Analysis Leverage to Anticipate The Risk of Financial The National Life Insurance Company

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Abstract.
This study aims to (1) analyze the condition of the application of financial leverage and operational leverage of PT. Asuransi Jiwa XYZ; (2) analyze the impact of the condition of applying financial leverage and operational leverage on the company's financial risk. This research method uses a quantitative descriptive method with a case study approach at PT Asuransi Jiwa XYZ. The type of research data used is secondary data, namely quantitative data in the form of financial report data for 2018-2020 obtained from the company's website. Data analysis techniques are performed by calculating financial leverage ratios and operational leverage, then interpretation is carried out. Then an analysis of the impact of the condition of the company's leverage on its financial risk is carried out. The results achieved are that in general financial leverage and operational leverage indicate poor performance. Meanwhile, the impact of financial leverage and operational leverage on the company's financial risk also indicates poor performance, this is possibly due to the impact of the Covid-19 pandemic which has hit the country and even the whole world. However, data from the previous two years had shown indications of a significant decline in the company's financial performance.

Keywords: *Financial Leverage, Operational Leverage and Financial Risk.*

1. INTRODUCTION

Risk is said to be an uncertainty about the occurrence of financial losses that may be experienced by anyone or a business unit. To minimize the possibility of occurrence of risks can be done by controlling these risks. One of the risks that need to be anticipated for the company's survival is financial risk, one of which is the use of leverage analysis. The purpose of using leverage for companies is so that the profits obtained are greater than the cost of assets and sources of funds, so that it will increase the profits of shareholders. The concept of leverage is especially important for showing financial analysts how to see the trade-offs between financial risk and the degree of return of various types of financial decisions.

There are two ways that can be done in the analysis of leverage, namely financial leverage and the degree of operational leverage (DOL). Companies that use the proportion of liabilities to finance their investments are referred to as financial leverage. Meanwhile, companies that use fixed operational costs or fixed capital costs are said to be using leverage. In applying operating leverage, the company expects that changes in sales will result in changes in operating profit and interest will increase. The multiflier effect from the utilization of fixed operating expenses on operating profit and taxes is called the degree of operating leverage (DOL).

One of the life insurance companies that will be the focus of this research is PT Asuransi Jiwa XYZ. If we look at the financial statements of PT Asuransi Jiwa XYZ, especially the financial position report (balance sheet) and income statement, they have experienced unpredictable fluctuations in the last three years (2018-2020). Total debt, total assets and total capital of the company are the main factors in determining financial leverage. This factor seems to occur movements that do not indicate certainty. While the main factors in determining DOL are sales and earnings before interest and taxes. Even this factor does not seem to show a stable continuity.

Prajonto, states [1], by analyzing operating leverage and financial leverage in either one or two years does not show a significant difference, there is a decrease in return on assets, economic profitability, and profit margin, so it can be concluded that the use of company liabilities needs to be done review or use of company debt is not justified. Meanwhile, the results of Ludijanto's research [2] stated that during 2010-2012

the debt ratio always increased, while the debt to equity ratio, long term debt to equity ratio and the dependent variable were return on investment (ROI) and return on equity (ROE). Decreased in 2011 then showed an increase in 2012.

In accordance with the description above, the research questions posed are: 1) What are the conditions for implementing financial leverage and operational leverage at PT Asuransi Jiwa XYZ?; 2) What is the impact of the condition of implementation of financial leverage and operational leverage on the financial risk of PT Asuransi Jiwa XYZ?. While the purpose of this research is to get answers to the problems studied, namely: 1) To analyze the condition of the implementation of financial leverage and operational leverage at PT. Asuransi Jiwa XYZ; 2) Analyze the impact of the implementation of financial leverage and operational leverage on the financial risk of PT. Asuansi Jiwa XYZ.

