

Spin-Off Implementation of Sharia Business Units in Indonesian General Insurance Companies: Regulatory, Managerial, and Financial Perspectives

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ABSTRACT

This study aims to analyze the implementation of the spin-off of Sharia Business Units (Unit Usaha Syariah/UUS) in general insurance companies in Indonesia from regulatory, managerial, and financial perspectives. The study is motivated by the mandatory separation policy stipulated in Law No. 4 of 2023 concerning Financial Sector Development and Strengthening and Financial Services Authority Regulation (POJK) No. 11 of 2023, which aim to strengthen the institutional structure and competitiveness of the Islamic financial industry. This study employs a descriptive qualitative approach using secondary data derived from regulations, academic literature, industry reports, financial statements, and official publications issued by the Financial Services Authority and related institutions. The analytical framework combines normative and empirical approaches to examine the implementation dynamics of the spin-off policy. The findings indicate that, from a regulatory perspective, the implementation process involves minimum capital fulfillment, portfolio transfer, regulatory approval, and the establishment of independent sharia entities. From a managerial perspective, the spin-off requires organizational restructuring, strengthening of sharia-based human resources, separation of operational systems, and implementation of sharia-based good corporate governance. From a financial perspective, the spin-off increases operational costs in the initial phase due to investments in systems, infrastructure, and human resources. Nevertheless, in the long term, the policy has the potential to improve operational efficiency, financial transparency, institutional independence, and overall financial performance. Therefore, the successful implementation of the spin-off depends on regulatory readiness, managerial capability, and financial resilience.

Keywords: spin-off, Sharia Business Unit, Islamic insurance, regulation, management, finance

INTRODUCTION

The Islamic financial industry in Indonesia has experienced significant growth in recent years, primarily driven by regulatory support and increasing public awareness of sharia-based financial principles. One of the sectors undergoing substantial transformation is the Islamic insurance industry, particularly concerning the policy requiring the separation of Sharia Business Units (Unit Usaha Syariah/UUS) from their parent companies (Asosiasi Asuransi Syariah Indonesia, 2023). Through Law No. 4 of 2023 concerning Financial Sector Development and Strengthening (UU PPSK), the government mandates insurance companies with Sharia Business Units to conduct a spin-off into independent entities. This policy was further reinforced through the issuance of Financial Services Authority Regulation (POJK) No. 11 of 2023, which technically regulates the mechanism for the separation of Sharia Business Units, including capital requirements, portfolio transfers, and policyholder protection.

These regulations are designed to strengthen the structure and performance of the Islamic financial industry by accelerating the separation (spin-off) of sharia business units from conventional parent companies, enabling sharia entities to operate independently, professionally, and competitively (Otoritas Jasa Keuangan, 2024). Furthermore, previous studies indicate that regulatory and institutional readiness are key determinants of the successful implementation of the spin-off of Sharia Business Units in general insurance companies (Suryawadi, 2021). This policy also reinforces Law No. 40 of 2014 concerning Insurance and Financial Services Authority Regulation (POJK) No. 67 of 2016, which governs the mandatory separation of sharia insurance and reinsurance business units (Rambe et al., 2021). The regulation stipulates that a mandatory separation must be conducted when tabarru' funds and participants' investment funds have reached at least 50% of the total insurance funds of the parent company, or no later than ten years after the enactment of the law. Normatively, this provision implies that the implementation deadline for the spin-off falls in 2024. However, with the enactment of Law No. 4 of 2023 concerning Financial Sector Development and Strengthening and POJK No. 11 of 2023, the regulator granted a policy relaxation by extending the spin-off deadline until 31 December 2026. This policy is expected to provide sufficient adaptation time for industry players to strengthen institutional readiness, capital adequacy, and governance before transforming into fully independent sharia entities.

Based on the report published by the Financial Services Authority (Otoritas Jasa Keuangan/OJK) (2024), the development of assets and the number of Islamic insurance companies in Indonesia demonstrated significant dynamics during the 2019–2024 period. The data include both full-fledged sharia insurance companies and Sharia Business Units (UUS), which became one of the main considerations underlying the issuance of Law No. 4 of 2023 concerning Financial Sector Development and Strengthening and Financial Services Authority Regulation No. 11 of 2023. These two regulations aim to strengthen the structure and sustainable performance of the Islamic financial industry. The Islamic financial development report indicates that the Islamic insurance industry in Indonesia is currently undergoing a phase of structural transformation, characterized by increasing institutional independence, stronger governance, and improved competitiveness through the implementation of the spin-off policy.

Table I. Development of Islamic Insurance Assets by Type (IDR Billion) (2019–2024)

Year	Islamic Life Insurance	Islamic General Insurance	Islamic Reinsurance
2019	37,887.30	5,817.01	2,090.87
2020	36,165.55	6,018.55	2,097.89
2021	34,613.40	6,559.78	1,970.71
2022	34,948.70	7,480.59	2,411.10
2023	32,806.27	8,463.57	2,735.40
2024	34,201.94	9,461.09	2,890.54

Source: Processed from Financial Services Authority (2024).

