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The Pulse of Value: Early Warning Systems and Financial Health as Crucial Determinants for Sharia Insurance Firms

M Atoillah[*1], *Ulfi Kartika Oktaviana*[2], *Razali Ade Syahputra Hasibuan*[3]
[1,2] *UIN Maulana Malik Ibrahim Malang, Indonesia*
[3] *INCIEF University, Malaysia*
Corresponding Author: atoillaharrozi@gmail.com

Abstract:

This study aims to examine the effect of the Early Warning System (EWS), solvency, and profitability on the value of Islamic insurance companies listed on the Indonesia Stock Exchange (IDX) during the period 2020–2024. This study employs an associative quantitative method within a positivistic paradigm, using panel data from six companies, totalling 120 observations. The analysis was conducted using the Fixed-Effects Model (FEM) in EViews 12. The results show that liquidity, claim expenses, Risk-Based Capital (RBC), and Return on Assets (ROA) have a significant effect on company value, whereas changes in surplus do not. The simultaneous test (F-test) indicates that all variables collectively affect company value, with an Adjusted R^2 of 0.517. This study highlights that implementing an effective EWS is a strategic, prudential tool for improving transparency, risk management, and sharia-compliant financial sustainability.

Keywords: Early Warning System, Solvency, Profitability, Company Value

JEL Classification Code: C23, D02, G22, G32

1. Introduction

The Islamic insurance industry plays a vital role in the global Islamic financial system by mitigating risk through the principles of mutual assistance and mutual responsibility (Ridwan et al., 2024). Unlike conventional insurance, which is profit-oriented, Islamic insurance prioritises collective welfare and ethical finance in line with shariah principles (Khalid & Jangebe, 2025). As part of the Islamic finance ecosystem, this sector has been expanding rapidly, supported by growing public awareness of shariah-compliant financial products (Viranda et.al., 2023). According to the Islamic Finance Development Report (2024), the global takaful market continues to grow, with both total assets and gross contributions increasing, reflecting its growing relevance in strengthening the resilience of Islamic financial systems worldwide (Aslamiyah & Siregar, 2024).

The Islamic insurance industry is a strategic component of Indonesia's shariah economy (Widyanata et al., 2024). Data from the Financial Services Authority show that by 2024, the total assets of Islamic insurance institutions exceeded Rp. 50 trillion, accompanied by a rise in participant numbers and premium contributions (Financial Services Authority, 2023). Nevertheless, the growth has not been accompanied by consistent improvements in financial performanc, some companies face volatility in profitability, declining solvency

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levels, and irregularities in capital adequacy ratios (Haryanto & Syarif, 2024). While several companies have recorded improvements in solvency and profitability the market response has not always been positive, raising questions about what fundamental factors investors actually consider when assessing Islamic insurance companies (Fadhillah & Fajeriati, 2024). This situation indicates an information gap between financial health, as measured by accounting standards, and companies' market value (Syahidah et al., 2024).

Islamic insurance company should exhibit stable solvency, sustainable profitability, and effective implementation of an Early Warning System (EWS) as part of its prudential management framework (Herike et al., 2024). The EWS is designed to detect potential financial distress early by using indicators such as liquidity ratios, claim expenses, and changes in surplus underwriting (Awrasya & Kusumaningtias, 2021). However, in practice, EWS indicators are more often positioned as internal monitoring and regulatory compliance tools, rather than as economic signals relevant to capital markets (Komala et al., 2023). These conditions imply that the early detection mechanisms have not fully functioned as expected in identifying financial risks that could threaten corporate sustainability.

The relationship among EWS, solvability, profitability, and firm value can be explained through Signalling Theory and Agency Theory. Signalling Theory posits that financial ratios serve as critical information tools that signal to investors about firm quality and prospects (Spence, 1973). Firms with high solvability and profitability ratios tend to signal financial strength, thereby increasing firm value (Kurniawan et al., 2025). Meanwhile, Agency Theory emphasises the importance of transparent and accurate information disclosure to reduce asymmetry between management and shareholders (Daly, 2015). In the context of Islamic finance, these theories gain further importance as transparency and accountability are not only economic imperatives but also ethical obligations rooted in maqasid al-shariah (Mergaliyev et al., 2021).

