

## **CORPORATE GOVERNANCE MECHANISMS AND RISK MANAGEMENT PRACTICES IN INDONESIA'S ISLAMIC INSURANCE INDUSTRY**

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**Abstract:** This study explores the interplay between corporate governance mechanisms and risk management practices in Indonesia's Islamic insurance (Takaful) industry, which has grown significantly but continues to face challenges related to regulatory complexity and Shariah compliance. Using a qualitative design, the research employed semi-structured interviews, focus group discussions, and document analysis with executives, regulators, and practitioners, analyzed through thematic coding to capture diverse perspectives. The findings indicate that Shariah Supervisory Boards are central to ensuring transparency, accountability, and ethical compliance, with 95% of firms implementing comprehensive governance frameworks aligned with Shariah principles (*OJK, 2021*). Simultaneously, risk management practices have become more sophisticated, with 80% of companies adopting enterprise risk management systems that integrate financial and non-financial risks (*AASI, 2022*), while the use of InsurTech tools such as predictive analytics has enhanced efficiency, reduced claim processing time, and improved customer engagement. The study highlights that corporate governance and risk management are mutually reinforcing: effective governance strengthens risk oversight, while comprehensive risk management enhances the credibility of governance structures. Furthermore, OJK regulations have created a more competitive and transparent industry landscape, aligning domestic practices with international standards. This research contributes to the Islamic finance literature by demonstrating how governance and risk practices collectively support institutional resilience and sustainability, while offering critical insights for practitioners, regulators, and policymakers. Future research should investigate the role of emerging technologies such as blockchain, conduct comparative studies with conventional insurers, and examine the integration of corporate social responsibility into Islamic insurance to further strengthen stakeholder trust and align with global sustainability goals.

**Keywords:** Corporate governance, Risk management, Islamic insurance, Shariah compliance, Indonesia

**Abstrak:** Penelitian ini mengeksplorasi keterkaitan antara mekanisme tata kelola perusahaan (corporate governance) dan praktik manajemen risiko pada industri asuransi syariah (Takaful) di Indonesia, yang menunjukkan pertumbuhan signifikan namun masih menghadapi tantangan terkait kompleksitas regulasi dan kepatuhan terhadap prinsip syariah. Dengan menggunakan pendekatan kualitatif, data dikumpulkan melalui wawancara semi-terstruktur, diskusi kelompok terfokus, serta analisis dokumen yang melibatkan eksekutif perusahaan asuransi syariah, regulator, dan praktisi, kemudian dianalisis dengan teknik tematik untuk menangkap perspektif yang beragam. Hasil penelitian menunjukkan bahwa Dewan Pengawas Syariah berperan sentral dalam memastikan transparansi, akuntabilitas, serta kepatuhan etis, di mana 95% perusahaan asuransi syariah telah menerapkan kerangka tata kelola yang sesuai dengan prinsip syariah (*OJK, 2021*). Di sisi lain, praktik manajemen risiko juga semakin berkembang, dengan 80% perusahaan mengadopsi sistem manajemen risiko perusahaan (enterprise risk management) yang mencakup risiko finansial maupun non-finansial (*AASI, 2022*), sementara pemanfaatan teknologi InsurTech seperti analitik prediktif terbukti meningkatkan efisiensi operasional, mempercepat waktu pemrosesan klaim, dan memperbaiki keterlibatan nasabah. Studi ini menegaskan bahwa tata kelola perusahaan dan manajemen risiko saling memperkuat: tata kelola yang baik mendorong

efektivitas pengelolaan risiko, sementara praktik manajemen risiko yang komprehensif meningkatkan kredibilitas tata kelola. Selain itu, regulasi dari OJK telah menciptakan lanskap industri yang lebih kompetitif dan transparan dengan menyesuaikan praktik domestik pada standar internasional. Kontribusi penelitian ini tidak hanya memperkaya literatur keuangan syariah tetapi juga memberikan wawasan praktis bagi regulator, praktisi, dan pembuat kebijakan untuk memperkuat ketahanan dan keberlanjutan industri asuransi syariah. Penelitian lanjutan disarankan untuk menelaah peran teknologi baru seperti blockchain, melakukan studi komparatif dengan perusahaan asuransi konvensional, serta mengkaji integrasi tanggung jawab sosial perusahaan (CSR) guna memperkuat kepercayaan pemangku kepentingan sekaligus mendukung tujuan pembangunan berkelanjutan.

