

# The Effect of Payment of Underwriting and Non Underwriting Costs on Company Performance at PT Jasa Raharja

Dewi Fortuna Malawau<sup>1</sup>, Steven Siaila<sup>2</sup> and, Salomi J Hehanussa<sup>2</sup>

1. Research Scholar at Postgraduate Pattimura University,

2. Lecturer at Postgraduate Pattimura University

## ABSTRACT

The research objectives to be achieved are to determine and analyse the effect of Underwriting costs on the performance of the company PT Jasa Raharja, and to determine and analyse the effect of Non Underwriting costs on the performance of the company PT Jasa Raharja. The sample used by researchers in this study is random sampling (random sampling) is a sampling technique from a population where each member of the population has the same opportunity to be selected as a sample and adjusted for the last 3 months of financial statements. The analysis technique used in this study is the analysis of multiple regression analysis techniques to test the effect of working capital turnover, premium income, underwriting and risk-based capital on profitability.

According to the results of the analysis obtained, there is a relationship between underwriting and the performance of PT Jasa Raharja in 2025. With the Chi Square test results, the  $p$  value = 0.003% means the  $p$  value  $< 0.05$ , and there is a relationship between Non Underwriting and the Performance of PT Jasa Raharja in 2025. With the Chi Square test results, the  $p$  value = 0.010% means the  $p$  value  $< 0.05$ .

**Keywords:** Biaya Underwriting, Biaya Non Underwriting, dan Kinerja Perusahaan

Date of Submission: 08-04-2026

Date of acceptance: 21-04-2026

## I. INTRODUCTION

PT Jasa Raharja as one of the State-Owned Enterprises engaged in social insurance has an important responsibility in providing basic protection to people who experience traffic accidents and public transport accidents. In carrying out its functions, Jasa Raharja raises funds through various mechanisms, including operational cooperation involving third parties. This cooperation is inseparable from the emergence of costs that must be paid by the company, both underwriting and non-underwriting costs.

Underwriting costs are costs directly related to the risk underwriting process, such as reinsurance fees, agent commissions, and policy acquisition costs. Meanwhile, non-underwriting costs are operational support costs, such as administrative costs, marketing costs, and community service costs. Both types of costs are important components in the company's financial structure and can affect Jasa Raharja's ability to improve the effectiveness, efficiency, and sustainability of its services.

In the context of insurance companies, cost management efficiency is a determining factor in financial performance and operational performance. Underwriting and non-underwriting costs that are not managed optimally can reduce profitability, increase operating expenses, and affect performance ratios such as claim ratio, expense ratio, and combined ratio. Conversely, good cost control can strengthen the company's financial position and improve the quality of public services.

Given the strategic role of PT Jasa Raharja in the national accident insurance system, it is important to examine how these costs affect company performance. This research is expected to provide an empirical understanding of the relationship between underwriting and non-underwriting expenses and company performance results, so that it can be the basis for managerial decision making related to cost efficiency and performance improvement strategies.

## II. THEORY

Agency theory explains the relationship between owners and management, where management is obliged to manage company resources efficiently. In the context of insurance companies, underwriting and non-underwriting expenses are managerial decisions that must be controlled properly. Inefficiency in cost management

can lead to agency problems in the form of wasted costs that ultimately reduce company performance. Therefore, agency theory emphasises that management must be able to maximise cost efficiency to improve company performance.

Furthermore, Efficiency Theory states that companies that are able to manage costs efficiently will have better performance. In insurance companies, underwriting costs such as reinsurance or policy acquisition costs, as well as non-underwriting costs such as administrative and marketing costs, must be proportional to the benefits and revenues generated. Efficiency in managing both types of costs will have a positive impact on the profitability and performance ratios of the company.

In addition, Cost Management Theory emphasises the importance of cost control in achieving company goals. Cost management focuses on how companies minimise costs without reducing service quality. Therefore, controlling underwriting and non-underwriting costs is very important, as both types of costs contribute directly to the expense ratio and combined ratio, which are key indicators of insurance company performance.

