THE INFLUENCE OF RISK BASED CAPITAL TO PROFITABILITY IN JASINDO INSURANCE COMPANY

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ABSTRACT

This research was conducted to know the influence of Risk Based Capital(RBC) to profitability, especially Return on Assets (ROA) and Return On Equity (ROE) on Jasindo Insurance in the period of 2007-2010. The data used in this research is secondary data as Annual Reports. Especially the profit/loss account and balance sheet of the Jasindo Insurance in the period of 2007-2010. This research used Simple Linier Regression and Pearson correlation, with 95% confidence level. These result provide an explanation that the Risk Based Capital have impact on Return On Assets with a variable amount of the contribution is 11% and 29% for Return On Equity. The result shows there is no positive impact between RBC to profitability, especially ROA and ROE on Jasindo Insurance in the period of 2007-2010.

Keywords :Risk Based Capital, Return on Asset, Return on Equity

INTRODUCTION

The economic situation in Indonesia today impact the increasing competition in various industries. Therefore the company should be able to face stiff competition in the industry. One way that can be taken is to increase the internal capacity of the company, either in the form of improved technology, product quality, human resource quality, cost efficiency and better performance. Insurance is a financial institution that can be used to finance the construction beneficial to the community as well as clients of insurance is to provide protection or the protection of the financial losses, caused by unforeseen events.

The insurance industry is one of the non-bank financial institutions that contribute to one of the pillars of the national economy. The role is related to its ability as an institution receiving the transfer of risk communities and institutions absorber collector and the accumulation of public funds. According to Arena (2006) states the insurance industry growth rate is high will have a positive influence on factors of production, savings and investment capital accumulation.To support the national development needs long-term financing. In addition to the capital markets, other sectors are able to contribute to the provision of long-term source of funding is a non-bank financial industry that is insurance, pension funds and financial institutions. Contributions of assets of non-bank financial industry to Indonesia's GDP as follows:

Table 1.Contribution of Non-Bank Financial Industry Assets to GDP Indonesia (in percentage)

Information	2005	2006	2007	2008	2009
Insurance	5,03	5,24	5,18	4,70	5,62
Financing	3,48	3,26	3,22	3,40	3,11
Pension Fund	2,31	2,33	2,31	1,82	2,00
Total	**10,82**	**10,83**	**10.71**	**9,82**	**10,73**

Source : Masterplan Bapepam LK

Insurance industry in Indonesia is based on reports of insurance has grown rapidly in recent years. Growth is indicated by an increase in the number of gross premiums of the insurance industry in 2011 reached Rp. 125.1 trillion or an increase of 17.5% from the year 2010 amounted to Rp. 106.5 trillion. The biggest contribution of the insurance industry's gross premiums from life insurance amounted to 60.45%, the insurance program organizers civil and military / police amounted to 9.4% and the organizers of the program of social insurance and retirement of 4.6%. For the development of the number of insurance companies in Indonesia shown in the following table:

Table 2.The Number of Insurance Company in Indonesia period 2005-2011

Information	2005	2006	2007	2008	2009	2010	2011
Life Insurance	51	51	46	45	46	46	45
Non Life Insurance	97	97	94	90	89	87	85
Reasurance	4	4	4	4	4	4	4
Social Insurance	2	3	3	3	3	3	3
Total	**157**	**157**	**149**	**144**	**144**	**142**	**139**

Source : BPS

According to the table the number of insurance companies in the development of the above it can be seen that insurance companies in Indonesia from 2005 to 2011 continued to decrease in number. The number of insurance companies in 2007 decreased by 8 (eight) companies or decreased by 5.1% compared to 2006, then in 2008 again reduced by 5 (five) insurance companies. In 2010 compared to 2009 decreased by 2 (two) insurance companies of 144 pieces in 2011 to 142 and then back down to 139 insurance companies or decreased by 5 (five) companies insurance compared to 2010. So the insurance companies from 2005 to 2011 has decreased by 18 (eighteen) or 11.46%. According to the director general of the department of financial institutions some closure causes insurance companies is because the insurance company can not meet the risk-based capital (RBC), in addition to the closure of the insurance companies there are also insurance companies that return business license because it combines insurance portfolio to another, and there are also insurance companies that are under special surveillance for risk-based capital under the provisions. The Government passed a law through the Minister of Finance No. 53/PMK/010/2012 about the financial health of the provisions of the insurance company and reinsurance company that went into effect January 1, 2013.

