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Strategy Marketing of Sharia Insurance Premium Model for Calculating Rates on Savings Products and Non-Saving Products

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Abstract

The purpose of this study is to analyze the model for calculating insurance premium rates on savings products and non-savings products on market segmentation and company profits. The method used is descriptive qualitative. Regarding product characteristics, savings products are more suitable for individual segmentation, while non-saving products are more suitable if marketed to groups or companies.

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INTRODUCTION

Initially, insurance was a group aimed at training people who emerged to ease the financial burden of people, financial people, people and people to avoid financial difficulties. The general concept of insurance is the preparation among which is made by a group of people in which each of the miners faces a loss which is among them unexpected . According to Wirjono (1987) conventional insurance includes having an agreement from the party from which the party guarantees it is guaranteed, providing a premium in exchange for a loss which makes it possible to suffer the same as where it is guaranteed, due to an unspecified event.

According to Department of PT. Asuransi Syariah Takaful Keluarga (1994) The development of sharia insurance in Indonesia was only 4,444 in 4,444 parts from the end of 1994, or with the birth of Asuransi Tafakul Indonesia until August 25, 1994 with the inauguration of PT Asuransi Takaful Keluarga until the Minister of Finance Decree Kep385/KMK Number 017/1994 Islam teaches its followers to plan and prepare for tomorrow to be better remember life in this world is finished with risks (Ridlwan, 2016).

The practice of Islamic insurance is a response to the need for Muslims to predict possible risks according to Islam. Coverage of sharia with the application of fundamentals which do not conflict with sharia sharia Islam has the advantage is that plus multiples gives everyone, not just people, Muslims only. Under M. Nur Rianto (2012) there are several main features of Sharia Insurance: a) Sharia Policy is Tabarrub) Sharia Non-Contracted Mulzim Insurance Policy (Agreement that must be made) for both parties. c) In sharia insurance there is no part that is added strongly because all decisions and rules are made with the permission of the congregation, as in Takafuld insurance) Sharia insurance network contracts maysir, gharar and ribae) Sharia insurance has a familial aspect.

The growth of sharia insurance premiums in Indonesia until 2006 showed a significant increase or an average of 45.17% compared to the previous year. As of June 2006, the total sharia insurance premiums were up to Rp 231,524 billion. However, macro, contributions, insurance premiums, sharia, only contributed 1.5 percent of the premium target of national insurance. Compared to other Muslim-majority countries, it is estimated that the role of sharia coverage is in Indonesia, which must be able to contribute to the target of redeeming state premiums of at least 10% (Protection Magazine, 2006) The level of payment is takaful sharia insurance premiums according to the agreement between the insurance company and the customer.

In Sharia insurance companies (ta'min, takaful, or tadhamum), a cooperative relationship between the two parties will occur if the transaction is carried out based on a mudharabah contract, which aims to protect the insured from unexpected future financial risks (Billah, 1998). The role of the company is only as a manager of sharia insurance funds paid by sharia insurance customers in the form of sharia insurance premiums using a mudaarabah contract, and fund managers as mudharib, while insurance premium policy holders as participants in sharia insurance policies or shahibul maal are the full owners of the funds (Billah, 1998).

The objectives of this study are 1) to explain the calculation model for special premium rates for saving and non-saving products at Islamic insurance companies 2) To explain the appropriate market segmentation for products offered by Islamic insurance companies 3) to explain the relationship between types of insurance products and market segmentation with the profit of the sharia insurance company.

THEORETICAL FRAMEWORK

The National Sharia Council of the Indonesian Ulema Council in its fatwa on general guidelines for sharia insurance, defines insurance according to him, Sharia Insurance (ta‟‟min, Takaful, Tadhamun) is an effort to protect and help each other among a number of people or parties through investment in the form of assets. and or a number of people or parties through investments in the form of assets and or tabarru‟‟ that provide a pattern of returns to face certain risks through a contract (engagement) that is in accordance with sharia.

The basic foundation of sharia insurance is the source of legal adoption of sharia insurance practices. Because from the beginning, sharia insurance was interpreted as a form of insurance business based on the values that exist in Islamic teachings. Namely Al-Qur'an and Al-hadith, then the basis used in this case is not much different from the methodology used by some Islamic jurists.

Before we discuss related to the main topic to explain first the principles of insurance law. From carrying out insurance operations following the rules which in particular have in insurance, but also not being able to impose regulations such as the regulations in article 1320 of the Civil Code dealing with legal notices of agreements with articles which protect articles, namely articles 1321-1329.

Experts differ on the number of principles or principles used in insurance. According to Sri Rejeki Hartono (2007), there are six principles and also the basic principles of insurance. The insurance industry, both loss insurance and life insurance, has principles that serve as guidelines for all insurance activities.

