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Analysis of Determinants of Growth in Sharia Insurance Investment in Indonesia: an Autoregressive Distributed Lag (ARDL) Approach

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Abstract

This study aims to analyze the effects of Inflation (INF), Industrial Production Index (IPI), BI Rate (BIRATE), Exchange Rate (ER), and Investment Yield (RET) both partially and simultaneously on the total investment in Sharia insurance in Indonesia. This research employs a quantitative approach using secondary data in the form of monthly time series data, covering the period from January 2018 to April 2023, comprising a total of 64 observations. The analysis is conducted using the Autoregressive Distributed Lag (ARDL) method, with data sourced from the Financial Services Authority (OJK), Bank Indonesia (BI), Central Bureau of Statistics (BPS), and the Ministry of Trade. The results indicate that in the short term, the Exchange Rate variable has a significant negative effect on the total investment in Sharia insurance, while Investment Yield have a significant positive effect. In the long term, Inflation, Industrial Production Index, Exchange Rate, and BI Rate do not have a significant impact; however, Investment Yield continue to have a significant positive effect. These findings suggest that the stability of investment returns is a key indicator in driving the growth of total investment in Sharia insurance, while fluctuations in the exchange rate affect short-term investment interest. The implications of this study emphasize the importance of maintaining the stability of investment returns to enhance public trust in Sharia insurance products. Additionally, the government and industry players need to mitigate the impact of exchange rate fluctuations to support the sustainability of the Sharia insurance sector in Indonesia.

Keywords: Investment; Sharia Insurance; Inflation; Investment Yield; ARDL

1. Introduction

Indonesia, home to the world's largest Muslim population, holds significant potential for Islamic economic development, particularly in Islamic insurance (takaful). With 87% of its 284 million population being Muslim, Indonesia's Islamic finance sector extends beyond banking to include non-bank financial institutions like takaful. Islamic insurance operates on principles of mutual cooperation (takaful) and transparent fund management, offering a sustainable financial protection model. However, despite its potential, the growth of takaful investments faces challenges such as inflation, BI Rate fluctuations, and exchange rate volatility, which impact public trust and participation. Data from the Financial Services Authority (OJK) shows that in 2022, there were 58 Islamic insurance companies, including 15 fully sharia-compliant firms and 43 sharia business units.

Table 1. Number of Sharia Insurance Players (2019-2022)

Company Type	2019	2020	2021	2022
Life Insurance Companies				
• Full Sharia	7	7	7	8
• Sharia Business Unit	23	23	23	21
General Insurance Companies				
• Full Sharia	5	5	6	6
• Sharia Business Unit	24	21	20	19
Reinsurance Companies				
• Full Sharia	1	1	1	1
• Sharia Business Unit	2	3	3	3
Total	**62**	**60**	**60**	**58**

Source: Processed Data from OJK (2024)

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However, the sector has experienced a decline in sharia business units, indicating underlying challenges. High inflation, for instance, increases production costs and reduces business competitiveness, while BI Rate adjustments influence investor preferences, often diverting funds to higher-yield investments. Additionally, exchange rate fluctuations, particularly the rupiah's depreciation against the US dollar, can deter investment by reducing purchasing power and domestic demand. Despite these challenges, strong investment returns in takaful can boost public confidence and participation. However, OJK data reveals a decline in Islamic insurance investments in 2023, highlighting a gap between the sector's potential and its actual growth. This study aims to analyze the factors influencing takaful investment growth in Indonesia, focusing on inflation, BI Rate, and exchange rates. By identifying these factors, the research seeks to provide strategies to optimize the role of Islamic insurance in supporting sustainable economic development.

2. Literature Review

2.1. Sharia Insurance

Sharia insurance, or *takaful*, operates on the principles of mutual cooperation (*takafuli*) and risk-sharing, distinguishing it from conventional insurance, which is based on risk transfer (*tabaduli*). In Islamic insurance, participants contribute to a collective fund (*tabarru'*) to provide financial protection against unforeseen events, ensuring compliance with Sharia principles by avoiding *gharar* (uncertainty), *maysir* (gambling), and *riba* (usury) [1]. This system not only caters to Muslims but also offers ethical investment alternatives for non-Muslims, contributing to a more stable and inclusive financial ecosystem. The rapid growth of Islamic insurance in Indonesia, evidenced by the increasing number of fully Sharia-compliant companies and spin-offs of conventional insurance units, highlights its potential to strengthen the Islamic financial sector [2].

