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PERFORMANCE ANALYSIS OF INSURANCE COMPANIES LISTED ON THE IDX USING BALANCED SCORECARD AND EARLY WARNING SYSTEM (2023–2024)

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Abstract: *The insurance industry in Indonesia faces various challenges, including increased risks due to global economic uncertainty, high claim levels, and cases of default and weak fund management that have reduced public trust. This study aims to analyze the performance of insurance sub-sector companies listed on the Indonesia Stock Exchange (IDX) during 2023–2024 using the Balanced Scorecard and Early Warning System methods. The research employs a descriptive qualitative design with a quantitative approach, utilizing secondary data in the form of financial statements and annual reports. The population consists of insurance sub-sector companies listed on the IDX during 2023–2024. Using purposive sampling, 14 companies were selected as research samples. The results indicate that most companies (79%) are categorized as very healthy (AA category) based on the Balanced Scorecard, although the financial perspective shows relatively lower performance. However, the majority of companies (93%) are classified as Less Healthy Level 2 under the Early Warning System, indicating several ratios outside the normal range, particularly in profitability, premium stability and technical liabilities. These findings provide important insights for management in aligning business strategies with risk-based financial performance and may serve as a reference for future research.*
Keywords: Company Performance, Balanced Scorecard, Early Warning System, Insurance Companies

INTRODUCTION

Amid global economic uncertainty and domestic financial market dynamics, the insurance industry plays a strategic role in maintaining financial system stability through risk management functions. Climate change, geopolitical crises, and global capital market fluctuations have driven an increasing need for financial protection instruments capable of minimizing loss risks. According to Munich Re (2025), insured losses from natural disasters in the first half of 2025 reached approximately USD 80 billion, the second-highest figure since 1980. This condition underscores that the global insurance industry must prepare for potential claim surges and financial pressures that could trigger long-term risks.

This global economic instability phenomenon has also impacted Indonesia's insurance industry. National insurance companies have experienced pressure in balancing investments with their ability to meet continuously increasing claim obligations. Cases of payment defaults and fund mismanagement at several major companies such as Jiwasraya, Bumiputera, and Bakrie Life have become factors contributing to declining public trust in the insurance industry (CNBC Indonesia, 2023). These problems are generally caused by weak investment management and imbalances between premium receipts and claim obligations, prompting the government and relevant authorities to strengthen insurance industry supervision.

The impact of these problems has implications for the financial performance of Indonesia's insurance industry. The Financial Services Authority (OJK) stated that current insurance sector conditions show varied profit performance based on respective types (Validnews, 2025). Life insurance after-tax profit increased 32.6% YoY to IDR 8.86 trillion, while the general insurance sector experienced pressure due to credit insurance claims

exceeding premium income, causing after-tax profit to decline to IDR 8.93 trillion. Simultaneously, reinsurance recorded losses
with negative after-tax profit of IDR 333.65 billion in December 2024. Thus, among the three main subsectors (life insurance, general insurance, and reinsurance), only life insurance consistently maintained positive performance throughout 2024 (Kontan, 2025).

The government has regulated insurance company financial health through POJK No. 71/POJK.05/2016, which establishes a minimum solvency limit of 120% of risk-based minimum capital (Stevani, 2023). OJK recorded that the risk-based capital of the life insurance industry reached 420.67% and general insurance 325.93% in December 2024 (Ojk.go.id, 2025). In mid-2025, these figures increased to 480.77% for life insurance and 311.04% for general insurance respectively (Stabilitas.id, 2025). However, the risk-based capital method implemented in Indonesia focuses more on measuring solvency levels, whereas a company's financial performance can also be assessed from other aspects (Zaky, 2021).

Performance measurement that only considers the financial perspective will make assessments imbalanced because other perspectives also play a role in supporting financial performance achievement (Hutagalung & Reniati, 2024). Therefore, performance measurement needs to encompass various aspects so that assessment results can reflect the company's condition comprehensively. The Balanced Scorecard is a strategic performance management framework introduced by Robert S. Kaplan and David P. Norton in the early 1990s (Hutagalung & Reniati, 2024). According to Sagala & Siagian (2021), the Balanced Scorecard assesses organizational performance through four perspectives: financial perspective, customer perspective, internal business perspective, and learning and growth perspective, thus providing a more comprehensive picture of company performance.

