Sainteknol Vol 20, No 2 (2022): December 2022

https://journal.unnes.ac.id/nju/index.php/sainteknol

Development of Risk Management to Sharia Insurance Business in Indonesian Market

Reza Ronaldo[1], Yul Maulini[2], Darmansyah Darmansyah[3], Abdul Rahmat[4], Mira Mirnawati[5]

[1,2]Sekolah Tinggi Ekonomi dan Bisnis Islam Lampung
[3]Fakultas Agama Islam Universitas Alkhairaat Palu
[4]Universitas Negeri Gorontalo
[5]Universitas Bina Taruna Gorontalo

Email: rezaronaldo@stebilampung.ac.id

Abstract

The background of this research is the existence of several insurance companies in Indonesia whose operating licenses were closed by the Indonesia Financial Authority so that policyholders cannot receive insurance benefits. Risk Management is very important to be carried out by all insurance companies including sharia insurance because all business activities and all aspects of life contain risks. The research method used is descriptive qualitative. The results of the discussion show that risk management means that the company has analyse the risks and impacts of risks for business continuity in the future as well as how to take into account all possible risks that arise while anticipating all possibilities that will occur. The conclusion of research is risk management will make it easier for insurance companies to make short-term, medium-term, and long-term plans so that the company can run well and develop in the future so as not to harm policyholders.

Keywords: risk management, sharia Insurance, technology transformation, non-formal education, industry 4.0

INTRODUCTION.

The author's background for conducting this research is the bankruptcy of one of the largest Sharia Insurance pioneers in Indonesia founded in 1994, namely PT. Asuransi Takaful Umum which is experiencing financial problems and declared bankrupt in 2017. Although in 2018, PT. Asuransi Takaful Umum has resumed because it was acquired by Kospin Jasa, the largest loan cooperative in Indonesia.

What happened to PT. Asuransi Takaful Umum ? why the biggest sharia insurance in Indonesia are bankrupt? Is the management absolutely wrong or do they not do good and right about risk management? Observations made by the author in a desk survey and ask questions directly to the person at the PT. Asuransi Takaful Umum Indonesia as well as discussions with the leaders at The Indonesian General Insurance Association (AAUI), obtained information that the problems that occur that PT. Asuransi Takaful Umum are they not doing and carrying out risk management principles. Attached are several insurance companies in Indonesia that have gone bankrupt in the last 5-6 years, as shown in Figure 1;

Figure 1. List of Insurance in Indonesia whose business license has been revoked by OJK

No	Insurance Company	Caused	Years	Remarks
1	PT. Asuransi Takaful Umum	Financial Problems	2017	Was Acquisition by Kospin Jasa in 2018

2	PT. Bumi Asih Jaya	Bad Capital Adequacy Ratio	2013	Bankrupt
3	PT. Asuransi Jiwa Nusantara	Non Coperative Shareholders	2013	Bankrupt
4	PT. Asuransi Jiwa Bakrie	Financial Problems	2016	Bankrupt
5	PT. Asuransi Raya	Financial Problems	2017	Bankrupt

Source: Otoritas Jasa Keuangan (OJK)

Around 2020, there were losses in 2 (two) government-owned insurances, namely Asuransi Jiwasraya and Asabri due to mismanagement and failed investments. Then there is 1 (one) private insurance company that was established before Indonesia's independence, PT. Asuransi Jiwa Bumiputera 1912 also experienced protracted financial problems and internal constraints (Sutrisno et al., 2021).

Asuransi Jiwasraya has been taken over by the Indonesian Financial Group (IFG) a state-owned insurance holding company and Asuransi Jiwasraya is currently changing its name to IFG Life while Asabri is in the process of being monitored and rehabilitated by the Ministry of State-Owned Enterprises of the Republic of Indonesia and the Indonesia Financial Authority (OJK).

Risk Management is fundamental for the insurance industry including in sharia Insurance, from the pricing of individual contracts to the management of insurance and reinsurance companies to the overall regulation of the industry (al Farooque, 2021).

The existence of several insurance companies in Indonesia who are experiencing financial problems, risk management is the background for the author to conduct research on *"Development of Risk Management to Sharia Insurance Business in Indonesian Market"* with the hope that there will be no bankruptcy of sharia-based insurance in Indonesia.

LITERATURE STUDY.

Risk and Risk Management.

