How Does Financial Performance Affect the Stock Price of General Insurance Companies in Indonesia?

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Abstract: This study aim to examine the growth of insurance premiums and the number of claims made by joint venture insurance companies in Indonesia with goal to stimulate the increase in stock prices through return on equity. Associative research was chosen as the research design, with the research population involves 22 companies, which can be classified into five joint venture insurance companies in Indonesia that comply with the criteria. Path analysis is the data analytic method used to investigate the probability of specific hypotheses. According to research, premium growth strengthen return on equity while claim expenses possesses negative impact on return on equity. Return on equity could mediate the influence of claim expenses towards the stock price but failed to intervene premium growth on stock price of joint venture insurance company. Premium growth, and claims expenses as well as return on equity respectively cannot affecting stock price. As per this study, the companies must consistently evaluate the underwriting process strategy for the company's sustainability in order to lure investors and boost the stock price.

Keywords: Premium growth; claims expenses; return on equity; stock price.

JEL Classification: C33, C38, E21, E22, E26, G20.

INTRODUCTION

Insurance industry is in high demand among Indonesians. In the beginning of 2020, 380 insurance companies have been operated in Indonesia, involving 60 life insurance companies, 79 general insurers, 7 reinsurers, 2 social security program organizers and 3 compulsory insurance organizers (Indonesia Financial Services Authority, 2022). The variety of products and services provided by insurance companies to the general public strengthens public interest in getting insurance. Insurance companies can be differ from other types of service providers in several ways. Insurance undertakings have a high level of risk because it serves to assume various risks from the use of insurance but remains regulated by the government on its implementation. The government manages insurance activities to ensure the collection of funds from the public in the form of insurance premiums that preserve their usage and maintain the company's performance raise (Natalia & Riwayati, 2022).

The performance of insurance company focuses on its financial performance as an important factor in the viability of the insurer (Markonah et al., 2023). The large number of insurance companies that exist in Indonesia today make people have to be able to choose. A good financial performance will build public confidence in choosing insurance companies. Business fundamental of a service company is public trust including this insurance company, especially in terms of financial performance of the company must be good so that it can pay the claims to all the insurers. Therefore, insurance undertakings should be well managed and professional in managing financial and its risk (Natalia & Riwayati, 2022). The high ratio of company risk in paying insurance claims will cause investors to think about the company's financial capacity, thereby reducing the investor's interest in buying insurance stock and also enhance the potential of bankruptcy (Rahmawati, 2017). According to Djamaluddin et al. (2019), Morara & Sibindi (2021) an increase in premium growth will be profitable as it adds revenue to the company so that it will attract investors to funds on its shares. But instead, companies with higher premium growth will also have high claims.

Companies are constantly seeing premium growth and claim expenses as considerations (Morara & Sibindi, 2021). Therefore, the right strategy is needed to increase the insurance premiums of an insurance company, to assess the company's performance remains good even though the claims to the company are also increase. So profitability of company will continues to increase because the investors sees the availability of information that can be used in making an assessment against an investment. In estimating and perform valuation of securities (stocks), investors need to evaluate market situation, however, financial performance of the company becomes an important factor to attract the investors (Natalia & Riwayati, 2022). In the decision-making process, investors tend to prefer performance measurements that reflect high returns.

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Phenomenon occurred in Indonesia amongst the general insurance companies shows that local public insurance companies are being hosted in their own country. Financial Services Authority (OJK) records gross general insurance premiums in 2018 up 9.7 percent from 2017 to IDR 60 trillion (Indonesia Financial Services Authority, 2019). From those local insurance companies dominate market share. This creates difficulties to penetrate general insurance market for joint venture companies but thanks to the increasing of awareness of insurance, the joint venture insurance opportunities still have a chance to grow further in Indonesia than previous years.

