

COMPARATIVE FINANCIAL PERFORMANCE ANALYSIS OF PT ASURANSI RAMAYANA TBK AND PT DAYIN MITRA TBK: EVIDENCE FROM INDONESIA'S INSURANCE SECTOR (2020–2024)

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Abstract

This study presents a comparative analysis of the financial performance of two publicly listed Indonesian general insurance companies, PT Asuransi Ramayana Tbk and PT Dayin Mitra Tbk, over the period 2020 to 2024. Utilizing a set of key financial ratios loss ratio, expense ratio, combined ratio, retention ratio, net profit margin, return on equity (ROE), return on assets (ROA), and leverage ratio the research assesses the operational efficiency, profitability, and financial resilience of both firms. The analysis reveals that Ramayana consistently demonstrates underwriting profitability with stable loss ratios and moderate expenses but shows a declining trend in net profit and ROE in the final year. In contrast, Dayin Mitra exhibits high volatility in its loss ratios and persistent underwriting losses, yet manages to maintain strong net profit margins and improved ROA and ROE in 2024, primarily due to non-underwriting income. The study underscores the importance of balanced financial strategies, highlighting that operational discipline and diversified income sources are vital for long-term sustainability in the insurance sector. The findings offer insights for investors, policymakers, and company management in navigating financial strategies within emerging insurance markets.

Keywords: RoA, RoE, Financial Performance.

INTRODUCTION

The general insurance sector in Indonesia plays a pivotal role in safeguarding economic activities from potential losses. With increasing competition and regulatory scrutiny, the financial performance of insurance companies has become a central focus for investors, policymakers, and academics. Two of the publicly listed general insurance companies in Indonesia PT Asuransi Ramayana Tbk (ASRM) and PT Dayin Mitra Tbk (ASDM)—offer compelling cases for comparative financial analysis. This study aims to evaluate and compare the financial performance of these two companies over the five-year period from 2020 to 2024 using key financial ratios to identify strategic implications and operational efficiency.

The Indonesian insurance market has undergone a series of reforms and transformations aimed at improving transparency, financial soundness, and consumer protection. The Financial Services Authority (OJK) has introduced stricter solvency requirements and risk-based capital guidelines, prompting insurance companies to optimize their financial strategies. In this context, analyzing financial ratios becomes essential not only for assessing performance but also for compliance and long-term sustainability.

In a highly fragmented insurance market, competition is fierce, and companies are forced to continuously innovate their products, services, and operational models. Financial performance serves as a reflection of a company's ability to manage claims, control costs, and generate returns, making it a crucial aspect of strategic decision-making.

PT Asuransi Ramayana Tbk, established in 1956, has built a strong presence in the Indonesian insurance industry. Known for its extensive branch network and diversified product portfolio, the company has sustained profitability over the decades. However, recent trends suggest increasing operational costs and declining net profits, prompting the need for deeper financial analysis.

PT Dayin Mitra Tbk, on the other hand, has positioned itself as a leaner operation with a heavy reliance on reinsurance. Founded in 1982, Dayin Mitra is recognized for its prudent underwriting policies and strategic partnerships. Despite facing underwriting losses, the company has consistently reported high net profit margins, raising questions about the sources and sustainability of its income.

Financial ratios offer a concise and powerful tool to analyze these dynamics. Ratios such as the loss ratio, combined ratio, and expense ratio shed light on operational efficiency, while profitability and leverage ratios help stakeholders evaluate financial health and investment appeal. These metrics are particularly relevant in the insurance industry, where earnings volatility and capital adequacy are critical issues.

Moreover, the period from 2020 to 2024 includes external shocks such as the COVID-19 pandemic and macroeconomic fluctuations that have affected claim patterns, investment returns, and consumer behavior. Evaluating financial performance over this timeframe provides insights into how well these insurers have adapted to uncertain environments.

This study contributes to the growing body of literature on emerging market insurers by focusing on Indonesia, a country with significant economic potential and a growing middle class. It also addresses the gap in comparative studies among domestic insurers, offering valuable lessons for managers, regulators, and investors.

By juxtaposing the financial trajectories of Ramayana and Dayin Mitra, the research identifies strategic strengths and weaknesses that can inform better business practices. It also highlights the trade-offs between risk retention and reinsurance, cost efficiency and service quality, and underwriting versus investment income.

Ultimately, this paper aims to deepen understanding of financial performance management in Indonesia's insurance sector and provide practical recommendations for improving competitiveness and resilience in the industry.

THEORY

Previous studies have highlighted the relevance of financial ratio analysis in assessing the performance of insurance firms. Ratios such as the loss ratio, expense ratio, combined ratio, retention ratio, return on equity (ROE), return on assets (ROA), and leverage are critical in understanding the operational and financial health of insurers. These metrics allow stakeholders to evaluate efficiency, risk management, and profitability of firms operating within volatile and competitive environments.

Malik (2011) explored the profitability determinants of insurance companies in Pakistan and found that leverage, size, and age significantly influence firm performance. This study emphasized the need for

financial discipline and robust risk assessment policies. Similarly, Pervan and Kalinic (2012) examined Croatian insurers and concluded that operational efficiency and scale positively impact profitability.