What is meant by risk? Risk is the uncertainty of loss, which results in damage, loss, disaster and things that have a negative connotation so that it needs to be managed using Risk Management (RM) (Gloster et al., 2006). Risk management is serious business. Risk is an event that can impact the success of the organisation by impacting on the resources, the existing business model, or the successful implementation of revisions to the business model to ensure continued success (Hansson & Aven, 2014).

Organisations have a choice of how they commence the risk assessment process. Analysis of objectives, stakeholder expectations and key dependencies will all lead to the successful identification of significant risks. The correct definition of risk is the one that supports risk management in the organisation (Aven, 2016a).

A risk is the possibility that an undesired outcome-or the absence of a desired outcome disrupts a future work project. Risk management definiion is the activity of identifying and controlling undesired project outcomes proactively” (Baranoff & Baranoff, 2004).

Risk management is the process of identifying, assessing and controlling threats to an organization's capital and earnings. These threats, or risks, could stem from a wide variety of sources, including financial uncertainty, legal liabilities, strategic management errors, accidents and natural disasters. IT security threats and data-related risks, and the risk management strategies to alleviate them, have become a top priority for digitized companies. As a result, a risk management plan increasingly includes companies' processes for identifying and controlling threats to its digital assets, including proprietary corporate data, a customer's personally identifiable information (PII) and intellectual property (Aven, 2016b).

Every business and organization faces the risk of unexpected, harmful events that can cost the company money or cause it to permanently close. Risk management allows organizations to attempt to prepare for the unexpected by minimizing risks and extra costs before they happen. (Dionne, 2013a)

In this article, risk management is defined as a set of financial or operational activities that maximize the value of a company or a portfolio by reducing the costs associated with cash flow volatility. The main risk management activities are diversification and risk hedging using various instruments, including derivatives and structured products, market insurance, self-insurance, and self-protection (Garand, 2019).

The main costs firms seek to minimize are costs of financial distress, risk premium to partners (stakeholders), expected income taxes, and investment financing. Managers’ behaviour toward risk (risk appetite and risk aversion) and corporate governance also affect the choice of risk management activities (Wardle, 2017).

Gordon CA. Dickson in The Principle of Insurance (2002) defined there are 5 (five) main of risks are; Pure risk (insurable or not, and not necessarily exogenous in the presence of moral hazard); Market risk (variation in prices of commodities, exchange rates, asset returns);Default risk (probability of default, recovery rate, exposure at default); Operational risk (employee errors, fraud, IT system breakdown); Liquidity risk: risk of not possessing sufficient funds to meet short-term financial obligations without affecting prices. May degenerate into default risk.

Sharia Insurance

One of the Indonesian sharia insurance experts, Muhammad Syakir Sula in his book, "Principle of Islamic Insurance" states that the Aqilah system according to Thomas Patrick in his Dictionary of Islam, is an activity that has become a habit of Arab tribes since ancient times that if one If a member of the tribe is killed by a member of another tribe, the heir of the victim will be paid a sum of blood money (diyat) as compensation by the closest relative of the killer's closest relative, called aqilah, must pay blood money on behalf of the killer.(Sula, 2020). In the decade of the 70s in several Islamic countries or countries with a majority Muslim population, insurance emerged whose operational principles were based on Islamic values and avoided the forbidden elements. In 1979 Faisal Islamic Bank of Sudan initiated the establishment of Islamic insurance company Islamic Insurance Co. Ltd. in Sudan and Islamic Insurance Co. Ltd. in Saudi Arabia.

The success of Islamic insurance was followed by the establishment of Dar Al Mal Al-Islami in Geneva, Switzerland and Takaful Islamic in Luxembourg. The first sharia insurance company in ASEAN was founded by Malaysia which formed Syariat Takaful Alone Berhad in 1983 (Syukron, 2019). In Indonesia itself, new sharia insurance emerged in 1994, namely; PT. Syarikat Takaful Indonesia which later established 2 (two) subsidiaries, namely PT. Family Takaful Insurance in 1994 and PT. General Takaful Insurance in 1995. Takaful Insurance comes from the Arabic language, namely, kafala-yakfulu-kafalatan, which means to bear. Al-Fanjari in an article written by (Ronaldo et al., 2019), defines sharia insurance as tadhamun, takaful, at ta'min and ta'awun which means protecting each other, being responsible for each other and helping each other.

