**MARKET SHARE OR EFFICIENCY? CAUSALITY TEST IN INDONESIAN GENERAL INSURANCE INDUSTRY”  
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**Submission of a manuscript to the Jurnal Ekonomi & Studi Pembangunan**

(9 December 2022)

Dear Editor of Jurnal Ekonomi & Studi Pembangunan,

I wish to submit an original research article entitled “MARKET SHARE OR EFFICIENCY? CAUSALITY TEST IN INDONESIAN GENERAL INSURANCE INDUSTRY” for consideration by Jurnal Ekonomi & Studi Pembangunan.

I confirm that the paper is my own work with my lecturer, Mr. Maman Setiawan.

In this study, I try to measure the market share value and the efficiency score of general insurance companies in Indonesia. Then, this study aims to contribute to the literature by examine the causal relationship between market share and technical efficiency in the insurance industry in Indonesia in order to find out which quiet-life (QL) hypothesis or efficient-structure (ES) hypothesis applies to the industry. The final objective is to explore the relationship between market share variables and technical efficiency based on the results of testing the QL and ES hypotheses on the panel Granger-causality test. The result shows that efficient companies came from the group of firms with relatively high market shares and the group of firms with relatively low market shares. Furthermore, the panel Granger-causality test indicates a one-way direction of causality, where only the market share has an impact on the technical efficiency score. Also, the results of panel regression using the Feasible Generalized Least Square (FGLS) model show that market share has a negative impact on technical efficiency scores. These results suggest that the QL hypothesis applies in the Indonesian general insurance industry. This mean, the higher concentration drive lower efficiency of companies in the industry. Hence, the government needs to promote competition to improve the companies efficiency in general insurance industry*.*

Thank you for your consideration of this manuscript to be published on Jurnal Ekonomi & Studi Pembangunan.

Sincerely, 

Iqram Ramadhan Jamil