According to the Ministry of Finance, insurance and reinsurance companies at any time shall meet Solvency levels (difference between the amount of assets less total liabilities allowed) least 100 percent of the minimum risk-based capital. Minimum risk-based capital is the amount of funds needed to anticipate the risk of loss that may arise as a result of the deviation in the management of assets and liabilities.

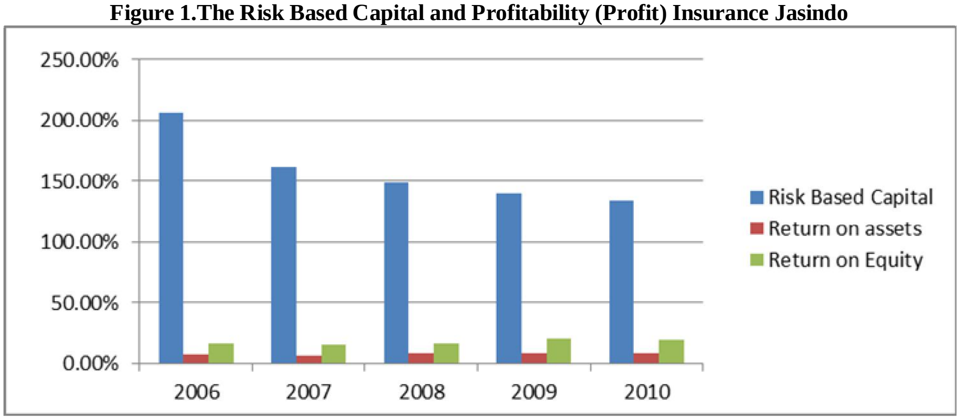
The government has also set a minimum capital of insurance through Government Regulation No. 81 of 2008. At the end of 2010, life insurance companies and the public must have a minimum capital of Rp 40 billion to Rp 25 billion in additional equity if they have sharia units. Capital reinsurance company at least $ 100 billion expected by the rules may encourage the growth of the insurance industry nationwide and increase the protection of the insured or the policyholder public insurance awareness Indonesia is still low. This site cites publishing Sigma World Insurance in 2010, which was released by Swiss Re in 2011 that Indonesia is a country mired in efforts to protection or protection against financial loss, as measured by two indicators, Insurance Density and Insurance Penetration. Density is the ratio of total insurance premiums based on the total population and Insurance Penetration is the ratio of total premiums based on gross domestic product. Total insurance premiums with the state's population of 240 million people in 2010 amounted to 10.7 billion dollars, an increase of 28.91 percent compared to 2009. But the value of that, Indonesia ranks only 11th out of 27 countries in Asia. Ranked first in Asia occupied by Japan, while Singapore, Thailand, and Malaysia was ranked 7 to 9. If the total premium divided by the Gross Domestic Product nilanya only 1.5 percent. Insurance Penetration With that size, Indonesia ranks only 16th. However, if size per capita, Indonesia is increasingly sag, in position 22 in Asia, with a per capita premium of 45.8 dollar. It is worth the premium per person, which if the exchange rate Rp. 8900 , only about Rp 407,000 only. This is based on the various challenges facing the economy as inadequate, and the competision of premium rates, the growth of the insurance industry, especially insurance can be said to be very slow. Total size of the insurance premium can also be caused by the least consciousness of the people of Indonesia for insurance.

Life insurance policyholders in Indonesia around 16.75 million people or 13.9 percent of the 237 million population of Indonesia. Insurance products are not considered cheap. The higher the coverage, the higher the premiums. But anyway it is possible that some people who are financially among the better has yet to buy insurance. This condition could be due to ignorance, or do not understand the function and role of insurance as a protection against the risks that can lead to financial disaster in the future. Or, it could be ignorance of the insurance because it felt it could guarantee wealth. Businesses related to insurance funds and public trust is therefore necessary for the government's role to provide guidance and supervision of insurance companies. Almost all aspects of the insurance business is governed by laws, regulations, and policies of the minister, including in terms of business type, scope, policy provisions, rates, valuation of assets and liabilities, and even financial health.