Table II. Number of Islamic Insurance Companies: Full-Fledged vs Sharia Business Units (2019–2024)

Year	Islamic Life Insurance		Islamic General Insurance		Islamic Reinsurance		Total (Full/UUS)
	Full	UUS	Full	UUS	Full	UUS	
2019	7	23	5	24	1	2	13 / 49
2020	7	23	5	22	1	3	13 / 48
2021	7	23	6	19	1	3	14 / 45
2022	8	21	6	19	1	3	15 / 43
2023	9	21	6	19	1	3	16 / 43
2024	10	20	6	17	1	3	17 / 40

Source: Processed from Financial Services Authority (2024).

In general, asset development demonstrates varying trends across sectors. Islamic life insurance assets tended to fluctuate, whereas Islamic general insurance and Islamic reinsurance exhibited relatively consistent growth trends over the years. Significant growth was observed in Islamic general insurance, which increased from IDR 5,817.01 billion in 2019 to IDR 9,461.09 billion in 2024. This indicates increasing demand and business expansion within the sector. On the other hand, the number of Islamic insurance companies has also undergone structural changes. The number of full-fledged sharia entities increased, while the number of Sharia Business Units (UUS) tended to decline. The total number of Islamic insurance companies decreased from 43 companies in 2023 to 40 companies in 2024. This decline indicates an ongoing industry consolidation process, including the return of UUS business licenses to the regulator and the transfer of participant portfolios to other insurance companies (Otoritas Jasa Keuangan, 2024). The high level of optimism among Islamic financial industry players cannot be separated from the substantial domestic market potential dominated by the Muslim population. With nearly 90% of the total population adhering to Islam, this condition provides a significant opportunity for the sustainable development of the Islamic financial industry. In this context,

government regulations are perceived as catalysts for strengthening the industry structure, particularly in encouraging the independence of sharia entities and enhancing the capacity for competitive product innovation.

In line with this development, industry players have responded to the policy by undertaking various adaptive and strategic measures in preparation for the implementation of the spin-off policy (Rahmi & Siswantini, 2025), as regulated in Law No. 4 of 2023 and POJK No. 11 of 2023. These regulations explicitly govern the mechanism for the separation of sharia business units. Based on the provisions stipulated in POJK No. 11 of 2023, several key points constitute the foundation for spin-off implementation. First, the separation of a sharia business unit may be conducted through the establishment of a new Islamic insurance company or through the transfer of participant portfolios to an Islamic insurance company that already possesses a license. Second, the separation becomes mandatory when the Sharia Business Unit has fulfilled certain criteria, such as tabarru' funds reaching at least 50% of the parent company's total funds and meeting the minimum equity requirement of IDR 100 billion. Third, the deadline for implementing the spin-off is set no later than 31 December 2026. These regulations emphasize that insurance companies with Sharia Business Units are obligated to conduct a spin-off once the predetermined thresholds are achieved. This policy aims to encourage the establishment of independent, professional, and competitive Islamic insurance entities. Furthermore, the spin-off is expected to enhance transparency in fund management, strengthen corporate governance, and expand sharia-based product innovation in order to improve the competitiveness of the Islamic financial industry both nationally and globally (Suryawadi, 2021).

Although the policy carries strategic objectives, the implementation of the spin-off is not without challenges (Putra et al., 2019). Previous studies mainly examined spin-off implementation from partial perspectives, such as financial performance, legal compliance, or institutional readiness. However, limited studies comprehensively analyze the implementation dynamics of spin-off policies in Islamic general insurance companies by integrating regulatory, managerial, and financial dimensions simultaneously, particularly after the issuance of Law No. 4 of 2023 and POJK No. 11 of 2023. Therefore, this study attempts to fill this gap by providing an integrated analysis of spin-off implementation in the Islamic insurance industry. From a regulatory perspective, the policy is mandatory and therefore requires companies to be fully prepared in terms of capital adequacy and administrative compliance. From a managerial perspective, the spin-off necessitates complex organizational transformation, including institutional restructuring, operational system separation, and the strengthening of competent human resources in Islamic insurance. Meanwhile, from a financial perspective, the spin-off results in increased costs during the initial phase, although in the long term it has the potential to improve efficiency and financial performance. Accordingly, the implementation of the spin-off of Sharia Business Units is not merely a regulatory issue, but also a strategic phenomenon involving simultaneous managerial and financial dynamics. Therefore, a comprehensive study is required to understand how this policy is implemented and its implications for the Islamic insurance industry.