**Kata Kunci:** Tata kelola perusahaan, Manajemen risiko, Asuransi syariah, Kepatuhan syariah, Indonesia.

### Introduction

The Islamic insurance industry, or *Takaful*, has experienced remarkable growth in Indonesia over the past two decades. As the world's largest Muslim-majority country, Indonesia provides fertile ground for Sharia-compliant financial products. According to the Financial Services Authority of Indonesia (*OJK, 2021*)<sup>1</sup>, *Takaful* reached IDR 27 trillion (USD 1.9 billion) in contributions in 2021, reflecting a 15 percent annual increase. This development is largely driven by growing public awareness of Islamic finance principles and the government's proactive efforts to strengthen financial inclusion through Sharia-compliant initiatives.

Distinct from conventional insurance, *Takaful* prohibits excessive uncertainty (*gharar*) and gambling (*maysir*) while operating on principles of mutual assistance. Participants contribute to a shared pool to support one another in times of need, which not only provides protection but also fosters solidarity. Despite its growth potential, the industry faces persistent challenges such as regulatory complexity, competition with conventional products, and the need for governance structures that ensure transparency and compliance with Islamic law.

Corporate governance plays a central role in addressing these challenges. A sound governance framework promotes accountability, ethical decision-making, and adherence to Sharia principles. Prior studies highlight that strong corporate governance enhances both risk management and financial performance in Islamic institutions (*Arshad, Zainuddin, & Rahman, 2021*)<sup>2</sup>. In Indonesia, OJK enforces governance guidelines adapted to Islamic finance, emphasizing fairness, transparency, and responsibility. The presence of an independent Sharia Supervisory Board further strengthens credibility by assuring stakeholders that operations and products are consistent with Islamic law.

Risk management is equally vital in sustaining the resilience of *Takaful* institutions. Beyond the conventional focus on operational and market risks, Islamic insurers must also address Sharia compliance risks. The Islamic Financial Services Board (*IFSB, 2020*)<sup>3</sup> underscores the necessity of comprehensive frameworks to safeguard stability. In practice, several Indonesian *Takaful* providers are adopting enterprise risk management (ERM) systems that integrate risk identification and mitigation into their strategic planning. PT Asuransi *Takaful* Keluarga, for instance, applies scenario analysis and stress testing to anticipate potential vulnerabilities,

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<sup>1</sup> Financial Services Authority of Indonesia (OJK). (2022). Statistical report on Islamic financial services. <https://www.ojk.go.id>

<sup>2</sup> Arshad, R., Zainuddin, Z. M., & Rahman, A. (2021). Corporate governance and financial performance in Islamic banks: A study of Malaysia and Indonesia. *Journal of Islamic Accounting and Business Research*, 12(3), 321–335. <https://doi.org/10.1108/JIABR-12-2019-0223>

<sup>3</sup> Islamic Financial Services Board (IFSB). (2020). Guiding principles on risk management for *Takaful* institutions. <https://www.ifsb.org>

aligning local practices with international standards while accommodating the distinct requirements of Sharia compliance (*Asuransi Takaful Keluarga, 2021*)<sup>4</sup>.

The interplay between corporate governance and risk management is particularly significant. Governance ensures that risk practices are implemented consistently and transparently, while effective risk management protects against failures that could undermine governance structures. Regulatory bodies such as OJK function as key enablers by providing oversight, setting standards, and ensuring compliance.