2.2. Investment in Islamic Insurance

Investments must adhere to Sharia principles, ensuring they are free from prohibited elements such as *riba* and *gharar*. The performance of these investments directly impacts the growth of the Islamic insurance sector, as higher returns attract more participants and increase contributions [3]. However, several macroeconomic factors influence the growth of investments in Islamic insurance, including inflation, BI Rate, exchange rates, and industrial production indices.

2.3. Inflation

Inflation, defined as a sustained increase in the general price level of goods and services, negatively impacts investment growth by increasing production costs and reducing purchasing power [4]. [5] further argues that high inflation reduces the predictability of returns, making investors hesitant to commit funds. Empirical studies by [6] and [7] confirm that high inflation correlates negatively with economic growth and investment, as it increases borrowing costs and reduces profit margins.

2.4. BI Rate

The BI Rate, set by Bank Indonesia, is a key monetary policy tool used to control inflation and stabilize the economy. According to Keynesian theory, lower interest rates reduce borrowing costs, encouraging investment, while higher rates have the opposite effect [8]. In the context of Islamic finance, the BI Rate also influences investor behavior, as it affects the attractiveness of Sharia-compliant investments relative to conventional ones. Studies by [9] show that changes in the BI Rate significantly impact investment levels, with a 1% increase leading to a substantial reduction in investment activity.

2.5. Exchange Rate

Exchange rate fluctuations significantly affect investment decisions, particularly in sectors like Islamic insurance that rely on foreign capital. According to the Mundell-Fleming model, a depreciating currency makes domestic goods cheaper for foreign investors, potentially attracting foreign direct investment (FDI) [10]. However, high volatility in exchange rates creates uncertainty, discouraging investment due to increased risks [11]. In Islamic finance, exchange rate stability is crucial, as it aligns with the principle of avoiding excessive uncertainty (*gharar*) in financial transactions [12].

2.6. Industrial Production Index (IPI)

The Industrial Production Index (IPI) measures the output of industrial sectors such as manufacturing, mining, and utilities, serving as an indicator of economic activity. A higher IPI reflects increased industrial production, which often leads to higher investment as businesses expand capacity to meet growing demand [13]. The Accelerator Theory of Investment supports this relationship, suggesting that increased production drives investment in capital goods [14]. Studies by [15] confirm that a rising IPI positively correlates with increased investment, particularly in sectors like Islamic insurance.

2.7. Investment Yield

Investment yield is closely related to the concept of Return On Investment (ROI). Based on this theory, investment yield is the main indicator that describes the rate of return or profit generated from invested capital. Investment yield is an important driver for investment decision making, because investors evaluate investment performance based on the yield generated as a reference for deciding capital allocation [16].

3. Research Method

This study adopts a quantitative research design, utilizing secondary data in the form of monthly time series data covering the period from January 2018 to April 2023. Quantitative data, as defined by [17], are numerical data derived from statistical methods, which are used for computational analysis to address research problems and draw conclusions. The dataset includes variables such as sharia insurance investment, inflation, BI Rate, industrial production index, exchange rate, and investment returns. These variables were selected based on their relevance to the research objectives and their potential impact on the financial and economic landscape.

Data for this study were collected using the documentation method, which involves gathering data from credible and authoritative sources. This includes a comprehensive literature review of relevant books, peer-reviewed journals, and official publications. Additionally, secondary data were obtained through indirect observation by accessing and downloading datasets from the official websites of the Financial Services Authority (OJK), Bank Indonesia, the Central Statistics Agency (BPS), and the Ministry of Trade. These sources were chosen to ensure the reliability, accuracy, and validity of the data used in the analysis.

The data analysis technique employed in this study is the Autoregressive Distributed Lag (ARDL) model. The ARDL approach is selected due to its robustness in analyzing time series data with mixed orders of integration, making it suitable for datasets that may include both stationary and non-stationary variables. This method allows for the examination of both short-term dynamics and long-term equilibrium relationships between the variables. The ARDL model is particularly advantageous in this context, as it provides a flexible framework for estimating the relationships between sharia insurance investment and macroeconomic indicators, such as inflation, BI Rate, industrial production index, exchange rate, and investment returns.