On the other hand, a system that can provide early warning of potential deterioration in company financial health is required. In this regard, the Early Warning System functions as an early warning mechanism regarding company financial conditions, thereby helping to detect signs of financial or operational difficulties in insurance companies more quickly in the future (Diana et al., 2024). This method utilizes financial ratios such as solvency, profitability, liquidity, premium stability, and technical obligation ratios (Tiansyah & Rahmawati, 2025). This method was developed by the National Association of Insurance Commissioners (NAIC), the insurance business supervisory body in the United States. In Indonesia, the application of Early Warning System ratios for insurance companies has been regulated in PSAK No. 28 concerning Loss Insurance Accounting.

Currently, public interest in insurance protection products shows an increase along with growing awareness of the importance of financial risk management. The Financial Services Authority recorded that for the insurance industry as of July 2025, commercial insurance premium income increased by 0.77%, consisting of life insurance premiums that contracted 0.84% YoY and general insurance and reinsurance premiums that increased by 2.67% YoY (Indonesia.go.id, 2025). This indicates that most insurance companies in Indonesia recorded positive growth trends and relatively maintained performance stability.

Several previous studies have examined the Balanced Scorecard and Early Warning System. Research conducted by Kusumaningtyas et al. (2025) in the banking subsector showed that performance from the financial perspective measured through ROA, ROE, NIM, and BOPO was classified as fairly good. Meanwhile, the customer perspective measured by Third Party Funds and the internal business process perspective measured by the number of ATMs showed poor performance. Research conducted by Natasya & Siagian (2022) in the cosmetics and household goods subsector showed that company performance declined across all perspectives in 2020. This decline was evident in the financial, customer, and internal business process perspectives due to operating losses in 2020 and reduced cash receipts. The learning and growth perspective also stagnated due to the COVID-19 pandemic impact.

Research on the Early Warning System by Cahyaningrum et al. (2025) at PT Asuransi Bina Dana Arta Tbk. showed that six of the nine indicators analyzed demonstrated good and stable financial conditions. However, underwriting and premium growth ratios showed poor performance, indicating problems in risk management and the ability to generate revenue. Research by Purnomo & Setianingsih (2023) at PT Asuransi Jiwa Syariah Al Amin showed that financial performance was generally within normal limits except for the underwriting ratio and investment yield ratio, while risk-based capital ratio results indicated that the company's financial condition was classified as healthy.

This research integrates the Balanced Scorecard and Early Warning System in measuring corporate performance to achieve a more comprehensive and meaningful evaluation, especially in the insurance. This study aims to: (1) measure the performance of insurance companies using the Balanced Scorecard approach through financial, customer, internal business process, and learning and growth perspectives; (2) evaluate the financial health of insurance companies using the Early Warning System based on solvency, liquidity, profitability, premium stability, and technical liabilities ratios; and (3) analyze corporate performance criteria; and (4) formulate strategic recommendations for insurance companies based on the performance measurement results obtained from the Balanced Scorecard and Early Warning System approaches.This study employs a descriptive qualitative approach with quantitative data analysis using secondary data from financial and annual reports. The findings are expected to contribute to the development of performance measurement literature and provide practical insights for management and policymakers in strengthening the sustainability of insurance companies.

THEORETICAL FRAMEWORK

Insurance

According to Law of the Republic of Indonesia Number 40 of 2014 concerning Insurance, insurance is an agreement between two parties, namely the insurance company and the policyholder, which serves as the basis for premium receipt by the insurance company as compensation for providing reimbursement to the insured or policyholder and providing payment based on the death of the insured. Insurance is a form of agreement between the insurer and the insured to receive a certain amount of premium as compensation for the obligation to bear losses suffered by the insured due to an uncertain event. Thus, insurance involves two main parties: the insurer who provides guarantees and the insured who obtains protection against loss risks (Subekti, 2003).