In the global context, the role of underwriting results and investment income has been widely discussed. Underwriting profit, representing core business performance, is crucial for long-term viability, especially in periods of low investment returns. A report by KPMG (2020) noted that companies focusing solely on investment returns may expose themselves to higher risk if underwriting fundamentals are weak.

The Indonesian insurance industry has seen increased academic interest in recent years, though empirical comparative studies between local firms remain scarce. Most literature emphasizes either performance trends over time or case studies of individual firms. This paper addresses that gap by offering a dual-company analysis using a standardized ratio approach over a five-year timeframe.

Comparative studies provide richer insight into strategic choices and market dynamics. By contrasting Ramayana's and Dayin Mitra's financial structures, this study contributes not only to academic understanding but also to practical benchmarking within the insurance industry. It illustrates how differing strategies—retention vs. reinsurance reliance, cost control vs. investment income focus—affect outcomes in terms of profitability and resilience.

This literature review forms the theoretical foundation for the analytical approach used in the study, supporting the selection of financial ratios and providing justification for comparing companies across multiple performance dimensions.

METHOD

This study utilizes a quantitative comparative research design by employing secondary data sourced from the annual financial statements of PT Asuransi Ramayana Tbk and PT Dayin Mitra Tbk from 2020 to 2024. Financial performance is evaluated using key ratios relevant to the insurance industry.

These ratios were computed and analyzed to evaluate performance trends, operational efficiency, and financial sustainability. Comparative analysis was used to interpret differences between the two firms across these metrics.

RESULTS AND DISCUSSION

Result

The analysis of loss ratios revealed that PT Asuransi Ramayana Tbk maintained stable values around 55-60% across five years, indicating consistent underwriting practices. PT Dayin Mitra Tbk, in contrast, showed greater volatility, ranging from a high of 75.90% in 2020 to a low of 12.74% in 2022, then rebounding to 39.93% in 2024. This suggests fluctuating risk management outcomes.

Expense ratios for Ramayana ranged between 17.49% and 23.47%, indicating relatively efficient operational control. Dayin Mitra, however, exhibited much higher values (above 90%) despite a downward trend, pointing to persistent inefficiencies.

Combined ratios confirm Ramayana's underwriting profitability (ratios <100%), while Dayin Mitra reported consistent underwriting losses (ratios >110%), suggesting dependency on non-underwriting income to remain profitable.

Retention ratio comparisons show Ramayana's preference for retaining risk (89–96%) compared to Dayin Mitra's heavy reliance on reinsurance (only 11–13%). This affects their profitability sources and risk exposure.

Net profit margin was significantly higher for Dayin Mitra (13–24%) due to investment returns and commissions, whereas Ramayana's margin remained below 5% and declined in 2024. Similar trends appeared in ROE and ROA metrics. Overall, Ramayana showed consistent underwriting performance but declining financial returns, while Dayin Mitra demonstrated profit sustainability despite poor underwriting, largely due to external income sources.

Discussion

The contrasting financial outcomes of PT Asuransi Ramayana Tbk and PT Dayin Mitra Tbk reflect different strategic approaches within Indonesia's insurance sector. Ramayana's consistent underwriting profitability indicates disciplined pricing and effective risk selection. Its stable loss and combined ratios over five years suggest well-managed underwriting practices. However, the declining trend in net profit, ROE, and ROA signals growing operational inefficiencies and a need for income diversification.

Dayin Mitra, in contrast, demonstrates a volatile financial profile. The company experienced large fluctuations in its loss ratio and consistently high expense ratios. Yet, it managed to maintain high net profit margins, implying a dependence on non-underwriting sources such as reinsurance commissions and investment returns. While this strategy may sustain short-term profitability, it presents vulnerabilities in periods of investment volatility or shifting reinsurance conditions.

Retention strategies further underline their contrasting philosophies. Ramayana retains a high portion of premiums, accepting higher risk but allowing for greater control over underwriting profits. Dayin Mitra, with low retention ratios (around 11–13%), avoids risk but potentially sacrifices long-term underwriting profitability.

Ramayana's financial efficiency weakened notably in 2024, with declining ROE and ROA, indicating underperformance in capital and asset utilization. Conversely, Dayin Mitra saw improvements in these areas, suggesting more effective deployment of financial resources, likely through asset management.

The findings emphasize that underwriting discipline alone may not be sufficient for financial sustainability. Insurers must seek balance between underwriting excellence and robust investment income strategies. Operational efficiency, reinsurance planning, and asset allocation all play critical roles in sustaining performance, especially in emerging markets like Indonesia.

CONCLUSION

This study has compared the financial performance of PT Asuransi Ramayana Tbk and PT Dayin Mitra Tbk between 2020 and 2024 using a comprehensive set of financial ratios. The results show that Ramayana maintained strong underwriting discipline but experienced decreasing profitability. Dayin Mitra, despite underwriting inefficiencies, sustained higher profitability through non-operational income.

To strengthen long-term competitiveness, Ramayana should focus on controlling expenses and expanding income beyond underwriting. Meanwhile, Dayin Mitra should strive to improve underwriting practices and gradually increase retention ratios to enhance core business profitability.

These findings provide valuable insights for stakeholders in assessing risk strategies, profitability sustainability, and operational efficiency in the Indonesian insurance sector.

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