To ensure the validity and reliability of the findings, diagnostic tests were conducted, including tests for stationarity (e.g., Augmented Dickey-Fuller (ADF) and Phillips-Perron (PP) tests), cointegration (bounds testing), and model stability (e.g., CUSUM and CUSUMSQ tests). These tests were performed to confirm the appropriateness of the ARDL model and to ensure that the results are free from issues such as multicollinearity, heteroscedasticity, and autocorrelation.

This research employs a rigorous quantitative methodology, combining secondary data analysis with the ARDL approach, to investigate the dynamic relationships between sharia insurance investment and key macroeconomic variables. The use of data from credible sources, along with robust analytical techniques, ensures that the findings are both reliable and valid, contributing to the broader understanding of the research problem in a manner consistent with Scopus-standard journal requirements.

4. Results and Discussion

4.1. Overview of the Research Object

The growth of sharia insurance investments from January 2018 to April 2023, as depicted in the boxplot, shows that the median (Q2) lies between 36,000 and 37,000 billion, indicating that most investments are concentrated within this range. The interquartile range (IQR), which spans from the first quartile (Q1) to the third quartile (Q3), is slightly above 35,000 to 37,000 billion, suggesting a narrow concentration of investment values. This indicates the stability of sharia insurance investments during this period, with most data points not deviating significantly from the median, resulting in a consistent investment distribution without wide data dispersion.

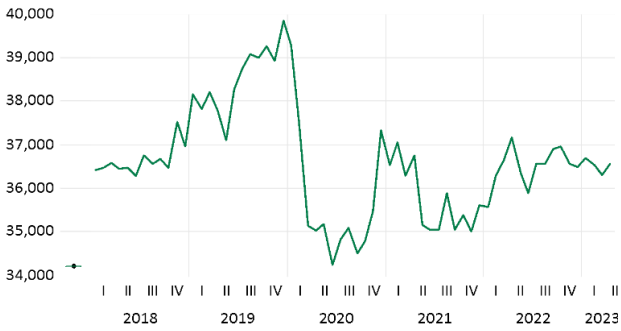

Figure 1. Growth of Sharia Insurance Investments 2018-2023

Source: Processed Data by the Author (2024)

However, the data reveals a sharp decline in the second quarter of 2020, represented as an outlier in the boxplot, indicating a significant disruption in investment values outside the usual distribution pattern. This decline can be attributed to the economic shock caused by the COVID-19 pandemic, which emerged as a sudden external factor disrupting global economic stability. The pandemic led to massive economic uncertainty, business activity restrictions, and a decline in the performance of various economic sectors, causing investors to become more cautious, withhold capital, or even withdraw investments to mitigate risks. Additionally, the pandemic exacerbated market volatility, directly impacting sharia insurance investment values as investors shifted funds to more liquid or safer instruments during uncertain times.

Thus, the boxplot data for the second quarter of 2020 reflects the impact of the COVID-19 pandemic shock, which was the primary factor behind the sharp decline in investments. This decline not only indicates a disruption in investment flows in the sharia insurance sector but also illustrates investor responses to systemic risks caused by uncertain global economic and health conditions. This confirms that economic shocks, such as those caused by a pandemic, can significantly alter investment patterns in a short period, even in relatively stable sectors like sharia insurance.

This study uses secondary data in the form of monthly time series data from January 2018 to April 2023. Data processing was conducted using Eviews 13, with data sources obtained from monthly reports by OJK, BI, BPS, and the Ministry of Trade. The study employs one dependent variable, Sharia Insurance Investment, and five independent variables: inflation, industrial production index, BI Rate, exchange rate, and investment returns. The total observations from January 2018 to April 2023 amount to 64, analyzed using the Autoregressive Distributed Lag (ARDL) model.

4.2. Descriptive Statistics of Variables

Descriptive statistical analysis provides an overview of data characteristics, such as mean, median, minimum, maximum, and standard deviation. The following table helps understand the distribution, central tendency, and variation of each analyzed variable.

