

## Development Strategy of Sharia Insurance in Indonesia

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### Abstract

The background of the research is the low market share of Indonesia's sharia insurance compared to its potential and the decline in assets of the Indonesian sharia insurance industry in 2020 and 2021 compared to 2019. The purpose of the study is to analyze the problems faced by the sharia insurance industry and formulate strategies that can be used in dealing with these problems in order to increase market share. This study uses a qualitative paradigm approach with ANP (Analytical Network Process) as an analytical tool. The type of data is primary data obtained through in-depth interviews and filling out questionnaires by sharia insurance experts from industry practitioners, associations, academics and regulators. Software Super Decision 2.10 is used as a data measurement and analysis tool. The result of research shows that the problems faced by the sharia insurance industry in Indonesia can be grouped into four aspects, namely human resources, infrastructure, products, and markets. The study also found that the right strategy related to the development of the sharia insurance market in Indonesia is to combine four strategies that have been formulated with sequential priorities starting from institutional strengthening, resources strengthening, product development and marketing improvement.

### Keywords

sharia insurance; development strategy; ANP



## I. Introduction

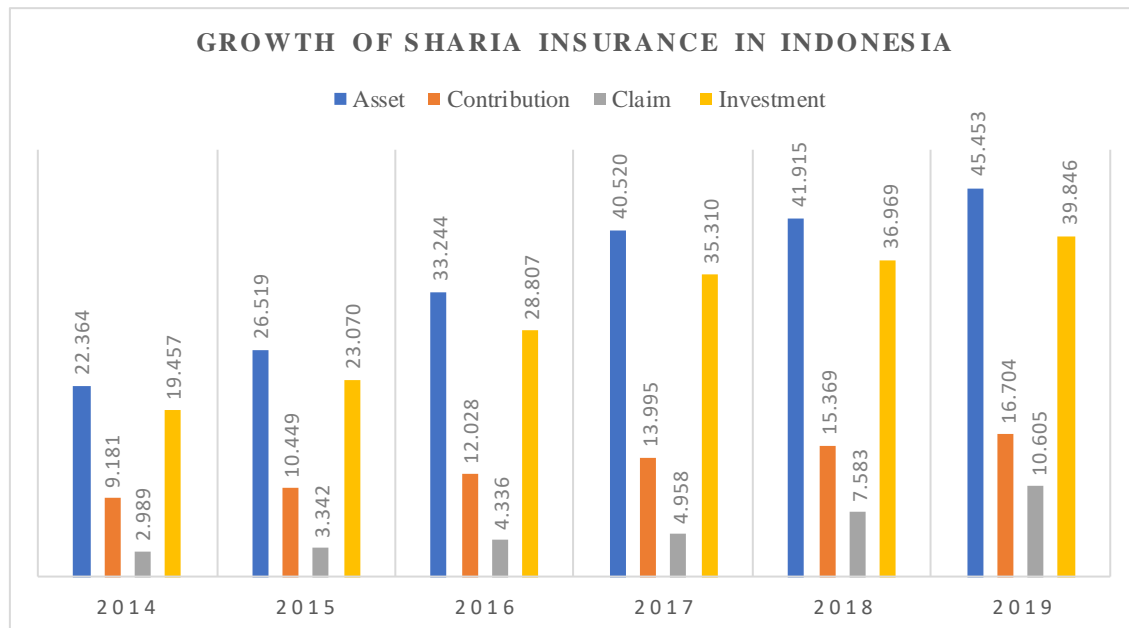
Indonesia is a country that has a Muslim majority population. Based on data from the Directorate General of Population and Civil Registration (Dukcapil) of the Ministry of Home Affairs as of June 2021, the total Muslim population in Indonesia is 236.53 million or equivalent to 86.88% of Indonesia's total population of 272.23 million (Kusnandar, 2021). The large number of Muslim population has implications for the increase in the need for sharia transactions. The muslim majority population will be a great potential for the market for Islamic financial institutions in the form of banks and non-banks (NBFIs - Non-Bank Financial Institutions).

Islamic finance is not only about religious preferences, but through the objectives of sharia (*maqashid al shariah*), Islamic finance can be implemented in the context of protecting life and protecting property. Through sharia finance, Muslims can invest in a real and sustainable economy with the principles of justice, not *gharar*, not *maisyir* and not usury so that it brings benefits to the wider community and the Indonesian economy in general.

The Islamic finance industry in Indonesia has the potential to continue to grow and has great benefits for the economy. The Sharia Non-Bank Financial Industry (NBFI) is one of the pillars of strength in the Islamic finance industry, whose development is expected to contribute to the development of the Islamic economy in Indonesia. Sharia NBFI covers the fields of activity related to the sharia insurance industry, sharia pension funds, sharia

financing institutions, and other sharia financial service institutions, whose implementation does not conflict with sharia principles.