Whether a company's financial performance is good or bad is reflected in financial reports, such as how the condition of the company's assets, liabilities and equity is to achieve company goals. To achieve the company's goals, adequate funding sources are needed to support the company's operations. According to Suad Husnan and Enny Pujiastuti [3], company funds come from: 1) Decrease in net assets, except for fixed assets and cash; 2) Decrease in gross fixed assets; 3) Increase in net liabilities and liabilities; 4) Increase in own capital; 5) Profits derived from operations. Furthermore, Suad Husnan and Enny Pujiastusti [3] state that the use of funds comes from: 1) Increase in net assets, except for fixed assets and cash; 2) Gross increase in fixed assets; 3) Decrease in liabilities and liabilities; 4) Decrease in own capital; 5) Distribution of dividends. Analysis of sources and uses of company funds is highly directed towards the application of the matching principle, namely a principle which states that the use of long-term funds should be funded with long-term funds, while short-term funds should be funded with short-term funds.

The decisions taken relating to the source of funding that must be chosen are entirely the right of the company. Whichever option to choose, it is certain that careful consideration is made by always looking at all the advantages and disadvantages. Whether to choose a source of funding from internal or external. Each liability will certainly cause a burden in accordance with the proportion. The higher the liability of a company, the burden incurred will also be higher.

Financial leverage is the proportion of the utilization of liabilities to finance a company's investment. A company that does not have leverage, it can be said that the company uses its own capital entirely [4]. The concepts of operational leverage and financial leverage are very useful for analyzing, planning and controlling finances within a company. Companies that implement operational leverage and financial leverage have the goal of making the company's profits bigger [5]. Besides that, leverage can also increase the variability (risk) of company profits, if the company turns out to get a lower profit than its fixed costs. The leverage ratio is used to assess how much a company takes advantage of liabilities to finance its operations [6]. The use of very high liabilities will result in danger for the company because it can be included in the category of extreme leverage (extreme debt) because the company can be trapped in a level of liability that is too large so that it is difficult for the company to release the burden of these liabilities. It is better if the company has to balance how much liability it deserves to be used and where the source of funds can be used to pay it off.

1. Financial Leverage Ratios
   a. Debt to Equity Ratio
      To be able to see how far the company uses liabilities, it can apply a debt ratio. The debt-to-equity ratio can be determined by dividing the total debt by the shareholder's own capital.
      $$Ratio\ of\ Debt\ to\ Equity = \frac{Total\ Amoun\ of\ Debt}{Shareholder\ Equity}$$
   b. Ratio of Debt to Total Assets
      The ratio of debt to total assets can be determined by dividing the total debt by the total assets owned by the company.
      $$Rasio\ of\ Debt\ to\ Total\ Assets = \frac{Total\ Debt}{Total\ Assets}$$
   c. Time Interest Ratio

This is a ratio that can be calculated by comparing earnings before interest and taxes (EBIT) to interest costs. This ratio can be used to measure a company's ability to meet its fixed costs, namely interest expense, or how well a company can meet its obligations to pay debt interest without experiencing financial difficulties.

$$Time\ Interest\ Ratio = \frac{Profit\ Before\ Interest\ and\ Tax}{Interest\ Expense}$$

Profitability ratio is the ability of a company to gain profits associated with sales, total assets and shareholders' own capital.

a. Gross profit margin
Gross profit margin is the gross profit that the company gets from each unit of money sold. The higher the profitability obtained means the higher the company's financial position, and the lower the company's financial risk. Gross profit margin is strongly influenced by cost of goods sold, the higher the cost of goods sold the lower the gross profit margin, and vice versa.

$$Gross\ Profit\ Margin = \frac{Sales\ Cost\ of\ Sales}{Sales}$$

b. Net profit margin
Net profit margin is the net profit the company earns from each unit of money sold. If during a period the gross profit margin does not change, and the net profit margin decreases, this indicates that the increase in expenses is relatively greater than the increase in sales.

$$Net\ Profit\ mrgin = \frac{Profit\ After\ Tax}{Sales}$$

c. Return on investment (ROI)
Return on investment or so-called return on assets is the ability of a company to obtain profits from the assets used.