Table 2. Descriptive Statistics of Variables

	INVEST (Y)	**INF (X_1)**	**IPI (X_2)**	**BIRATE (X_3)**	**ER(X_4)**	**RET (X_5)**
Mean	36611.50	2.943594	143.6641	4.578125	14491.94	-112.1125
Median	36547.35	2.970000	146.2550	4.375000	14377.50	172.9248
Maximum	39845.55	5.950000	158.8200	6.000000	16367.00	2518.363
Minimum	34233.31	1.320000	104.0200	3.500000	13413.00	-4009.471
Std. Dev.	1287.742	1.249191	10.09623	0.947925	533.4846	1380.080
Sum	2343136.	188.3900	9194.500	293.0000	927484.0	-7175.197
Sum Sq. Dev.	1.04E+08	98.31007	6421.837	56.60938	17930166	1.20E+08

Source: Processed Data by the Author from Eviews 13 Results (2024)

Based on the descriptive analysis, Table 2 shows the following results:

1. Sharia insurance investments have an average value of 36,611 billion, with a median of 36,547.35, a maximum of 39,845.55, a minimum of 34,233.31, and a standard deviation of 1,287.742.
2. The average inflation rate is 2.94%, indicating an annual increase in goods and services prices by 2.94%. The median is 2.97%, with a maximum of 5.95%, a minimum of 1.32%, and a standard deviation of 1.24%.
3. The industrial production index has an average value of 143.66%, with a median of 146.25%, a maximum of 158.82%, a minimum of 104.02%, and a standard deviation of 10.09%.
4. The average BI Rate is 4.58%, reflecting a relatively moderate monetary policy. The median is 4.38%, with a maximum of 6%, a minimum of 3.5%, and a standard deviation of 0.95%.
5. The average exchange rate of the rupiah against the US dollar is Rp14,491, with a median of Rp14,377, a maximum of Rp16,367, a minimum of Rp13,413, and a standard deviation of Rp533.48.
6. Investment returns show an average loss of -112.11%, with a median of 172.92%, a maximum of 2,518.36%, a minimum of -4,009.47%, and a standard deviation of 1,380.08%.

4.3. ARDL Data Analysis

4.3.1. Stationarity Test

The stationarity test ensures that time series data is stationary, meaning it has constant statistical characteristics over time, allowing for valid and interpretable analysis. The Augmented Dickey-Fuller (ADF) test is used to determine the necessary transformations (e.g., differencing) to achieve stable and accurate time series models. If the ADF statistic is smaller than the critical value at a certain significance level (e.g., 5%), the null hypothesis is rejected, and the data is considered stationary.

Table 3. ADF Unit Root Test

Variable	Level		First Difference		Ordo of Integration
	t-statistics	Prob.	t-statistics	Prob.	
Sharia Insurance Investment (Y)	-2.201702	0.2078	-8.1423	0.0000	I(1)
Inflation (X1)	-2.367003	0.1553	-6.3713	0.0000	I(1)
Industrial Production Index (X2)	-4.536721	0.0005*	-11.0075	0.0000	I(0)
BI Rate (X3)	-1.480477	0.5369	-3.6723	0.0069	I(1)
Exchange Rate (X4)	-3.676218	0.0068*	-8.7633	0.0000	I(0)
Investment Yield (X5)	-2.402368	0.1452	-7.5012	0.0000	I(1)

Note: The null hypothesis is "the series has a unit root." * indicates probability < 0.05, and the null hypothesis is rejected at the 5% significance level.

Source: Processed Data by the Author from Eviews 13 Results (2024)

Based on Table 3, the ADF Unit Root Test at the level shows that the industrial production index (X2) and exchange rate (X4) are stationary, with probabilities of 0.0005 and 0.0068, respectively. At the first difference, the variables Sharia Insurance Investment (Y), Inflation (X1), BI Rate (X3), and Investment Returns (X5) are stationary, with probabilities of 0.0000.

4.3.2. Optimal Lag Test

The next step is selecting the optimal lag length for the ARDL model. The optimal lag is indicated by the highest number of asterisks. The lag length criteria suggest a dependent variable lag of 1 and independent variable lags of up to 4.