Signalling Theory

Signalling theory, as stated by Spence in 1973, explains that parties possessing information can send signals through the disclosure of relevant information to be utilized by recipients in the decision-making process. Companies act as signal senders who convey their possessed information to stakeholders. This information is expected to assist stakeholders in making appropriate decisions. When company information is not fully available to external parties, information asymmetry will arise, which can make it difficult for stakeholders to assess the company's condition. Therefore, investors require accurate information regarding the company's financial condition before making investment decisions (Jao et al., 2023).

Performance and Performance Measurement

According to Puspita et al. (2025), performance can be defined as the level of work achievement of an individual or group of individuals within an organization in accordance with their respective duties, authorities, and responsibilities, carried out to realize organizational goals within a certain period. Company performance measurement is an important aspect that provides an overview and information regarding the company's work results. Through this measurement, management can assess the level of success or failure in achieving established targets, as well as identify weaknesses and areas that need improvement to create better performance in the future. Based on these views, it can be concluded that performance measurement functions to evaluate organizational goal achievement and provide a basis for management in decision-making and future performance improvement (Natasya & Siagian, 2022).

Balanced Scorecard

According to Rangkuti (2015), the balanced scorecard consists of two words: balanced and scorecard. The word "balanced" describes the concept of performance measurement conducted in a balanced manner between financial and non-financial aspects, encompassing both short-term and long-term orientations, as well as considering the involvement of internal and external organizational factors. Meanwhile, "scorecard" is defined as a card used to record performance results, both those indicating current conditions and those functioning as a basis for future planning. The Balanced Scorecard encompasses four main perspectives: financial perspective, customer perspective, internal business process perspective, and learning and growth perspective (Kaplan & Norton, 1996:25). The Balanced Scorecard also emphasizes the importance of integration between strategic and operational planning within the organization.

Early Warning System

According to Merawati (2002) in (Cahyaningrum et al., 2025), the Early Warning System is a measurement tool developed by The National Association of Insurance Commissioners (NAIC), the insurance company supervisory body in the United States, to assess the financial performance and health level of insurance companies. This system also functions to provide early warning of potential financial or operational difficulties that may occur in the future. Early Warning System is an analytical method that utilizes a series of test ratios on insurance company financial statements to assess financial capability and overall company performance (Diana et al., 2024). In Indonesia, financial performance ratio analysis using the Early Warning System is regulated in PSAK Number 28 concerning Loss Insurance Accounting. The financial ratios consist of solvency ratio, profitability ratio, liquidity ratio, premium stability ratio, and technical obligation ratio.

RESEARCH METHODS

This study employs a descriptive qualitative method utilizing quantitative secondary data to comprehensively analyze the performance of insurance companies listed on the Indonesia Stock Exchange. The descriptive approach enables a systematic examination of company performance through multiple analytical perspectives, providing detailed insights into the financial health and operational efficiency of the insurance sector. The quantitative data were obtained from audited financial statements and annual reports for the period 2023-2024, ensuring reliability and accuracy of the analysis. Data collection was conducted through documentation method by systematically examining and analyzing financial information from the Indonesia Stock Exchange (IDX) official website at www.idx.co.id, as well as from the official corporate websites of respective insurance companies. This dual-source approach ensures data completeness and validity, which are essential for rigorous performance assessment. The population of this study encompasses all insurance companies listed on the Indonesia Stock Exchange during the observation period of 2023-2024, representing the entire insurance sector within the Indonesian capital market. Considering the relatively limited number of publicly-listed insurance companies in Indonesia, this research employs non-probability sampling with saturated sampling technique, also known as census method. Table 1 presents the data of the companies that serve as the objects of this study.