Previous studies have primarily examined the implementation of spin-off policies from partial perspectives, such as financial performance, legal compliance, or institutional readiness. However, limited studies have comprehensively analyzed the implementation dynamics of spin-off policies in Islamic general insurance companies by simultaneously integrating regulatory, managerial, and financial dimensions, particularly following the enactment of Law No. 4 of 2023

concerning Financial Sector Development and Strengthening and POJK No. 11 of 2023. Therefore, this study seeks to fill this research gap by providing an integrated analysis of spin-off implementation within the Islamic insurance industry.

Unlike previous studies that mainly focused on legal or financial aspects, this study offers a more comprehensive perspective by simultaneously examining regulatory, managerial, and financial dimensions in the implementation of spin-off policies in Islamic general insurance companies. In addition, this study contributes theoretically by linking spin-off implementation with institutional transformation and corporate restructuring within the context of the Islamic insurance industry.

Based on the background and research gap identified above, this study addresses the following research questions: first, how is the implementation of the spin-off policy of Sharia Business Units in general insurance companies viewed from a regulatory perspective; second, what managerial transformations are required in implementing the spin-off policy in Islamic general insurance companies; third, how does the implementation of the spin-off policy affect the financial structure and performance of Islamic insurance companies; and fourth, what are the major challenges and opportunities faced by Islamic insurance companies in implementing the spin-off policy under Law No. 4 of 2023 and POJK No. 11 of 2023.

Based on the foregoing background, this study aims to analyze the implementation of the spin-off of Sharia Business Units in general insurance companies from three major perspectives: regulatory, managerial, and financial. This study is expected to contribute academically to the development of Islamic finance literature and to serve as a practical reference for industry practitioners in managing the spin-off process effectively and sustainably.

LITERATURE REVIEW

Spin-Off Theory

A spin-off is a corporate restructuring strategy that separates a business unit into an independent entity to improve business focus, operational efficiency, transparency, and corporate value (Suryawadi, 2025; Sukamulja, 2021). In the context of Islamic finance, the spin-off of a Sharia Business Unit (UUS) aims to strengthen institutional independence, sharia compliance, governance quality, and competitiveness. Through the separation of management and operations, Islamic insurance companies are expected to improve accountability, enhance product innovation, and achieve sustainable growth. Therefore, spin-off is viewed not only as a structural transformation but also as a strategic effort to strengthen the performance and sustainability of Islamic financial institutions (Azani, 2025; Otoritas Jasa Keuangan, 2024).

Institutional Theory

Institutional theory explains that organizational transformation is influenced by external pressures, particularly regulatory requirements and the need to maintain institutional legitimacy. Organizations adapt their governance structures and operational practices to comply with regulations and sustain competitiveness (Suryawadi, 2025). In the Islamic insurance industry, the spin-off of Sharia Business Units (UUS) is driven by Law No. 4 of 2023 and POJK No. 11 of 2023, which require UUS to operate as independent sharia entities. Consequently, insurance companies must strengthen governance, organizational readiness, and managerial capabilities to

support institutional sustainability, credibility, and competitiveness within the Islamic financial industry (Rahmi & Siswantini, 2025; Arianty & Ghoni, 2023).

Corporate Restructuring Theory

Corporate restructuring theory explains that companies undertake structural transformation to improve efficiency, business focus, and long-term performance. One form of restructuring is a spin-off, whereby a business unit becomes an independent entity with greater managerial flexibility and accountability (Nasution, 2020). In the Islamic insurance industry, the spin-off of Sharia Business Units (UUS) aims to strengthen institutional independence, improve governance quality, enhance operational efficiency, and increase competitiveness. However, the success of this restructuring depends on capital readiness, organizational capability, and effective adaptation to regulatory and business changes (Rahmi & Siswantini, 2025; Arianty & Ghoni, 2023; Suryawadi, 2025).

Islamic Insurance

Islamic insurance (*takaful*) is a risk-sharing system based on the principle of mutual assistance (*ta'awun*) through the management of *tabarru'* funds. Unlike conventional insurance, which applies risk transfer, Islamic insurance emphasizes collective responsibility among participants in accordance with sharia principles. The system operates through sharia-compliant contracts, such as *tabarru'*, *mudharabah*, and *wakalah bil ujab*, while avoiding prohibited elements including *riba*, *gharar*, and *maisir*. Therefore, Islamic insurance aims to provide financial protection, transparency, and fairness while ensuring compliance with Islamic principles (Siregar & Zainarti, 2025; Suma & Amin, 2021).

