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The Financial Consumer Protection on Economic Financial Performance of Life Insurance: Evidence from Indonesia

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Abstract:

This study aims to analyze the effect of consumer protection implementation on financial performance of life insurance in Indonesia. It takes to explain the vital role of consumer protection in maintaining the financial performance of the life insurance industry by focusing on five key aspects of consumer protection: Data Confidentiality and Security, Financial Literacy, Service and Complaint Resolution, Information Submission (Product Marketing), and Standard Agreements. This research describes how effective implementation of these principles is to the improvement of financial performance. We find that there is a significant effect of consumer protection on financial performance. Data security, financial literacy and complaint resolution have a positive influence on financial performance. Moreover, the information delivery, and standard agreements aspects did not show a significant relationship in this context. By highlighting the crucial role of consumer protection in maintaining financial stability, the study offers valuable recommendations for regulators and life insurance practitioners to strengthen consumer protection policies and practices.

Keywords: *Financial Consumer Protection, Regulation, Financial Performance, Insurance Operating Result Ratio, Life Insurance*

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1. Introduction

Since the global financial crisis occurred in 2008, the attention of regulators in various parts of the world has increasingly focused on consumer protection, which not only includes financial supervision (prudential supervision), but also consumer protection regulations through monitoring company behavior (market conduct) (NAC, 2022). Furthermore (IAIS, 2015)explained that failure in the behavior of financial services business actors in implementing consumer protection when carrying out their business activities could affect the insurance market in general. Reflecting on the global financial crisis, it was found that bad business behavior can also give rise to systemic risks. Bad business behavior will not only affect consumers, but can also affect the reputation of the insurance company concerned, and even affect consumer confidence in the insurance sector as a whole (IAIS, 2015).

In Indonesia, there are still several problems affecting the insurance industry, such as the insolvency problems experienced by PT Asuransi Bumi Asih Jaya and Asuransi

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Jiwa Bersama Bumiputera 1912, failure to pay for investment products bundled with insurance products issued by PT Asuransi Jiwasraya and PT Asuransi Jiwa. Kresna (Kresna Life) in 2019 and 2020 (Hastuti, 2020), and finally the insolvency problem surrounding PT Asuransi Jiwa Adisarana Wanaartha (Wanaartha Life) in 2022. These various events caused losses to the community and reduced the level of public confidence in the business. insurance industry in Indonesia. One indication of this can be seen in the 2022 National Survey of Financial Literacy and Inclusion (SNLIK) carried out by OJK.

In 2023-January 2014, OJK will still record many complaints caused by incorrect information from financial service institutions. In the insurance industry sector alone, for example, there were 1,744 complaints received regarding the insurance sector.

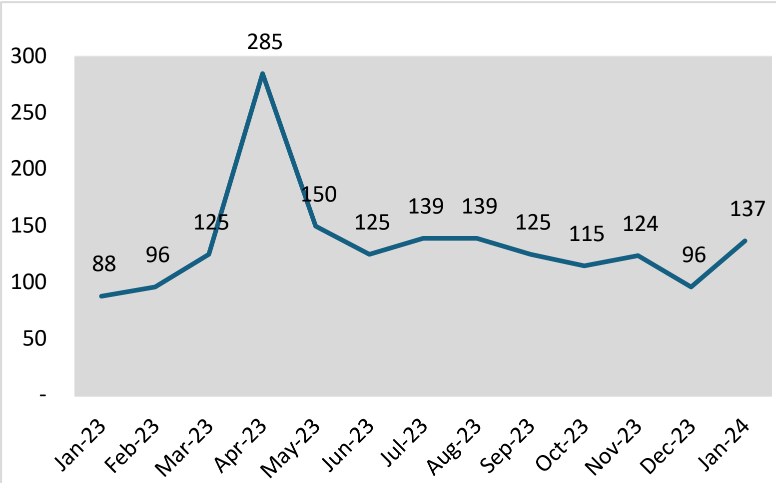

Figure 1. Trend in the Number of Complaints in the Insurance Sector Yr. 2023 – January 2024

The number of complaints in the insurance sector was 1,744 complaints consisting of 1,350 complaints or almost 80% were life insurance complaints while the remaining 20% were complaints in the general insurance sector. The 5 main life insurance products that are most often complained about are PAYDI (Unitlink) products, credit insurance, health insurance, term life insurance and whole life insurance (OJK, 2023).

