ABSTRACT

This study was to test the effect of financial ratios that firm size, leverage, incurred loss ratio, liquidity, and profitability on a predicted probability of bankruptcy the condition of conventional insurance companies. Which is the goal of this study was to determine the influence of factors can significantly affect the bankruptcy of conventional insurance companies.

The population in this study is an insurance company that registered in the Financial Services Authority, which is not their business licenses revoked and have a complete financial reports are published on the official website for the period 2014 - 2017. For the sampling is done by using purposive sampling method and there were 28 conventional insurance company that qualified as a sample. The analytical method used to analyze data in this research is a model of logistic regression analysis for dichotomous data used. Logistic regression analysis already includes coveralls Fit model that does not require normality test. With logistic regression analysis can be seen how the independent variables affect the bankruptcy of conventional insurance companies.

The results obtained from this study indicate that firm size and no significant positive effect on the bankruptcy of conventional insurance companies. Leverage, liquidity, and profitability significantly and negatively related to the bankruptcy of conventional insurance companies. Incurred loss ratio has a positive effect but not significant to the bankruptcy of conventional insurance.

Keywords: firm size, leverage, incurred loss ratio, liquidity, profitability and bankruptcy.