DSN Fatwa Number 21/DSN-MUI/X/2001 concerning General Guidelines for Sharia Insurance to look after each other and help each other through contracts (commitments) in accordance with sharia principles, namely contracts without elements of gharar (obscurity/fraud), maysir (gambling), usury (interest/rent), zhulum (persecution), risywah (bribery), illicit goods and immorality.

Sharia Insurance according to the Law of the Republic of Indonesia Number 40/2014 concerning Insurance. *Definition of Sharia Insurance is 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 in order to help and protect each other by method:*

a. *Providing compensation to participants or policyholders due to losses, damages, 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; or*
b. *Providing payments based on the participant's death or payments based on the participant's life with benefits whose amount has been determined and/or based on the results of fund management.*

The practice of sharia insurance is not explicitly stated in the Qur'an, there is not even a verse that clearly explains the practice of insurance. The Qur'an only accommodates a few verses that contain the basic values contained in the practice of sharia insurance, such as the basic value of mutual assistance, cooperation, or the spirit to protect against losses suffered in the future (Sula, 2020).

So that the practice of sharia insurance is not prohibited in Islamic law, because the principle in the practice of sharia insurance in Islam is to invite human goodness.

During the 2016-2020 period, the conventional insurance industry and sharia insurance developed rapidly in Indonesia. One of the triggers for insurance to grow and develop in Indonesia is the very large population, according to data from the Central Bureau of Statistics of more than 270 (two hundred and seventy) million and Indonesia is one of the countries often affected by natural disasters because it is included in the ring of fire. Currently in Indonesia there are 60 (sixty) life insurance companies, 79 (seventy-nine) general insurance companies and 7 (seven) reinsurance companies, 5 (five) compulsory insurance by government, 160 (oe hundred and sixty) insurance broker company, 42 (forty-two) reinsurance broker, and 26 (twenty six) loss adjuster company, show in Figure 2 as follows;

Figure 2. Insurance Growth in Indonesia 2016-2020

No	Keterangan/*Description*	2016	2017	2018	2019	2020
1.	Asuransi Jiwa / *Life Insurance*	55	61	60	60	59
	a. Swasta Nasional / *National Private*	31	37	37	37	36
	b. Patungan / *Joint Venture*	24	24	23	23	23
2.	Asuransi Umum / *Non Life Insurance*	80	79	79	79	77
	a. Swasta Nasional / *National Private*	58	55	56	56	58
	b. Patungan / *Joint Venture*	22	24	23	23	19
3.	Reasuransi / *Reinsurance*	6	7	7	7	7
	a. Swasta Nasional / *National Private*	6	7	7	7	7
	b. Patungan / *Joint Venture*	-	-	-	-	-
4.	Penyelenggara Program Asuransi Sosial dan Jaminan Sosial Tenaga Kerja / *Companies Administering Social Insurance and Workers Social Security Program*	2	2	2	2	2
5.	Penyelenggara Asuransi untuk PNS dan TNI / POLRI / *Companies Administering Insurance for Civil Servants and Armed Forces / Police.*	3	3	3	3	3
6.	**Jumlah / *Total* (1 s.d. 5) / *(1 to 5)***	**146**	**152**	**151**	**151**	**148**
7.	Pialang Asuransi / *Insurance Brokers*	169	169	166	160	160
8.	Pialang Reasuransi / *Reinsurance Brokers*	40	43	43	42	42
9.	Penilai Kerugian Asuransi / *Loss Adjusters*	28	27	27	27	26
10.	**Jumlah / *Total* (7 s.d. 9) / *(7 to 9)***	**237**	**239**	**236**	**229**	**228**
11.	**Jumlah / *Total* (6 + 10)**	**383**	**391**	**387**	**380**	**376**

Source; OJK (Otoritas Jasa Keuangan).

Meanwhile, sharia insurance in Indonesia also grew quite well in the 2016-2020 period because almost 70% of the total population of Indonesia was Muslim, so the growth of sharia insurance was quite good even though the potential of sharia insurance in Indonesia should be much greater than the current gain. Attached is the growth of sharia insurance in Indonesia in Figure 3 data from Indonesian insurance statistics made by OJK in 2020.