$$ROI = \frac{Profit\ After\ Tax}{Total\ Assets}$$

d. Return on equity (ROE)
ROE or return on net worth shows the ability of a company to obtain the benefits available to the owner of the company. The ROE ratio is strongly influenced by the size of the company's liabilities, when the proportion of company liabilities is higher, the ROE ratio will also be higher.

$$ROE = \frac{Profit\ After\ Tax}{Own\ Capital}$$

The results of research by Shella Ekawati Ludijanto, et al stated that during 2010-2012 the debt ratio always increased, while the debt to equity ratio, long term debt to equity ratio and the dependent variables, namely ROI and ROE, decreased in 2011, then showed an increase in 2012.

e. Earning Power
By exploiting the relationship between asset turnover and net profit margin, earning power or ROA can be determined. Earning power is a measure of a company's ability to gain profits by utilizing company assets. Besides that, earning power also shows the level of investment efficiency as seen in the level of asset turnover. If asset turnover increases and the net profit margin remains constant, then earning power will increase.

$$Earning\ Power = \frac{Sales}{Total\ Assets}\ x\ \frac{Profit\ After\ Tax}{Sales}$$

2. Operating Leverage Ratio

Operating leverage has an influence that can increase operating profit which is associated with the company's sales results. By utilizing operating leverage, a company wants, where an increase in sales will result in an increase in the company's operating profit. The degree of financial leverage (DOL) can be calculated by comparing the percentage change in EBIT to the percentage change in a company's sales.

$$DOL\ at\ X = \frac{\%\ Change\ in\ EBIT}{\%\ Change\ in\ Sales}$$

The research results of Gatot Heru Pranjoto (2013) stated that the use of debt for companies making acquisitions needs to be reviewed because the majority of leverage ratios have decreased. The results of research by Shella Ekawati Ludijanto et al. (2014) stated that leverage ratios show varying values,

meaning that a decrease in leverage one year later indicates an increase in the following year. While the research results of David Kurniawan, Sahala Manalu, S.E., M.M. (2014) states, there is no significant difference between DOL, DFL, DER, DAR, current ratio, quick ratio, cash ratio of family companies and the average consumer goods industry, this is because family companies have adapted and improved techniques for using debt to improve company performance. The decision is considered appropriate, because the use of debt can be used to compete with other companies.

3. Concept of Financial Risk

Risk is a condition associated with the uncertainty that something will happen. Risk is the possibility that an event will occur which will cause a loss provided that the losses incurred can be calculated in units of money. Meanwhile, financial risk is a risk that can have an adverse impact on the company's financial condition [7]. Corporate risk can generally be divided into 2, namely: a) Business risk, which is the risk associated with uncertainty over the company's investment decisions in the future and is measured through the standard deviation of operating profit (EBIT); b) Financial risk, namely the risk that arises due to the use of long-term sources of funds that cause fixed expenses. Solvability risk is the risk that a company does not have the ability to repay its obligations both in the short and long term. While liquidity risk is the risk of a company's inability to fulfill its obligations in the short term [8].

4. Research Thinking Framework

Many methods can be used to assess the financial performance of a company. Analysis of financial statements is one that can be used, then an adequate interpretation is carried out so that a conclusion can be drawn. Assessing the insurance company's financial performance will be carried out by analyzing financial leverage and operational leverage. Financial leverage, namely the company's daily operational financing is carried out using debt, while operational leverage, namely changes in sales will result in changes in operating profit (EBIT). The results of Gatot Heru Pranjoto's research stated that the use of debt for companies making acquisitions needs to be reviewed because the majority of leverage ratios have decreased [1]. While the results of research by Shella Ekawati Ludijanto et al. states that the leverage ratio shows varying values, meaning that a decrease in leverage in one year then indicates an increase in the following year [2].

