (2021) and with Eling and Luhn (2010), who both caution against equating premium volume growth with improved liquidity or financial performance.

Effect of Firm Size on Liquidity Ratio

Firm Size is the sole predictor to achieve statistical significance (beta = -0.054; $t = -2.828$; $p = 0.008$; $\alpha = 1\%$), supporting H3. Each unit increment in $\ln(\text{Total Assets})$ is associated with a 0.054-unit decline in the current ratio, net of CER and PGR, a quantitatively modest but statistically robust effect.

Three theoretical channels explain the inverse size-liquidity relationship. First, the precautionary liquidity motive diminishes with firm scale. Large insurers, typically subsidiaries of diversified financial conglomerates or entities with investment-grade credit ratings, have standing access to capital markets, syndicated credit facilities, and intergroup treasury support, reducing the need to stockpile on-balance-sheet liquidity reserves (Opler et al., 1999). The insurance equivalent of Keynes's finance motive is thus weaker for large firms. Second, economies of scale in asset management allow large insurers to pursue duration-extension strategies. They invest proportionally more in long-dated corporate bonds, private equity, and infrastructure debt, instruments that generate superior risk-adjusted returns but by definition reduce the ratio of current to total assets (Hardwick et al., 2011). Third, actuarial precision scales with firm size: larger companies employ more sophisticated claims forecasting, enabling tighter cash flow management that minimises the excess liquidity buffer without increasing the probability of a shortfall (Fama & French, 2002). This finding carries a regulatory implication: systemically important large insurers that appear comfortably solvent on solvency margin metrics may simultaneously carry structurally thin liquidity cushions, warranting intensified supervisory attention to their contingency liquidity planning. The result is consistent with Pervan et al. (2012), Malik (2011), Adesola and Okwe (2013), and the broader emerging-market evidence that scale and liquidity are inversely related in financial services.

Summary of Hypothesis Testing Results

Tables 7 and 8 consolidate the regression estimates and hypothesis decisions respectively. Of the three hypotheses, only H3 is supported by the evidence.

Table 7. Regression Coefficient Results (Pooled OLS).

Variable	B	Std. Error	Beta	t-value	Sig.	Decision
Constant	3.130	0.475	-	6.588	0.000***	Significant
Claim Expense Ratio (CER)	-0.068	0.053	-0.137	-1.290	0.205	Not Significant
Net Premium Growth (PGR)	-0.116	0.118	-0.107	-0.983	0.332	Not Significant
Firm Size (SIZE)	-0.054	0.019	-0.310	-2.828	0.008**	Significant

Source: Processed from SPSS 26 output (2025). Note: *** significant at $\alpha = 1\%$; ** significant at $\alpha = 5\%$; * significant at $\alpha = 10\%$.

Table 8. Hypothesis Testing Summary.

H	Hypothesis	Coefficient	Sig.	Decision
H1	CER has a negative effect on Liquidity Ratio	Negative (-0.068)	0.205	Rejected
H2	PGR has an effect on Liquidity Ratio	Negative (-0.116)	0.332	Rejected
H3	Firm Size has an effect on Liquidity Ratio (Control Variable)	Negative (-0.054)	0.008**	Supported

Source: Derived from multiple regression analysis, Pooled OLS (2025). Note: ** significant at $\alpha = 5\%$.

The rejection of both H1 and H2 does not invalidate the theoretical mechanisms posited. CER and PGR are genuinely linked to liquidity through the channels described, but the evidence indicates that these linkages are indirect, mediated by regulatory requirements and investment portfolio management, and insufficiently strong to generate detectable marginal effects in a small balanced panel over this particular sample period.

Final Model Equation and Managerial Implications

The Pooled OLS estimation on 40 panel observations produces the following final model:

$$LIQ = 3.130 - 0.068 CER - 0.116 PGR - 0.054 SIZE + \epsilon$$

The constant term of 3.130 represents the structural baseline current ratio, that is, the inherent liquidity level attributable to the insurance business model per se when operational and scale variables are set to zero. Its magnitude confirms that the premium collection model generates a dependable recurring inflow that provides a natural liquidity foundation for the sector.

For practitioners in insurance management, the dominance of Firm Size over CER and PGR carries a strategic message: liquidity adequacy cannot be pursued exclusively through claims efficiency programmes or underwriting expansion drives. What determines whether a firm's current ratio erodes over time is principally how its total asset base grows and how that growth is allocated between liquid and illiquid instruments. Management therefore needs a formal Asset-Liability Management (ALM) framework that simultaneously governs investment duration, reserve adequacy, and premium cycle planning in an integrated fashion.

Large-scale insurers facing structurally lower liquidity ratios should proactively secure contingency funding arrangements, specifically standby credit facilities from partner banks and a ring-fenced liquidity reserve portfolio that can be monetised within 24-48 hours, to pre-empt sudden large-loss events from triggering a liquidity crisis.

For OJK, the evidence supports a differentiated supervisory intensity model in which asset-size thresholds trigger enhanced liquidity reporting and stress-test requirements. Because large insurers systematically carry lower current ratios while simultaneously posing greater systemic contagion risk, supervisory resources should be allocated asymmetrically toward this segment.

The 77.6% of LIQ variance remaining unexplained by the model opens productive research avenues. Candidate variables include the Risk-Based Capital (RBC) ratio, the Investment Adequacy Ratio, the combined ratio as a holistic underwriting measure, the Bank Indonesia policy rate trajectory, and the IDR/USD exchange rate as a proxy for macroeconomic stress. Extending the sample to all IDX-listed general insurers and applying Fixed Effects or Random Effects estimators with autocorrelation-robust standard errors (e.g., Newey-West) would yield more externally valid and statistically efficient results.

5. Conclusions

Grounded in signaling theory, this study investigates how Claim Expense Ratio (CER) and Net Premium Growth (PGR) shape the Liquidity Ratio among the top five market-cap general insurers listed on the IDX across 2017–2024, controlling for Firm Size. Pooled OLS estimation produced three principal findings.

On the first hypothesis, CER yields no statistically significant association with the Liquidity Ratio ($p = 0.205$), although the negative direction of the coefficient is consistent with the theoretical hypothesis. This non-significance is argued through the claim reserve mechanism that separates the timing of claim payments from their impact on the short-term cash position, as well as the product portfolio diversification effect in large general insurance companies.

On the second hypothesis, PGR does not exert a statistically detectable influence on the Liquidity Ratio ($p = 0.332$), with a negative coefficient. This result indicates that higher net premium growth is accompanied by greater obligations to form technical reserves under OJK regulations, so the net effect on current assets is dampening rather than improving short-term liquidity.

In contrast, Firm Size is the only variable that significantly and negatively predicts the Liquidity Ratio ($\beta = -0.054$; $p = 0.008$), corroborating H3. This finding confirms that firm size characteristics are a more dominant and consistent structural determinant of liquidity than operational variables such as the claim ratio and premium growth in the Indonesian general insurance industry.

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