Sharia insurance was first introduced in Indonesia in 1994, with the establishment of PT. Asuransi Takaful Indonesia which has two subsidiaries, namely PT. Family Takaful Insurance for life insurance and PT. General Takaful Insurance for general insurance. Sharia insurance continues to grow in Indonesia year after year. Figure 1 shows the growth of Islamic insurance in Indonesia in terms of assets, contributions, claims and investments.



**Figure 1.** Growth of Sharia Insurance in Indonesia 2014 – 2019  
 (Source : KNEKS, 2020)

Statistical data from the Sharia NBF of OJK (Financial Services Authority) as of October 2021, shows that the number of companies engaged in sharia insurance in Indonesia, both in the form of independent sharia insurance companies and sharia business units, is 46 units consisting of 23 companies that serve sharia life insurance, 20 companies that serve sharia general insurance, and 3 sharia reinsurance companies. The asset of 46 units of sharia insurance company are Rp. 43.59 trillion. However, the insurance market share is still relatively low compared to its potential, especially in relation to the number of Muslims who make up the majority of Indonesia's population.

Riswinandi, Chief Executive of the OJK Non-Bank Financial Industry Supervision (IKNB), stated that the contribution of sharia insurance in December 2020 on an annual basis (year on year/yoy) recorded a growth of 3.83% and the market share of sharia insurance to national commercial insurance as of December 31 2020 reached 6%. However, the Islamic insurance industry's assets decreased by 2.2% at the end of December 2020, which was IDR 44.44 trillion compared to the position in December 2019 of IDR 45.40 trillion (Ardianto, 2021). Even based on OJK statistical data, as of the end of October 2021, the assets of the sharia insurance industry were at Rp. 43.59 trillion, which shows a decline in assets (OJK, 2021).

The research gaps are the low market share of Islamic insurance in Indonesia compared to the potential of Islamic insurance and the decline in assets of the Islamic insurance industry in the last two years. Meanwhile, the research question are as follows :

1) What are the problems faced by Islamic Insurance in Indonesia ? 2) What is the strategy for developing sharia insurance in Indonesia ?

## II. Review of Literature

Based on the fatwa of the National Sharia Council No. 21/DSN-MUI/X/2001, sharia insurance (ta'min, takaful, tadhmun) is an effort to protect and help each other among a number of people through investment in the form of assets and or tabarru', which provides a pattern of returns to face certain risks. through a covenant in accordance with the shari'ah.

Hasan Ali (2004) in Abdullah (2018) states that according to the encyclopedia of Islamic Law it is stated that sharia insurance is an agreement transaction between two parties, one party is obliged to pay contributions and the other party is obliged to provide full guarantees to the contributors if something happens to the first party by the agreement made.

UU Republik Indonesia No. 40 of 2014 concerning insurance defines sharia insurance as a collection of agreements, consisting of agreements between sharia insurance companies and policyholders and agreements between policyholders, in the context of managing contributions based on sharia principles to help and protect each other by:

1. Provide compensation to participants or policyholders due to loss, damage, costs incurred, lost profits, or legal liability to third parties that may be suffered by participants or policyholders due to the occurrence of an uncertain event
2. Provide payment based on the participant's death or payment based on the participant's life with benefits whose amount has been determined and/or based on the results of fund management.

According to Sahroni (2019) there are parameters that show the concept of sharia insurance is by sharia law. First, that sharia insurance applies the concept of tabarru (grants/tanahud) and not buying and selling risks/transfer of risk which contains uncertainty (gharar). Second, sharia insurance places premiums in sharia-compliant instruments which will avoid the practice of usury.

Akad is an agreement between the policyholders and the sharia insurance company. Akad in sharia insurance include Akad Wakalah bil Ujrah (based on the fatwa of the National Sharia Council (DSN) No: 52/DSN-MUI/III/2006), Akad Mudharabah Musytarakah. (Based on the fatwa of DSN No: 51/DSN-MUI/III/2006), and Akad Tabarru' (based on the fatwa of DSN No: 53/DSN-MUI/III/2006).