Figure 3; Shara Insurance in Indonesia (2016-2020)

Dalam Triliun Rupiah/*In Trillion Rupiah*

No.	Keterangan *Description*	Polis / Peserta *Policy / Insured* 2019	Polis / Peserta *Policy / Insured* 2020	Kontribusi bruto *Gross contribution* 2019	Kontribusi bruto *Gross contribution* 2020	Klaim Bruto *Gross Claim* 2019	Klaim Bruto *Gross Claim* 2020	Aset *Assets* 2019	Aset *Assets* 2020
I.	Seluruh Asuransi Jiwa / *All Life Insurance*	56.058.132	53.968.890	194,27	185,84	163,50	152,90	574,59	575,09
	Asuransi Jiwa Syariah / *Sharia Life Insurance*	11.953.610	9.501.106	13,96	15,01	9,24	11,57	37,89	36,17
	Persentase Asuransi Jiwa Syariah / *Percentage of Sharia Life Insurance*	**21,32%**	**17,60%**	**7,19%**	**8,08%**	**5,65%**	**7,57%**	**6,59%**	**6,29%**
II.	Seluruh Asuransi Umum & Reasuransi / *All Non Life Insurance & Reinsurance*	-	-	89,52	92,91	47,67	55,72	191,90	173,65
	Asuransi Umum & Reasuransi Syariah / *Sharia Non Life Insurance and Reinsurance*	-	-	2,79	2,51	1,44	1,51	7,91	8,12
	Persentase Asuransi Umum & Reasuransi Syariah / *Percentage of Sharia Non Life Insurance and Reinsurance*	-	-	**3,12%**	**2,70%**	**3,02%**	**2,71%**	**4,12%**	**4,67%**
III.	Seluruh Asuransi / *All Life & Non Life Insurance*	-	-	287,65	278,75	199,62	208,62	756,52	748,75
	Seluruh Asuransi Syariah / *All Life & Non Life Sharia Insurance*	-	-	16,75	17,52	10,68	13,08	45,80	44,28
	Persentase Seluruh Asuransi Syariah / *Percentage of All Life & Non Life Sharia Insurance*	-	-	**5,82%**	**6,28%**	**5,35%**	**6,27%**	**6,05%**	**5,91%**

Source; OJK (Otoritas Jasa Keuangan).

METHOD

The research method used in making this article is the "Qualitative Method" through an empirical approach, which is a method that focuses on the study, exposure, explanation and interpretation of an empirical phenomenon. (Lexy J. Moleong, 2019).

Type of Research

The type of research carried out in this feasibility study is descriptive qualitative research, namely the data collected in the form of words, pictures and numbers. According to Bogdan and Taylor, as quoted by Prof. Lexy J. Moleong, that qualitative research is a research procedure that produces descriptive data in the form of written or spoken words from people and observed behavior. Descriptive research is a form of research aimed at describing or describing natural phenomena and human creations.

Research Time and Research Location

This research was conducted in 2 (two) sessions. The first was carried out in early November 221 until the end of December 2021. The second research session was carried out in January 2022 until the middle of the middle of March 2022. Furthermore, the authors set the research location at the Head Office of PT. Asuransi Jasindo Syariah in Menteng area, Jakarta, the Association of Indonesian Insurance and Reinsurance Brokers and the Indonesian General Insurance Association in Jakarta.

Data Source

According to Prof. Lexy. J. Moleong in the book "Qualitative Research Methodology", suggests that the main data sources in qualitative research are words, actions and numbers, the rest are in the form of documents and others(Lexy J. Moleong, 2019b).
Sources of data in this study are: Primary data, namely data obtained from direct research in the field, conducting observations, surveys, and direct interviews with informants and others. Secondary data in the form of data that supports primary data, taken from various sources; books, articles, OJK statistical data, internet, and other sources.

RESULT AND DISCUSSION

From previous research that has been done, information is obtained that risk management (RM) is very much needed and needed by all insurance companies. It is proven that if an insurance company does not carry out risk management, the underwriter does not have the ability to mitigate risk properly, the insurance company will run the risk of failing to pay a claim or not being able to carry out its obligations to customers and then the insurance company will experience financial problems and suffer losses so that it is very difficult. the government may have its operational permit closed.

In an insurance company, RM must not only be carried out by the underwriter, but RM must be carried out by all departments. Starting from the Marketing Department who gets the business, the underwriter who mitigates risk, the finance department that manages finances and makes claims and reinsurance payments to the legal bureau and the general department that manages agreements or contracts with customers or third parties, all departments must have synergy and cooperation. in a harmonious manner so that the company's performance becomes healthy and performs in carrying out all the rights and obligations of the company.