Several studies have been conducted previously to investigate the correlation between insurance premiums, claims expenses, financial performance as well as stock price. The research regarding influence of premiums on stock price had been conveyed by Kuraesin & Permatasari (2016), Morara & Sibindi (2021), Suwirasalim (2014) indicated that premium has a significantly positive influence on stock price. Unlike Rahmawati's research (2017) who stated that premiums have zero impact on stock price. Further research relates to the influence of claims on stock price was conducted by Djamaluddin et al. (2019), Kuraesin & Permatasari (2016), Winda et al. (2014) which revealed that there is a significant effect between claims and stock price of insurance company. Meanwhile Rahmawati (2017), Sisdyanti et al. (2016) obtained the opposite result, which stated that there is no influence between claim expenses and stock price at the insurance company. Research towards the influence of premiums on financial performance at insurance companies carried out by Mutmainnah (2015), Sastri et al. (2017) which showed positive and significant. Contrast to the results from Reschiwati & Solikhah (2018) research who discovered that claims expenses did not affecting financial performance and Putri & Purwanto (2016) through their research argued that there is positive influence occurred between claims expenses and financial performance. But Kharisma et al. (2015), Putra (2017) defined that claims expenses has a negative impact on financial performance. Another different finding was revealed by Tarsono et al., (2020) who declared that there is no effect between claims expenses and financial performance. Research towards the influence of financial performance on stock price at insurance company also performed by Djamaluddin et al. (2019), Rahmawati (2017) who concluded that financial performance had significantly positive impact on stock price. And it is opposites to the findings by Hidayat et al. (2016); Riwayati & Aviliani (2022) who found that financial performance had no influence on the stock price.

In accordance with recent phenomena and research gaps between previous studies, this study seeks to explore deeper into premium growth and claims expenses as components that affect financial performance of insurance companies, which also has an impact on stock price at joint venture insurance companies in Indonesia.

LITERATURE REVIEW

The Commission on Insurance Terminology of the American Risk and Insurance Association defines the insurance as transfer of unintentional losses (Natalia & Riwayati, 2022). The assignment of risk of loss to an insurance company, in which the company agrees to provide financial liability to the victim In the form of monetary payment or can be any specified services related to the risk of the loss occurs. The action taken by the insurance company is not always intended to compensate for the loss suffered by customer based on mutual agreement between the insurer and the customer The liability agreement is intended to protect customer for fully paying immediate losses in large amounts. Basically, insurance is a mechanism of protection or security against risk of loss by transferring risk to another party. Insurance can be referred to an agreement between the insured and policyholder with the insurer (the insurance company) when the risk occur, the liable party is entitled to receive such amount of liability in accordance with the agreement at the beginning (Markonah et al., 2023).

Premium Growth

Premium is the amount of money paid by the liable party to bearer for the risk deduction imposed by the bearing party in accordance with the prior agreement that has been agreed upon by both parties. Fadlullah & Syukri (2014) stated that premiums are the amount of money paid by a policyholder to an insurance company in connection with the existence of liability agreement that is poured into an insurance policy. DeLay et al. (2023) a premium is something given as a gift or donation or an additional payment over a normal payment. According to Djamaluddin et al. (2019) premium is the price for the security of the risk borne by the bearer for a particular risk, at certain place with certain period of time.

Claim Expenses

Claim expenses is the process by which the customer acquires rights under a liability agreement to obtain benefits over a loss (Morara & Sibindi, 2021) while Act No. 2 of 1992 declares that a claim is a payback for damages from the liable against the insured person (insurance company) once there is an accident on the products / things that are guaranteed (Fikri, 2009). Then basically the claim can be said as compensation for damages paid or that becomes a liability to the insured and the insurance company (ceding company) because of the loss that has occurred. There are two types of claims: 1) total loss claims that are equal to the amount of the liability; 2) partial loss claim that is smaller than the sum of its liability (Fikri, 2009).

Financial Performance (ROE)

According to Jogiyanto (2017), financial performance is an overview of the company's success that may be regarded as the results that have been derived on the numerous operations done. Financial performance can alternatively described as the ratio of net profit accessible to the company's owner to the quantity of equity, indicating the rate of return for the owner that can be assessed through capital efficiency. According to DeLay et al. (2023) who found that the purpose of measuring financial performance of a company is getting to know the level of: 1) liquidity, indicates a company's ability to meet its financial obligations that must be settled immediately at the time of billing; 2) solvency, indicating the ability of the company to fulfil its financial liabilities when the company is liquidated, both short-term and long-term finances; 3) profitability, or often referred to profits indicates the company' s ability to generate benefits during certain period 4) stability indicates its ability to carry out its transactions steadily, measured by considering the capacity of company in paying its debts and interest burden on its debt on time (Natalia & Riwayati, 2022).