Some related literature and previous relevant research indicate that the obstacles or challenges for the growth of Islamic insurance are caused by various problems including the lack of promotion (Jamil, 2016; Mokhtar, 2017; Handayani, 2019; Suparmin, 2020), lack of professional human resources (Kementerian Pembangunan dan Perencanaan Nasional, 2018; Nuranggraeni, 2019; Suparmin, 2020), sharia insurance literacy in society (Hariyadi dan Triyanto, 2017; Md Husin, 2020; Suparmin, 2020), products, services & innovation (Cahyandari, 2017; Mokhtar, 2017; Abdullah, Barkah & Bachri, 2018, Sabri & Ali, 2020; Shah, 2020; Kusuma, 2020) regulations (Lukman and Elatrash, 2017; Kementerian Pembangunan dan Perencanaan Nasional, 2018; Nuranggraeni, 2019; Suparmin, 2020), technology (Nuranggraeni, 2019).

Based on Webster's New World dictionary, strategy is defined as the science of planning and directing military operations. However, the concept of strategy can be interpreted more broadly. Susanto (2014) define that strategy is as a tool to achieve company goals in relation to long-term goals, follow-up programs and resource allocation priorities as well as to create competitive advantage.

Business strategies may include geographic expansion, diversification, acquisitions, product development, market penetration, austerity, divestment, liquidation, and joint

ventures. Strategy affects the long-term prosperity of the organization, for at least five years, and is thus future-oriented. According David and David (2017) strategy has multifunctional or multidivisional consequences and requires consideration of both external and internal factors facing the company.

There are two main things needed in determining the appropriate strategy for the benefit of the organization. The first thing is to make decisions based on the agreement of all parties involved. The next thing is the suitability of the choice of strategy with the support of available resources.

The sharia insurance development strategy is based on alternative strategic choices that have been programmed by the sharia insurance industry and/or the government, the opinions of experts or other stakeholders from sharia insurance that have been compiled based on literature reviews or interviews. Analysis and description of the problem, as well as the formulation of alternative solutions and strategies until the synthesis is carried out using ANP (Analytic Network Process).

ANP is a new approach to qualitative methods introduced by Thomas Saaty, a research expert from Pittsburgh University, and is intended to improve the Analytic Hierarchy Process (AHP) method. Saaty (1999) in Ascarya (2015) defined ANP as a general theory of relative measurement used to derive composite priority ratio from individual ratio scale reflecting relative measurement of interconnected elements within control criteria.

The advantage of ANP over other methodologies is its ability to assist decision makers in measuring and synthesizing a number of factors in a hierarchy or network. In the qualitative approach, there are no other methodologies that are capable of synthesizing such as the ANP method (Tanjung and Devi, 2013). According to Saaty (2005) in Tanjung and Devi (2013), the simplicity of the concept offered, makes ANP a more general methodology and easier to apply for various qualitative studies such as decision making, forecasting, evaluation, mapping, strategizing, resource allocation and others.

### **III. Research Method**

This research was conducted from January to July 2022. This study uses qualitative paradigm approach. Bogdan and Taylor (1975) in Moleong (2016) define qualitative method as a research procedure that produces descriptive data in the form of written or spoken words from people and observable behavior. This study is applied research on a social phenomenon that occurs in the Islamic insurance industry. This research is based on problems that exist and need to be solved. The study is also based on the interpretation of experts who become informants.

Objective measurements and numerical analysis are carried out by using ANP as a data analysis technique. Tanjung and Devi (2013) explain that ANP is the first mathematical theory that makes this method possible for a decision maker to deal with interrelated factors and their feedback systematically.

Saaty (1994) in Ascarya (2015) stated that the basic principles of AHP/ANP are decomposition, comparative judgments, and hierarchic composition or synthesis of priorities. The principle of decomposition is applied to structure a complex problem into a hierarchy or network of clusters, sub clusters, sub-sub clusters, and so on. In other words, decomposition tries to model the problem into AHP/ANP framework. The principle of comparative judgments is applied to construct pairwise comparisons of all combinations of elements in a cluster with respect to the parent of the cluster. The principle of hierarchic composition or synthesis is applied to multiply priorities of the elements in a cluster

This study uses three steps to implement ANP. First, in-depth interviews with scholars and experts in Islamic economic and finance primarily sharia insurance were conducted to fully understand the real problems and identify the the problem faced by sharia insurance in Indonesia. Second, the results of the preliminary stage are used to develop an appropriate ANP network and relevant questionnaires to collect the required data from Islamic insurance scholars' experts. Third, ANP analysis is applied to prioritize the actual problems and alternative solutions, and to formulate an optimal policy strategy for the sharia industry and related stakeholders.