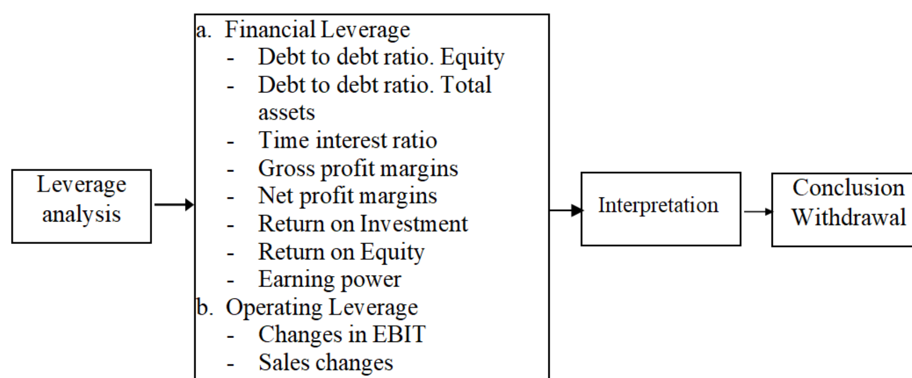

Figure 1. Research Thinking Framework

II. METHODS

Time and Place of Research

When this research was conducted in the odd semester of the 2021/2022 academic year, namely September 2021 to January 2022. Meanwhile, the place where this research was carried out was at PT Asuransi Jiwa XYZ through the company's website.

Research Methods

Along with the research objectives to be achieved, this research was carried out using a quantitative descriptive method with a case study approach at PT Asuransi Jiwa XYZ. The data collection method is carried out by:

1. Library research which is carried out by collecting and reading books or journals related to the research topic.

2. Field research conducted by collecting internal data in the form of company financial reports taken through the company's website.

Data Collection Methods

The method of data collection is done by downloading the company's financial statements through its website in the form of reports on financial position and income statements for 3 (three) years which have complete indicators to calculate financial leverage and operational leverage. If one or several indicators are incomplete, they will be excluded from the analysis.

Analysis Techniques

The research data that has been collected will be analyzed in the following way:

1. Data Description
   Descriptive analysis was carried out with the aim of providing an overview of the distribution/distribution of the research data, besides that the data will be presented in the form of a histogram.
2. Data Analysis
   The steps taken in data analysis are as follows:
   a. Perform calculations of financial leverage and operational leverage.
   b. Perform an assessment and interpretation of each calculation
   c. Analyze the impact of leverage implementation conditions on the company's financial risk
   d. Draw a conclusion

III. RESULT AND DISCUSSION

Description of Research Data

The data listed in table 1 below is the data used to calculate the 9 types of financial leverage and operating leverage ratios. Of the 9 types of ratios available, 8 types of data are needed, but in 2020 data on sales and HP sales is not available, so they cannot be analyzed in this study.

Table 1. PT Asuransi Jiwa XYZ Financial Data 2018-2020 (Millions of Rp)

No	Information	2018	2019	The increase decrease) %	2020	The increase decrease) %
1	Total Assets	23.048.427	18.151.030	(26,981)	15.726.246	(15,419)
2	Total Assets	8.400.278	17.041.232	50,706	54.362.749	68,653
3	Total Own Capital	130.064.543	(34.566.950)	(276,268)	(38.636.502)	(10,533)
4	Sales (Premium Income)	10.563.000	3.087.481	(242,124)	-	-
5	Sales HP (Net Premium)	10.004.432	2.987.814	(234,841)	-	-
6	Interest expense	-	-	-	-	-
7	Earnings Before Interest and Taxes	(19.420.446)	(4.127.717)	(370,489)	(4.036.333)	2,264
8	Profit After Tax	(19.087.310)	(4.140.445)	(360,997)	(4.046.500)	2,322

Source: Financial Report of PT Asuransi Jiwa XYZ

Table 1 above shows that the largest decrease occurred from 2018 to 2019 in the type of profit before interest and tax of (370.489%), decreased profit after tax of (360.997%), decreased total equity of 276.268%, decreased in premium income of (242.124%), as well as a decrease in HP sales of (234.841%) and a decrease in total assets of 26.981%. Whereas there was an increase only in debt of 50.706%. In 2020 there was an increase in corporate debt of 68.653%, operating profit (EBIT) of 2.264%, net profit (EAT) of 2.322% and a decrease in total assets and total own capital respectively - each of (15.419%) and (10.533%).