An assessment of financial health is necessary to assess the performance of an insurance company, both for management purposes, as the insured policyholders, investors, and governments. In an effort to control the government and the insurance business as an indicator of the financial health of insurance companies. Has published the decision of the Minister of Finance (KMK) number 424/KMK.06/2004 on Health Insurance Company Finance And Insurance Company, a large percentage of them set The minimum limit Solvency (Risk Based Capital) to be achieved every insurance company is 120%. In addition to the financial health indicators (Risk Based Capital), also requires insurance companies or financial gain high profits from their business activities.

The ability of companies produce financial benefits from its activities commonly referred to profitability. Profitability which describes the ability of the company to profit, through all of the existing capabilities and resources such as sales activities, cash, capital, number of employees, number of branches, and so on. Insurance company profits come from the difference between the amount of premiums plus investment income by the number of claims payments, operating costs, and technical reserves. PT. Indonesia Insurance Services (Limited), known as the Insurance Jasindo, engaged in general insurance with the kind transport insurance, fire, motor vehicles, transportation, heavy equipment, medical, and miscellaneous. In development Jasindo Insurance has problems in which the value of Risk Based Capital Risk Based Capital values continued to decline from 2006 to 2010. To see the income level of risk-based capital and profitability achieved by the Insurance Jasindo in 2006-2010, will describe it in the following graph:

Figure 1.The Risk Based Capital and Profitability (Profit) Insurance Jasindo



Sources:AnnualReportPT.InsuranceJasindo(Theprocesseddata,2011)

Based on Figure 1, it can be seen that from 2006 Risk Based Capital levels continued to decline until 2010, while the value is fluctuating profitability increases and decreases.
Regulation of the Minister of Finance of the Republic of Indonesia No. ll / PMK. 010/2011 on Financial Health Insurance and Reinsurance Company, at any time the company must meet minimum solvency level of 120% of the minimum risk-based capital. Meaning of Risk Based Capital numerical value of at least 120% is that the company has a wealth of at least 120% greater than the value of the company including debt to finance any risk insured owned insurance company.

Although the Risk Based Capital Insurance Jasindo still above the minimum threshold set by the government is equal to 120%, but if the continuous decline and no special attention, did not rule out the Risk Based Capital Insurance Jasindo over will be below the rate of 120% . This will certainly affect the profitability of insurance Jasindo. Risk Based Capital as an indicator of the financial health of insurance companies will guide prospective customers in determining which insurance company they would choose. If the level of risk-based capital has declined to reduce the trust of prospective customers. The greater the level of risk-basedcapital owned by an insurance company, the better.Based on the description and background on the author encouraged to conduct research entitled the influence of risk based capital to profitability in Jasindo Insurance.

LITERATURE REVIEW

Insurance Company

Insurance Company is higly regulated and monitored because in society insurance serves as essential purpose. According to Abbas Salim (2007) definition of insurance is a willingness to set small losses that it is definitely a replacement or substitution of large losses that have not occurred. Understanding the economic notion, Insurance (Totok Budi Santoso and Sigit Triandaru, 2006) Insurance is a financial institution for through insurance can be collected huge funds, which can be used to finance the construction, as well as beneficial for people who participate in the business of Insurance and Insurance aims to provide protection or protection of monetary loss (financial loss), which is caused by events were not previously suspected. Based on the above definitions to the authors conclude that insurance is a willingness to minimizing risks or losses that have occurred are realized in the form of an agreement between two parties, whereby one party (the insured) shall pay dues and other party (the insurer) is obliged give full assurance to taxpayers contributions (premiums) in case something happened to the first party or his goods in accordance with the agreed contract.

Risk Based Capital

Risk Based Capital (RBC) ratio of health care in general is for the insurance company. Understanding of solvency itself is the company's ability to pay its long-term obligations or liabilities if the company is liquidated (Sofyan S.Harahap, 2008). Health Risk Based Capital Ratio is a measure of the security level to inform financial or health of an insurance company that must be met by the insurance company is 120% greater health risk-based capital ratio of an insurance company, the company's healthy financial condition. Leading insurance company outlining terms is Health Risk Based Capital Ratio of an insurance company is basically the ratio of net worth or Net Worth companies concerned, which is calculated based on standard accounting rules divided by net worth recalculated to include deterioration risks that may occur (Allianz, 2011) The inclusion of these risks reflect the uncertainties faced by the company in daily activities, such as the possible collapse of asset values in the short term due to investment in more risky instruments, as well as the possibility increasing debt levels due to an unfavorable development in the future in terms of interest rates, mortality rates, dropout rate contracts and so on. Net worth second, as the denominator of the ratio is actually the amount that was originally referred to as the Risk Based Capital for the form or amount of net worth, calculated by Capital Risk Based . Based on the above understanding RBC is a ratio that indicates the level of corporate health insurance company's ability to finance its debt is none other insurance maintained by the company. The greater the ratio of RBC a health insurance company, then the company's healthy financial condition. From the description above can be explained that in order to assess the achievement of RBC an insurance company can be seen from the comparison between the solvency ratio is the difference between wealth and achieved allowed the insurance company to limit Solvency Level Minimum (BTSM) in the form of the risk of loss that may arise as a result of the deviation in the management of assets and liabilities. RBC formula is as follows:

$$\text{RBC} = \frac{\text{Level of Solvabilitas}}{\text{Level of Solvabilitas Minimum}}$$

Profitability

Life insurance companies used unique accounting system due to which profitability of the industry has always been dificult to measure as compared to other financial institution. There are many ways to measure profitability, which are return on invested capital (ROIC), Return On Equity (ROE) and Return On Assets (ROA). Kashish and Kashram (1998) conducted study of Jordans Insurance industry and used profitability as dependent variable, where profitability was proxied by return on investment (ROI) by using this equation ROA (Return On Assets).

During 1980 the profitability of insurance companies varied across different a legal and regulatory measure that reveals that these environment were supposed to protect the insurance contract that may had reverse effect if they created a significant constrained on the activities of the insurance company (Born. H.P.,2001). Agiobenebo and Ezirim examined the relationship between profitability and financial intermediation in Nigeria. Result showed that the level of premium to total assets is positively related to level pf profitability of insurance companies and also significant. The factors of net potential, loan levels, investment were found positively related but significant (Agiobenebo & Ezirim, 2002). Rebao Chen et all (2004) stated that insurance company companies have double responsibility : in one way they are required to be profitable so as to have high rate of return for new investment. On the other hand, insurance companies need to be profitable in order to be solvent enough so as to make other industries in the economy as they were before even after risk occurred.

Relationship with Level Risk Based Capital to Profitability

An assessment of financial health is necessary to assess the performance of an insurance company, both for management purposes, as the insured policyholders, investors, or for the government. In an effort to control, the government issued a decree (KMK) No. 424/KMK.06/2003 on Health Finance Insurance and Reinsurance Company, a large percentage of them set a minimum limit Solvency Level (Risk Based Capital) to be achieved by each insurance company for 120%. Today, RBC becomes important, particularly with regard to the measurement of financial security or financial health insurance. As we all know, insurance companies as financial institutions to raise funds in the form of premiums from the insured through the transfer of risk from the insured to the insurer. Premium fund shall be utilized into the types of investments that are safe, liquid, and profitable. Thus, the insurance company should strive to always be able to meet its obligations in addition to the case of loss must earn optimum profits. However, demand for the insurance company to achieve the required RBC, will affect the revenue earnings of the company. This is because insurance companies need to be cautious in absorbing risk from customers and also in investing. Thus, the insurance company needs to make efforts to reduce / avoid absorption risks are too high, both from underwriting and investment.To reduce the risk of underwriting, can attempt to include most of the reinsurance coverage, the greater the percentage of risk is transferred to reinsurance company underwriting, the greater the risk can be reduced, but the greater the cost to be paid. Insurance companies can also take steps to limit the risk of customer uptake, with consequent growth in premium income will be limited. Meanwhile, to minimize investment risk can be done by selecting investments that are not too risky, but the profit earned will be proportional to the risk of the investment. In connection with the Risk Based Capital Profitability are certain circumstances where a state interest of risk-based capital is a 'fit' with the interests of a company's profitability in its operations, the level of performance or efficiency and effectiveness in the management of resources is one of the insurance company risk-based capital assessment determine the extent of the company's profitability (Riyanto, 2005)

Method Used

In preparing this paper the author uses descriptive quantitative methods. This is because research is research that emphasizes its analysis of numeric data (numbers).

Population and Sampling Techniques

The population used in this study are the financial statements Jasindo Insurance from 1973 to 2010 (37 years). Caused by objects in the population is too large (financial statements from 1973 to 2010), the researchers used samples taken from the population. As for sampling, the author took a sample of 5 years. That's because insurance Jasindo in 2006-2010 experienced the Risk Based Capital is always decreasing. Besides the last 5 years of data is the most current data.