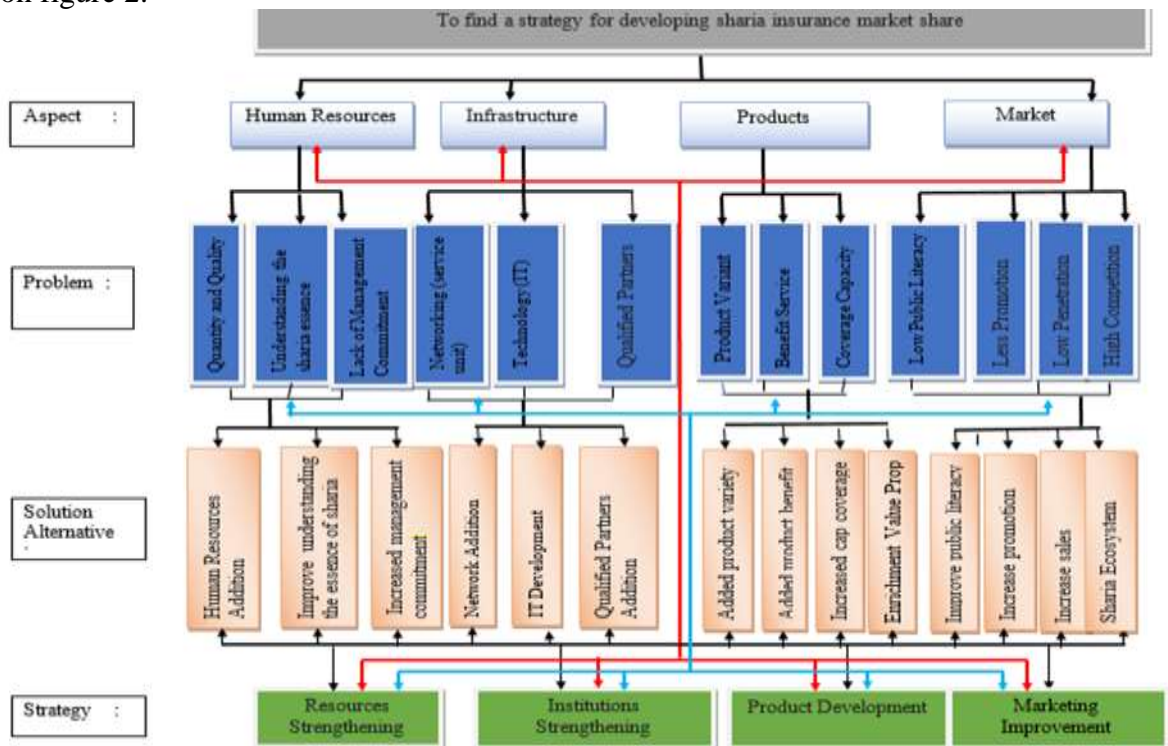
The sample in qualitative research is called the informant. The number of samples in this study were eight informants. The sampling technique was carried out by purposive sampling method, with consideration that the informant is an expert who must have competence in the field of sharia insurance in particular or sharia economics in general

The data used in the research is primary data collected from informants who are categorized as experts and come from various background such as academics, practitioners, associations, regulators (OJK and KNEKS). The research instrument used for data collection is a questionnaire. In filling out the questionnaire used a numerical scale. Assessment of criteria and alternatives through pairwise comparisons, using a numerical scale of 1 – 9, which is a translation of verbal statements related to dependencies or degrees of importance.