Against this background, the present article examines how corporate governance and risk management interact to shape the development of Indonesia's Islamic insurance industry. Specifically, the study asks: What governance mechanisms are currently applied by Takaful companies, and how do they align with Sharia? How do risk management practices differ from conventional insurance? What obstacles limit the effectiveness of governance and risk management? How can institutions strengthen these frameworks to foster trust and transparency? And finally, what role do regulators play in shaping this landscape?

By addressing these questions, this article contributes to the growing body of literature on Islamic finance while providing practical insights for practitioners, regulators, and policymakers seeking to enhance the sustainability of Takaful in Indonesia.

#### *Literatur review*

Corporate governance and risk management are interrelated foundations that determine the stability and credibility of Islamic insurance (Takaful) in Indonesia. Governance provides the framework of fairness, accountability, transparency, and responsibility (*OECD, 2021*), while risk management ensures that financial and operational exposures are effectively mitigated in accordance with Sharia principles.

In Indonesia, the Financial Services Authority (OJK) has formalized governance standards through Regulation No. 73/POJK.05/2016, which requires insurance companies—including Takaful operators—to establish governance systems that promote ethical decision-making and effective risk oversight (*OJK, 2016*)<sup>5</sup>. Strong governance is essential for cultivating stakeholder trust, particularly in Islamic finance where ethical compliance and Sharia adherence are inseparable from institutional legitimacy. Empirical studies have demonstrated that effective governance improves financial performance, enhances customer satisfaction, and strengthens risk management (*Rahman et al., 2022; Ali & Sari, 2021*)<sup>6</sup>.

Risk management in Islamic insurance, however, presents unique challenges. Takaful institutions face operational risks stemming from internal control weaknesses, technological failures, or human error, and market risks shaped by restricted Sharia-compliant investment opportunities (*IFSB, 2022*)<sup>7</sup>. Research in Indonesia shows that comprehensive risk management frameworks can significantly reduce operational losses and reinforce financial resilience (*Suharto & Indriani, 2023*). Effective asset-liability management also becomes critical in stabilizing returns while remaining within Sharia parameters.

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<sup>4</sup> Asuransi Takaful Keluarga. (2021). Annual report 2021. <https://www.takaful.com/annual-report-2021>

<sup>5</sup> OJK. (2016). Regulation No. 73/POJK.05/2016 on good corporate governance for insurance companies. <https://www.ojk.go.id>

<sup>6</sup> Rahman, A., Sari, R., & Yusof, M. (2022). The impact of corporate governance on customer satisfaction in Islamic insurance companies. *International Journal of Islamic and Middle Eastern Finance and Management*, 15(1), 100–115.

<sup>7</sup> Islamic Financial Services Board. (2022). Guidelines on risk management for Islamic financial institutions. <https://www.ifs.org>

The literature highlights a strong linkage between governance and risk management in Islamic finance. Firms with robust boards, transparent reporting, and regular external audits demonstrate stronger resilience against financial risk (Hassan & Ali, 2021; Setiawan & Nasution, 2021)<sup>8</sup>. Comparative studies further suggest that Islamic insurers embed ethical and religious values more deeply into governance, shaping distinctive risk management approaches compared to their conventional counterparts (Yusof & Rahman, 2023)<sup>9</sup>.

Central to this ecosystem is Sharia compliance, which functions not only as a religious obligation but also as a governance mechanism. Sharia Supervisory Boards (SSBs) play a pivotal role in product approval, compliance monitoring, and operational oversight, thereby mitigating the risk of non-compliance and enhancing institutional credibility (Hassan et al., 2021; Sari & Wulandari, 2023)<sup>10</sup>. Beyond organizational impact, Sharia adherence directly influences consumer behavior: surveys indicate that policyholders prioritize Sharia compliance in selecting insurers, associating it with trustworthiness and fairness (*Indonesia Sharia Insurance Association, 2022*)<sup>11</sup>.

Taken together, the literature confirms that the integration of governance, risk management, and Sharia compliance is not only a regulatory requirement but also a competitive necessity for Indonesia's Islamic insurance industry. This holistic framework fosters transparency, operational efficiency, and consumer trust, thereby reinforcing the industry's long-term sustainability.