Tabel 1. Insurance Companies 2023 – 2024

Company Name	Code
Asuransi Bina Dana Arta Tbk	ABDA
Asuransi Harta Aman Pratama Tbk	AHAP
Asuransi Multi Artha Guna Tbk	AMAG
Asuransi Bintang Tbk	ASBI
Asuransi Dayin Mitra Tbk	ASDM
Asuransi Jasa Tania Tbk	ASJT
Asuransi Maximus Graha Persada Tbk	ASMI
Asuransi Ramayana Tbk	ASRM
Bhakti Multi Artha Tbk	BHAT
Asuransi Jiwa Syariah Jasa Mitra Abadi Tbk	JMAS
Asuransi Jiwa Sinarmas MSIG Tbk	LIFE
Lippo General Insurance Tbk	LPGI
Maskapai Reasuransi Indonesia Tbk	MREI
Malacca Trust Wuwungan Insurance Tbk	MTWI

Paninvest Tbk	PNIN
Panin Financial Tbk	PNLF
Asuransi Tugu Pratama Indonesia Tbk	TUGU
Victoria Insurance Tbk	VINS

Source: idx.co.id, processed 2025

This study incorporates two main analytical frameworks: the Balanced Scorecard and the Early Warning System, each consisting of multiple dimensions and measurement indicators. The operational definitions and measurements for each variable are detailed in Table 2 and Table 3.

Tabel 2. Balanced Scorecard Variables

Variabel	Operational Definition	Indicators
Financial Perspective	Assesses the financial condition and performance achievements of the insurance companies in the sample.	a. Return on Asset (ROA) b. Return on Equity (ROE) c. Net Profit Margin (NPM) d. Debt to Equity Ratio (DER) e. Total Assets Turnover (TATO)
Customer Perspective	Focuses on company efforts to create value that enhances customer satisfaction in the insurance companies in the sample.	Customer Cash Receipts
Internal Business Perspective	Measures the operational effectiveness of the company in producing products or services in the insurance companies in the sample.	Operating Profit
Learning and Growth Perspective	Evaluates the effectiveness of human resource management and development to achieve objectives in the insurance companies in the sample.	Employee Productivity

Source: Arifuddin et al., 2022; Febriyanti & Sixpria, 2024; Pratiwi & Coryanata, 2024; Sumarlan & Setiadi, 2022

Tabel 3. Early Warning System Variables

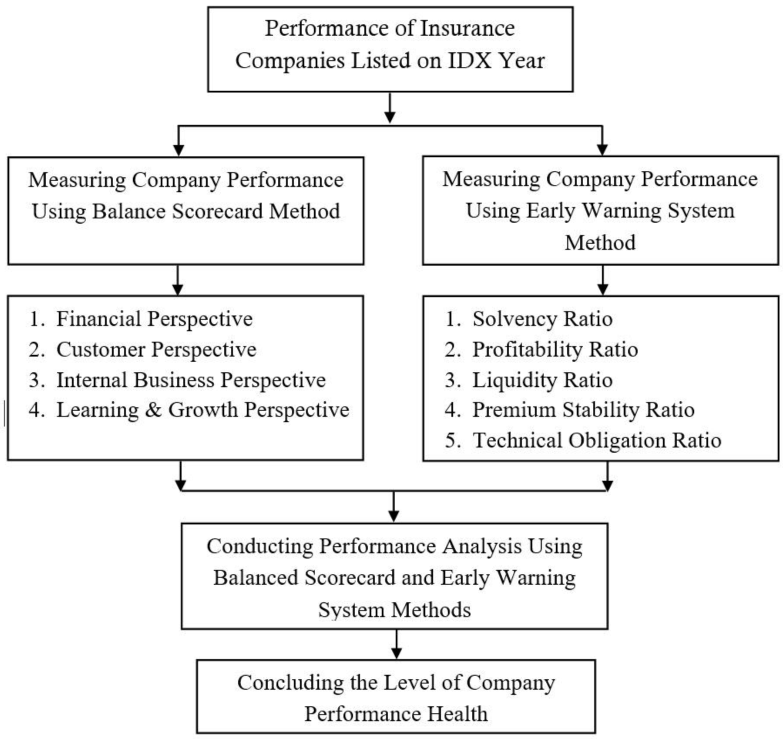
Variabel	Operational Definition	Indicators
Solvency ratio	Assesses the company's ability to meet all its obligations in the eleven insurance companies in the sample.	a. Solvency Margin Ratio b. Fund Adequacy Ratio
Profitability Ratio	Evaluates the company's ability to generate profit from its operational activities in the eleven insurance companies in the sample.	a. Underwriting Ratio b. Claims Expense Ratio c. Commission Ratio d. Surplus Change Ratio e. Management Ratio
Liquidity Ratio	Assesses the company's ability to meet its short-term obligations in the eleven insurance companies in the sample.	Liquidity Ratio
Premium	Evaluates premium growth from	a. Premium Growth Ratio