Management Perspective

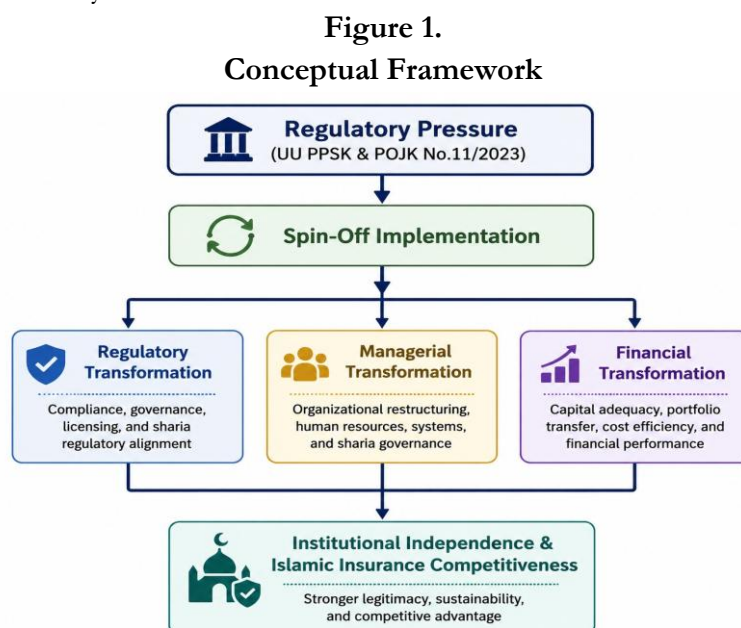
From a managerial perspective, the spin-off of Sharia Business Units (UUS) represents a strategic organizational transformation rather than merely an administrative separation. The process requires organizational restructuring, strengthening of sharia-based human resources, and adaptation of operational systems to support institutional independence and competitiveness. In addition, spin-off entities must develop focused business strategies, strengthen governance, and utilize technology to improve operational effectiveness and market responsiveness. Therefore, managerial readiness is a key factor in ensuring the successful implementation and sustainability of the spin-off process (Suryawadi, 2025; Arianty & Ghoni, 2023).

Financial Perspective

From a financial perspective, the spin-off of Sharia Business Units (UUS) significantly affects capital structure, financial management, and business performance. The process requires adequate capital and independent financial reporting to ensure transparency, accountability, and compliance with sharia principles. Although spin-off implementation may increase operational costs in the short term due to investments in systems, infrastructure, and human resources, it has the potential to improve efficiency, profitability, and financial sustainability in the long run. Therefore, spin-off should be viewed not only as a regulatory requirement but also as a strategic financial transformation to strengthen the competitiveness of Islamic insurance institutions (Otoritas Jasa Keuangan, 2024; Syahrani & Angraini, 2025).

Conceptual Framework

The implementation of the spin-off policy of Sharia Business Units (UUS) in general insurance companies is influenced by regulatory pressure through Law No. 4 of 2023 concerning Financial Sector Development and Strengthening and POJK No. 11 of 2023. These regulations encourage institutional transformation through the implementation of spin-off policies from regulatory, managerial, and financial perspectives. Consequently, the spin-off process is expected to strengthen institutional independence, governance quality, and competitiveness within the Islamic insurance industry.



Source: Developed by the authors based on the concepts of spin-off implementation proposed by Suryawadi (2025), Arianty and Ghoni (2023), and regulatory provisions under Law No. 4 of 2023 and POJK No. 11 of 2023.

METHODS

This study employs a qualitative approach using a descriptive-analytical research design (Candra, 2023). The approach was selected to obtain an in-depth understanding of the implementation of the spin-off policy of Sharia Business Units (UUS) from regulatory, managerial, and financial perspectives. A normative-empirical approach was applied by examining relevant regulations, particularly Law No. 4 of 2023 concerning Financial Sector Development and Strengthening and POJK No. 11 of 2023, alongside industry implementation practices (Suryawadi, 2025). The study utilized secondary data obtained from regulatory documents, academic journals, OJK reports, financial statements, and other relevant industry publications. Data collection was conducted through documentation studies, literature reviews, and financial report analysis. Data analysis involved data reduction, content analysis, and comparative analysis to identify the relationship between regulatory provisions and empirical implementation practices. To ensure data validity, source triangulation was applied by comparing information obtained from regulations, academic literature, official reports, and financial statements.

Data Collection Techniques

Data were collected through documentation studies, literature reviews, and financial report analysis. The study utilized secondary data obtained from regulatory documents, academic journals, OJK reports, financial statements, industry publications, and other relevant sources. Documentation studies focused on examining regulations related to the spin-off policy of Sharia Business Units, particularly Law No. 4 of 2023 and POJK No. 11 of 2023, while literature and financial reports were analyzed to provide theoretical and empirical insights into spin-off implementation (Candra, Hidayatullah, et al., 2024).

Data Analysis Techniques

Data analysis was conducted through data reduction, content analysis, comparative analysis, and conclusion verification. Relevant data were selected and classified, then analyzed to identify relationships between regulatory provisions and their implementation in the Islamic insurance industry (Candra, Azzahra, et al., 2025). Comparative analysis was used to evaluate institutional and financial conditions related to spin-off implementation (Suryawadi, 2021), while source triangulation was applied to ensure the validity and consistency of findings derived from regulations, academic literature, and official industry reports.