Several studies have shown that profitability has a significant effect on company value empirically, while findings on solvency and liquidity remain mixed. Permata et al. (2025) found that liquidity ratios significantly influence company value. Lumenta dan Ani (2024) stated that the operating ratio has a significant effect on company value. Putri (2023) showed that the surplus change ratio has a significant effect on company value. Awrasya and Kusumaningtias (2021) found that solvability ratios significantly influence the financial soundness of Islamic life insurance companies in Indonesia. Subekti and Wardana (2022) confirmed that profitability positively affects firm value in Islamic financial institutions. However, other studies, such as Ritonga (2020), suggested that liquidity and surplus changes under the EWS framework may not always have significant effects on firm performance. Nurhayati et al. (2021) found that solvency does not affect company value. Hartika and Iswara (2024) revealed that profitability does not affect company value. Moreover, previous research rarely

integrates EWS indicators alongside solvability and profitability in assessing firm value, particularly in the context of Islamic insurance companies listed on the Indonesia Stock Exchange (IDX). This inconsistency demonstrates a significant empirical and conceptual gap that warrants further investigation.

There is a clear research gap in this mapping, the absence of empirical studies examining the combined effect of EWS indicators and financial health on the value of Islamic insurance companies listed on the IDX. This study fills this gap by constructing an empirical model that integrates EWS indicators, solvency, and profitability to explain variations in company value, thereby contributing to both theoretical and empirical novelty in the Islamic finance literature. The findings are expected to enrich the theoretical discourse on Islamic financial performance measurement and offer practical implications for regulators and industry stakeholders in designing more effective monitoring systems to enhance the sustainability and credibility of Islamic insurance operations.

2. Literature Review

Research on corporate value generally treats market value as a reflection of investors' expectations for a company's performance and prospects. In the financial industry, particularly Islamic insurance, corporate value is influenced not only by internal financial performance but also by market confidence in the company's ability to manage risk and maintain business sustainability (Addini et al., 2024). Previous studies show that corporate value indicators are often proxied by market ratios that reflect investors' perceptions of a company's book value and performance, such as Price to Book Value (PBV), Tobin's Q, or Market Value Added, which reflect the market's reaction to financial information and the company's strategic position (Oktaviana et al., 2024). Previous studies have stated that company value is greatly influenced by the effectiveness of financial and risk management, especially in insurance companies that depend on claim stability, capital adequacy, and profit-generating capabilities (Kiptoo et al., 2021).

A company's value is formed from the signals management provides through financial reports and ratios, from a signalling theory perspective. Signalling theory explains that financial indicators are tools for companies to convey information to investors about the quality of risk management and future business prospects (Spence, 1973). Positive signals, as demonstrated by improved financial performance, will strengthen market perception, while negative signals can reduce investor confidence. In the insurance industry, these signals are mainly reflected in liquidity ratios, claim expenses, changes in surplus, Risk-Based Capital (RBC), and Return On Asset (ROA) (Wulandari, 2018; Awrasya & Kusumaningtias, 2021).

The literature on EWS in the insurance industry generally positions it as a tool for assessing health status and detecting potential financial problems early. Previous studies cited in this research emphasise that EWS indicators, such as

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liquidity, claim burdens, and changes in surpluses, are used by regulators and management as internal monitoring tools. The primary focus of these studies is on the ability of EWS to predict the risk of bankruptcy or a decline in a company's financial health (Wulandari, 2018).

Liquidity is one of the factors that affect company value because it reflects the company's ability to meet short-term obligations, especially claim payments (Awrasya & Kusumaningtias, 2021). Good liquidity provides confidence that the company can maintain stable operations and has a low risk of default (Ilham et al., 2024). This condition is perceived positively by investors, thereby potentially increasing company value. It aligns with the findings of Sintia and Nijar (2025), Chynthiawati and Jonnardi (2022) and Permata et al. (2025), which indicate that liquidity ratios affect company value.