Stability Ratio	year to year and consistency of risk retention in the eleven insurance companies in the sample.	b. Retention Ratio

Variabel	Operational Definition	Indicators
Technical Obligation Ratio	Assesses the adequacy of reserves held by the company to meet obligations for risks covered in the eleven insurance companies in the sample.	Technical Obligation Ratio

Source: Billah & Aziza, 2021; Diana et al., 2024; Purnomo & Setianingsih, 2023; Tiansyah & Rahmawati, 2025; Wiguna & Susilawati, 2020

Based on the theoretical foundation and literature review presented in the previous sections, this study develops a conceptual framework that integrates the Balanced Scorecard approach and Early Warning System to provide a comprehensive analytical model for assessing insurance company performance. This conceptual framework is illustrated in Figure 1.



Source: Arifuddin et al., 2022; Cahyaningrum et al., 2025; Hida & Baskoro, 2022; Kusumaningtyas, Nuragustin, et al., 2025; Sumarlan & Setiadi, 2022; Ulfan et al., 2018

Figure 1. Conceptual Framework

RESULTS AND DISCUSSION

The Balanced Scorecard analysis was conducted to assess the overall performance of insurance companies listed on the Indonesia Stock Exchange during 2023-2024. This comprehensive evaluation integrates four key perspectives: financial, customer, internal business process, and learning and growth. Each company's performance was measured and scored based on predetermined indicators within each perspective, resulting in an aggregate score that reflects the company's overall health status. The scoring system categorizes companies into different health levels based on their total scores, with detailed criteria presented in Table 4.

Table 4. Final Score Measurement Criteria

Condition	Category	Total Score
Very Healthy	AAA	≥ 95
	AA	80 < TS <95
	A	65 < TS < 80
Less Healthy	BBB	50 < TS < 65
	BB	40 < TS < 50
	B	30 < TS < 40
Unhealthy	CCC	20 < TS < 30
	CC	10 < TS < 20
	C	TS < 10

Source: Rangkuti, 2011

Based on the criteria in Table 4, the performance measurement results of the sample insurance companies are presented in Table 5, providing an overview of their performance categories during the 2023–2024 period.

Table 5. Summary of Performance Measurement Results Using the Balanced Scorecard Method

Company	Year	Total Score	Category	Condition
PT Asuransi Bina Arta (ABDA)	2023	82,5%	AA	Very Healthy
	2024	82,5%	AA	Very Healthy
PT Asuransi Harta Aman Pratama (AHAP)	2023	81,25%	AA	Very Healthy
	2024	81,25%	AA	Very Healthy
PT Asuransi Multi Artha Guna Tbk (AMAG)	2023	85%	AA	Very Healthy
	2024	86,25%	AA	Very Healthy
PT Asuransi Bintang Tbk (ASBI)	2023	68,75%	A	Very Healthy
	2024	82,5%	AA	Very Healthy
PT Asuransi Dayin Mitra Tbk (ASDM)	2023	83,75%	AA	Very Healthy
	2024	83,75%	AA	Very Healthy
PT Asuransi Jasa Tania Tbk (ASJT)	2023	82,5%	AA	Very Healthy
	2024	81,25%	AA	Very Healthy
PT Asuransi Maximus Graha Persada Tbk (ASMI)	2023	81,25%	AA	Very Healthy
	2024	81,25%	AA	Very Healthy
PT Asuransi Ramayana Tbk (ASRM)	2023	81,25%	AA	Very Healthy
	2024	70%	A	Very Healthy
PT Lippo General Insurance Tbk (LPGI)	2023	71,25%	A	Very Healthy
	2024	82,5%	AA	Very Healthy
PT Maskapai Reasuransi Indonesia Tbk (MREI)	2023	81,25%	AA	Very Healthy
	2024	81,25%	AA	Very Healthy
PT Malacca Trust Wuwungan Insurance Tbk (MTWI)	2023	51,25%	BBB	Less Healthy
	2024	87,5%	AA	Very Healthy
PT Paninvest Tbk (PNIN)	2023	85%	AA	Very Healthy