Conventional insurance companies and sharia insurance companies must have reliable and competent human resources in their respective fields. Even though it already has clear regulations and adequate standard operating procedures, everything will be done by employees or by humans as workers so that the success of implementing RM is determined by how the company manages its employees and employees.

Risk management is also for the individual. One common example can be found in the financial markets. Individual investors face many risks. However, it's important to develop a broad understanding of risk management before looking at the risks associated with investing. Therefore, we'll begin with a thorough overview of general risk management and continue with a look at identifying and controlling the specific risks associated with investing (Advanced Procurement for Universities et al., 2010).

Risk is the possibility of a negative or undesired outcome. It may be as simple as the risk of being late for an appointment because you didn't leave on time. Conversely, the risk may be more severe as would be the case if you decided to drive your car after ingesting too many adult beverages. Here's the point: Having a risk management strategy in place ahead of time can help control the negative outcomes (Henebry &

Rejda, 2006.). Risk management is the process of evaluating the chance of loss or harm and then taking steps to combat the potential risk. In the financial world, risk management is the process of identification, analysis and acceptance or mitigation of uncertainty in investment decisions. Essentially, risk management occurs when an investor or fund manager analyse and attempts to quantify the potential for losses in an investment and then takes the appropriate action (or inaction) given his investment objectives and risk tolerance (Mahdy, 2012).

Risk management occurs everywhere in the financial world. It occurs when an investor buys low-risk government bonds over riskier corporate bonds, when a fund manager hedges his currency exposure with currency derivatives, and when a bank performs a credit check on an individual before issuing a personal line of credit. Stockbrokers use financial instruments like options and futures, and money managers use strategies like portfolio and investment diversification to mitigate or effectively manage risk (Scawthorn et al., 2002)

Inadequate risk management can result in severe consequences for companies, individuals, and for the economy. When We tend to think of "risk" in predominantly negative terms in the investment world, risk is necessary and inseparable from performance. A common definition of investment risk is a deviation from an expected outcome. We can express this in absolute terms or relative to something else, like a market benchmark. That deviation can be positive or negative, and it relates to the idea of "no pain, no gain" (to achieve higher returns, in the long run, you have to accept more short-term risk, in the shape of volatility). How much volatility depends on your risk tolerance, which is an expression of the capacity to assume volatility based on specific financial circumstances and the propensity to do so, taking into account your psychological comfort with uncertainty and the possibility of incurring large short-term losses.

Every business takes risks. However, these risks need to be managed in order to minimize the impact of risks that don’t turn out well. For this reason, every business needs to have a suitable risk management plan.

Benefits of risk management plans offer several benefits that make them a worthwhile endeavor for every business. For example, risk management plans help companies to identify the potential risks they may face. Being aware of these risks allows businesses to make plans to avoid specific risks or deal with them when they arise. Having a risk management plan also makes financial sense because it allows businesses to prepare themselves financially for the most likely problems. It may also increase a business’s appeal to lenders. In addition, risk management plans protect the company’s resources by allowing the company to prioritize risks and plan to deal with each possibility. This conserves important resources, allowing the company to focus on more important tasks.

Risk management in business can improve the company’s brand by letting employees, customers and other businesses know that the company is responsible and resourceful. Furthermore, risk management plans give companies a chance to gather important information that may be useful for other purposes as well.

There are 3 (three) way risk management plans can improve your company. Risk management plans improve your company’s health, integrity and resilience in many ways. Here are three ways a solid risk management plan will booster your company;

a) Risk Management Plan Makes for Consistent and Efficient Operations.
   In the process of risk management planning, companies often discover risks that would cause their business to operate inconsistently or inefficiently. For example, if a company discovers that is relies on a specific part to produce a key product and that the part in question has always been obtained from the same source, the company has discovered a risk. If the source suddenly dries up, the company cannot operate efficiently. To manage this risk, the company needs to find alternative sources for the part to use as a backup.
b) Risk Management Plan Leads to More Satisfied Customers.
   Risk management planning helps a company to improve nearly aspect of its business operations, from the development of products and services to the company’s finances. All of these improvements allow the company to operate more effectively, which in turn improves customer satisfaction.
c) Risk Management Plan Gives You a Good Bottom Line.
   As a business engages in the risk management planning process, it will discover a significant amount of information that may reveal operational inefficiencies, opportunities to save money and opportunities to avoid or deal with risks that could compromise the company’s finances. Identifying and resolving each of these issues will improve the company’s bottom line.

