



UNIVERSITI TEKNOLOGI MARA

**DETERMINANTS OF INSURANCE FIRMS'
PROFITABILITY IN MALAYSIA**

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Final Year Project Paper submitted in fulfillment
of the requirements for the degree of
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AUTHOR'S DECLARATION

I declare that the work in this final year project paper was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

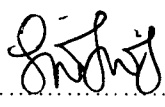
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ABSTRACT

Will you be able to survive later if you wake up with a house burning and all of your important things were destroyed? This is why insurance is important to everyone because any kind of risks can happen anytime to anyone. Therefore, Insurance is defined as a contract between the insurers and insured whereby the insurer have to pay the insured a claims, on the happening of a certain event or compensate the actual loss when it takes place, due to the risk insured. In Malaysia specifically, there are three types of insurance policies which are life insurance, general insurance and life and general insurance. Referring to the literature, most of the studies were conducted associates with banking sectors yet only a few studies on the insurance sector. In addition, only a few researches had done on the profitability determinants of insurance firms in developing countries like Malaysia. There are four internal factors that will be considered as the independent variables such as firm's size, liquidity ratio, leverage ratio and loss ratio. Meanwhile, return on assets (ROA) is used as the dependent variable to determine the profitability of insurance firms. This study will conduct a multiple regression model and it will only select a sample of total local ownership of insurance companies that are listed in the board of Bank Negara Malaysia. There are a total of 13 insurance companies that are owned by locals but only 10 that were chosen because it has a complete data from year 2011 until 2016. Hence, the purpose of this paper is to study the determinants of insurance firms in Malaysia.

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