	2024	85%	AA	Very Healthy
PT Asuransi Tugu Pratama Indonesia (TUGU)	2023	86,25%	AA	Very Healthy
	2024	72,5%	A	Very Healthy
PT Victoria Insurance (VINS)	2023	85%	AA	Very Healthy
	2024	85%	AA	Very Healthy

Source: Secondary data, processed 2025

Based on Table 5, the Balanced Scorecard performance measurement results indicate that the majority of insurance companies were categorized as very healthy (AA) during the 2023–2024 period. In 2023, 11 out of 14 companies (79%) were classified in the AA category, while 2 companies (14%) were categorized as A and 1 company (7%) as BBB. In 2024, the number of companies classified as AA increased to 12 companies (86%), whereas the remaining 2 companies (14%) were categorized as A, and no companies remained in the BBB category. These results suggest an overall improvement in company performance in 2024 compared to the previous year.

Regarding year-to-year changes, 3 companies (21%) demonstrated performance improvement from 2023 to 2024. PT Asuransi Bintang Tbk (ASBI) and PT Lippo General Insurance Tbk (LPGI) improved from category A to category AA, while PT Malacca Trust Wuwungan Insurance Tbk (MTWI) recorded the most significant improvement, advancing from category BBB to category AA. This improvement indicates a substantial enhancement in the company's overall performance, enabling it to move from a less healthy condition to a very healthy category. Conversely, 2 companies (14%), namely PT Asuransi Ramayana Tbk (ASRM) and PT Asuransi Tugu Pratama Indonesia Tbk (TUGU), experienced a decline from category AA to category A. Nevertheless, both companies remained classified as very healthy. Meanwhile, 9 companies (64%) maintained stable performance categories throughout the observation period, reflecting consistency in their overall performance.

Although most insurance companies were classified as very healthy, the results indicate that the financial perspective generally obtained lower scores compared to the customer, internal business process, and learning and growth perspectives. This finding suggests that financial performance remains one of the primary challenges faced by insurance companies. Relatively low profitability indicators, such as Return on Assets (ROA) and Return on Equity (ROE), imply that several companies have not yet optimized their ability to generate returns from their assets and shareholders' equity. In addition, lower Net Profit Margin (NPM) values indicate limited efficiency in generating net profit. From a capital structure perspective, relatively high Debt-to-Equity Ratio (DER) values in some companies reflect greater reliance on debt financing, while lower Total Asset Turnover (TATO) values suggest that asset utilization in generating revenue has not been fully optimized.

While the Balanced Scorecard provides a comprehensive multidimensional assessment of company performance, a more specialized financial health evaluation is necessary to identify potential risks and early warning signs of financial distress. Therefore, this study complements the Balanced Scorecard analysis with the Early Warning System approach, which focuses specifically on critical financial ratios that can indicate potential solvency, liquidity, and operational challenges. The Early Warning System utilizes five main ratio categories: solvency ratio, profitability ratio, liquidity ratio, premium stability ratio, and technical obligation ratio. Similar to the Balanced Scorecard methodology, each company receives an aggregate score that is classified into health categories based on predetermined criteria, as shown in Table 6.

Table 6. Early Warning System Assessment Criteria

Category	Total Score
Less Healthy 1	Companies with negative solvency levels and no EWS ratios outside the normal limits
Less Healthy 2	Companies with EWS ratios outside the normal limits of less than 5
Less Healthy 3	Companies with positive solvency level limits but having EWS ratios outside normal limits greater than or equal to 5

Less Healthy 4	Companies with negative solvency level limits and having EWS ratios outside normal limits of less than 5
Less Healthy 5	Companies with negative solvency levels and having EWS ratios outside normal limits greater than or equal to 5

Source: Diana et al., 2024

Based on the criteria established in Table 6, the Early Warning System measurement results for all insurance companies in the sample are presented in Table 7. These results identify companies that exhibit potential financial or operational vulnerabilities based on their solvency levels and the number of financial ratios that fall outside normal limits. This assessment enables early detection of financial distress and provides critical insights for risk management and regulatory supervision.