Data Processing Techniques

To this study, SPSS software is applied to analyze the collection data. The results of the calculation formulas risk based capital and profitability will be used to calculate the regression equation between risk-based capital and profitability. The regression equation will be useful to estimate the value Risk Based Capital and profitability. The results of the calculation formulas will also be used to calculate the correlation between the level of risk-based capital to the level of profitability. Before performing the calculation, the initial hypothesis is the author of Risk Based Capital levels influence the level of profitability. To test this hypothesis the correlation calculations will be required. If the results of calculations using the same correlation with the hypothesis, it can be said that the hypothesis of the authors received.

Descriptive Research Risk Based Capital at PT Insurance Jasindo (Limited)

Insurance companies that provide security is a company that is able to resolve and pay claims, not just companies that offer low prices. Insurance companies such course that you have enough investment reserves. Sufficient investment can be seen from the number of investments owned, or with reference to the Risk Based Capital (RBC) issued by the government is 120%. RBC Insurance Jasindo the steadily declining from 2006 to 2010. RBC were obtained by the company in 2006 was valued at 205.97%. In 2007 the decline in the amount of 44.59% to 161.38%. In 2008 the results of RBC again decreased by 12.68% to 148.7%. The number of RBC in 2009 decreased by 8.52% to 140.18%, and back in 2010 decreased by 5.67% to 134.51%. The greatest level of RBC in 2006 was 205.97% and the smallest level of RBC in 2010 amounted to 134.51%. The average level of RBC at PT. Insurance Jasindo which amounted to 158.15%. RBC levels and analysis of table Risk Based Capital at PT Insurance Jasindo Persero(In Million Rupiah) Table below:

Table 3.RBC Level in Jasindo Insurance (Limited)
(In Billion Rp)

Year	Solvency (Rp)	Limit Level Minimum Solvency (Rp)	*RBC*		Growth analysis (%)
			(Rp)	(%)	
2006	222.380	107.967	2,059	205.97	-
2007	337.779	209.307	1,613	161.38	-44.59
2008	412.297	277.276	1,487	148.7	-12.68
2009	527.696	376.435	1,401	140.18%	-8.52
2010	602.214	447.711	1.345	134.51%	-5.67

Source : Procesed Data

Profitability Level Descriptive Research In PT Insurance Jasindo Persero.
As with other companies, the Insurance Jasindo also have to know the information level of profitability. As for the components of the level of profitability is Return on Assets (ROA) and Return on Equity (ROE). The following table of the level of Return on Assets in Insurance Jasindo 2006-2010. Return on Assets from 2006 to 2010 in Insurance Jasindo fluctuated. In 2006 ROA levels obtained were worth 7.79%. In 2007 ROA levels decreased by 1.42% to 6.37%. In 2008 ROA increased by 1.84% to 8.31%. In 2009, the company re-acquired ROA increased by 0.22% to 8.43%. In 2010 the results obtained ROA decreased by 0.16% to 8.27%. ROA greatest level obtained in 2009 which amounted to 8.43% and ROA smallest degree obtained in 2007 amounted to 6.37%. Average ROA rate at PT. Insurance Jasindo which amounted to Average ROA rate at PT. Insurance Jasindo which amounted to 7.81%. The following table ROA level and progression of ROA at PT Insurance Jasindo in the period 2006-2010.7.81%. The following table ROA level and progression of ROA at PT Insurance Jasindo in the period 2006-2010.

Table 4.*Return of Assets* in Jasindo Insurance (Limited)
(in Billion Rp)

Year	Earning Before Tax (Rp)	Average of Equity (Rp)	*Return on Asset* (%)	Growth Expansion (%)
2006	117.048	1.502.542	7,79	0
2007	104.663	1.643.061	6,37	-1.42
2008	160.539	1.931.877	8,31	1.84
2009	194.967	2.312.776	8,43	0.22
2010	226.564	2.739.589	8,27	-0.16

Source : Processed Data

Return on Equity from 2006 to 2010 in Insurance Jasindo . In 2006 the ROE rate obtained is at 16.71%. In 2007 the ROE earned decreased by 1.66% to 15.05%. In 2008, the ROE has increased by 1.51% to 16.56%. In 2009, the company re-acquired ROE increased by 3.62% to 20.18%. In 2010 the results obtained ROE decreased by 0.62% menjadi19, 56%. ROE greatest level obtained in 2009 which amounted to 20.18% and the ROE smallest acquired in 2007 amounted to 15.05%. The average rate on insurance Jasindo ROE is equal to 17.61%. The following table ROE levels at PT. Insurance Jasindo in 2006-2010.