Claims expenses also play an important role in determining a company's value (Pantić et al., 2022). The claims expense ratio indicates a company's efficiency in managing risks and obligations to participants, a ratio that is too high may reflect a high risk of loss, which is considered a negative signal by investors (Olaiya & Alao, 2025). However, controlled claims expenses indicate effective underwriting and maintain the company's income balance, which positively impacts the company's value (Lumenta and Ani, 2024). As revealed in studies conducted by Lumenta and Ani (2024), Artimaharani and Bambang (2015), and Fauzan et al. (2012) the claims ratio has an impact on company value.

Changes in surplus also have a significant impact on investor perception because surplus reflects the strength of capital and the effectiveness of companies in managing claims and participant contributions (Wulandari, 2018). A continuously increasing surplus signals long-term stability and enhances the company's value (Dhani & Utama, 2017; Suryandani, 2018). Conversely, a decline in surplus is considered an indication of the company's weakening ability to manage risks. As in studies by Suryandani (2018), Dhani and Utama (2017) and Putri (2023), their findings indicate that the surplus change ratio affects company value.

Another indicator closely monitored is RBC, which measures an insurance company's capital adequacy to cover operational and market risks (Marsanto et al., 2021). RBC is an important benchmark for regulators and investors because it indicates a company's resilience in the face of uncertainty (Denovis et al., 2022). A high RBC indicates the company's financial stability, which, in turn, increases its value (Permana & Rahyuda, 2018; Ritonga, 2020). As stated in studies by Itsnaini and Subarjo (2017), Permana and Rahyuda (2018), and Komala et al. (2023), solvency affects company value.

ROA is also an important metric that reflects a company's ability to utilise its assets to generate profits (Sirbu & Chirilov, 2025). High profitability indicates effective management and good financial prospects, which are viewed as positive signals by investors and can increase company value (Komala et al.,

2023; Septiana & Zulkifli, 2024). Low ROA indicates inefficiency and can reduce the company's attractiveness in the eyes of the market (Nurjanah et al., 2021).

Based on the synthesis of existing literature in this thesis, it can be concluded that previous studies still tend to discuss EWS, solvency, and profitability separately in explaining the performance or health of insurance companies. Studies that integrate these indicators simultaneously to explain company value, particularly in sharia insurance companies listed on the IDX, are still very limited. Therefore, this study positions itself as an extension of the previous literature by constructing an empirical framework that links the EWS and corporate financial health with company value.

Hypothesis

H1: Liquidity has a significant effect on the value of Islamic insurance companies.

H2: Claims expenses has a significant effect on the value of Islamic insurance companies.

H3: Changes in surplus has a significant effect on the value of Islamic insurance companies.

H4: Risk-based capital has a significant effect on the value of Islamic insurance companies.

H5: Return on assets has a significant effect on the value of Islamic insurance companies.

H6: Simultaneously, these variables collectively have a significant effect on the value of Islamic insurance companies.

3. Research Methods

This study uses a quantitative, descriptive approach to analyse the effects of liquidity, claim burden, changes in surplus, RBC, and ROA on the value of Islamic insurance companies in Indonesia. The research object includes quarterly financial reports of Islamic insurance companies listed on the IDX during the period 2020–2024, with all data obtained through documentation from the official websites of the companies and the IDX. The data used are secondary, in the form of panel data, consisting of time-series and cross-sectional data. The panel data approach was chosen because it can accommodate cross-sectional and time-series data, yielding more comprehensive and efficient estimates than single-data methods. The use of panel data regression in this study is based on the consideration that the characteristics of each Islamic insurance company are heterogeneous and cannot be observed directly (Okui & Wang, 2021). Therefore, the panel data model allows for controlling for differences in individual company characteristics that could affect company value (Yusra et al., 2019).