RESULTS AND DISCUSSION

Implementation of the Spin-Off from a Regulatory Perspective

The implementation of the spin-off of Sharia Business Units (UUS) constitutes a normative consequence of the policy stipulated in Law No. 4 of 2023 and further clarified through POJK No. 11 of 2023. These regulations aim to strengthen the structure of the Islamic financial industry in order to become more independent, transparent, and competitive. The regulator plays a dominant role in promoting this policy as part of the broader strategy to strengthen the national Islamic financial industry (Otoritas Jasa Keuangan, 2024). From an implementation perspective, the spin-off process is conducted through several major stages, namely capital fulfillment, portfolio transfer, and the establishment of new entities. In practice, several companies have obtained official approval from the regulator as evidence of the implementation of the policy (Otoritas Jasa Keuangan, 2024).

In addition, industry developments indicate that a number of companies have initiated spin-off processes to comply with regulatory provisions (Untari, 2025). Approximately 18 Sharia Business Units are planned to conduct spin-offs within the same period (Putri, 2026). However, because the policy is mandatory, companies are required to demonstrate full readiness. This condition indicates that the regulator functions not merely as a facilitator, but also as a driver of change in the transformation of the Islamic financial industry. The technical provisions regarding the implementation of the spin-off have been comprehensively regulated in POJK No. 11 of 2023 (Asosiasi Asuransi Syariah Indonesia, 2023). Operationally, the spin-off process is implemented through systematic and gradual stages, as follows:

1. Fulfillment of Minimum Equity Requirements

The first stage in implementing the spin-off of a Sharia Business Unit (UUS) is the fulfillment of the minimum equity requirement as the foundation for establishing an independent entity. This requirement serves not only as a regulatory obligation but also as a mechanism to ensure the financial sustainability and operational resilience of the resulting

Islamic insurance company. Under Law No. 4 of 2023 concerning Financial Sector Development and Strengthening and POJK No. 11 of 2023, a spin-off entity is required to possess minimum equity of IDR 100 billion. Based on the published financial reports as of December 2025, the Sharia Business Units of PT Asuransi Sinar Mas and PT Asuransi Tripakarta had fulfilled the required minimum equity threshold. The achievement of this requirement indicates that both entities had demonstrated sufficient financial readiness to proceed with the spin-off process and obtain business licenses from the Financial Services Authority. Therefore, the fulfillment of minimum equity requirements reflects compliance with regulatory provisions while also indicating the institutional and financial readiness necessary to operate as independent Islamic insurance companies (Sinar Mas, 2026; Tripakarta, 2026).

2. Portfolio Transfer Process

The second stage in the implementation of the spin-off of a Sharia Business Unit (UUS) involves the transfer of portfolios, encompassing assets, liabilities, tabarru' funds, investment funds, and obligations to policyholders. This stage constitutes a critical component of the spin-off process, as it ensures the continuity of participant protection while maintaining compliance with prudential and sharia governance principles. Accordingly, portfolio transfers require actuarial assessment, regulatory review, and formal approval from the Financial Services Authority (OJK). Empirically, this process was demonstrated through the establishment of PT Sinar Mas Asuransi Syariah and PT Asuransi Tri Pakarta Syariah, both of which received OJK approval for the transfer of portfolios from their respective Sharia Business Units to the newly established entities (Otoritas Jasa Keuangan, 2026). The approval covered the transfer of assets, liabilities, and equity, thereby enabling the new entities to operate independently and sustainably. The successful completion of portfolio transfers indicates that the implementation of the spin-off extends beyond administrative compliance and reflects a broader institutional transformation aimed at strengthening governance, operational independence, and the long-term sustainability of Islamic insurance companies (Ibrahim, 2026; Tripakarta, 2026).

3. Licensing and Establishment of Independent Legal Entities

The third stage in the implementation of the spin-off of a Sharia Business Unit (UUS) involves obtaining a business license and establishing an independent legal entity as a full-fledged Islamic insurance company. This process requires the fulfillment of regulatory requirements related to organizational structure, corporate governance, risk management, and sharia compliance. In this regard, the Financial Services Authority (OJK) functions as both a licensing authority and a supervisory institution to ensure that the resulting entities operate in accordance with applicable regulations. Empirical evidence indicates that the Sharia Business Units of PT Asuransi Sinar Mas and PT Asuransi Tripakarta successfully completed this stage through the establishment of PT Sinar Mas Asuransi Syariah and PT Asuransi Tri Pakarta Syariah. Both entities obtained OJK approval and commenced operations as independent Islamic insurance companies following the transfer of participant portfolios and fulfillment of regulatory requirements (Respati & Djumena, 2026; Tripakarta, 2026). These findings demonstrate that the implementation of the spin-off policy has progressed beyond regulatory compliance toward institutional transformation. From the perspective of Institutional Theory, the establishment of independent legal entities reflects

organizational adaptation to regulatory pressures in order to maintain legitimacy, strengthen governance, and enhance competitiveness. Therefore, the spin-off policy functions not only as a legal requirement but also as a strategic instrument for strengthening the institutional structure and sustainability of the Islamic insurance industry in Indonesia.