Table 5.ROA Level in Jasindo Insurance
(In Billion Rp)

Year	Earning After Tax (Rp)	Average of Equity (Rp)	*Return of Equity* %	Growth Analysis (%)
2006	92.256	552.101	16,71	0
2007	94.939	630.824	15,05	-1.66
2008	117.225	707.88	16,56	1.51
2009	166.331	824.236	20,18	3.62
2010	194.252	993.108	19,56	-0.62

Source : Processed Data

Associative Effects Research Risk Based Capital Of The profitability of the PT. Insurance Jasindo (Limited).

Simple Linear Regression Analysis

The calculation for RBC as ROA variables X and Y variables, can be seen in table below:

Table 6.Calculation Variabel X (RBC) dan Variabel Y (ROA)

Year	X	Y	XY	X^2	Y^2
2006	205,97	7,79	1.604,51	42.423,64	60,68
2007	161,38	6,37	1.027,99	26.043,50	40,58
2008	148,70	8,31	1.235,70	22.111,69	69,06
2009	140,18	8,43	1.181,72	19.650,43	71,07
2010	134,51	8,27	1.112,40	18.092,94	68,39
Jumlah	790,74	39,17	6.162,32	128.322,2	309,78

Source : Processed Data

Following the calculation of simple linear regression analysis between the risk-based capital against the dependent variable (Y) is the level of profitability ROA indicator.

$$a = \frac{(128.322,21)(39,17)-(790,74)(6.162,32)}{5(128.322,2)-(790,74)^2} \qquad a = 26,755$$

$$b = \frac{5(6.162,32)-(790,74)(39,17)}{5(128.322,2)-(790,74)^2} \qquad b = -0,344$$

Table Simple Linear Regression Analysis Results Variable X (RBC) and the variable Y (ROA)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.399	2.607		3.605	.037
	Risk Based Capital	-.010	.016	-.331	-.608	.586

Based on calculations SPSS can be arranged as follows:
Y = 9.399 - 0.010 x
That is where the value of a and b are:
a = 9.399 This means that if RBC neglected, the ROA will amount to 9.399.
b = -0.010 This means that any change in RBC of one percent (%) will be followed by the change in ROA for -0010. As for the method of calculating the same, as the RBC calculations for variables X and Y variables ROE, can be seen in table below:

Table 7.Calculation Variabel X (*RBC*) dan Variabel Y (*ROE*)

Year	X	Y	XY	X^2	Y^2
2006	205,97	16,71	3.441,76	42.423,64	279,22
2007	161,38	15,05	2.428,77	26.043,50	226,50
2008	148,7	16,56	2.462,47	22.111,69	274,23
2009	140,18	20,18	2.828,83	19.650,43	407,23
2010	134,51	19,56	2.631,02	18.092,94	382,59
Jumlah	790,74	106,93	13.792,85	128.322,2	1.569,77

Source: Processed Data

Following the calculation of simple linear regression analysis between the RBC against thedependent variable (Y) is the level of profitability with ROE indicator.

$$a = \frac{(128.322,21)(106,93) - (790,74)(13.792,85)}{5(128.322,2) - (790,74)^2} \qquad a = 24.080$$

:

$$b = \frac{5(13.792,85) - (790,74)(106,93)}{5(128.322,2) - (790,74)^2} \qquad b = -0,344$$

When compared with the results of calculations by SPSS are as follows:
Simple Linear Regression Analysis Results Variable X (RBC) and the variable Y (ROE)

Coefficients[a]

Unstandardized Coefficients		Standardized Coefficients		
B	Std. Error	Beta	t	Sig.
24.080	5.924		4.065	.027
-.041	.037	-.538	-1.106	.349

a. Dependent Variable: ROE

Based on calculations SPSS regression equation can be arranged as follows:
Y = 24,080 - 0.041x