## IV. Result and Discussion

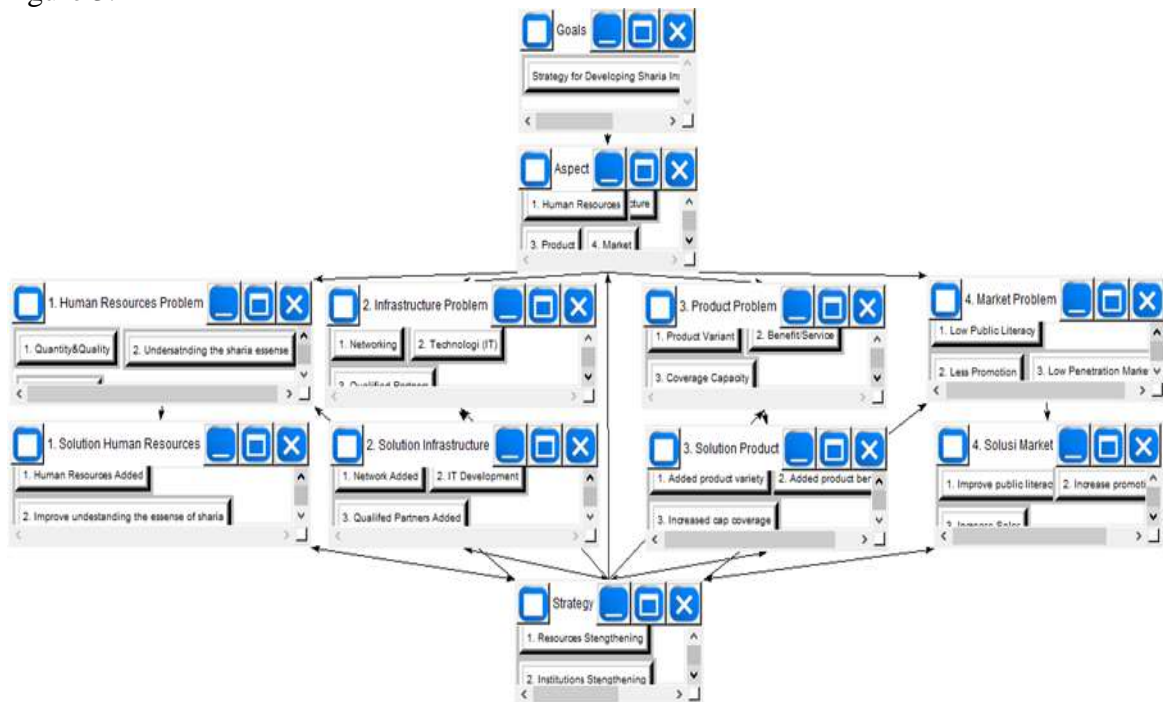
### 4.1 Model Construction

Problem identification of this study follows extensive literature survey and in depth interview with the experts. The ANP model of this study is structured into 4 level, namely aspects, problem, solution alternative, and strategy. The conceptual framework can be seen on figure 2.



**Figure 2.** Conceptual Framework of ANP Model - Strategy for Developing Sharia Insurance Market Share in Indonesia

Based on the conceptual framework, the ANP network was created to find a strategy for developing sharia insurance market in Indonesia for data processing as can be seen on figure 3.



**Figure 3.** ANP Network as a Template for Data Processing  
(Source : Super Decision 2.10, processed by researcher 2022)

## 4.2 Model Quantification and Results

Model Quantification were conducted by filling out pairwise questionnaires based on conceptual framework of the ANP model. The pairwise questionnaire were filled out by experts.

To estimate the agreement degree or concordant degree among the experts, Kendall's coefficient of concordance (W) was implemented. The range of Kendall W coefficient scale ranges from 0 to 1 with details as table 1.

**Table 1.** Kendall's W concordance degree scale

W	Interpretation
0	No agreement
0.10	Weak agreement
0.30	Moderate agreement
0.60	Strong agreement
1	Perfect agreement

The results of data processing based on questionnaires that have been filled out by experts can be seen in the table 2.

**Table 2.** ANP Data Processing Result

Cluster	Sub Cluster	W	Element (Node)	Eigen Value	
Aspect		0.48	Human resources (HR)	0.33	
			Infrastructure	0.26	
			Products	0.22	
			Market	0.17	
Problem	Human Resources	0.30	Limited quantity and quality of HR	0.29	
			Limited understanding sharia essence	0.29	
			Lack of management commitment	0.41	
	Infrastructure			Limitation of network (service unit)	0.31
				Information Technology Limitation	0.36
				Limited capacity of qualified partners	0.29
	Products	0.19		Product variant limitations	0.36
				Service limitations	0.34
				Coverage Capacity Limitation	0.27
	Market	0.59		The level of public literacy on sharia insurance is still low,	0.31
				Less Promotion	0.23
				Low penetration rate	0.23
				High competition	0.21
Solution Alternative	Human Resources	0.42	Human Resources Addition	0.20	
			Improve understanding of sharia essence	0.35	
			Increased management commitment	0.41	
	Infrastructure	0.25		Service units (network) additions	0.27
				IT Development	0.37
				Add collaboration with partners	0.32
	Products	0.16		Added product variety	0.23
				Added product services benefit	0.23
				Increased coverage capacity	0.21
				Product value proposition enrichment in the sharia aspect	0.29
	Market	0.72		Improve public literacy	0.23
				Increasing promotion	0.23
				Massive increase in sales	0.16
				Creating a sharia ecosystem with relevant stakeholders	0.36
	Strategy		0.21	Resources Strengthening,	0.27
				Institutions Strengthening	0.29
Product Development,				0.22	
Marketing improvement				0.21	

### 4.3 Discussion

#### a. Sharia Insurance Problem in Indonesia

Based on literature reviews and discussions with experts, the problems faced by the Islamic insurance industry in Indonesia and discussed in this study are grouped into four aspects, namely human resources, infrastructure, products and markets. Referring to the results of data processing as shown in table 1, in general human resource become the primary problem, then followed sequentially by infrastructure, products and markets. The rater agreement value from the cluster aspect is 0.48 ( $w = 0.48$ ) which indicates that the experts quite agree in determining the priority aspects of the problem in the concept of sharia insurance development strategy.

