

CHAPTER V

SUMMARY AND CONCLUSION

5.1 Summary

This study uses quantitative analysis techniques with the Data Envelopment Analysis (DEA) method. The data used is panel data from capital, employee costs and premium income. The DEA method is used to see the level of efficiency of an institution or company. The DEA method has two models namely; CCR and BCC. This DEA method has two orientations namely; input and output orientation. Based on the results of the analysis and discussion that have been previously stated, the conclusions of the study are as follows:

1. The average score of efficiency with the CCR (input and output oriented) model in 2016 is 0.546, followed in 2017 (0.547), 2018 (0.526), 2019 (0.654) and 2020 (0.559). It is different with BCC-Input oriented model, in 2016 it was 0.700 followed by 2017 (0.787), 2018 (0.823) and 2020 (0.796). Meanwhile, using the BCC-Output oriented model in 2016 it was 0.825, 2017 (0.821), 2018 (0.791), 2019 (0.869) and in 2020 (0.886).
2. There are 3 out of 12 efficient conventional life insurance companies that use the CCR model. meanwhile, using the BCC model with input oriented and output oriented as many as 5 conventional life insurance companies. In general, conventional life insurance companies are not efficient because they do not achieve the expected input and output targets.

5.2 Research Implication

1. For Companies

Implication is a logical consequence of a phenomenon. The implication of the findings of this study is that the average efficiency of conventional life insurance fluctuated during the study period. On the other hand, there are many conventional life insurance companies that experience inefficiencies. This inefficiency is caused by the lack of optimal use of its input and output. Inefficiencies occur in the input variables (capital and personnel expenses) and the output variables (premium income). First, inefficiency in the use of capital inputs occurs because the use of capital exceeds the required target or is less than optimal. The solution that can be done is that the capital already owned by conventional life insurance does not need to be reduced, it's just that the use of capital must be maximized so that inefficiencies do not occur. Second, inefficiency in employee expense inputs occurs because the operational costs incurred are greater than needed. Conventional life insurance must review the policy of using funds to spend on these expenses.

Output inefficiency occurs in premium income. First, the premium income collected is lower than the predetermined target. Conventional life insurance must carry out appropriate marketing and according to target needs and issue product innovations to attract public interest, because premium income comes from a pool of contributions from conventional life insurance participants.

2. For Government

With the inefficiency of conventional life insurance companies, the government needs to evaluate and supervise conventional life insurance

companies because insurance companies play an important role in economic development, namely; assisting the government in maintaining national economic stability, safeguarding state assets, reducing the unemployment rate, as a sustainable absorption of public funds and as a contributor to paying taxes.

5.3 Recommendations

1. The insurance companies should continue the similar research method by using different input-output variables and objects with different time scale.
2. The insurance companies also can recruit researchers who can lead research with different interpretations.
3. For future researchers, insurance company coverage should not be limited to conventional life insurance.