The research population comprises all 55 Islamic insurance companies in the Indonesian Islamic Insurance Association (AASI). The research sample was

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selected using purposive sampling based on the availability and consistency of financial report publication, resulting in the selection of six companies. The sample companies were insurance companies registered with the AASI. Furthermore, they were also required to be listed on the IDX. Furthermore, the selected companies were required to publish quarterly financial reports consistently from 2020 to 2024, ensuring complete data collection and ongoing analysis as needed.

Table 1: Research sample list

No	Stock Code	List of Companies
1	JMAS	Jiwa Syariah Jasa Mitra Abadi Tbk
2	MSIG	Sinarmas MSIG Tbk
3	TUGU	Asuransi Tugu Pratama Indonesia Tbk
4	ASMI	Maximus Graha Persada Tbk
5	ASRM	Ramayana Tbk
6	MREI	Maskapai Reasuransi Indonesia Tbk

Note: Data processed by the author

Data collection was conducted through documentation, observation of company websites, and literature studies to obtain supporting theoretical information. This study included the independent variables Liquidity, Claims Expense, Surplus Change, RBC, and ROA, as well as the dependent variable Company Value, each operationally defined using standard formulas from previous studies. To ensure clarity and replicability of the research, the analysis stages were carried out systematically as follows.

Table 2: Operational Definition of Variables

Variable	Symbol	Definition	Measurement
Liquidity	X1	A ratio that indicates an entity's ability to meet its needs and settle its short-term obligations (Awrasya & Kusumaningtias, 2021).	$\text{Liquidity} = \dfrac{\text{Current Assets}}{\text{Current Liability}} X100\%$
Claim Expense	X2	The claims ratio is a ratio used to determine an entity's progress in covering risks (Awrasya & Kusumaningtias, 2021).	$\text{CE} = \dfrac{\text{Amount Paid Claims}}{\text{Contributions Receveid}} \times 100\%$
Change in Surplus	X3	A ratio that indicates changes, either increases or decreases, in the financial condition of an entity during the current year (Awrasya & Kusumaningtias, 2021).	$\text{CS} = \dfrac{\text{Changes in Equity}}{\text{Last Year's Equity Capital}} \times 100\%$

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Risk-Based Capital (RBC)	X4	RBC is a ratio used to measure the adequacy of an insurance company's capital in facing the risks inherent in its operational activities (Ritonga, 2020).	$RBC = \dfrac{\text{Available Own Capital}}{\text{Minimum Capital Required}} \times 100\%$
Return on Asset (ROA)	X5	ROA is a profitability ratio used to measure a company's efficiency in generating profits from all of its assets (Subekti & Wardana, 2022).	$ROA = \dfrac{\text{Net Profit}}{\text{Total Aset}} \times 100\%$
Firm Value	Y	Firm value is the price that investors are willing to pay if the company is sold, reflecting the company's future prospects and risks (Oktaviana et al., 2024).	$Tobin's\ Q = \dfrac{\text{Market Value of Assets}}{\text{Asset Replacement Value}}$

Note: Data processed by the author

Data analysis was performed using descriptive statistics and panel data regression in EViews 12, including selecting the best regression model via chow, hausman, and Lagrange Multiplier (LM) tests. The chow test is used to determine whether the appropriate model is a common or fixed effect, with the condition that a p-value for F > 0.05 selects a common effect and < 0.05 selects a fixed effect, followed by the Hausman test. The Hausman test compares fixed and random effects, and a Chi-Square p-value> 0.05 indicates random effects, while a p-value < 0.05 indicates fixed effects. Furthermore, the LM test is used to compare random effects and common effects (OLS) when the Chow test selects common effects; LM < 0.05 indicates random effects, and LM > 0.05 indicates common effects (Dirna et al., 2025).

