

ABSTRACT

The research aimed to analyze the level of technical efficiency and its determinants in general insurance industry in Indonesia. The method used to measure efficiency level was Data envelopment Analysis (DEA) that based on production approach. The object of research was 46 private national-general insurance company which consist of 28 conventional general insurance companies and 18 Sharia-based general insurance companies. Input variabel used was administration cost, commission cost, aset, cost of capital. Whereas, output variable used was premmi netto, return on investment. In addition to analyze the determinants of efficiency level of general insurance company, this research uses Random Effect Tobit Model. The efficiency level was dependent variable. While the variable independent was tangibility, solvability, profitability, market share, size, dan dummy system.

The result showed that average relative efficiency of general insurance company in 2013 was 56,08% and in 2014 was 81,09 %. During 2 years of research, 11 of conventional general insurance companies was able to stay on efficient condition. In the second step showed that tangibility, solvability, profitability, size had no effect to technical efficiency. Market share had possitive effect and signification to technical efficiency. Dummy system had negatif effect significantly to tecnical efficiency. So the result can be concluded that technical efficiency was affected by market share.

Key word: tecnical efficiency, syariah dan conventional general insurance company, Data Envelopment Analysis (DEA), Random Effect Tobit Model