Stock Price

Stock price can be discovered by the supply and demand process on the stocks market. Price is formed according to the auction, with bidding process based on price priority and time priority (Suwirasalim, 2014). The process of determining the price of capital marketed stocks is objectively influenced by the strength of demand and supply of the stocks itself. The factors which affecting the demand and supply of stock are the investor's perception of the stock, while the perception emerges from a variety of emerging issues and also analysis that the investor has done either by their own or asking for the help from their assistants (Winda et al., 2014). If the stock is overvalued by the market, then the amount of demand will decrease. In contrary with when the market seeing the price of the stock is too low, then the amount of demand will increase. High stock price will reduce the ability of investors to buy the stock. The law of demand and supply again will apply as a consequence, The high price of stock will fall until a new balance position is created (Kuraesin & Permatasari, 2016). Therefore, in offering stock to the public, in order to be able to maintain or increase investor demand for stocks, the issuer is obliged to improve its fundamental performance that can be seen through its financial statements and specifically the company that is new to public (less than one year) its financial data can be visible from the prospectus, so it can be known whether the prospective issuer has the ability to generate profits or not.

Hypothesis Development

Sastri et al. (2017) revealed that insurance premiums are starting point for income generated by all types of insurance. The insurance premiums paid by policyholder to the insurance company will be divided into several income and burden positions of the insurer such as premium income and when the premium income is increase then it will increase the company's income which affects the growth of stock price of the company. Kuraesin & Permatasari (2016), Suwirasalim (2014) defined premiums can affecting stock price. If there is an increase in premium growth, then the stock price will be up too. Fundamental components in this insurance company are reflected from the financial ratio of the early warning system (Morara & Sibindi, 2021). Early warning system (EWS) ratio that used in this study is the liquidity ratio, claim settlement ratio, agent balance to Surplus ratio, premium growth ratio and the Capital adequacy ratio. Sisdyanti et al. (2016) argued that the high level of claim expense could be threaten to the financial condition of the company thus increasing the risk for the company. Kuraesin & Permatasari (2016), Suwirasalim (2014), Winda et al. (2014) in their research explained that claim expense would greatly influence the stock price.

Marwansyah & Utami (2017) stated that there is a significant impact causing by premium on profit in 5 (five) insurance companies in Indonesia. This means that when the premium has increases then the profits of insurance company were also increase and vice versa when the premiums income falls then the profit received would be less. Research conducted by Kaya (2015), Mutmainnah (2015), as well as Sastri et al. (2017) also found that the premium growth could positively contribute to the profitability of insurance companies.

Research conducted by Kharisma et al. (2015), Putra (2017) found that claim expense had significantly negative impact on profitability of the insurance company. Based on Winarso (2014) who discovered that there is greatly effect between customer claims and company profits but in a positive way. By means when customer's claims are increased, the company's profits will increase and vice versa. Jogiyanto (2017), Morara & Sibindi (2021) revealed that fundamental variables (financial performance ratio) have strongly affect on stock prices. Although the variables used differ from one researcher to another, these results are in line with previous research which declared that the fundamental variable of financial performance has a significant influence on stock price. The Research findings from Hidayat et al. (2016), Rahmawati (2017) illustrated that financial performance affecting the stock price. The growth in net premiums indicates that the insurance company's revenue is increase. Companies are constantly facing raise in premiums due to huge claims, which might result in reduced mutual values for insurance companies (Apsari, 2012).

Hissiyah & Meylianingrum (2023) through their research stated that claims expenses had a negative and significant impact on profitability in the Shariah life insurance companies. According to them, their research result are based on the theory of Expense concept, which is a decrease in economic benefits in the form of the use of spend in an asset, in which the expense has an influence on the increase in liabilities or decreases in assets so that there is an inverse connection between Expenses and profitability. The high level of claim expenses arising from the presence of quite huge claims which would threaten financial condition of the company thus increasing the risk to the company. Based on the theory and results of previous research, the hypothesis in this study can be formulated as follows:

H_1: Premium growth has a positive and significant effect on the stock price of the insurance company.

H_2: Claim expenses has significantly negative affect on the stock price of the insurance company.

H_3: Premium Growth has a positive and strongly influence on financial performance of insurance companies.

H_4: The increase in claims expenses has a significant negative impact on financial performance of the insurance company.

H_5: Financial performance has a significant positive impact on the stock price of the insurance company.