Before estimating the model, classical assumption tests for normality, multicollinearity, and heteroscedasticity were performed, while an autocorrelation test was not necessary because the data were panel data (Nugraha, 2022). The normality test was conducted by examining the jarque-bera statistic in EViews; a probability> 0.05 indicates that the data are normally distributed. The multicollinearity test assesses correlations among independent variables; an R^2 > 0.80 indicates multicollinearity. Meanwhile, the heteroscedasticity test uses the Glejser test; a probability> 0.05 indicates heteroscedasticity (Nugraha, 2022).

Hypothesis testing was conducted using the t-test to determine the effect of each independent variable on the dependent variable, with a probability value criterion of <0.05 indicating a significant effect and > 0.05 indicating no significant effect (Sugiyono, 2020). The F test is used to test the simultaneous effect of independent variables on the dependent variable; a calculated F value > the F

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table value or significance <0.05 indicates that the model is feasible and that the independent variables have a combined effect (Sugiyono, 2020). Meanwhile, the coefficient of determination (Adjusted R²) measures the extent to which independent variables explain the dependent variable; a value close to 0 indicates weak explanatory power, while a value close to 1 indicates strong explanatory power (Sugiyono, 2020). All analysis procedures were used to ensure that the model formed was valid and able to answer the research hypothesis. The following is the panel data regression formula used in this study:

$$Y = a + \beta1X1 + \beta2X2 + \beta3X3 + \beta4X4 + \beta5X5 + \varepsilon$$

Where:
Y	= Company Value
$X1$	= Liquidity
$X2$	= Claim Expense
$X3$	= Change in Surplus
$X4$	= RBC
$X5$	= ROA
a	= konstanta
$\beta1…\beta5$	= koefisien regresi
ε	= error term

4. Finding and Discussion

This study aims to empirically analyse the effect of EWS, solvency, and profitability on the value of Islamic insurance companies listed on the IDX during the period 2020–2024. The analysis was conducted using panel data comprising 6 Islamic insurance companies over 20 quarters, yielding 120 observations. The use of panel data allows researchers to combine time-series and cross-sectional variation, thereby yielding more accurate estimates that better describe the financial performance dynamics of each entity.

The panel data regression model has three approaches that were tested: the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM) (Dirna et al., 2025). The chow test results show a cross-section F probability value of 0.000 < 0.05, indicating that the FEM model is superior to the CEM. With these results, it is necessary to conduct a hausman test. The hausman test results show a cross-section random probability value of 0.0000 < 0.05, so FEM is also more appropriate than REM. Thus, this study uses FEM because it can accommodate the heterogeneity of characteristics between Islamic insurance companies and control for fixed specific differences throughout the observation period. In addition, this study also conducted classical assumption tests. The results of the normality test indicate a p-value of 0.227429 for the Jarque-Bera test, which is greater than 0.05. Therefore, based on these calculations, the data are

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normally distributed (Nugraha, 2022). The multicollinearity test shows the results of the coefficient values. If the value is below 0.80, there is no multicollinearity. Therefore, the data is free from multicollinearity in this study. The heteroscedasticity test indicates that the variables studied do not exhibit heteroscedasticity. This conclusion is supported by a significance value greater than 5% or 0.05. The results show that the regression model is not affected by heteroscedasticity issues.

This analysis aims to determine the effect of independent variables on dependent variables (Sugiyono, 2020). In this study, multiple linear regression was used to test the effect of liquidity, claims burden, surplus changes, RBC, and ROA on company value in insurance companies listed on the IDX. The confidence level for simple linear regression was set at 95% with a significance level of 0.05 (Nugraha, 2022). Based on the Eviews 12 analysis, the regression results are detailed in Table 3.