Based on the data above, it shows the gap phenomenon that even though there are consumer protection regulations in the insurance sector, there are still cases of violations that are detrimental to consumers. Therefore, the government, regulators, and the insurance industry must work together to increase public understanding of insurance products and services, encourage transparency, and ensure effective monitoring of market conduct by regulators in order to reduce cases of violations that harm consumers.

Several previous studies conducted on financial consumer protection policies on the performance of financial service institutions showed various results which gave rise to gaps in research results. The following table shows the differences in research results (research gaps) from previous studies.

Table 1. Research Gap

Research Gap	Results	Researcher	Research Title
There are differences in the influence of implementing financial consumer protection on company performance	The implementation of consumer protection policies produces a negative impact on bank profits	(Daradkah & Janaideh, 2022)	*The Effect of Consumer Financial Protection on Banks Profitability*(October 2022)
		(Gaganis et al., 2020)	*Bank profit efficiency and financial consumer protection policies*(2020)
	The obligation to implement financial consumer protection has a positive effect on bank profitability for developing countries, but has no effect on bank profitability for developed countries.	(Pasiourasa, 2018)	*Financial consumer protection and the costs of financial intermediation: Evidence from advanced and developing economies*(2018)
	Demonstrate evidence that implementing financial consumer protections increases investment, access and economic growth.	(J.Y. Campbell et al., 2011)	*Consumer financial protection*(2011)
	Showing evidence that insurance companies that have good relationships with consumers (protecting consumer rights) will reduce the rate of cancellation of insurance policies and the impact of their risks, thereby having a positive impact on profitability.	(Guillen et al., 2018)	*The need to monitor customer loyalty and business risk in the European insurance industry*(2008).

Source: Published journal

Consumer protection in financial services, especially life insurance, is critical for Indonesia today as the sector plays a crucial role in providing financial security to individuals and families, especially amidst economic uncertainty and heightened risks. With the increasing number of insurance products on offer, consumers often struggle to understand the differences between products, their benefits, and the associated risks. Without adequate protection, consumers are vulnerable to unethical sales practices and misleading information, which can lead to significant financial losses. Therefore, research into consumer protection in life insurance is urgently needed to ensure that consumers' rights are protected and that they can make informed and empowered decisions.

The novelty of this research is by referring to existing literature. First, research on the influence of internal conditions on insurance performance in Indonesia is still limited to size, cost structure, investment returns and ownership. Apart from that, research on the influence of external conditions on insurance performance in Indonesia is still limited to the influence of macroeconomic indicators such as inflation, interest rate policies and exchange rates. However, the topic regarding the influence of implementing consumer protection on the financial performance of companies such as insurance, one of which is the insurance business return ratio, has not yet been widely researched. Therefore, there is scope to research the topic. Second, this research measures the implementation of consumer protection through reporting submitted by insurance to the regulator (OJK). This approach allows obtaining a more detailed and specific picture of how insurers implement consumer protection in their operations, thereby enabling this research to make a new contribution to the understanding of how the implementation of consumer protection can influence insurance performance. Third, this research was conducted in a different industry from previous research, the average research object was banking.

Based on the background and problem formulation above, the questions that need to be answered from this research are:
1. What is the influence of implementing financial literacy on the financial performance of life insurance companies in Indonesia during the 2019-2022 period.
2. How does the implementation of handling consumer complaints affect the financial performance of life insurance companies in Indonesia during the 2019-2022 period.
3. What is the influence of implementing information transparency in the context of marketing financial products/services on the financial performance of life insurance companies in Indonesia during the 2019-2022 period.
4. What is the effect of implementing a fair and balanced standard agreement on the financial performance of life insurance companies in Indonesia during the 2019-2022 period.
5. How does implementing consumer data confidentiality and security affect the financial performance of life insurance companies in Indonesia during the 2019-2022 period.