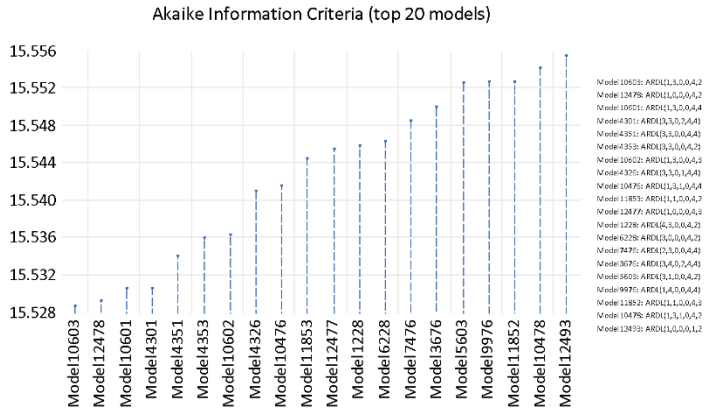

Figure 2. Optimal Lag Results from Akaike Information Criterion

Source: Processed Data by the Author from Eviews 13 Results (2024)

4.3.3. Cointegration Bound Test

Table 4. Cointegration Bound Test Results

Test Statistic	Value	Sample Size
F-Statistic	17.28557819	60
Significance	I(0) Bound	I(1) Bound
10%	2.204	3.21
5%	2.589	3.683
1%	3.451	4.764

Source: Processed Data by the Author from Eviews 13 Results (2024)

Based on Table 4, the Bound Test results indicate a long-term relationship between variables, with an F-statistic of 17.28557819 > α = 5%, exceeding both I(0) and I(1) bounds.

4.3.4. Cointegration Bound Test

Table 5. ARDL Estimation Results

Method: ARDL Selected model: ARDL (1,3,0,0,4,2)					
Variable	Coefficient	Std. Error	t-Statistic	Prob.	Significance
D(INVEST(-1))	-0.376983	0.129500	-2.911074	0.0056	Significant
D(INF)	-20.42148	239.9597	-0.085104	0.9326	Not Significant
D(INF(-1))	165.9557	222.7775	0.744939	0.4603	Not Significant
D(INF(-2))	-154.4124	224.6915	-0.687219	0.4956	Not Significant
D(INF(-3))	438.305029	243.719156	1.798402	0.0790	Not Significant
IPI	6.469025	7.906765	0.818163	0.4177	Not Significant
D(BIRATE)	666.7309	412.4847	1.616377	0.1132	Not Significant
ER	-0.743347	0.232985	-3.190540	0.0026	Significant
ER(-1)	0.102707	0.256820	0.399918	0.6912	Not Significant
ER(-2)	0.361699	0.260475	1.388614	0.1719	Not Significant
ER(-3)	-0.430420	0.234101	-1.838606	0.0727	Not Significant
ER(-4)	0.422824	0.183667	2.302120	0.0261	Significant
D(RET)	0.353228	0.095519	3.697989	0.0006	Significant
D(RET(-1))	0.186531	0.102766	1.815096	0.0763	Not Significant
D(RET(-2))	0.240350	0.102897	2.335831	0.0241	Significant
C	3217.118	2927.157	1.099059	0.2777	Not Significant

Source: Processed Data by the Author from Eviews 13 Results (2024)

Based on Table 5, the significant variables are D(INVEST(-1)) (0.0056), ER (0.0026), ER(-4) (0.0261), D(RET) (0.0006), and D(RET(-2)) (0.0241), as their probabilities are < α = 5%. The R-squared value of 0.633605 indicates that approximately 63.36% of the variation in the dependent variable can be explained by the independent variables in the model, suggesting good predictive power. The Durbin-Watson statistic of 1.954273, close to 2, indicates no serious autocorrelation issues in the residuals. The F-statistic of 5.072591 with a probability of 0.000012 < α = 5% indicates that the independent variables significantly influence the dependent variable collectively.

4.4. Classical Assumption Tests

a. Normality Test

The Jarque-Bera test was used to assess whether the residuals are normally distributed. The Jarque-Bera statistic of 0.262665 with a probability of 0.876926 > α = 5% indicates that the residuals are normally distributed.