Table 7. Summary of Performance Measurement Results Using the Early Warning System Method

Company	Year	Within Limits	Outside Limits	Condition
PT Asuransi Bina Arta (ABDA)	2023	8	3	Less Healthy 2
	2024	9	2	Less Healthy 2
PT Asuransi Harta Aman Pratama (AHAP)	2023	8	3	Less Healthy 2
	2024	8	3	Less Healthy 2
PT Asuransi Multi Artha Guna Tbk (AMAG)	2023	8	3	Less Healthy 2
	2024	8	3	Less Healthy 2
PT Asuransi Bintang Tbk (ASBI)	2023	9	2	Less Healthy 2
	2024	9	2	Less Healthy 2
PT Asuransi Dayin Mitra Tbk (ASDM)	2023	8	3	Less Healthy 2
	2024	8	3	Less Healthy 2
PT Asuransi Jasa Tania Tbk (ASJT)	2023	10	1	Less Healthy 2
	2024	9	2	Less Healthy 2
PT Asuransi Maximus Graha Persada Tbk (ASMI)	2023	8	3	Less Healthy 2
	2024	7	4	Less Healthy 2
PT Asuransi Ramayana Tbk (ASRM)	2023	8	3	Less Healthy 2
	2024	8	3	Less Healthy 2
PT Lippo General Insurance Tbk (LPGI)	2023	10	1	Less Healthy 2
	2024	9	2	Less Healthy 2
PT Maskapai Reasuransi Indonesia Tbk (MREI)	2023	7	4	Less Healthy 2
	2024	7	4	Less Healthy 2
PT Malacca Trust Wuwungan Insurance Tbk (MTWI)	2023	7	4	Less Healthy 2
	2024	8	3	Less Healthy 2
PT Paninvest Tbk (PNIN)	2023	7	4	Less Healthy 2
	2024	7	4	Less Healthy 2
PT Asuransi Tugu Pratama Indonesia (TUGU)	2023	8	3	Less Healthy 2
	2024	8	3	Less Healthy 2
PT Victoria Insurance (VINS)	2023	8	3	Less Healthy 2
	2024	7	4	Less Healthy 2

Source: Secondary data, processed 2025

Based on Table 7, the Early Warning System (EWS) assessment indicates that the majority of insurance companies were classified as Less Healthy 2, meaning that the companies had fewer than five EWS ratios outside the normal threshold. Of the 14 companies included in the study, 13 companies (93%) were categorized as Less Healthy 2, while 1 company (7%), namely PT Paninvest Tbk (PNIN), was classified as Less Healthy 3 in both observation years. These findings suggest that, overall, the financial health of insurance companies remains vulnerable when evaluated using the Early Warning System approach.

When examined from the changes in the number of ratios within and outside the prescribed limits between 2023 and 2024, 5 companies (36%) demonstrated improvement, namely PT Asuransi Bina Arta (ABDA), PT Asuransi Jasa Tania Tbk (ASJT), PT Lippo General Insurance Tbk (LPGI), PT Malacca Trust Wuwungan Insurance Tbk (MTWI), and one additional company identified in the analysis. This improvement indicates a reduction in the number of EWS ratios outside the normal range, reflecting better financial risk management. Conversely, 4 companies (29%), namely PT Asuransi Maximus Graha Persada Tbk (ASMI), PT Victoria Insurance (VINS), PT Asuransi Bintang Tbk (ASBI), and PT Asuransi Tugu Pratama Indonesia Tbk (TUGU), experienced a decline in EWS performance, as evidenced by an increase in the number of ratios outside the prescribed limits in 2024. This deterioration reflects weakening financial performance in managing risks and may increase pressure on the companies' financial stability. Meanwhile, 5 companies (35%) maintained relatively stable conditions, with no changes in the number of ratios within and outside the limits during the observation period, indicating consistency in their financial health status.