H_6: Financial performance is capable of mediating the influence of premium growth on the stock price of the insurance company.

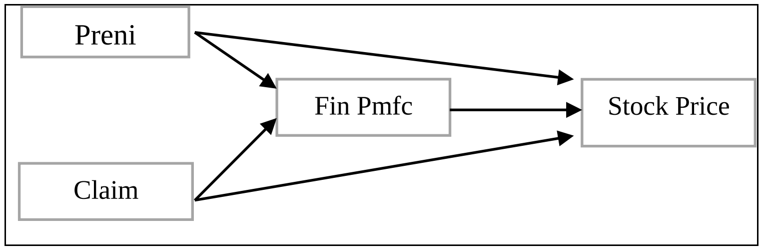

Fig. (1). Research Framework.

Table 1. Variable Operationalization.

Variable	Definition	Formula	Indicator
Premium Growth	A sum of money paid by a policyholder to an insurance company in connection with the presentation of coverage stated in the insurance policy. Fadlullah (2014)	(Year of receipt of premi t – Premium Acceptance year t-1) / Premium Acceptance year t-1	Ratio
Number of Claims	The process by which the customer obtains rights under the liability agreement to benefit from a loss. Hanifah (2013).	Claim Expense x 100% / Premi Neto Income	Ratio
Financial Performance (ROE)	The ratio of net income available to the owners of the company to the amount of equity, thus showing the rate of return of the owners is also a measure of the efficiency of the use of capital. Sanjaya (2018)	Net Profit x 100% / Capital	Ratio
Stock Price	The annual stock price obtained by summing the stock price at the close of January – December in the next study period is divided by 12 (twelve).	(Stock Price tahun t - Stock Price tahun t-1) / Stock Price Year t-1	Ratio

Source: author.

H_7: Financial performance is able to intervene the influence of an increase in claim expenses against the stock price of the insurance company.

RESEARCH METHODOLOGY

The design of this research include in associative research with aim to discovered the influence between variables. The variable consists in this study are dependent and independent variable as well as intervene variable (Sugiyono, 2022). The stock price is a dependent variable in this study, while the premium growth and claims expense are the independent variables in this study, with financial performance act as mediator. In this study, the units that analyzed are joint insurance companies in Indonesia which operates between 2016 until 2022.

Research population was 22 joint venture general insurance companies that registered in the Financial Services Authority during period 2016-2022. The sample technique used is purporsive sampling with consideration of certain criteria (Sugiyono, 2022). Sampling criteria in this study are all Joint venture general insurance companies in Indonesia that: 1) have complete financial statements during survey period of 2016-2022, 2) have been registered to the Financial Services Authority 3) have a total asset of more than 1 trillion rupiah during the survey period. From these sample criteria, it was obtained 5 (five) joint venture general insurance companies in Indonesia. These five insurance companies are: PT Asuransi Multi Artha Guna Tbk, PT Lippo General Insurance Tbk, PT Asuransi Harta Aman Pratama Tbk, PT Asuransi Bina Dana Arta Tbk and PT Asuransi Ramayana Tbk. Analytical methods performed through path analysis with the assi6 of the E-Views program to examine the research hypotheses.

RESULTS AND DISCUSSION

Descriptive statistical is analysis used to provide information about the characteristics of the data by looking at the values of average, maximum, minimum and standard deviations. According to the descriptive statistical results, the average of increase in the stock price combined from general insurance companies in Indonesia from 2016 to 2022 is 8.2 percent, it can be said that the average value is increase well. The maximum increase on stock price over the last seven years was 62.02 per cent, this increase owned by PT Asuransi Ramayana Tbk in 2018, while the lowest value was -2.39 per cent held by PT Asuransi Harta Aman Pratama Tbk in 2021. Premium growth throughout 2016 until 2022 on these 5 (five) joint venture general insurance companies has an average of 5.63 percent with a maximum value of 41.23 percent occurred in the PT Asuransi Multi Artha Guna Tbk in 2016 and the minimum value is -22.66 percent occurred at PT Asuransi Harta Aman Pratama Tbk in 2021. These decreased also led to a significant decline in the stock price.