The issue of insurance should always be included in the risk management planning process. In business, why do we manage risk? The simple answer is, risk taking is a part of every business, but it is important that a company knows how to deal with the impact of the negative risks. This makes the need for risk management in business apparent. Risk management plans help a business determine what their risks are in order to reduce their likelihood and provide a means for better decision-making in order to avoid future risk. The importance of risk management in business cannot be understated. Keep reading to learn why risk management plans are an important element of successful businesses. We've broken it down into the 6 most important reasons for risk management.

1) Risk management plan helps companies identify risk.
   It is important for a business to identify potential risks. When a business is aware of the potential risks that are associated with their business, it is easier to take steps to avoid them. Knowing the risks makes it possible for the managers of the business to formulate a plan for lessening the negative impact of them. Also, once the risks are identified, managers will be able to analyze them and make a logical decision regarding how to deal with them. According to the Huffington Post, there are four main types of risk about which a business needs to be aware.
   Market risk is the risk that is associated with the potential for the value of the assets of a business to decrease in due to external factors such as interest rates, foreign exchange rates, and commodity prices.
   Credit risk refers to the losses that occur when a debt that is owed is not paid to the company.
   Operational risk refers to the potential of business losses that occur due to inadequate actions or failures on the part of the business or external factors. Some reasons for operational risk include the following: Internal fraud and External fraud. Employment practices. Client and business practices
   Business practices. Reputational risk develops from the possibility of damage to the company's reputation due to both internal and external factors.
2) Having a risk management plan is fiscally prudent.
   Businesses that have risk management plans in place can more easily be financially prepared when a problem arises. Often, lenders will be more willing to increase credit limits or extend loans to companies that have a risk management plan in place.
3) Risk management plan protects a company's resources.
   Risk management plan not only identifies risks, it also makes it possible for a company to prioritizes them. This allows a company to plan for the risks and respond to them more quickly and appropriately. This course of action saves the company time, money, and physical resources and allows workers to spend more time working at tasks that are related to the business.
4) Risk management plan improves a company brand.
   When a company is proactive and creates a risk management plan, it sends a positive message about the business. Employees feel confident that they are working for a resourceful and responsible company, and customers have assurance they are doing business with a company that is proactive and professional. Overall, having a risk management plan shows that a company is reputable and holds itself to a high standard.
5) Risk management plan can help a company discover reusable information.
   Risk management requires a collaborative effort and involves many people. The information that is gathered and learned through the process of developing a risk management plan can be applied to situations that arise well after the plan was developed. Therefore, those who are impacted by the plan do not need to start from scratch whenever an issue needs to be resolved.
6) Risk management plans and insurance.
   Every risk management plan that is created should include insurance as one of its elements. Part of creating a risk management plan is determining how to reduce the impact a risk will have on a company. Having appropriate insurance in place is one way to help defray the effect of negative risks. Some examples of businesses insurance that is helpful to include in a risk management plan include:

CONCLUSION.

The application of risk management (RM) is not only useful for companies or commercial businesses but is also beneficial for individuals or individual businesses. From the results of the discussion and discussion, it is proven that the correct implementation of RM has an impact on the growth of conventional insurance companies and sharia insurance so that it is hoped that in the future there will be no more insurance companies whose licenses are closed by the government because they have implemented risk management correctly. The goal of risk management is to create a reference framework that will allow companies to handle risk and uncertainty. Risks are present in nearly all of firms' financial and economic activities. The risk identification, assessment, and management process is part of companies' strategic development; it must be designed and planned at the highest level, namely the board of directors. An integrated risk management approach must evaluate, control, and monitor all risks and their dependences to which the company is exposed.

In general, a pure risk is a combination of the probability or frequency of an event and its consequences, which is usually negative. It can be measured by the volatility of results but higher moments of the distribution are often necessary. Uncertainty is less precise because the probability of an uncertain event is often unknown, as is its consequence. In this case, we would refer to precautionary rather than preventive activities to protect against uncertainty. Lastly, financial risk consists in undertaking opportunistic activities related to future risks that may generate positive or negative results.