Data Analysis and Interpretation

Of the 9 types of ratios, there are several ratios that cannot be analyzed because data is not available. Like in 2018 and 2019, the time interest ratio cannot be analyzed because interest expense is not available, in 2020 there are 5 ratios that cannot be analyzed because data is not available, such as: time interest ratio, gross profit margin, net profit margin, earing power and DOL. After the data is collected and presented in tabular form, then each ratio is calculated and interpreted to determine the company's health risk. Calculation of the company's financial leverage and operating leverage ratios for 2018-2020 can be seen in the following table:

Table 2. Calculation of Financial Leverage Ratio and Operating Leverage Ratio 2018-2020 (Million Rp)

No	Ratio Name	Ratio Formula	2018	Rasio (%)	2019	Rasio (%)	2020	Rasio (%)
Rasio Financial Leverage:								
1	Debt to Equity Ratio	Total Amoun of debt	8.400.278	6,459	17.041.232	-49,299	54.362.749	-140,703
		Equity	130.064.543		(34.566.950)		(38.636.502)	
2	Ratio of Debt to Total Assets	Total Amoun of debt	8.400.278	36,446	17.041.232	93,886	54.362.749	345,682
		Total Assets	23.048.427		18.151.030		15.726.246	
3	Time Interest Ratio	Earnings before Interest and Taxes	(19.420.446)	-	(4.127.717)	-	(4.036.333)	-
		Interest expense	-		-		-	
4	Gross Profit Margin	Cost of goods sold	10.004.432	94,712	2.987.814	96,772	-	-
		Sales	10.563.000		3.087.481		-	
5	Net Profit Margin	Profit After Tax	(19.087.310)	-180,700	(4.140.445)	-134,104	(4.046.500)	-
		Sales	10.563.000		3.087.481		-	
6	ROI	Profit After Tax	(19.087.310)	-82,814	(4.140.445)	-22,811	(4.046.500)	-25,731
		Total Assets	23.048.427		18.151.030		15.726.246	
7	ROE	Profit After Tax	(19.087.310)	-14,675	(4.140.445)	11,978	(4.046.500)	10,473
		Owner's equity	130.064.543		(34.566.950)		(38.636.502)	
8	Earning Power	Sales	10.563.000	45,830	3.087.481	17,010	-	-
		Total Assets	23.048.427		18.151.030		15.726.246	
Rasio Operating Leverage								
1	DOL	% Changes in EBIT	100,000	100,000	(78,746)	100,559	(2,264)	-
		% Change ini Sales	100,000		(78,308)		-	

Source: Financial Report of PT Asuransi Jiwa XYZ

From table 2 above, then each leverage ratio will be interpreted to anticipate the company's financial risk as follows:

1. Financial Leverage Ratio.
   a. Debt to Equity Ratio

      This ratio is often used by companies to measure the use of debt in company operations. This high ratio results in high liabilities to be borne by the company. If you pay attention to table 2 above, it can be seen that the amount of debt for the three-year period, namely 2018 - 2020, has experienced a significant increase of Rp. 8,400,278, Rp. 17,041,232 and Rp. 54,362,749 respectively, while equity

has decreased very drastically and even been minus for three years. annum from Rp.130,064,543, -Rp.34,566,950 and -Rp.38,636,502, respectively.

Meanwhile, the financial position, which shows the value of the debt-to-equity ratio during the three years, experienced a very drastic decline and even a minus value of 6.439%, -49.299% and -140.703%. This shows the company's financial performance is not good and shows the risk of the company's inability to pay its debts due to the acceptance of risks that have been carried out, so that the company is included in high risk.

b. Ratio of Debt to Total Assets

This ratio is often used by companies to measure how far a company uses debt to support its operations. This high ratio results in high liabilities that will be borne by the company at any maturity date.