## Methods

### *Research Design*

This study adopts a qualitative research design, which is considered appropriate for exploring complex and context-specific issues such as corporate governance mechanisms and risk management practices in Indonesia's Islamic insurance industry. Unlike quantitative approaches that primarily focus on measurable outcomes, qualitative methods provide the flexibility to capture participants' perspectives, experiences, and motivations, thereby offering a nuanced understanding of industry dynamics (Creswell & Poth, 2021)<sup>12</sup>. This approach is particularly relevant given the relatively early stage of Islamic insurance development in Indonesia, where qualitative inquiry can uncover both institutional challenges and opportunities that may not be readily quantifiable (*Rahman et al., 2021*)<sup>13</sup>.

### *Data Collection*

To ensure comprehensive insights, the study employs three complementary data collection methods.

Semi-structured interviews are conducted with key stakeholders, including executives of Islamic insurance firms, regulators, and academic experts. This method enables participants to elaborate on their experiences and provide reflections on the practical implications of governance frameworks and risk management strategies (*OJK, 2022*)<sup>14</sup>.

<sup>8</sup> Hassan, M., & Ali, A. (2021). The impact of corporate governance on financial performance in Islamic insurance companies. *International Journal of Islamic and Middle Eastern Finance and Management*, 14(2), 210–225.

<sup>9</sup> Yusof, M., & Rahman, A. (2023). Comparative analysis of corporate governance practices in conventional and Islamic insurance companies. *Journal of Islamic Business and Management*, 13(1), 67–82.

<sup>10</sup> Hassan, M., Sari, R., & Wulandari, D. (2021). The role of Sharia supervisory boards in corporate governance of Islamic financial institutions. *Journal of Islamic Finance*, 10(1), 45–56.

<sup>11</sup> Indonesia Sharia Insurance Association. (2022). Consumer perceptions of Sharia insurance in Indonesia. <https://www.asuransisyariah.or.id>

<sup>12</sup> Creswell, J. W., & Poth, C. N. (2021). *Qualitative inquiry and research design: Choosing among five approaches* (4th ed.). Sage Publications.

<sup>13</sup> Rahman, M. M., et al. (2021). Exploring the governance mechanisms in Islamic financial institutions: A qualitative approach. *Journal of Islamic Accounting and Business Research*, 12(4), 567–583.

<sup>14</sup> Financial Services Authority of Indonesia. (2022). Annual report on Islamic insurance sector. Otoritas Jasa Keuangan (OJK). <https://www.ojk.go.id>

Focus group discussions are used to capture collective viewpoints from policyholders, practitioners, and regulatory representatives. Group dynamics often stimulate deeper reflection and facilitate consensus building on governance and risk-related challenges in the industry (Sari et al., 2023)<sup>15</sup>.

Document analysis complements interviews and focus groups by examining regulatory documents, Shariah compliance guidelines, and industry reports. This triangulation of data sources strengthens the validity of findings and contextualizes governance practices within broader institutional frameworks (Hasan, 2022)<sup>16</sup>.

#### *Sampling Strategy*

Participants are selected based on purposive criteria to ensure relevance and expertise. Inclusion requires at least five years of professional experience in Islamic insurance or related fields, with representation spanning executives, regulators, and practitioners. This ensures diversity of perspectives and depth of insights (Mansur & Rahman, 2021)<sup>17</sup>.

Approximately 30 participants are targeted, aligning with Guest et al. (2020)<sup>18</sup>, who note that data saturation in qualitative research is typically achieved within 12–30 interviews. This sample size is considered adequate to capture rich, diverse viewpoints while maintaining analytical manageability.

#### *Data Analysis*

The collected data is analyzed through thematic analysis, which allows the systematic identification and interpretation of recurring patterns across interviews, discussions, and documents. This technique is particularly well-suited for exploratory research, enabling the integration of multiple perspectives into coherent themes (Braun & Clarke, 2021)<sup>19</sup>.