References

Advanced Procurement for Universities, Berg, H., By, P., Damodaran, A., Dorfman, M. S., Cather, D. a., Gajewska, E., Ropel, M., Goguen, J. a, L. Tsipouri, Edler, J., Uyarra, E., Bodewes, H., Rolfstam, M., Sylvest, J., Kalvet, T., Hargeskog, S.-E., Waterman, D., Banciu, D., … Wang, J. (2010). Introduction To Risk Management And Insurance. *Red Outdoor Programs & Education*. https://doi.org/10.2469/cp.v1999.n3.2

al Farooque, O. (2021). *Risk and Financial Management Agency-Linked Risk Management with Ownership and Board Sub-Committee Governance: Evidence from an OECD Economy*. https://doi.org/10.3390/jrfm14100472

Aven, T. (2016a). Risk assessment and risk management: Review of recent advances on their foundation. *European Journal of Operational Research*, *253*(1), 1–13. https://doi.org/10.1016/J.EJOR.2015.12.023

Aven, T. (2016b). Risk assessment and risk management: Review of recent advances on their foundation. *European Journal of Operational Research*, *253*(1), 1–13. https://doi.org/10.1016/J.EJOR.2015.12.023

Baranoff, E., & Baranoff, E. (2004). *Risk management and insurance*. http://www.academia.edu/download/38630189/preface.pdf

Dionne, G. (2013a). Risk management: History, definition, and critique. *Risk Management and Insurance Review*. https://doi.org/10.1111/rmir.12016

Dionne, G. (2013b). Risk management: History, definition, and critique. *Risk Management and Insurance Review*. https://doi.org/10.1111/rmir.12016

Garand, D. (2019). Risk and financial management. In *Protecting the Poor: A Microinsurance Compendium*. https://doi.org/10.5848/ilo.978-9-221192-54-1_15

Gloster, J. E., Wherry, R. H., & Newman, M. (2006). Insurance and Risk. *The Journal of Finance*. https://doi.org/10.2307/2977145

Hansson, S. O., & Aven, T. (2014). Is Risk Analysis Scientific? *Risk Analysis*, *34*(7), 1173–1183. https://doi.org/10.1111/RISA.12230

Henebry, K. L., & Rejda, G. E. (2006). Principles of Risk Management and Insurance. *The Journal of Risk and Insurance*. https://doi.org/10.2307/253600

Lexy J. Moleong, Dr. M. A. (2019a). Metodologi Penelitian Kualitatif (Edisi Revisi). *PT. Remaja Rosda Karya*. https://doi.org/10.1016/j.carbpol.2013.02.055

Lexy J. Moleong, Dr. M. A. (2019b). Metodologi Penelitian Kualitatif (Edisi Revisi). *PT. Remaja Rosda Karya*. https://doi.org/10.1016/j.carbpol.2013.02.055

Mahdy, S. S. (2012). Risk management in Islamic banking. *Quality - Access to Success*.

Ronaldo, R., Meilia, M., & Alaaraj, H. (2019). Impact Of Indonesian Islamic Bank To Build Growth Premium Income Of Shari'a Insurance Company In Indonesia Market. *IKONOMIKA*. https://doi.org/10.24042/febi.v3i2.3480

Scawthorn, C., Kunreuther, H., & Roth, R. (2002). Insurance and financial risk transfer. In *Earthquake Engineering Handbook*. https://doi.org/10.1201/9781420042443.ch32

Senol, Z., Zeren, F., & Canakci, M. (2020). The relationship between insurance and economic growth. *Montenegrin Journal of Economics*, *16*(4), 145–155. https://doi.org/10.14254/1800-5845/2020.16-4.12

Skipper, H. (2008). *Risk management and insurance: perspectives in a global economy*.

Sula, M. S. (2020). *Principles of Islamic Insurance*. *7*. http://meis.ui.ac.id/index.php/meis/article/view/111

Sutrisno, Panuntun, B., & Adristi, F. I. (2021). The Jiwasraya And Asabri Scandal: A Description Analysis & Prevention Solutions From Investment Political Economic Perspective. *International Journal of Economics, Business and Management Research*, *5*(10), 71–99.

Syukron, S. (2019). Studi Institusi-Institusi Ekonomi Islam Internasional (Islamic Bank, Islamic Insurance). *Al-Mustashfa: Jurnal Penelitian Hukum Ekonomi Syariah*.

Wardle, D. J. (2017). Risk management and insurance. In *Project Management: A Reference for Professionals*. https://doi.org/10.1201/9780203741771