That is where the value of a and b are :
a = 24.080 This means that if RBC ignored, then ROE will amount to 24.080
b = 0041 This means that any changes RBC, ROE rate of one percent (%) will be followed by a change of 0041.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.538[a]	.290	.053	2.11399

a. Predictors: (Constant), risk_based_capital
b. Dependent Variable: ROE

RBC Insurance Jasindo the steadily declining from 2006 to 2010. RBC Insurance Jasindo the steadily declining from 2006 to 2010. RBC were obtained by the company in 2006 was valued at 205.97%. In 2007 the decline in the amount of 44.59% to 161.38%. In 2008 the results of RBC again decreased by 12.68% to 148.7%. The number of RBC in 2009 decreased by 8.52% to 140.18%, and back in 2010 decreased by 5.67% to 134.51%. The greatest level of RBC in 2006 was 205.97% and the smallest level of RBC in 2010 amounted to 134.51%. The average rate on the RBC Insurance Jasindo which amounted to 158.15%.

The decrease is due even though the level of solvency continues to increase every year but it is followed by an increase in funding to cover the risk of loss that may arise as a result of the deviation in the management of assets and liabilities. This leads to the calculation of risk-based capital to decline every year.

Insurance companies that provide security is a company that is able to resolve and pay claims of client, not just companies that offer low prices. Insurance companies such course that you have enough investment reserves. Sufficient investment can be seen from the number of investments owned, or by reference to the risk-based capital issued by the government is 120%. The greater the health risk-based capital ratio of an insurance company, the company's healthy financial condition. The state of the Risk Based Capital in Insurance Jasindo despite showing decreased every year but still above the government requirement that 120%. But compared with other insurance companies, PT. Prudential Indonesia, which won the 2010 title of Best Insurance Investor Magazine, Insurance Jasindo lagged. Pt Prudential Indonesia has a 435% RBC level.

The profitability of the PT Insurance Jasindo (Limited).

As with other companies, Insurance Jasindo also wanted to benefit from any activity that does. As for the components of the level of profitability is Return on Assets (ROA) and Return on Equity (ROE). Return on Assets in Insurance Jasindo from 2006 to 2010 fluctuated decreases and increases. In 2006 ROA levels obtained were worth 7.79%. In 2007 ROA levels Decreased by 1:42% to 6:37%. Increased ROA In 2008, 84% to 8:31%. In 2009, the company re-acquired ROA Increased by 0.22% to 8:43%. In 2010 the results obtained ROA Decreased by 0.16% to 8.27%. ROA greatest level obtained in 2009 amounted to 8,43% and ROA smallest degree obtained in 2007 amounted to 6:37%. The average rate on insurance Jasindo ROA is equal to 7.81%. Return on Equity from 2006 to 2010 in Insurance Jasindo fluctuation decreases and increases. In 2006 the ROE rate obtained is at 16.71%. In 2007 the ROE earned decreased by 1.66% to 15.05%. In 2008, the ROE has increased by 1.51% to 16.56%. In 2009, the company re-acquired ROE increased by 3.62% to 20.18%. In 2010 the results obtained ROE decreased by 0.62% menjadi19, 56%. ROE greatest level obtained in 2009 which amounted to 20.18% and the ROE smallest acquired in 2007 amounted to 15.05%. The average rate on insurance Jasindo ROE is equal to 17.61%. Decline in earnings due to the company has not managed to increase operating profit due to increased operating expenses from the previous year so the profit decline. The increase in operating expenses include marketing or promotional expenses and administrative expenses.

An increase in profits due to the management started successfully lower costs as cover earlier years as commission expense and expense claims and managed to increase investment income. Insurance Jasindo also started setting Prudent Underwriting in any closure coverage, make repairs investment management and control operational costs. Prudent Underwriting is a collection of various assessment processes acceptances with the precautionary principle as a primary basis, in which the foresight and wisdom of the underwriting factors including the terms and conditions requested by the insured to things that should be a concern underwriter. The main factors that increase the company's assets is the gross premium growth, investment and the improving economy of Indonesia are one indicator can be seen from the increase in the Composite Stock Price Index (CSPI) and the results of the stock transaction whice positive contribution. Equity firms who have increased partly sourced from retained earnings. When compared with PT Prudential Life Assurance, Insurance Jasindo assets lagged. Insurance who won the 2010 title of Best Insurance Investor Magazine has assets above Rp. Namely Rp 10 trillion. 24 trillion, while the Insurance Jasindo only about Rp. 500 billion alone.