The main priority problem in the human resources sub-cluster is the lack of management commitment to the development of sharia insurance, followed by limited quantity and quality of human resources and limited of human resources who understand the essence of sharia. The rater agreement value from the human resources sub-cluster is 0.30 ( $w= 0.30$ ) which indicates that the experts quite agree in determining the priority aspects of the problem in the concept of sharia insurance development strategy.

This result of research are in line with the Global Takaful Report (2017) as stated in the MEKSI (Indonesian Islamic Economics Master Plan) 2018 that the challenge in the world of sharia insurance is the lack of management commitment to develop sharia insurance. The prioritize choice of the experts show that management commitment is fundamental and needs to be prioritized among other human resource issues.

In the infrastructure sub-cluster, it was found that the first priority problem is the limitation of technology (IT), which was followed sequentially by limitation of service units (network) and Limited capacity of qualified partners. The first priority of infrastructure problems is technology (IT) limitations. The rater agreement value from this cluster is 0.11 ( $w= 0.11$ ) which indicates that the experts have weak agreement or the answers vary widely in determining the priority of problems in the infrastructure sub-cluster in the concept of sharia insurance development strategy. This shows that there is no single priority on infrastructure issues.

The first priority in the cluster of infrastructure problems is technology (IT) limitations, which is in line with the MEKSI 2018. The report states that the challenge for Islamic insurance related to technology is the initial cost of high-tech investments. Not all Islamic insurance have sufficient capital to develop technology. The limitations of IT technology can be an obstacle for Islamic insurance in conducting transactions, for example related to marketing, sales, and claims.

The first priority in the sub-cluster for product problems is the limitation of product variants, followed sequentially by service limitations and coverage capacity limitations. The rater agreement value from this cluster is 0.19 ( $w= 0.19$ ) which indicates that the experts have weak agreement or the answers vary widely in determining the priority of problems in the infrastructure sub-cluster in the concept of sharia insurance development strategy. This shows that there is no single priority on product issues. Even though, the sharia insurance industry still can prioritize product problem handling according to the eigen value obtained.

The limitations of product variants on sharia insurance can be related to the limitations of the type of product, scope, benefits or features that exist in sharia insurance products. Service limitations are related to limited customer access. Limited capacity, for example related to the amount of coverage, especially for loss insurance

The first priority in the market problem sub-cluster is the low level of public literacy on sharia insurance, followed by Less Promotion, Low penetration rate and High competition The rater agreement value of this criterion is 0.59 ( $w= 0.59$ ) which indicates that the experts agree or the answers vary slightly in determining the priority of problems in the market sub-cluster in the concept of sharia insurance development strategy.

The priority of the market problem is the low literacy of the people towards sharia insurance. This is in line with the report stated in the MEKSI 2018 that the challenge of sharia insurance is the low literacy of sharia insurance. MEKSI stated that the sharia insurance literacy index in 2017 was 2.5%.



## **b. Solution Alternative**

The first priority in the sub-cluster of alternative solutions to human resource problems is an increase in management commitment, followed by an increase in understanding of human resources on the essence of sharia, and the addition of human resources. The rater agreement value of this criterion is 0.42 ( $w= 0.42$ ) which indicates that the experts quite agree to determine the priority of alternative solutions to human resource problems in the concept of sharia insurance development strategy.

Increasing management commitment is a top priority for alternative solutions to human resource problems. This is in line with and also answers the main priority problem in the aspect of human resources, namely the lack of management commitment. The commitment increasing may include the commitment of sharia insurance management in the managing and developing of sharia insurance such as human resource, sales, financial, product, service, market, network, capital.

The main priority in sub-cluster solutions for infrastructure problems is IT development, followed sequentially by additional collaboration with qualified partners and additional service units (network). The rater agreement value of this criterion is 0.25 ( $w= 0.25$ ) which indicates that the experts are quite agree in determining the priority of alternative solutions to infrastructure problems in the concept of sharia insurance development strategy.

The development of information technology is the main priority of several alternative solutions to infrastructure problems. This is in line with the priority problem in the infrastructure aspect, namely the limitations of information technology. The development of information technology that can make it easier for customers or prospective customers to access services. The Islamic insurance company that use information technology have more advantages than companies that do not use it. For example, the sharia insurance companies in Indonesia that used information technology as the basis for claim services. When a vehicle loss insurance customer makes a claim, the customer can make a claim through the application by stating the date and type of incident, upload photos of vehicle damage and the required documents. Sharia insurance can directly process the claim, without the need for the customer to come physically to the office/service unit. This example shows how much time the customer saves. Ease of access due to technological developments can change customer perceptions of interest in sharia insurance.