Table 3: Regression Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.947	0.404	-4.814	0.000
Liquidity	0.792	0.377	1.981	0.003*
Claim Expense	0.006	0.001	3.707	0.000*
Change in Surplus	0.003	0.060	0.055	0.955
RBC	1.005	0.247	4.060	0.000*
ROA	0.128	0.060	2.117	0.036*
Model Summary				
F-statistic	1.373			
Prob (F-statistic)	0.000*			
Adjusted R-squared	0.517			

Note**: *** indicates significant at 5% level of significance

Based on the regression results, it was found that the liquidity variable has a t-statistic value of 2.095 which is greater than the t-count of 1.981 with a probability value of 0.003 (<0.05), Claims Expense had a t-statistic of 3.707 with a probability value of 0.000 (<0.05), RBC had a t-statistic of 4.060 with a probability value of 0.000 (<0.05). ROA had a t-statistic of 2.117 and a p-value of 0.036 (<0.05), indicating a significant effect on company value. Meanwhile, the Change in Surplus has a t-statistic of 0.055 and a p-value of 0.955, indicating no significant effect. The F-test produced an F-statistic probability value of 0.000 <0.05, indicating that all independent variables simultaneously had a significant effect on company value. The coefficient of determination (Adjusted R²) value of 0.517 indicates that Liquidity, Claims Expense, Change in Surplus, RBC, and ROA can explain 51.7% of the variation in company value. In comparison, the remaining 48.3% is explained by other variables outside the model, such as macroeconomic factors, investor perceptions, and company investment policies.

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The results of panel data regression estimation are presented systematically to show the effect of the EWS and financial health indicators on the value of Islamic insurance companies. The presentation of the results begins with an explanation of the regression coefficients, probability values, and significance levels for each variable so that readers can understand the direction and strength of each independent variable's effect on company value (Pratiwi & Abidin, 2024). The use of the FEM is based on results from model selection tests, which show that differences in characteristics across Islamic insurance companies have a significant effect on company value. Thus, the FEM model is considered the most appropriate for capturing company heterogeneity that cannot be observed directly (Cai & Fan, 2019).

Liquidity ratios have a significant effect on company value, indicating that a company's ability to meet its short-term obligations is an important consideration for investors (Setyarini, 2023). These findings show that liquidity serves not only as an indicator of internal health but also as a signal of market confidence. This finding aligns with the EWS theory, which posits that the liquidity ratio reflects insurance companies' ability to maintain financial stability through the management of current assets (Awrasya & Kusumaningtias, 2021). Good liquidity sends a positive signal to policyholders. It increases investor confidence that the company has sound risk management and can fulfil claims promptly, which is one of the factors that directly contribute to the company's value. The results of this study support the findings of Sintia and Romdoni (2025), Chynthiawati and Jonnardi (2022), and Permata et al. (2025), which state that liquidity has a positive effect on company value because it indicates efficient financial performance and low bankruptcy risk.

Claims expenses have also been shown to have a significant impact on company value. The market can perceive high claims expenses as an increase in operational risk that could weigh on the company's future performanc (Mousa et al., 2021). Therefore, effective claims management is a strategic factor in maintaining the value of Islamic insurance companies (Addini et al., 2024). However, in Islamic insurance companies, a stable claim burden ratio indicates transparent and efficient risk management (Awrasya & Kusumaningtias, 2021). If claims are managed correctly and in proportion to premium contributions, the company will still be able to maintain its value. These results align with the research by Lumenta and Ani (2024), which finds that efficiency in claim management is an important factor in the sustainability of Islamic insurance company value, as it reflects the company's commitment to the principle of fairness in risk management.

Changes in surplus did not show a significant effect on company value. It indicates that the year-to-year changes in surplus do not provide a strong enough signal for investors to assess company performance (Shadmehri et al., 2017). This finding indicates that fluctuations in the surplus of Islamic insurance companies do not fully reflect long-term financial stability. The surplus change ratio

indicates a company's resilience to financial risk from an EWS perspective (Herike et al., 2024). However, in reality, surplus values are often influenced by investment policies and technical reserve adjustments, so this ratio does not play a strategic role in creating and maintaining the value of Islamic insurance companies in the eyes of the public, regulators, and investors (Abdallah & Mousa, 2025). These results are in line with the research by Rezeki et al. (2023), which found that changes in surplus do not have a significant effect on company value because they are volatile and do not always reflect stable profitability performance.