From an Insurance Risk Theory perspective, underwriting costs are an integral part of the risk management process. This theory emphasises that underwriting costs should be aligned with the level of risk borne by the company. Improperly managed underwriting costs can increase without being followed by an increase in premium income, thus negatively affecting the company's profits and performance. Conversely, good risk management through controlling underwriting costs will strengthen the financial stability of the company.

Finally, Firm Performance Theory explains that firm performance is influenced by internal factors, including operational cost efficiency. Firm performance can be measured through profitability, efficiency, solvency, and ratios specific to insurance companies. This theory strengthens the understanding that underwriting and non-underwriting cost variables have a significant influence on firm performance, because inefficient cost expenditure will increase the company's burden and reduce performance indicators. On the other hand, effective cost management can improve the productivity, service, and profitability of the company.

Thus, the various theories show that the payment of underwriting and non-underwriting costs has a direct relationship with company performance. Efficiency, effectiveness, and cost control are the main factors that determine how these two types of costs can support or reduce company performance.

### **III. METHODOLOGY**

In this study using quantitative research, quantitative research can be interpreted as a research method based on the philosophy of positivism, used to research on certain populations or samples, data collection using research instruments, quantitative / statistical data analysis, with the aim of describing and testing hypotheses that have been determined (Sugiyono, 2020: 2). The quantitative approach aims to measure and analyse numerical data related to underwriting fee income and cost expenditures.

The sample used by researchers in this study is random sampling, which is a sampling technique from a population where each member of the population has the same opportunity to be selected as a sample and adjusted for the last 3 months of financial statements. The analysis technique used in this study is the analysis of multiple regression analysis techniques to examine the effect of working capital turnover, premium income, underwriting and risk-based capital on profitability.

### **IV. RESULT**

Based on the results of data collection using a questionnaire to employees of PT Jasa Raharja Ambon and after being processed using the help of SPSS (statistical program for social science), the author will discuss the relationship between underwriting and non-underwriting with the performance of PT Jasa Raharja Ambon in 2025..

1. The relationship between underwriting and the performance of PT Jasa Raharja Ambon in 2025..

Underwriting is to maximise profits through the distribution of risks that are expected to generate profits. Underwriting result is the value obtained by calculating the difference between underwriting income and underwriting expenses in the tabarru' fund underwriting surplus (deficit) report. In other words, underwriting is the process of generating profits by providing comfort to prospective insureds from the distribution of risks that are expected to generate profits. Underwriting result is the difference between underwriting income and underwriting expenses. Underwriting plays an important role in the performance of PT Jasa Raharja. An effective underwriting process ensures that the company accepts the right risks and can manage claims properly, thus having a positive impact on the profitability and sustainability of the Company.

The results showed that of the 23 respondents who had underwriting, 23 respondents (100%) were good and 0 respondents (0%) were less. Meanwhile, of the 2 respondents who had no effect, 0 respondents (0%) were

good and 2 respondents (100%) were less. The results of statistical tests with the Chi-square test P value  $0.003 < 0.05$  which means  $H_a$  is accepted  $H_o$  is rejected. So there is a relationship between underwriting and the performance of PT Jasa Raharja ambon in 2025.

This research is also in line with research conducted by Laila Masruro Pimada and Raditya Sukmana (2021) which shows that the results of underwriting fees have a significant positive effect on the performance of the company PT Jasa Raharja. Which means that the greater the underwriting fee results obtained by the company as a manager, the higher the company's income.

Underwriting helps PT Jasa Raharja in assessing the risks associated with each type of vehicle and passenger insured. and according to the risk level of each insured. A good underwriting process helps PT Jasa Raharja to identify and minimise the potential for invalid or excessive claims. By conducting appropriate risk selection, underwriting helps the company control claim costs and other operational costs, which in turn improves financial performance. Transparency and fairness in the underwriting process can increase public trust in PT Jasa Raharja.

Quality underwriting is the foundation for PT Jasa Raharja's performance. By managing risks well, determining the right premium, and controlling claims effectively, PT Jasa Raharja can achieve better and sustainable performance in carrying out its duties as a social insurance company.