The main priority in the sub-cluster of product problem solutions is the improvement of the value proposition in the sharia aspect, followed by solutions for adding product/service benefits, adding product variations, then the last priority product solution is the addition of coverage capacity. The agreement value of the assessors of this criterion is 0.16 ( $w= 0.16$ ) which indicates that the experts have low agreement or very varied answers in determining the priority of problems in the infrastructure sub-cluster in the concept sharia insurance development strategy.

The value proposition increasing in the sharia aspect is the first priority of alternative solutions to product problems. The value proposition on the sharia aspect can be done by emphasizing the understanding of insurance customers or prospective customers regarding the uniqueness of sharia insurance. Sharia insurance has advantages related to the purpose of sharia insurance, namely the principle of mutual help and protection through the provision of compensation to participants or policyholders due to losses in accordance with the agreed scope. In addition, there is value with the provision of benefits based on the death of the participant or the life of the participant, the amount of which is based on the results of fund management and according to the agreement in the contract agreement. As the hadith of the Prophet Muhammad SAW: that the best people are those who benefit

others. Thus, if someone uses sharia insurance, there are three benefits that are minimally accepted, namely first is a guarantee of protection against uncertain future events, second is carrying out the use of sharia-compliant insurance and will avoid sins as a consequence of using transactions permitted in Islam, third is the spirit of helping, helping others or being helped by others.

The main priority in the alternative sub-cluster of solutions to market problems is to create a sharia ecosystem with related stakeholders, followed by aspects of increasing public literacy, increasing sharia insurance promotions, and increasing sales. The rater agreement value of this criterion of 0.72 ( $w= 0.72$ ) which indicates that the experts agree or the answers do not vary in determining the priority of alternative market solutions in the concept of sharia insurance development strategy.

Creating a sharia ecosystem with relevant stakeholders is a top priority for alternative solutions to market problems. Creating a sharia ecosystem can be through partners or the government. Creating an ecosystem with partners, for example through increasing synergies with Islamic banks, so that Islamic bank customers are primarily directed to use sharia insurance. Likewise with the government, the sharia insurance industry can ask for support related to provisions/regulations that emphasize that in the sharia financial market/banking, if there is an opportunity to use insurance, sharia insurance should be reserved. Thus muslims can be guaranteed sharia/ halal when doing transaction. In other words, in the supply chain of sharia business, a more complete and integrated sharia instrument will be used.

### c. Strategy

The rater agreement value from the strategy cluster is 0.21 which indicates that the experts quite agree or the answers have many variations in determining alternative strategies that will be used for the development of the Islamic insurance market in Indonesia. This also shows that a single priority cannot be formulated regarding the strategy to be used. Thus, the right strategy related to the development of sharia insurance market share in Indonesia is to combine four strategies from the strategies that have been formulated in order of priority according to the calculation results.

Based on Figure 5, it can be seen that the first priority in the criteria for developing sharia insurance strategies in Indonesia is institutional strengthening, followed by resources strengthening, product development, and marketing improvement as the last priority.



**Figure 4.** Strategy Priority for Sharia Insurance Development in Indonesia

Institutional strengthening can be done through collaboration with various parties, such as sharia banks, partners, agents, Islamic organizations, companies, international reinsurance, and cooperation between sharia business units and the parent. This is in line with the results of Kusuma's research (2020) which states the need for Islamic insurance to optimize the breadth of coverage with the help of agents, as well as increase and maintain cooperation with Islamic banking.

Institutional strengthening can be aimed at increasing sales in order to increase market share. For example, through cooperation between sharia insurance and sharia banks, the potential for sharia bank customers who can become targets for using sharia insurance can increase. This is in line with alternative solutions to market problems, which are the main priority for expert respondents, namely creating a sharia ecosystem with related stakeholders. Creating a sharia ecosystem can be in the form of cooperation between sharia insurance and sharia banks and/or regulators. Through the sharia ecosystem, sharia-based companies can work together to develop each other's market potential.