2. Theoretical Background

Definition of Consumer Protection in accordance with POJK 1/2013 concerning Consumer Protection in the Financial Services Sector

According to Law No. 21 of 2011 concerning the Financial Services Authority, it is stated that consumers are parties who place their funds and/or utilize the services available at financial services institutions (customers in banking, investors in the capital market and participants in pension funds). Apart from that, the definition of consumer according to Law Number 8 of 1999 concerning Consumer Protection is every person who uses goods and/or services available in society, whether for their own benefit, family, other people, or other living creatures and not for trading. Furthermore, Article 1 paragraph (1) of Law Number 8 of 1999 on consumer protection is all efforts to ensure legal certainty to provide protection to consumers.

The Effect of Implementing Good Financial Literacy on the Financial Performance of Life Insurance Companies

Research by (Ball et al., 2020; World Bank et al., 2011); entitled "The role of communication and trust in explaining customer loyalty" states that insurance companies that provide good understanding to consumers will build consumer trust and loyalty, resulting in better economic performance for the organization. This is reinforced by J. Augusto Felício Ricardo Rodrigues' research entitled "Organizational factors and customers' motivation effect on insurance companies' performance" which

states that consumers who gain more knowledge or information about financial products and receive satisfaction will become potential consumers and increasing consumer motivation has an effect on insurance company performance
H1: The implementation of good financial literacy has a positive effect on the financial performance of life insurance companies in Indonesia.

The Effect of Implementing Good Complaint Handling on the Financial Performance of Life Insurance Companies

Research by Guillen, M., Neilsen, JP, & Perez-Marin, AM (2018) entitled "The need to monitor customer loyalty and business risk in the European" shows evidence that insurance companies that have monitoring guidelines for resolving consumer complaints can develop Loyalty will reduce insurance policy cancellation rates and business risks, thereby impacting profitability(Guillen et al., 2018).
Based on these arguments, it can be concluded that the implementation of OJK provisions regarding effective and efficient service and resolution of consumer complaints in insurance can have a positive impact on financial performance. This can help insurers minimize reputation risk and build good relationships with consumers, so as to improve the overall financial performance of insurers, so the hypothesis formulated in the research is as follows:
H2: The implementation of good complaint handling has a positive effect on the financial performance of life insurance companies in Indonesia.

The Effect of Implementing Information Transparency on the Financial Performance of Life Insurance Companies

A study by Schumacher and Vianna (2019) shows that information transparency can influence credit risk in the Brazilian banking sector. The study found that information transparency can influence credit quality, thereby reducing the risk of unpaid credit. Likewise, a study by Papadimitriou and Staikouras (2018) shows that information transparency can increase consumer trust.

Furthermore, transparency and accuracy of information are important factors in influencing consumer decisions in choosing financial products and services provided by financial service institutions. This can also have an impact on financial performance. According to Andriosopoulos et al. (2017), incorrect and misleading information can worsen the quality of a bank's credit portfolio and increase credit risk. So the hypothesis formulated in the research is as follows:
H3: The implementation of good information transparency has a positive effect on the financial performance of life insurance companies in Indonesia.

The Effect of Implementing Fair and Balanced Standard Agreements on the Financial Performance of Life Insurance Companies

Financial Services Institutions, if they apply the principles of openness and transparency of information in preparing their standard agreements, can increase consumer trust, as per the results of research by Benston (2000) in his research entitled "Consumer Protection as Justification for Regulating Financial-Services Firms and Products". In turn, as discussed in research by Pasiouras (2018) who conducted research on the impact of regulation and supervision on bank efficiency, it is stated

that the openness and transparency of this information can result in higher demand for financial products which allows banks to increase bank revenues. So the hypothesis formulated in the research is as follows:
H4: The implementation of fair and balanced standard agreements has a positive effect on the financial performance of life insurance companies in Indonesia.

The Effect of Implementing Good Data Confidentiality and Security on the Financial Performance of Life Insurance Companies
Research by OECD (2020); entitled "Financial Consumer Protection Policy Approaches in the Digital Age: Protecting consumers' assets, data and privacy" states that damage to company performance, such as cases of data leaks, can result in the loss of consumers and reduced income, even fines. When consumers lose trust in a company, they start looking for alternatives. This can direct them to competitors who have not experienced cyber attacks. The research results show that the principle of consumer data protection is positively related to profitability.

