

UNIVERSITI TEKNOLOGI MARA

**DETERMINANTS OF INSURANCE
COMPANIES' PROFITABILITY IN
MALAYSIA – BASED ON INTERNAL
FACTORS**

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ABSTRACT

Insurance plays a significant role in supporting and maintaining a healthy financial system. Thus, it is important to ensure the insurance companies to operate in profits. Based on the theories associated with this paper, it stated that the profitability of the insurance companies can be influenced by many factors such as size of company, liquidity, leverage, volume of capital and company age. The purpose of this study is to find out which of these factors that can give impact towards the insurance company's performance.

The study has taken under 9 insurance companies which is registered under Bursa Malaysia for the period of 2010-2018. Multiple regression tools were used in order to achieve the objectives of this study. The study examines the effect of liquidity, company size, company age, leverage and volume of capital as independent variables on insurance companies' profitability by using ROA as a proxy. At the end of this study, the study found out that liquidity, leverage, company size and company age has a significant effect on the profitability of insurance companies in Malaysia while volume of capital indicates it does not influence the profitability.