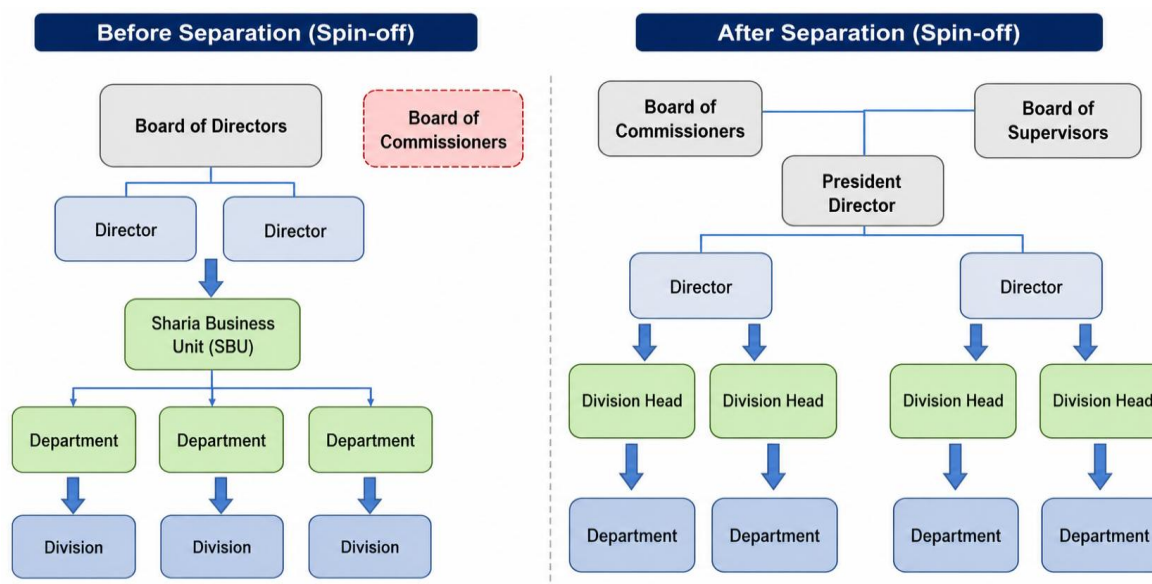
Implementation of the Spin-Off from a Managerial Perspective

From a managerial perspective, the implementation of the spin-off requires comprehensive organizational transformation. This process includes organizational restructuring, strengthening of human resources, and separation of operational systems (Arianty & Ghoni, 2023). Organizational restructuring is conducted to establish independent entities with more focused governance structures. In addition, strengthening human resources based on sharia competencies constitutes a critical factor supporting post-spin-off operations. Nevertheless, various challenges emerge during the implementation process, particularly related to managerial complexity and organizational adaptation requirements. This finding is consistent with previous studies indicating that the spin-off process is not simple and requires comprehensive organizational readiness (Aris, 2025). Accordingly, the success of the spin-off heavily depends on the company's internal readiness to conduct managerial transformation comprehensively and sustainably.

1. Organizational Restructuring

The implementation of the spin-off begins with organizational restructuring through the establishment of an institutional structure independent from the parent company. This restructuring involves the separation of management, operational, and sharia supervisory functions to strengthen organizational independence and governance effectiveness. In this context, the Sharia Supervisory Board (DPS) plays a strategic role in ensuring compliance with sharia principles across products, operations, investments, and internal control mechanisms (Asosiasi Asuransi Syariah Indonesia, 2023). The restructuring process reflects a transition from an integrated organizational model to an independent institutional structure with greater managerial flexibility and accountability (Nasution, 2019). Empirically, the spin-off resulted in the establishment of independent governance structures in PT Sinar Mas Asuransi Syariah and PT Asuransi Tri Pakarta Syariah, consisting of the General Meeting of Shareholders (GMS), Board of Commissioners, Board of Directors, and Sharia Supervisory Board (DPS). Operationally, the entities also developed separate divisions for underwriting, claims, finance, marketing, risk management, and compliance functions. Such organizational arrangements enable clearer decision-making processes, stronger governance implementation, and more focused development of sharia-based business activities. Furthermore, the separation of conventional and sharia business functions supports stronger sharia compliance and contributes to the long-term sustainability of the Islamic insurance entity (Arianty & Ghoni, 2023; Suryawadi, 2025). These findings support Corporate Restructuring Theory, which emphasizes that organizational restructuring is a strategic mechanism for enhancing governance quality, operational effectiveness, and institutional competitiveness.