## 2. Non Underwriting Relationship with the Performance of PT Jasa Raharja Ambon in 2025..

The relationship between non-underwriting activities and PT Jasa Raharja's performance lies in how the company manages and optimises all of its operational activities, outside of the underwriting process, to achieve the company's goal of providing social protection and ensuring the welfare of the community. Non-underwriting activities include various aspects such as claims services, accident prevention, asset management, human resource development, and public relations. The overall performance of the company is greatly influenced by the effectiveness and efficiency of these activities..

The results showed that of the 23 respondents who had Non underwriting, 22 respondents (100%) were good and 0 respondents (0%) were less. While of the 3 respondents who had no effect, 1 respondent (33.3%) was good and 2 respondents (66.7%) were less. The results of statistical tests with the Chi-square test P value  $0.010 < 0.05$  which means  $H_a$  is accepted  $H_o$  is rejected. So there is a relationship between Non Underwriting and the performance of PT Jasa Raharja ambon in 2025. Jasa Raharja is required to provide fast, precise, and accurate claim services to people who experience accidents. A good claim service process will increase public trust in the company, the company needs to manage claim costs properly to avoid significant losses. This involves a careful claims verification process and efforts to prevent claims fraud, Jasa Raharja is active in implementing various accident prevention programs, such as traffic safety socialisation and driver training. These programmes aim to reduce the number of accidents and ultimately reduce the company's claims burden.

By managing all these non-underwriting aspects well, PT Jasa Raharja can improve its performance, achieve company goals, and provide optimal benefits to the community. Non-underwriting activities include all company activities other than the risk selection process (underwriting), such as marketing, claims services, and investment management. This study aims to determine how much influence these activities have on the financial and operational performance of PT Jasa Raharja.

## V. CONCLUSION

Based on the results and discussion presented in the previous chapter, it can be concluded that:

- 1) According to the results of the analysis obtained, there is a relationship between Underwriting and the Performance of PT Jasa Raharja in 2025. With the Chi Square test results, the p value =  $0.003\%$  means that the p value  $< 0.05$ .
- 2) There is a relationship between Non Underwriting and the Performance of PT Jasa Raharja in 2025. With the Chi Square test results, the p value =  $0.010\%$  means that the p value  $< 0.05$ .

## REFERENCES

- [1] Brigham, E. F., & Houston, J. F. (2019). *Fundamentals of Financial Management*. Cengage Learning.
- [2] Ghozali, I. (2018). *Aplikasi Analisis Multivariate dengan Program IBM SPSS*. Badan Penerbit Universitas Diponegoro.
- [3] Harrington, S. E., & Niehaus, G. R. (2004). *Risk Management and Insurance*. McGraw-Hill.

- [4] Jensen, M. C., & Meckling, W. H. (1976). "Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure." *Journal of Financial Economics*, 3(4), 305–360.
- [5] Mangkuprawira, S. (2017). *Manajemen Biaya dan Pengendalian Biaya*. Penerbit Salemba Empat.
- [6] Rejda, G. E., & McNamara, M. J. (2017). *Principles of Risk Management and Insurance*. Pearson Education.
- [7] Salvatore, D. (2018). *Managerial economics in a global economy* (9th ed.). Oxford University Press.
- [8] Stigler, G. J. (1958). The Economies of Scale. *Journal of Law and Economics*, 1, 54–71.
- [9] Suyanto, J. (2021). *Dasar-dasar asuransi*. Yogyakarta: Andi Offset.
- [10] Sukanto, Y. (2019). *Teori dan praktik asuransi*. Jakarta: Salemba Empat.
- [11] Tandelilin, E. (2017). *Portofolio dan Investasi: Teori dan Aplikasi*. Kanisius.
- [12] Ward, S., & Chapman, C. (2003). "Transforming Project Risk Management into Project Uncertainty Management." *International Journal of Project Management*.
- [13] Wiratna, V. (2020). *Manajemen Keuangan Perusahaan*. Yogyakarta: Pustaka Baru Press.