METHODS

This type of research is a field using a qualitative descriptive method. The primary data consists of information related to the calculation of insurance product premiums, market segmentation applied to certain products and data on the financial statements of sharia insurance companies according to the saving and non-saving products offered.

The analysis used in this study is a qualitative descriptive analysis, collecting information related to the method of calculating premiums, both for premiums on individual products or those with savings elements or group products that do not use savings elements. The data obtained is associated with the company's choice in marketing the insurance product with the aim of maximizing the company's profit.

RESULTS AND DISCUSSION

In general, insurance products are divided into 2 parts, namely products with a savings element and products without a savings element, this division generally refers to product benefits and protection which will be received by the related insured.

An insurance product that is intended for policyholders who want funds to grow as well as insurance protection during the agreement period. Based on the existing mechanism, the premium paid by the participant is divided into 3 parts and one of them is the participant's account which in turn will be invested and the participant gets a profit sharing. Insurance products that apply the savings element are very diverse, and generally fall into the group of individual policy ownership, including: investment funds, intended for customers who want funds in the next few years, the premium amount is adjusted to the needs when the policy matures, and the size of the portion savings funds for participants depending onthe length of the agreement period and the age of the policyholder, meaning that the longer the agreement period and the higher the age of the policyholder, the smaller the part that becomes participant savings, and vice versa.

One example that will be explained is an investment fund with an annual premium of Rp. 20,000,000, an agreement period of 5 years, tabarru 3%, loading 7%, profit sharing ratio of 60% of participants and 40% of insurance companies, assuming an investment rate of 10%. per year, can be calculated as listed in the following simulation. In the first year, from a premium of Rp. 20,000,000, 3% or Rp. 600,000 is allocated as tabarru funds, and 35% or Rp. 7,000,000 as loading fees and is only charged in the first year, so that the funds that can be allocated will become participant savings. amounting to Rp. 12,400,000. After being invested for a year assuming an investment rate of 10%, the funds amounted to Rp. 744,000, with a share of 60% of participants and 40% of insurance companies. The death fund is Rp. 100,000,000, which is from 5 years x Rp. 20,000.

The calculation for the cash value in the first year is the sum of the participant's savings and profit sharing for a year, which is Rp. 13,144,000, while the amount of the participant's death claim for that year is Rp. 113,144,000. In the second year, from the premium paid and the investment returns, the cash value benefit becomes Rp. 34,496,640 while the death claim benefit is Rp. 114,496,640, the amount of the reserved funds is in accordance with the amount of the premium that has been paid. The third year to the fifth year, the same calculation applies, although the actual calculation may differ depending on the level of investment that occurred during the period concerned.

The mortality table is not formed from the population census but is made from insurance policy holders so that the data obtained is based on residents who really deserve insurance, because the death rate from the census is greater than the death rate of insurance participants. Based on the table above, it can be seen that the chance of dying will increase with age. The following explains the calculation of premiums based on the mortality table by ignoring other elements. Existing simulations show numbers in per mile or per thousand, the older you get, the greater the chance of death. If we calculate what is the probability that a 35 year old person dies before 36 years old. Then it is calculated in the following way:

$$
\begin{aligned}
q35 &= (l35\text{-}l36)/l35 \\
&= d35/l35 \\
&= 1.612/982.664 \\
&= 0.00164 \\
&= 1.64 \text{ per mile or per thousand}
\end{aligned}
$$

This means that out of 1000 people aged 35 years will die before the age of 36 years as many as 1.64 people, from 10,000 people aged 35 years will die before the age of 36 years as many as 16.4 people and of 100,000 people aged 35 years will die before the age of 36 years. as many as 164 people.

The higher the cost applied to the premium, the higher the premium charged to prospective policyholders, the more efficient the cost of managing insurance operations, enabling lower premiums to be set and premiums to be more competitive.

Determining the target market in marketing a product will greatly determine the maximum company profit. In accordance with product characteristics, for those with a savings element, market segmentation is directed at individuals, while for those without a savings element, it will be more appropriate to market it to groups or companies with a minimum membership of 30 people.

CONCLUSION

The model for calculating premium rates for saving and non-saving products at Islamic insurance companies follows the provisions based on the mortality, interest/discount and cost tables, the difference is in the underwriting surplus for non-saving policyholders who are group. Market segmentation based on products offered specifically for Islamic insurance companies, focused on individuals and groups with a minimum of 30 members. The relationship between the types of products offered for certain market segments and the large profit of Islamic insurance companies, by covering group insurance, the profit sharing ratio is larger but the premium relatively small compared to individual products with large premiums. Corporate profits are obtained from individual active policies.

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