The calculations in table 2 above show that the total debt for three years, namely 2018 - 2020, has increased very rapidly, respectively Rp. 8,400,278, Rp. 17,041,232 and Rp. 54,362,749, while total assets have decreased quite significantly for three years each. from IDR 23,048,427, IDR 18,151,030 and IDR 15,726,246 respectively. While the financial position which shows the ratio of debt to total assets during the three years shows an increase of 36.446%, 93.886% and 345.682% respectively. This indicates the company is in an unhealthy condition and shows the risk of the company's inability to pay its debts due to the acceptance of the risk that has been carried out, so that the company is included in high risk.

c. Time Interest Ratio

This ratio can be used to measure the extent to which a company can fulfill its debt interest obligations without experiencing financial difficulties. The time interest ratio is a comparison between operating profit (EBIT) and interest expense.

Calculations in table 2 above, it can be seen that the total operating profit (EBIT) for three years showed an increase but in minus figures, namely –Rp.19,420,446, -Rp4,127,717 and –Rp4,036,333, and no interest expense data is available. Meanwhile, the financial position showing the value of the time interest ratio for each of the three years cannot be calculated. This indicates the company is in an unhealthy condition and shows a risk of bankruptcy because even though there is an increase in operating profit (EBIT) it is on a minus scale, so the company is included in high risk.

d. Gross Profit Margins

Gross profit margin is the gross profit earned by the company from each unit of money sold. The higher the profitability obtained by the company means the better the company's financial position, and the better the company's financial risk.

The gross profit margin calculation in table 2 above shows that the cost of goods sold for three years 2018 – 2020 has experienced a very heavy decline, namely IDR 10,004,432, IDR 2,987,814 and in 2020 data is not available, and sales data for three years has decreased greatly. swift, namely IDR 10,563,000, IDR 3,087,481, for 2020 data is not available. Meanwhile, the gross profit margin position for these three years was 94.712%, 96.772% respectively and the 2020 ratio cannot be calculated. The years 2018 and 2019 were good and data for 2020 was not available, indicating that the company is in an unhealthy condition and indicates high financial risk.

e. Net Profit Margins

Net profit margin is the net profit obtained from each unit of money sold by the company. If during a period the gross profit margin has not changed, but the net profit margin has decreased, this means that the cost increase is relatively greater than the increase in sales.

From the calculation of table 2 above, it can be seen that profit after tax for three years showed an increase but on a minus scale, namely –Rp. 119,087,310, -Rp. 4,140,000 and 4,040,500, and sales data for three years experienced a very heavy decline, namely Rp. 10,563,000 , IDR 3,087,481, for 2020 data is not available. Meanwhile, the financial position, which shows the value of the net profit margin for the three years, shows a minus figure of -180.700%, -134.104% and the 2020 ratio cannot

be calculated. This condition indicates that the company is in a very unhealthy condition and shows a high risk, because it does not have the ability to increase the net profit margin.

f. Return On Investment (ROI)

ROI is the ability of a company to gain profits from the use of assets owned by the company. In the calculation of table 2 above, it is known that profit after tax in three years shows an increase but on a minus scale, namely –Rp. IDR 23,048,427, IDR 18,151,030 and IDR 15,726,246. Meanwhile, the financial position, which shows the value of ROI for the three years, shows minus numbers, namely -82.814%, -22.811% and -25.731%. This condition shows that the company's performance is experiencing a very rapid decline and shows high financial risk and is worrying because it shows no indication of increasing ROI.

g. Return On Equity (ROE)

ROE or often called return on net worth shows the ability of a company to benefit the owner of the company. ROE is very much determined by the size of the value of the debt owned by the company, when the proportion of the company's debt is higher, the ROE is also higher.