The coding process follows an iterative approach. Initial open coding identifies emergent ideas, which are then refined into structured categories through successive rounds of coding. This process ensures that the analysis remains grounded in participants' narratives while facilitating the recognition of broader governance and risk management trends in the Islamic insurance industry (Saldaña, 2021)<sup>20</sup>.

## **Results And Discussions**

### *Corporate Governance Mechanisms*

Corporate governance in Indonesia's Islamic insurance industry reflects a dual framework that combines conventional principles with Sharia compliance. The board of directors generally consists of professionals from finance, law, and Islamic studies, ensuring both managerial competence and adherence to Islamic principles (Hidayat & Santoso, 2021)<sup>21</sup>. Independent

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<sup>15</sup> Sari, R., et al. (2023). Focus group discussions in Islamic finance: A methodological perspective. *Journal of Islamic Economics*, 14(1), 23–37.

<sup>16</sup> Hasan, Z. (2022). Governance in Islamic finance: A study of regulatory frameworks. *Journal of Islamic Finance*, 11(2), 45–60.

<sup>17</sup> Mansur, I., & Rahman, A. (2021). Corporate governance in Islamic insurance: Challenges and opportunities. *International Journal of Islamic Finance*, 3(1), 15–30.

<sup>18</sup> Guest, G., Bunce, A., & Johnson, L. (2020). How many interviews are enough? An experiment with data saturation and variability. *Field Methods*, 18(1), 59–82.

<sup>19</sup> Braun, V., & Clarke, V. (2021). Reflecting on reflexive thematic analysis. *Qualitative Research in Psychology*, 18(3), 328–352.

<sup>20</sup> Saldaña, J. (2021). *The coding manual for qualitative researchers* (4th ed.). Sage Publications.

<sup>21</sup> Hidayat, R., & Santoso, P. (2021). Corporate governance and its impact on risk management in Islamic insurance. *Asian Journal of Business and Management*, 9(3), 78–91.

commissioners, as mandated by the Financial Services Authority (OJK), reinforce accountability and protect policyholders from conflicts of interest (*Sari, 2022*)<sup>22</sup>.

A critical element of governance is the Sharia Supervisory Board (SSB), which safeguards compliance with Islamic law. Beyond oversight, SSBs contribute to product innovation and customer trust, as policyholders view their competence as a determinant of loyalty (*Rahman, Zainal, & Sari, 2022*)<sup>23</sup>. In this way, governance mechanisms not only shape internal decision-making but also enhance external credibility.

Transparency and accountability further underpin governance practices. The adoption of international financial reporting standards (IFRS) has improved disclosure quality (*OJK, 2021*)<sup>24</sup>, while robust internal and external audits strengthen oversight. For instance, PT Asuransi Syariah's comprehensive audit system reduced operational inefficiencies by 20% over two years (*Sukma, 2023*)<sup>25</sup>. These mechanisms demonstrate that governance quality directly impacts operational resilience.

### *Risk Management Practices*

Risk management in Islamic insurance is distinguished by Sharia-based constraints and opportunities. Companies face underwriting, investment, and operational risks, which require comprehensive risk assessment frameworks. Tools such as risk mapping and stress testing allow firms to evaluate exposures systematically (*Ismail et al., 2022; AASI, 2022*)<sup>26</sup>.

Mitigation strategies emphasize portfolio diversification into Sharia-compliant assets like sukuk and real estate, which balance ethical principles with financial stability. PT Asuransi Syariah's portfolio diversification illustrates how Islamic insurers manage volatility while remaining Sharia-compliant (*AASI, 2022*)<sup>27</sup>.

A unique feature of Islamic insurance is the integration of Sharia principles into risk-sharing mechanisms such as mudarabah and musharakah, which distribute risks collectively (*Hassan & Ali, 2021*)<sup>28</sup>. This approach embeds social responsibility into risk management, aligning with the maqasid al-shariah objectives of justice and welfare. The Islamic Financial Services Board (*IFSB, 2021*)<sup>29</sup> has highlighted that firms with stronger Sharia integration report higher levels of customer satisfaction and loyalty.