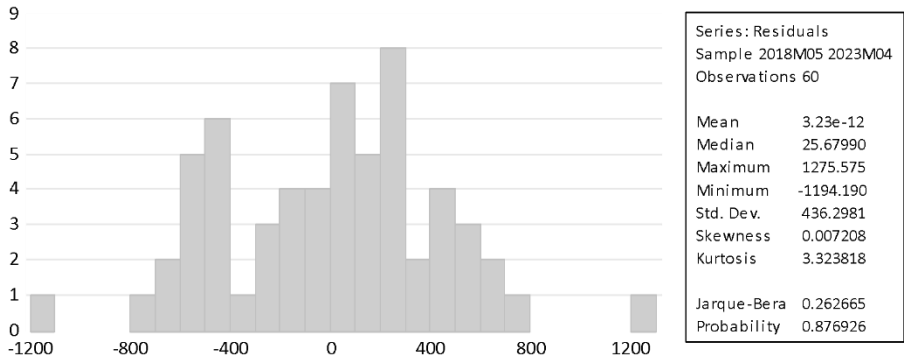

Figure 3. Normality Test Results

Source: Processed Data by the Author from Eviews 13 Results (2024)

b. Autocorrelation Test

The Breusch-Godfrey Serial Correlation LM Test was used to analyze autocorrelation. The results are shown in Table 6.

Table 6. Autocorrelation Test Results

Breusch-Godfrey Serial Correlation LM Test:			
F-statistic	1.128393219	Prob. F(2,42)	0.333163722
Obs*R-squared	3.059580173	Prob. Chi-Square(2)	0.216581126

Source: Processed Data by the Author from Eviews 13 Results (2024)

c. Heteroskedasticity Test

The Breusch-Pagan-Godfrey test was used to assess heteroskedasticity. The results are shown in Table 7.

Table 7. Heteroskedasticity Test Results

Heteroskedasticity Test: Breusch-Pagan-Godfrey			
F-statistic	0.557887403	Prob. F(15,44)	0.890501054
Obs*R-squared	9.587833807	Prob. Chi-Square(15)	0.844834696
Scaled explained SS	5.990946406	Prob. Chi-Square(15)	0.979899422

Source: Processed Data by the Author from Eviews 13 Results (2024)

d. Multicollinearity Test

The Variance Inflation Factor (VIF) was used to detect multicollinearity. A VIF > 10 indicates serious multicollinearity. The results are shown in Table 8.

Table 8. Multicollinearity Test Results

Variance Inflation Factors			
Variable	Coefficient Variance	Uncentered VIF	Centered VIF
D(INVEST(-1))	0.01677016	2.01160556	2.01152198
D(INF)	57580.6341	1.50875862	1.50557636
D(INF(-1))	49629.8106	1.22080534	1.21281758
D(INF(-2))	50486.2836	1.2019983	1.184711
D(INF(-3))	59399.0272	1.40693606	1.39095321
IPI	62.5169282	305.447352	1.56551111
D(BIRATE)	170143.658	1.49979656	1.47479995
ER	0.05428183	2702.79402	3.20224103
ER(-1)	0.06595674	3277.6445	3.99226038
ER(-2)	0.06784731	3361.59015	4.18380592
ER(-3)	0.05480341	2705.56127	3.38323836
ER(-4)	0.03373365	1659.50334	2.195938
D(RET)	0.00912385	1.3746082	1.37174169
D(RET(-1))	0.0105609	1.61383051	1.61286677
D(RET(-2))	0.01058779	1.6852745	1.68525523
C	8568247.95	2014.08292	NA

Source: Processed Data by the Author from Eviews 13 Results (2024)

4.4.1. Short-Run ARDL Estimation

The short-run ARDL estimation results are shown in Table 9.