In the calculation of table 2 above, it is known that profit after tax (EAT) in three years shows an increase but on a minus scale, namely -Rp. 19,087,310, -Rp. very swift and even became a minus, namely IDR 130,064,543, -IDR 34,566,950 and –IDR 38,636,502. The financial position showing the value of ROE for the three years respectively -14.675%, 11.978% (on a minus profit after tax scale) and 10.473% (on a Minus own capital scale), so the company is in an unhealthy condition and high risk, because the company unable to increase the welfare of shareholders and increase capital for company operations.

h. Earning Power

Earning power is a benchmark for companies to gain profits by using company assets. The results of the calculations in table 2 above show that sales in three years have shown a very drastic decline, even in 2020 sales data is not available, namely IDR 10,563,000, IDR 3,087,481 and 2020 data is not available, and data on total assets for three years has decreased very drastically. namely IDR 23,048,427, IDR 18,151,030 and IDR 15,726,246. Meanwhile, the financial position which shows the value of earning power over the three years has decreased to 45.830%, 17.010% and 2020 cannot be calculated, so it is classified as an unhealthy and high-risk company because the company's ability to increase profits by utilizing assets is very low.

2. Operational Leverage Ratio

Operational leverage is very influential in terms of increasing operating profit (EBIT) which is associated with the sales results achieved by the company. Utilization of operational leverage, where an increase in sales results is expected to result in an increase in the company's operating profit.

Calculations in table 2 above, it is known that the percentage change in operating profit (EBIT) in three years shows a very drastic decline and even minus, namely 100%, -78.746% and -2.264%, and the percentage change in sales for three years has decreased very drastically i.e. 100%, -78.308%, and 2020 data is not available. Meanwhile, the financial position showing the DOL value for the three years is 100%, 100.559% respectively (change in EBIT and change in sales of mine scale) and 2020 cannot be calculated because data is not available. This indicates a sharp decline in financial performance and is classified as high risk because the company is unable to increase profits by increasing the company's sales volume.

The results of this study are supported by the research results of Gatot Heru Pranjoto (2013), stating that there has been a decrease in ROA, ROE and profit margins, so that the use of corporate debt needs to be reviewed or the use of corporate debt is not justified. And also supported by the research results of Shella Ekawati Ludijanto, et al (2013), stated that the company's leverage did not show consistency for three years 2010, 2011 and 2012, sometimes there was an increase, sometimes there was a decrease. Meanwhile, the results of the study are contrary to the results of the research by David Kurniawan Subagio and Sahalla Manalu, S.E., M.M. (2015) stated that companies have adapted to using

debt to improve company performance, so that the use of debt is considered appropriate for competing with other companies.

Analysis of the Impact of Leverage on the Company's Financial Risk

Observing the interpretation of each financial leverage and operating leverage ratio as described above, overall it can be said that the impact of financial performance on the company's financial risk indicates a negative impact. This is evident from all of these ratios giving an unfavorable indication because none of the ratios show good enough performance.

If we relate it to the company's Risk Based Capital (RBC) achievement ratio, which is a barometer for measuring the insurance company's financial performance, over the past three years it has shown a ratio of -1,439.04% in 2018, -1,866.10% and in 2020 it shows a ratio of -1,003.67 %. In accordance with POJK 71/POJK.05/2016, the minimum RBC achievement ratio is 120%. This indicates that the company's RBC achievement ratio is far below the provisions, even minus, thus indicating a high risk of the company's financial inability to pay off all obligations that are due soon.

IV. CONCLUSION

The conclusions in this study are as follows

1. Financial leverage and operational leverage indicate a poor level of financial soundness because many ratios have negative values, and there are even ratios that cannot be calculated because the data is not available.
2. The impact of financial leverage and operational leverage on financial risk indicates poor performance, because the data for the last two years shows a significant decline in financial performance.

Suggestions in this study are as follows

1. Wherever possible, the company's sales volume should be increased so that the premium income grows every year, so that the value of the company's capital and assets will grow. Besides that, the company must also carry out overall efficiency so that the company's profits can be increased.
2. The company must be able to control its liabilities by reducing the rate of increase in debt and increasing total assets to improve the company's liquidity performance so that the company's ability to pay debts will increase.

V. ACKNOWLEDGMENTS

The author would like to thank all groups and communities for their support and encouragement throughout the process to the end of this research. It is hoped that it can be used as reading material to add information and reference sources as well as information for the same search size, as well as comparative studies to review knowledge.

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