### *Governance–Risk Management Nexus*

Corporate governance and risk management are interdependent. Strong governance frameworks provide the foundation for systematic risk management, while effective risk management

<sup>22</sup> Sari, D. (2022). The role of independent directors in enhancing corporate governance in Islamic insurance. *Journal of Corporate Governance Research*, 15(1), 34–50.

<sup>23</sup> Rahman, F., Zainal, A., & Sari, R. (2022). The influence of Sharia supervisory boards on customer loyalty in Islamic insurance. *Journal of Islamic Marketing*, 13(4), 1023–1040.

<sup>24</sup> Otoritas Jasa Keuangan (OJK). (2021). *Financial Services Authority annual report 2021*. Jakarta, Indonesia: OJK.

<sup>25</sup> Sukma, T. (2023). Internal audit practices in Islamic insurance: A case study of PT Asuransi Syariah. *International Journal of Auditing and Accountability*, 8(1), 56–70.

<sup>26</sup> Ismail, M., Karim, Z., & Fahmi, R. (2022). Underwriting risk in Islamic insurance: A comparative framework. *Journal of Risk and Financial Management*, 15(6), 211–227.

<sup>27</sup> Association of Islamic Insurance Companies in Indonesia (AASI). (2022). *Annual report on risk management practices in Islamic insurance*. Jakarta, Indonesia: AASI.

<sup>28</sup> Hassan, S., & Ali, A. (2021). Ethical risk management in Islamic finance: Principles and practices. *International Journal of Islamic Banking and Finance Research*, 6(2), 112–125.

<sup>29</sup> Islamic Financial Services Board (IFSB). (2021). *Guiding principles on risk management for Islamic financial institutions*. Kuala Lumpur, Malaysia: IFSB.

reinforces the credibility of governance structures. Firms with balanced boards, competent SSBs, and transparent practices are more capable of identifying risks early and developing effective mitigation strategies (Hidayat & Santoso, 2021)<sup>30</sup>.

This symbiotic relationship underscores the strategic role of governance in sustaining financial stability and customer trust in the Islamic insurance sector.

#### *Limitations and Future Research*

This study is limited by its reliance on qualitative analysis of existing governance and risk management frameworks, which may not capture the evolving dynamics of Indonesia's Islamic insurance industry. Future research could employ quantitative approaches to measure the direct impact of governance practices on financial performance and customer outcomes.

#### *Contribution to Literature*

The study contributes to the limited body of research on Islamic insurance by demonstrating how governance mechanisms and risk management practices are uniquely shaped by Shariah principles. It highlights the governance–risk nexus as a critical determinant of institutional sustainability and offers insights relevant for both regulators and practitioners in Islamic finance.

#### **Conclusion**

This study examined the interplay between corporate governance mechanisms and risk management practices within Indonesia's Islamic insurance industry. The findings highlight how governance structures, regulatory frameworks, and Shariah principles collectively shape operational resilience and sustainability. The establishment of Shariah supervisory boards has been particularly effective in enhancing transparency and accountability, with 95% of Islamic insurance firms adopting comprehensive governance structures consistent with Shariah principles (OJK, 2021)<sup>31</sup>.

Risk management practices have also evolved, particularly in response to heightened market volatility during the COVID-19 pandemic. AASI (2022)<sup>32</sup> reported that 80% of firms have integrated advanced frameworks addressing both financial and non-financial risks, reflecting a proactive approach to sustainability. Moreover, the growing adoption of InsurTech—such as predictive analytics and artificial intelligence—has enabled more precise risk assessment and improved customer engagement. For example, PT Asuransi Takaful Keluarga successfully reduced claim processing time by 15% through predictive analytics (Takaful Keluarga, 2023)<sup>33</sup>.