Table 9. Short-Run ARDL Estimation

Variable	Coefficient	Std. Error	t-Statistic	Prob.	Significance
CointEq(-1)	-1.376983	0.117430	-11.72599	0.0000	Significant
D(INF,2)	-20.42148	203.7687	-0.100219	0.9206	Not Significant
D(INF(-1),2)	-283.8927	233.6603	-1.214980	0.2301	Not Significant
D(INF(-2),2)	-438.3050	203.8279	-2.150369	0.0364	Significant
D(ER)	-0.743347	0.168342	-4.415683	0.0001	Significant
D(ER(-1))	-0.354104	0.177062	-1.999883	0.0510	Significant
D(ER(-2))	0.007596	0.173298	0.043831	0.9652	Not Significant
D(ER(-3))	-0.422824	0.156994	-2.693253	0.0096	Significant
D(RET,2)	0.353228	0.069924	5.051571	0.0000	Significant
D(RET(-1),2)	-0.240350	0.074625	-3.220749	0.0022	Significant

Source: Researcher Processed Data

4.4.2. Long-Run ARDL Estimation

The estimation results of the long-run ARDL model are presented in Table10.

Table 10. Long-Run ARDL

Deterministics: Rest. constant (Case 2)					
CE = D(INVEST(-1)) - (311.860708*D(INF(-1)) + 4.697970*IPI + 484.196871*D(BIRATE) - 0.208090*ER(-1) + 0.566534*D(RET(-1)) + 2336.352972)					
Variable	Coefficient	Std. Error	t-Statistic	Prob.	Stasioner
D(INF(-1))	311.8607	293.5602	1.062340	0.2928	Not Significant
IPI	4.697970	5.711404	0.822560	0.4144	Not Significant
D(BIRATE)	484.1969	291.1304	1.663162	0.1021	Not Significant
ER(-1)	-0.208090	0.131348	-1.584259	0.1190	Not Significant
D(RET(-1))	0.566534	0.129844	4.363203	0.0001	Significant
C	2336.353	2104.334	1.110258	0.2718	Not Significant

Source: Researcher Processed Data

Based on the long-run ARDL model estimation in Table 4.9, the long-run equation is formulated as follows:

INVEST = 2336.353 + 311.8607INF + 4.697970IPI + 484.1969BIRATE

-0.208090ER + 0.566534RET……(4.9)

The estimation results can be interpreted as follows:

1. Inflation does not have a significant impact on Islamic insurance investment, with a positive coefficient. A 1% increase in inflation is not significantly associated with a 311.8607% increase in investment in the long run.
2. Industrial Production Index (IPI) also does not exhibit a significant effect on Islamic insurance investment. A 1% rise in IPI is not significantly linked to a 4.69797% increase in investment in the long run.
3. BI Rate does not significantly influence Islamic insurance investment, despite a positive coefficient. A 1% increase in BI Rate is not significantly associated with a 484.1969% rise in investment in the long run.
4. Exchange Rate (ER) shows an insignificant negative impact on Islamic insurance investment. A 1% increase in ER is not significantly linked to a 0.20809% decline in investment in the long run.
5. Investment Returns (RET) have a significant positive effect on Islamic insurance investment. A 1% increase in investment returns significantly boosts Islamic insurance investment by 0.566534% in the long run.

5. Conclusions

The results of the ARDL estimation test indicate that, in the short term, the variables Exchange Rate and Investment Returns significantly influence the amount of investment in Islamic insurance. This suggests that short-term economic conditions can affect public confidence in investing in Islamic insurance products. In the long term, variables such as Inflation, Industrial Production Index, Exchange Rate, and BI Rate do not have a significant impact on the amount of investment in Islamic insurance. However, Investment Returns significantly influence the amount of investment in Islamic insurance in the long term. This is because Islamic insurance is more influenced by factors of trust and macroeconomic stability rather than rapidly fluctuating economic variables. Based on the F-statistic value of 5.072591 with a Prob(F-statistic) of 0.000012 < α 5%, it is interpreted that the variables Inflation, Industrial Production Index, BI Rate, Exchange Rate, and Investment Returns simultaneously have a significant impact on the amount of investment in Islamic insurance.

This study suggests further research or input for future studies that have not been addressed in this research. Companies need to enhance transparency and the performance of their investment portfolios to provide competitive returns while adhering to Shariah principles. The government should provide policies that support economic stability and prioritize the Islamic industrial sector to sustain the growth of Islamic insurance. The government could also offer incentives to Islamic insurance companies that innovate in their products or contribute significantly to the social sector. Developing regulations that encourage collaboration among Islamic financial institutions will strengthen the position of the Islamic insurance industry and expand its access to broader markets.

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