The comparation between claim ratio and the amount of premiums with an average of 57.98 percent. Maximum value of claims ratio is 82.85 percent and occurred at PT Asuransi Harta Aman Pratama Tbk in 2021 while the minimum value of 37.79 percent also occurred at PT Asuransi Harta Aman

Table 2. Presents the Descriptive Statistical Analysis.

Criteria	Increase in Stock Price	Premium Growth	Claim Ratio	ROE
Mean	8.2	5.63	57.98	6.72
Median	0.98	4.89	58.78	9.4
Maximum	62.02	41.23	82.85	25.84
Minimum	-27.39	-22.66	37.79	-77.5
Std. Dev.	23.48	16.29	12.21	17.42
Observasi	35	35	35	35

Source: Data Processing.

Table 3. Presents Hypothesis Test Results.

Variabel	Coefficient	Std. Error	t-Statistic	Prob.
Konstanta	0.943910	1.996.820	0.047271	0.9626
Premium growth → Stock price	0.314162	0.255498	1.229.608	0.2281
Rasio Beban Klaim → Stock price	0.034029	0.328631	0.103548	0.9182
Premium growth → ROE	0.487407	0.149057	3.269.938	0.0026
Claims expenses → ROE	-0.551031	0.198875	-2.770.746	0.0092
ROE → Stock price	0.522655	0.262337	1.992.306	0.0552
Premium growth → ROE → Stock price	0.024422	0.013053	1.871.047	0.0708
Claims expenses → ROE → Stock price	-0.030164	0.014772	-2.041.987	0.0497

Source: output e-views.

Pratama Tbk in 2016. Meanwhile for profit ratio of equity or ROE throughout this research period has an average value of 6.72 percent which can be interpreted that the profit is quite good with its maximum value is 25.84 percent and owned by PT Asuransi Ramayana Tbk while the minimum value of -77.50 percent belongs to PT Asuransi Harta Aman Pratama Tbk in 2021.

Hypothesis test in this research was performed 4 times because the E-Views application could not directly calculate the regression result if the research model had a mediated variable. The four-time tests are: 1) Evaluation on the influence between the independent variable and mediator against the dependent variable; 2) Examine the impact of independent variables on mediating variables 3) Assessing the effect of the independent variables (Premium growth) which mediated by financial performance on the dependency variable (stock price) and 4) testing the influence of claim expenses variable which mediated by financial performance on dependent variables (stock price).

Based on hypothesis test results, it is found that almost all influences have positive coefficient values, except the impact from claim expenses ratio to financial performance (ROE) and the ratio of claim expenses to the stock price through ROE, which discovered have negative factor values. Statistically, P-value for the influences of Premium growth against stock price was 0.228 or more than 0.05. These value were indicates that premium growth has zero effect on stock price of Indonesia joint venture general insurance company. Thus the first hypothesis (H_1) was rejected, which written that premium growth had no influence on company's stock price. This can be means when the premium growth increases then it will not follow by the increase in the stock price. P-value for influence of Claim expenses ratio against the stock price was 0.918 which is higher than 0.05. So that the second hypothesis (H_2) was rejected, meaning that claims expenses had no effect on stock price of Joint Venture general insurance company in Indonesia. An increase in Claims Expenses, will not follow by an increase in the stock price. Premium Growth brought positive and significant effect on financial performance, it can be seen from p-value of 0.002 which is less than 0.05. Thus the third hypothesis (H_3) was accepted, which declared that premium growth had significantly positive affect on financial performance of Indonesia's joint venture general insurance company. These results show that if the premium amount increases, then it will improve financial performance of the insurance company. The influence test results between an increase in Claim Expense on financial performance obtained a p-value of 0.009 that is less than 0.05 with a negative coefficient value. These results show that An increase in claim expense had a negative and significant affect on financial performance. Then the fourth hypothesis (H_4) was accepted, that is stated If the growth in claim expense significantly negative impact on the financial performance of Joint venture general insurance company in Indonesia. P-value for the impact of financial performance on stock price of the insurance company is 0.055 that is greater than 0.05. This result suggests that the fifth hypothesis (H_5) is rejected. Financial performance has no influence on the company's stock price. The p-value for premium growth against stock price through financial performance as mediator earned value of 0.070. Thus it may be stated that the sixth hypothesis (H_6) is rejected, which stated that financial performance is unable to mediate the influence of the increase in the amount of premiums on the stock price of joint venture general insurance company in Indonesia. Evaluation on the seventh hypothesis obtained p-value for an increase in claim expense against the stock price through financial performance which is earned 0.049 with a negative direction. Thus it can be concluded that the seventh hypothesis (H_7) is accepted, which declared if the financial performance is able to mediate the influence of an increase in Claim expense on the stock price of Indonesia's joint venture general insurance company.