The regulatory environment further reinforces governance and risk management practices. Since the introduction of OJK's corporate governance guidelines in 2018, compliance with international standards has significantly increased, strengthening industry competitiveness (OJK, 2021)<sup>34</sup>. Collectively, these findings suggest that governance and risk management are not merely

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<sup>30</sup> Hidayat, R., & Santoso, P. (2021). Corporate governance and its impact on risk management in Islamic insurance. *Asian Journal of Business and Management*, 9(3), 78–91.

<sup>31</sup> Financial Services Authority of Indonesia (OJK). (2021). Annual report on Islamic insurance sector. Otoritas Jasa Keuangan.

<sup>32</sup> Indonesian Association of Islamic Insurance Companies (AASI). (2022). Survey report on risk management practices in Islamic insurance. AASI.

<sup>33</sup> Takaful Keluarga. (2023). Case study: Enhancing risk management through predictive analytics. PT Asuransi Takaful Keluarga.

<sup>34</sup> Financial Services Authority of Indonesia (OJK). (2021). Annual report on Islamic insurance sector. Otoritas Jasa Keuangan.

compliance mechanisms but strategic tools for performance improvement and long-term sustainability.

#### *Contributions to the Field*

This research contributes to the growing body of knowledge in Islamic finance by clarifying how governance and risk management intersect in Islamic insurance. The study underscores the role of Shariah supervisory boards in shaping risk management practices, thereby strengthening public trust and mitigating reputational risks—findings consistent with earlier works emphasizing Shariah governance as a determinant of accountability and ethical conduct (Dusuki, 2008; Haniffa & Hudaib, 2007)<sup>35</sup>.

The adoption of digital solutions represents another important contribution, demonstrating how technology reshapes risk management practices in Islamic insurance. This aligns with prior research noting the transformative role of FinTech and RegTech in financial regulation (Arner *et al.*, 2016)<sup>36</sup>. Additionally, the study provides empirical evidence on the role of OJK's regulatory framework in promoting ethical governance, supporting the broader recommendations of the Islamic Financial Services Board (IFSB, 2020)<sup>37</sup>.

Overall, this research not only enriches academic discourse but also offers practical insights for policymakers and industry practitioners seeking to enhance the integrity and resilience of the Islamic insurance sector.

#### *Future Research Directions*

Future studies should explore the impact of emerging technologies—such as blockchain—on governance and transparency within Islamic insurance, building on the work of Tapscott and Tapscott (2016)<sup>38</sup>. Comparative analyses between Islamic and conventional insurers could provide deeper insights into governance efficiency, consumer satisfaction, and market performance.

Longitudinal studies examining the evolution of governance mechanisms under regulatory reforms would also be valuable, particularly in assessing their long-term impact on firm performance (Ali *et al.*, 2019)<sup>39</sup>. Additionally, exploring the integration of corporate social responsibility (CSR) into Islamic insurance practices may reveal how the sector can align more closely with sustainable development goals and strengthen stakeholder trust.

Such research directions would deepen theoretical understanding and support the continuous development of a competitive, ethical, and resilient Islamic insurance industry in Indonesia.

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<sup>35</sup> Dusuki, A. W. (2008). What does Islam say about corporate social responsibility? *Review of Islamic Economics*, 12(1), 5–28.

<sup>36</sup> Arner, D. W., Barberis, J., & Buckley, R. P. (2016). FinTech, RegTech, and the reconceptualization of financial regulation. *Northwestern Journal of International Law & Business*, 37(3), 371–413.

<sup>37</sup> Islamic Financial Services Board (IFSB). (2020). Guiding principles on corporate governance for institutions offering Islamic financial services. IFSB.

<sup>38</sup> Tapscott, D., & Tapscott, A. (2016). *Blockchain revolution: How the technology behind Bitcoin is changing money, business, and the world*. Penguin.

<sup>39</sup> Ali, A., et al. (2019). Corporate governance in Islamic financial institutions: A review of the literature. *Journal of Islamic Accounting and Business Research*, 10(2), 234–248.

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