

ABSTRACT

The aim of this research is to identify and analyze the determinants of return on equity (ROE) in general insurance industries in the period of 2008 – 2012. ROE is dependent variable in this research, as profitability indicator. There are five independent variables that used, which are risk based capital (RBC), solvency margin ratio (SMR), investment yield ratio (IYR), technical reserves ratio (TRR) and premium growth ratio (PGR).

This research was using the secondary data which was collected from Infobank Research Departement. The sampling technique is purposive sampling to certain criteria, namely general insurance companies in IDX period in 2008 – 2012, so that forty five data was drawn as sample. The data was analyzed by multiple linear regression.

Based on the results of hypothesis testing with F-test showed RBC, SMR, IYR, TRR and PGR simultaneously have influence on the return on equity (ROE). And based on the T-test results showed that RBC has no significant influence on ROE, SMR has negative and significant influence on ROE, IYR has no significant influence on ROE, TRR has positive and significant influence on ROE, and PGR has no significant influence on ROE.

Keywords : ROE, RBC, SMR, IYR, TRR, PGR