ABSTRACT

The existence of a spin-off policy causes companies to have difficulty meeting capital limits, insufficient assets, and a mismatch between the value of tabarru' funds and investment funds. This policy impacts the company's profitability because higher operating expenses are not covered by the income generated.

The purpose of this study is to examine the efficiency of the costs of Sharia Life Insurance companies considering the fluctuating market share. This is to evaluate and reduce errors in decision-making that will improve its performance in the future. The analysis used Stochastic Frontier Analysis (SFA) with an output-oriented approach based on the Cobb-Douglas production function. Financial statement information from 17 Indonesian Sharia Life Insurance companies was used in this analysis for the period 2017-2021. The output variables analyzed were income while the input variables were capital, operating expenses, and assets.

The results of the study indicate that Sharia Life Insurance companies generally operate efficiently with an average efficiency value of 0,744. PT Asuransi Sinarmas MSIG Life achieved the highest efficiency with an average efficiency value of 0,941, while PT Takaful Keluarga achieved the lowest efficiency with an average efficiency value of 0,306. Capital, operating expenses, and assets are variables that have a positive effect on income.

Keywords*: Efficiency, Sharia Life Insurance, SFA*