Figure 2. Organizational Structure Before and After the Spin-Off Process



Source: Adapted from the concepts of organizational restructuring and spin-off implementation in Islamic insurance companies proposed by Suryawadi (2025), Nasution (2019), and POJK No. 11 of 2023

2. Strengthening Human Resources

The second stage of the spin-off implementation involves strengthening human resources with competencies in Islamic insurance, including expertise in sharia contracts, risk management, and regulatory compliance (Kurmaniah & Candra, 2024). The availability of certified professionals in both insurance and Islamic insurance is essential to support operational effectiveness and ensure compliance with sharia principles. In addition to professional certification, continuous training and competency development are required to enhance technical, managerial, and sharia-related capabilities. These findings indicate that human resource readiness constitutes a critical factor in supporting the sustainability and competitiveness of independent Islamic insurance entities (Asosiasi Asuransi Syariah Indonesia, 2023).

3. Separation of Operational Systems and Information Technology

The third stage involves the separation of operational systems and information technology previously integrated with the parent company. This process includes the development of independent systems for policy administration, claims management, financial reporting, and risk monitoring. One of the primary challenges is maintaining operational continuity during the transition period, particularly in relation to data migration and system integration. Therefore, adequate technological infrastructure is essential to ensure operational efficiency and support the long-term sustainability of spin-off entities (Aris, 2025).

4. Strengthening Good Corporate Governance (GCG)

The fourth stage involves strengthening good corporate governance through the implementation of independent, transparent, and accountable governance systems aligned with sharia principles (Otoritas Jasa Keuangan, 2024). Governance strengthening includes

the separation of decision-making, supervisory, and operational functions, supported by the strategic role of the Sharia Supervisory Board (DPS) in ensuring sharia compliance across business activities (Asosiasi Asuransi Syariah Indonesia, 2023). Effective governance enhances stakeholder confidence, strengthens institutional legitimacy, and supports the long-term sustainability of Islamic insurance companies. Overall, the findings indicate that the implementation of the spin-off requires not only structural separation but also comprehensive managerial transformation encompassing organizational governance, human resource development, and operational readiness. This finding supports Corporate Restructuring Theory, which emphasizes that organizational transformation is essential for improving institutional effectiveness, governance quality, and long-term competitiveness.

Implementation of the Spin-Off from a Financial Perspective

From a financial perspective, the implementation of the spin-off has significant implications for the financial structure and performance of the company. During the initial stage, the spin-off tends to increase operational costs due to investments required for systems, human resources, and infrastructure development. However, in the long term, the spin-off has the potential to improve efficiency and transparency in financial performance. This condition arises because the management of sharia funds becomes more focused, independent, and accountable. Practical implementation can be observed in several companies that have separated their Sharia Business Units and transferred participant portfolios as part of institutional transformation (Tripakarta, 2026). In addition, compliance with capital requirements constitutes a key determinant in the successful implementation of the spin-off because it reflects the company's financial readiness to operate independently. This transformation affects not only capital requirements but also cost efficiency, performance transparency, and the management of funds based on sharia principles (Arifin & Fasa, 2024).

1. Capital Aspect

From the capital perspective, the spin-off requires fulfillment of minimum equity requirements as stipulated in POJK No. 11 of 2023. This obligation constitutes a major challenge, particularly for companies whose Sharia Business Units operate on a relatively small scale, because substantial additional capital is required (Nasution, 2019). In practice, PT Sinar Mas Asuransi Syariah and PT Asuransi Tri Pakarta Syariah fulfilled the minimum equity requirement of IDR 100 billion before obtaining operational licenses from the Financial Services Authority (Respati & Djumena, 2026). Compliance with these requirements demonstrates the financial readiness of both entities to conduct business activities independently while simultaneously reflecting the companies' commitment to regulatory compliance. Substantively, capital adequacy functions not merely as an administrative requirement but also as an indicator of financial resilience in managing operational and claim-related risks (Otoritas Jasa Keuangan, 2024). Therefore, fulfillment of minimum equity requirements constitutes a fundamental basis for ensuring the stability and competitiveness of spin-off entities.

Table III. Comparative Financial Health Level Analysis of PT Asuransi Tri Pakarta Sharia Unit and PT Sinar Mas Sharia Insurance Before and After Spin-Off

CAMEL Aspect	Indicator	Tripakarta Sharia 2025 (Before Spin-Off)	Tripakarta Sharia 2026 (After Spin-Off)	Sinar Mas Sharia 2025 (Before Spin-Off)	Sinar Mas Sharia 2026 (After Spin-Off)	Category
Capital	Solvency Ratio of Tabarru' and Tanahud Funds	600.32%	579.32%	833.09%	734.26%	Very Healthy
	Solvency Ratio of Company Fund	1,959.00%	2,003.46%	4,709.97%	4,541.54%	Very Healthy
	Equity Fund	IDR 231,098 million	IDR 233,202 million	IDR 811,398 million	IDR 819,191 million	Very Good
Asset Quality	Investment to Liability Ratio	149.47%	145.11%	704.04%	660.34%	Healthy – Very Healthy
Management	Internal Solvency Target	150%–250%	150%–250%	120%	120%	Good
Earning	Profit After Tax	IDR 15,622 million	IDR 1,884 million	IDR 33,532 million	IDR 10,431 million	Good
	Total Fund Performance	IDR 28,667 million	IDR 2,105 million	IDR 90,781 million	IDR 24,825 million	Good
Liquidity	Liquidity Ratio	277.36%	273.09%	507.19%	452.79%	Highly Liquid

Source: Processed from the financial statements of PT Asuransi Tri Pakarta Sharia Unit and PT Sinar Mas Sharia Insurance for 2025–2026.