Influence of the Level Risk Based Capital to Profitability at PT. Insurance Jasindo(Limited).

An assessment of financial health is necessary to assess the performance of an insurance company, both for management purposes, as the insured policyholders, investors, or for the government. In an effort to control, the government issued a decree (KMK) No. 424/KMK.06/2003 on Health Finance Insurance and Reinsurance Company, a large percentage of them set a minimum limit Solvency Level (Risk Based Capital) to be achieved by each insurance company for 120%.

RBC becomes important, particularly with regard to the measurement of financial security or financial health insurance. As is well known, insurance companies as financial institutions to raise funds in the form of premiums from the insured through the transfer of risk from the insured to the insurer. Premium fund shall be utilized into the types of investments that are safe, liquid, and profitable. Thus, the insurance company should strive to always be able to meet its obligations in addition to the case of loss must earn optimum profits.

Developments in the Insurance RBC Jasindo from 2006-2010, continues to decline and the level of profitability in the years 2006-2010 Jasindo Insurance generally fluctuated. The results of statistical calculations in the study through T test shows the calculation results for RBC as variables X and Y variables are ROA as tcount <TTable (-0.608 <3.182) and for the ROE as a variable Y (-1.105 <3.182). This means that H0 is accepted and Ha rejected, suggesting that RBC no positive effect on the profitability level.

For ROA Pearson correlation coefficient r is equal to the value of -0.331 and r is equal to ROE is -0.538. A negative direction (there is a negative sign) shows the trade-offs between RBC and profitability. Based on the coefficient of determination can be seen that the effect of RBC on ROA is equal is equal to 11.00% and the remaining 89.00% is influenced by other factors. RBC influence the ROE is equal to 29.00% and amounted to 71.00% remaining influenced by other factors. Other factors mentioned is as commission expense claims expenses and other operating expenses. From the analysis it can be said that RBC does not have a positive influence on the level of profitability.

When compared with the level of PT Prudential Indonesia RBC have a positive influence on the level of profitability, this is due to several things. First PT Prudential Indonesia has over 60% of the total insurance agent in Indonesia, amounting to approximately 43,000 insurance agents while still about 400-500 Jasindo Insurance agents only. Secondly, PT Prudential Indonesia has embarked on an internet-based work processes that can reduce costs a lot more.

CONCLUSION

Based on the research and discussion by the author on the influence of the risk-based capital level of profitability, so in this chapter the authors can draw conclusions that Risk Based Capital is calculated by comparison with the level of Solvency Solvency Level Minimum Limit. The tendency of the value of risk-based capital that occurred in Jasindo Insurance from 2006 to 2010 in a row of year-over-year decline. This is because although the level of solvency continues to increase every year but it is followed by an increase in the minimum solvency level limit increase anyway so minimize the calculation of risk-based capital each year. The determination is based on the calculation of rate Profitability Return on Assets (ROA) and Return on Equity (ROE). The trend in the value of the ROA rate Jasindo Insurance from 2006 to 2010 fluctuated up and down. The trend in the level of ROE Jasindo Insurance from 2006 to 2010 also fluctuated up and down.The results of the study by using Pearson correlation analysis showed that there is a less significant effect between the Level Risk Based Capital Profitability. For ROA Pearson correlation coefficient r is equal to the value of -0.331 and r is equal to the ROE -0.538 .. Based on the coefficient of determination can be seen that the effect of the risk-based capital level of profitability (ROA) amounted amounted to 11.00% and the remaining 89.00% is influenced by other factors. The influence of the level of risk-based capital profitability (ROE) amounted amounted 29.00% and the remaining 71.00% is influenced by other factors. Other factors mentioned is as commission expense claims expenses and other operating expenses. Ideally, the results of this study certainly do not intend to be limited in terms of generalizations for the implementation or application of company policy in relation to the acquisition of Risk Based Capital, Jasindo Insurance, but also for other insurance companies in general. But of course not all this research context can be taken advantage, due to differences in place, time and financial condition of the object under study is a matter of great importance in influencing the results of the research conclusions are obtained. Based on the research that has been concluded, would be put forward some suggestions for further research. Researchers further suggested to take a sample year more, adding variables in research or increase the number of companies that want to study.

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