Although the overall Early Warning System (EWS) measurement results indicate that all insurance companies fall into the Less Healthy 2 category, further analysis reveals that the companies' main weaknesses are concentrated in certain ratios. These ratios primarily originate from solvency ratios, profitability ratios, premium stability ratios, and technical obligation ratios. In solvency ratios, the weakness is particularly evident in the fund adequacy ratio, indicating that the companies' ability to maintain adequate capital against risks faced remains relatively limited. In profitability ratios, the underwriting ratio shows suboptimal values, reflecting that core insurance activities have not fully generated adequate underwriting surplus. Regarding premium stability ratios, weaknesses emerge in the premium growth ratio and retention ratio, demonstrating instability in premium receipts and the companies' ability to retain risks themselves. In technical obligation ratios, poor ratio values reflect the companies' high obligations to policyholders, which could potentially strain financial conditions if not optimally managed.

CONCLUSION

Based on the results of the analysis, it can be concluded that the performance condition of insurance companies listed on the Indonesia Stock Exchange during 2023-2024, namely: (1) the performance measurement using the Balanced Scorecard method shows that the majority of insurance companies are in very healthy condition with AA category, however, the financial perspective demonstrates relatively lower values compared to non-financial perspectives, indicating that financial performance remains the primary challenge requiring special attention; (2) the performance measurement using the Early Warning System method reveals that all insurance companies fall into the Less Healthy 2 category, attributed to ratios outside normal limits, specifically solvency ratios, profitability ratios, premium stability ratios, and technical obligation ratios; (3) the integrated analysis of both methods demonstrates that although most insurance companies are categorized as very healthy according to the Balanced Scorecard, all companies remain in the Less Healthy 2 category according to the Early Warning System, indicating that good performance from strategic and non-financial aspects has not been fully supported by strong and stable financial conditions; (4) insurance companies are recommended to improve solvency management, enhance profitability, maintain premium growth stability, strengthen technical liability management, and optimize risk management practices. These initiatives are expected to improve financial resilience and ensure that risk-based financial performance is aligned with the achievement of strategic and non-financial performance objectives.

The conditions identified in this study provide a comprehensive overview of the insurance industry's performance during the 2023-2024 period, particularly for companies listed on the Indonesia Stock Exchange. The divergence between Balanced Scorecard and Early Warning System results highlights the importance of multi-dimensional performance assessment. Thus, several recommendations need to be considered by stakeholders, especially insurance company management, regulators, and investors. (1) Insurance companies with weak financial performance should strengthen their financial fundamentals by improving asset utilization, controlling operational costs, enhancing profitability, and optimizing capital structure management to support long-term financial stability and strategic objectives; (2) companies with profitability ratios outside the prescribed limits should strengthen underwriting policies, improve risk selection, align premium rates with risk exposure, and optimize claims management to enhance underwriting performance and profitability; (3) companies with premium stability ratios outside the normal range should maintain sustainable premium growth through competitive products, adaptive marketing strategies, improved customer retention, and balanced retention and reinsurance policies; (4) companies with technical liability ratios outside the prescribed limits should strengthen technical reserve management and prioritize investments in low-risk and liquid assets to maintain financial stability and ensure the fulfillment of future policyholder obligations.

This has limitations, including the research period which only covers two years (2023-2024), limiting the ability to observe long-term performance trends and cyclical patterns in the insurance industry. The research object is restricted to insurance companies listed on the Indonesia Stock Exchange, which may not fully represent the entire insurance sector including non-listed companies. The measurement of financial perspective is not fully comprehensive due to limitations in public financial statement data, particularly regarding detailed asset and liability breakdowns. Non-financial perspective indicators remain limited, excluding company innovation and employee retention metrics. Additionally, this study does not encompass all ratio indicators contained in the Early Warning System method. For these reasons, further research can be considered to conduct analysis with extended time periods covering multiple economic cycles, expand the sample to include non-listed companies, incorporate additional non-financial indicators, analyze the relationship between Balanced Scorecard perspectives and Early Warning System ratios, and conduct comparative studies across different financial sectors.

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