2. Operational Cost Aspect

From an operational cost perspective, the spin-off transforms Sharia Business Units from a shared-service model into independent entities. Prior to the spin-off, functions such as information technology, risk management, internal audit, and human resources were integrated with the parent company, creating cost efficiencies (Candra, 2025). Following the

spin-off, independent operational systems and governance structures must be established, resulting in higher short-term costs. However, this transformation is expected to improve operational efficiency, governance quality, and institutional independence in the long term (Aris, 2025; Nurhidayat, 2021).

Table IV. Comparison of Operational Costs of Islamic Insurance Companies Before and After the Spin-Off

Operational Cost Component	Before Spin-Off (Sharia Unit Under Parent Company)	After Spin-Off (Independent Sharia Entity)
Human Resource Costs	Shared HR with parent company	Independent recruitment and specialized sharia training
Information Systems & Technology	Integrated with parent company system	Significant initial investment for independent sharia systems
Office & Infrastructure Costs	Subsidized/shared facilities	Independent rental and maintenance
Sharia Compliance & Audit Costs	Limited and dependent on parent company policy	Independent DPS and periodic sharia audits required
Marketing & Branding Costs	Generally not focused on sharia market	Specific branding strategy for sharia market
Tabarru' Fund & Investment Management	Managed jointly or limited	Must comply with PSAK Sharia standards and independent investment management
Other Costs (Legal, Regulatory, Training)	Under parent company supervision	Fully borne by the sharia company

Source: Processed from Otoritas Jasa Keuangan (2023, 2024), Media Asuransi News (2025), and Bisnis Indonesia (2025).

3. Sharia Fund Management Aspect

From the perspective of sharia fund management, the spin-off enhances transparency and accountability through the clear separation of *tabarru'* funds, company funds (*ujrah*), and investment funds in accordance with sharia principles (Otoritas Jasa Keuangan, 2024). This separation strengthens sharia compliance and increases participants' trust in the institution. The effectiveness of fund management depends on the integration of underwriting, finance, marketing, and sharia compliance functions, supported by adequate information technology systems (Yusra et al., 2024). These findings indicate that effective sharia fund management requires not only compliance with sharia principles but also strong organizational coordination and operational systems to ensure institutional sustainability.

Overall, the implementation of the spin-off reflects a trade-off between short-term financial pressures and long-term institutional benefits. In the short term, independent entities face increased operational costs, capital requirements, and investments in infrastructure and governance systems. However, in the long term, the spin-off provides greater flexibility to

improve operational efficiency, strengthen transparency, expand market opportunities, and enhance financial sustainability. These findings indicate that the success of the spin-off depends on effective financial strategies, capital strengthening, and the implementation of sharia-based good corporate governance to support institutional resilience and stakeholder trust.

CONCLUSION

The implementation of the spin-off of Sharia Business Units (UUS) in general insurance companies represents a strategic transformation aimed at strengthening the governance, independence, and competitiveness of the Islamic insurance industry. From a regulatory perspective, the process involves the fulfillment of minimum equity requirements, portfolio transfers, regulatory approval, and the establishment of independent legal entities in accordance with Law No. 4 of 2023 and POJK No. 11 of 2023. The findings indicate that regulatory readiness and effective supervision are essential to ensuring successful implementation. From a managerial perspective, the spin-off requires organizational restructuring, strengthening of sharia-based human resources, separation of operational systems, and implementation of sharia-based good corporate governance. From a financial perspective, the spin-off increases short-term operational costs due to capital, technology, and governance investments, but it has the potential to improve efficiency, transparency, and financial sustainability in the long term.

This study contributes to the Islamic finance literature by providing an integrated analysis of mandatory spin-off implementation from regulatory, managerial, and financial perspectives, thereby extending the understanding of institutional transformation in the Islamic insurance industry. Overall, the spin-off should be viewed not merely as a regulatory obligation but as a strategic institutional transformation. Its success depends on regulatory readiness, managerial capability, financial resilience, and governance quality. Therefore, regulators should strengthen technical guidance and supervisory support during the transition period, while Islamic insurance companies should enhance capital readiness, digital infrastructure, and sharia-based human resource competencies to improve long-term competitiveness and sustainability.

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