RESEARCH CONTRIBUTIONS

The increase in the premiums amount still unable to influence the stock price of joint venture insurance company in Indonesia. These results are in line with the research results from Rahmawati (2017), but opposite to the research results from (Kuraesin & Permatasari, 2016; Morara & Sibindi, 2021; Suwirasalim, 2014). The condition in which amount of premiums is unable to influence the stock price is when investors have preferences other than fundamental factors in investing in stocks. For example, an investor also has insurance in the insurance company that he bought his stock, and wants the insurance company lasts. In addition, stock prices are also influenced by external conditions, such as market information and speculation. Stock price are also greatly affected by demand and supply on the stock market. Although the company has a good fundamental that is demonstrated by the premiums growth, but it is not possible that investor preferences an external conditions which have greater influence on the stock price. From these 5 (five) companies surveyed, are those companies who have high total asset of 1 trillion by 2020 so it can be understood that all companies in this study have good financial performance. Low or high premiums will not affect to the confidence of investor in fund their money even if the company's stock price is rising or tending to fall. Companies can implement even better strategies, for example by improving customer service, which increase public confidence in the purchase of insurance products.

The increase in claim expenses is incapable to affecting stock price of joint venture general insurance company in Indonesia. These research results are consistent with the results by Rahmawati (2017), Sisdyanti et al. (2016), but opposite to the research results from (Kuraesin & Permatasari, 2016; Winda et al., 2014). A good underwriting process on financial statements will affect the company's stock price, the high level of claim expenses due to the presence of certain relatively large claims will threaten financial condition of the company and thus it will enhance for the risk of the company. Claim expenses ratio that contained in the company's financial statements, which create by the author to investigate its significance towards stock price, may not be too influential due to the investor's preference in choosing stock. Insurance companies that have an excellent service and are customer-oriented will attract investors to funds their money on their stocks. Besides, there are external conditions, such as fundamental macroeconomic conditions, exchange rate fluctuations, government policies, and market manipulation factors. Throughout the year of 2019 until 2020 Indonesia has been experiencing an economic decline due to the pandemic of Covid-19. This includes external factors, the fundamental macroeconomic conditions that influence stock prices. There is a still untouched Covid-19 pandemic, a strategy which any sample company can implement by reviewing all of its business portfolios by reducing portfolio that has a bad loss ratio as well as performing term improvements and policy conditions to adapt to current and future conditions. The company can also buy back the stocks. The decline in cash that will be used as a source of funding yo buyback will not affect the company's business and operational activities. Especially in the implementation of obligations. For example, at PT Asuransi Multi Artha Guna Tbk had sufficient working capital to operates its business and activities. It is expected that the stock price in the future will become more stable and brought positive impact on the shareholders of the company.

Premiums growth can affect financial performance of insurance companies. These research results are consistent with the results of study which conducted by Mutmainnah (2015), Sastri et al. (2017) but are in opposite to research findings by Reschiwati & Solikhah (2018) who discovered that The growth in Premium has zero effect on financial performance. The higher the premiums growth the higher funds would be invested, then the company will have chance or opportunity in gaining profits. The profitability of company shows that the company's financial performance is growing so well.

An increased in the number of claims will affect the decline in financial performance. The results of this research are in line with the research by Kharisma et al. (2015), Putra (2017), however, these results are opposite to study which carried out by Tarsono et al. (2020) which defined that claim expenses has zero effect on financial performance. Claim expenses is a ratio that describes on how much the insurance company pays the claim to the policy holder. Claim position in the insurance company lies on the burden that the company has to bear, by virtue of which if a high claim occurs will reduce the profit rate of the company. DeLay et al. (2023), Detiana (2012) explained that this high ratio provides information about the badness of the underwriting process and acceptance of closure risk.