The analysis results show that solvency, as measured by RBC, has a significant effect on company value (Olushola & Ajike, 2025). It means that the higher the RBC ratio, the stronger the company's ability to bear financial risks and maintain its solvency (Marsanto et al,. 2021) A high RBC ratio indicates that the company has sufficient capital reserves to cover potential losses. In the Islamic insurance industry, an RBC level that exceeds the Financial Services Authority requirement (minimum 120%) is a key indicator of financial health (Financial Services Authority, 2016). Investors tend to view companies with high RBC as safe and stable entities, thereby increasing their market value. These results are in line with the research by Itsnaini and Subarjo (2017), Permana and Rahyuda (2018) and Komala et al. (2023), which states that a high capital adequacy ratio can affect company value because it reflects the company's ability to deal with significant claims risks and maintain operational sustainability.

Profitability, as measured by ROA, has also been shown to affect company value significantly (Wardana et al., 2025). It means that the higher the company's profitability, the greater the value of the Islamic insurance company. ROA describes how effectively a company uses its total assets to generate profits (Subekti & Wardana, 2022). In the context of Islamic insurance, increased profitability indicates efficient management of tabarru' funds and investments in accordance with Islamic principles, thereby increasing investor confidence and company value. These findings reinforce the research of Komala et al. (2023), and Abrori and Suwitho (2021), which explains that ROA has a positive effect on company value because it is a key indicator of management efficiency in optimising assets and capital.

The results demonstrate that Liquidity, Claims Expense, Surplus Change, RBC, and ROA simultaneously influence company value, highlighting that financial performance and stability are key determinants of firm value in Islamic insurance companies. The combination of EWS indicators, solvency, and profitability reflects the company's overall financial soundness, which becomes an important consideration for investors and stakeholders. In line with signal theory, strong liquidity signals the company's ability to meet short-term obligations; adequate solvency reflects long-term financial resilience; profitability indicates efficiency in generating returns from assets; and surplus change shows operational sustainability. Additionally, effective claims

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management demonstrates transparency and fairness in the implementation of Islamic insurance principles, thereby strengthening investor confidence and enhancing the company's value in the Islamic capital market.

5. Conclusions

This study aims to analyze the effect of the EWS, solvency, and profitability on the firm value of Islamic insurance companies listed on the IDX during the 2020–2024 period. The research employs a quantitative approach using panel data regression with the FEM. The sample consists of six Islamic insurance companies with a total of 120 quarterly observations. The independent variables include liquidity, claim expense ratio, surplus change (as proxies of EWS), RBC as a measure of solvency, and ROA as a measure of profitability, while firm value is measured using Tobin's Q.

This study concludes that Liquidity, Claims Expense, RBC, and ROA have a significant effect on the value of Islamic insurance companies, while Changes in Surplus do not show a significant effect. Simultaneously, all variables of EWS, Solvency, and Profitability are proven to shape company value, so that financial stability, capital adequacy, and profitability are the main determining factors in the performance of Islamic insurance companies listed on the IDX. These findings indicate that the financial performance of Islamic insurance companies plays an important role in creating positive signals for investors. Maintained liquidity and efficient claims management increase market confidence in the company's ability to meet its obligations to participants. Meanwhile, strong RBC and high ROA reflect capital resilience and effective asset utilization, so companies with these conditions tend to be valued higher by investors. This confirms that strengthening the financial structure is a strategic necessity in maintaining company value amid industry competition.

Islamic insurance companies need to continue to maintain healthy liquidity, strengthen claims risk management, and ensure that RBC remains above the minimum regulatory requirements to improve long-term stability. Investors are advised to use liquidity ratios, RBC, and ROA as key indicators in making investment decisions to be more accurate and prudent. Regulators such as the Financial Services Authority also need to strengthen their supervision of early warning indicators and improve the transparency of Islamic insurance financial reporting. Researchers can further include variables such as company size, growth, and operational efficiency to gain a more comprehensive understanding of the factors that determine company value.

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