Institutional strengthening between sharia insurance and Islamic organizations such as Muhammadiyah, Nadhatul Ulama (NU), Persis, IKADI (Indonesian Dai Association), can be used as a bridge to improve public literacy related to sharia insurance. Sharia insurance can use dai/ustadz/ustadzah as influencers to educate the public about the values possessed by sharia insurance. Institutional strengthening with Islamic organizations can solve the problem of the low level of public literacy in sharia insurance. This is in line with the results of previous research conducted by Handayani, Yetty and Priyatno (2020) which stated that insurance companies should socialize sharia insurance more to the Muslim community. This research result is also in line with the Jamil and Akhter (2016) which stated that companies need to develop a clear understanding of takaful in the minds of customers and the general public.

Institutional strengthening between the sharia unit and the parent can be used to increase sales of sharia insurance products as well as to increase the efficiency of resource use. Related to the network, the sharia insurance unit can take advantage of the existence of its parent branch which may be more spread out and more numerous in Indonesia. In addition, the sharia insurance unit can take advantage of the human resources owned by the parent. Sharia insurance units can also use facilities owned by the parent (such as offices) to be used, so that institutions like this can further increase the effectiveness and efficiency of sharia insurance in the form of sharia units in operating.

Institutional strengthening with partners can be used to improve the quality of service to customers, as well as to increase the ease of access to sharia insurance. Institutional improvement with agents can be used to increase sales, while institutional improvement between sharia insurance and international reinsurance companies aims to increase the carrying capacity related to coverage of the amount that can be borne, especially for loss insurance with corporate category customers.

Resources strengthening is the second priority choice strategy after institutional strengthening. Strengthening resources is also in line with the main aspect of the problem that is the choice of experts, namely human resources. The strategy for strengthening human resources is mainly carried out through increasing the commitment of the management of sharia insurance companies to develop sharia insurance for the future. The commitment of top management to continuously develop sharia insurance is very important. Increasing the commitment of top management can cover aspects of operationalization in general and the development of Islamic insurance in Indonesia in particular.

Product development is the third priority strategy for insurance in Indonesia. Product development can be done through strengthening the value proposition of sharia insurance products, which so far have rarely been noticed by the public, both customers and potential

customers, which is related to the principle of helping. Product development can also be done through adding product benefits or services, such as premium returns – no claim bonuses, as well as adding product variations, such as investment hybrid products, adding features, adding scope, and increasing the coverage limit. This is in line with previous research conducted by Mochtar, Azis and Md. Hilal (2017) which explains that strong market presence, expanded products and efficient services are the main determinants for attracting takaful usage. The research results of Abdullah, Barkah and Bachri (2019) also state that hybrid contracts involving a combination of contracts in a transaction are an alternative choice in sharia insurance.

Marketing improvement is the last priority strategy through programs to create a sharia ecosystem, increase public literacy on sharia insurance, increase sharia insurance promotion, and increase sales massively. The creation of a sharia ecosystem with related stakeholders such as sharia banks or regulators with the aim of increasing the addition of customers, especially those who have become sharia bank customers but have not used sharia insurance. Increasing the promotion of sharia insurance can be done through mass media/television/radio or social media. Promotions can also use influencers from famous people (public figures, artists, etc.). Massive sales increase can be done door to door by sharia insurance sales forces or by cooperating with the parent company.

#### **4.4 Managerial Implication**

The results of data processing, especially regarding the appraiser's agreement, show that there is a strong agreement from the experts regarding the creation of a sharia ecosystem as a top priority option in alternative solutions to market problems. Therefore, sharia insurance and related stakeholders such as associations and regulators are expected to support the formation of a sharia ecosystem. Regulators are expected to issue regulations to create a sharia ecosystem that can encourage synergy between sharia insurance and sharia banks and non-bank Islamic financial institutions. The sharia insurance association is expected to intensify its role by initiating meetings between stakeholders so that the formulation of regulations to create a sharia ecosystem can be accelerated. Thus the growth and development of the sharia insurance market share as one of the pillars of the national economy can be realized immediately.

### **V. Conclusion**

From the findings it can be concluded that the problems faced by the sharia insurance industry in Indonesia can be grouped into four aspects, namely human resources, infrastructure, products, and markets. The first priority problem is human resources, and then followed sequentially by infrastructure, products and markets. The problems that become the first priority are the low management commitment to the development of sharia insurance in the human resource problem cluster, the limitations of information technology in the infrastructure problem cluster, product variants limitations in the product problem cluster, and low-rate public literacy related to the understanding of sharia insurance in the market problem cluster.

It was also found that based on the results of the appraiser's agreement, which is relatively low, shows that there are various expert opinions, so it is difficult to find a single priority value. Therefore, the right strategy related to the development of the sharia insurance market in Indonesia is to combine the four strategies of the strategies formulated in the first order starting from institutional strengthening, resources strengthening, product development and increasing marketing.

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