Financial performance did not have capacity to influence the stock price of joint insurance companies in Indonesia. These research results are supported by the results from Hidayat et al. (2016), but stand opposite to the research results by (Rahmawati, 2017) stock price strongly influenced by the level of demand and supply of stocks at the stock market. The higher the investor's demand for stocks, the higher the stock price. Investors have their own perspectives and reasons for choosing stocks. Although the fundamental factors of a company or internal conditions are important in choosing stocks, but there are many other factors which exclude or external factors that can affect investors decisions. Some examples for other factors besides financial performance are the service factors provided by insurance companies, by providing good insurance services to consumers making them interested to invest in such insurance companies. An example is PT Asuransi Ramayana Tbk, which continues to maintain its good shape of the company and oriented to the needs and complaints of consumers, would have higher increase in stock price compared to other companies.

Financial performance is unable to mediate the influence of premium growth on the stock price. The premium growth indicates that there is an increase in the income of the insurance company. However, an increase in a company's revenue does not always means major impact in the price of stock. Elicited from Rahmawati (2017), unstable economic conditions are trigger by the lack of financial performance in mediating the growth of premiums against stock prices. Usually, an increase in the amount of premiums will have a positive impact on financial performance, creating investor demand for the company's stocks would higher too that lead to the rise in the stock price, or vice versa. However, if the economic conditions in Indonesia are not good, it also makes investors reluctant to buy company’s stocks despite of having premium growth and excellent financial performance.

Financial performance is able to mediate the influence of the growth in the amount of claims on the price of stocks. Basically, the amount of claim burden issued by the insurance company must be consistent with the underwriting outcome. If the underwriting process is correct then the burden of claims issued also does not swell. So the problem of increasing the company's operational burden can be prevented from the start. Such prevention will result in the company's financial performance reflected well. Typically, investors are interested in insurance companies that have a good early warning system in controlling their costs, because they are confident that the company's long-term viability is reliable. With conditions reflected in low claims burden and good financial performance, investors will be interested in buying the company's shares. The demand for stocks will go up, so the price of stocks goes up as demand goes up. The results of this study are in line with the results of the research carried out by (Kharisma et al., 2015; Putra, 2017).

CONCLUSION

An increase in the amount of premiums (Premium Growth) has zero effect against the stock price of joint venture general insurance companies in Indonesia. The condition in which the amount of premiums did not affect the stock price is when the stock price is also affected by other conditions such as services provided by the insurance company to consumers which captivated the investors to invest with aim of ensuring that the insurance company could be last. An increase in claim expenses also has no impact on insurance company's stock price. Claim expense in the company's financial statements used to asses its Effectiveness towards stock price which found may not be too influential because investors have other considerations than fundamental factors in choosing stock. Insurance companies which have an excellent service with customer-oriented can attract investors to invest their money in their stock. The increase in premium (Premium Growth) has an influence on financial performance of insurance companies. The higher premium growth the higher investment would be, so the company will have a chance in earning profits. Certainly with those profits comes by means creates an excellent financial performance. An increased growth in claim expenses will affect the decline in financial performance. The position of claim in the insurance company lies on the burden which bear by the company, therefore, the higher claim will reduce the profit rate of the company. Financial performance has no influence on the price of the insurance company's stock. But this stock price highly affected by the level of demand and supply on the stock market. The higher the investor's demand for stock, the higher the stock price would be. The Investors would have their own point of view and reason in choosing stocks. Although the fundamental factors of a company or internal conditions are important, but there are many other factors or external factors that strongly influence it. Financial performance is unable to mediate the influence of premium growth on the stock price. Usually, premium growth will have a positive impact on financial performance, so attract the demand of investor towards company's stock which leads to an increase in the stock price, or vice versa. However, if the economic conditions in Indonesia are not favorable, investors may be hesitant to purchase the company's stock, despite of its outshine premium growth and excellent financial performance. Financial performance is able to mediate the influence of the growth in claims expenses on the stock price. With conditions reflected in low claims burden and good financial performance, investors will attracted to purchase the company's stock. The demand of stockwill rise, so does with the stock price.

There are several recommendation for the insurance company that should be even better in underwriting against the claims expenses issued later in the day not greater than it had been estimated. The underwriting process strategy needs to be evaluated continuously so the company’s viability can be awakened which attracted investors to invest and lead to the enhance in the sstock price. Further researchers would prefer to add other variables outside of the financial perspective, to reflect which factors that greatly influence the stock price of insurance companies.

CONFLICT OF INTEREST

No conflicts of interest exist in this research.

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