However, by implementing OJK provisions regarding confidentiality and security of consumer data and personal information, insurance can increase consumer confidence in the insurance services and products offered. So, it can strengthen insurance reputation and have a positive impact on financial performance, such as reducing the potential for disputes. Based on the explanation above, the hypothesis formulated in the research is as follows:
H5: Implementation of data confidentiality and security has a positive effect on the financial performance of life insurance companies in Indonesia.

Research Framework
The theoretical framework describes the relationship between variables in this research as follows:

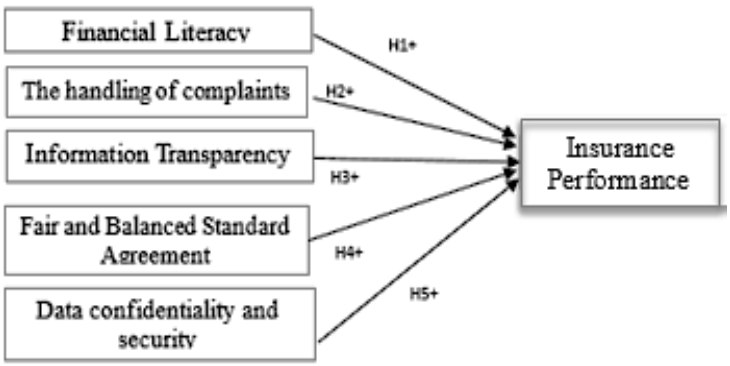

Figure 2. Theoretical Thinking Framework

3. Methodology

Research design
This research design is quantitative and aims to analyze the effect of implementing consumer protection in the financial services sector on the financial performance of

insurance companies. Researchers used a regression model with variables consisting of insurance company performance as the dependent variable and five consumer protection variable scores as the main variables.

Types and Sources of Research Data
The type of data used is score data from the assessment of LJK reports on the implementation of financial consumer protection in the Consumer Education and Protection Reporting System (SiPEDULI), and data on the financial performance of life insurance companies reported through the OJK. The data covers all life insurance companies in Indonesia in the fourth quarter of 2022, totaling 43 companies. In this research, the data included in the calculations are 39 companies that are still operating and have a consumer protection variable score of at least 4 (four) years for the 2019-2022 period.

Population and Sample
The population in this study were all life insurance companies in Indonesia. The sample in this research is life insurance companies in Indonesia, 39 life insurance companies that meet the criteria set out in this research in order to answer the research questions. The criteria used are:
1. The company is still operating.
2. The company has a consumer protection report KK score of at least 4 (four) periods.

Therefore, the data used in this research consists of 39 companies as a cross-section element and 2019-2022 as a time series.

Data analysis techniques
Data analysis using panel data regression with the help of EViews software is a common method used to handle data that has a time structure and cross-sectional.

Operational Definition
The operational definition of research is explained below.

Table 2. Operational Definition of Variables

Variable	Formulation
Company performance	$\text{Insurance Business Results Ratio} = \frac{\text{Net premium income} - \text{Insurance Expense}}{\text{Net premium income}}$
Financial Literacy (KK1)	Score Report on the Implementation of Education in the Context of Improving Consumer and/or Community Financial Literacy in accordance with SEOJK Number 1/SEOJK.07/2014.
Complaint Handling (KK2)	Score Report on Implementation of complaint handling in order to Increase Consumer and/or Community Financial Literacy in accordance with SEOJK Number 3/SEOJK.07/2014
Information Transparency (KK3)	Score Report on Implementation of Information Delivery in the Context of Marketing Products and/or Financial Services in accordance with SEOJK Number 12/SEOJK.07/2014.
Fair and Balanced Standard Agreement (KK4)	Standard Agreement Implementation Report Score according to SEOJK Number 13/SEOJK.07/2014.
Data Confidentiality and Security (KK5)	Score Report on the Implementation of Confidentiality and Security of Consumer Data and/or Personal Information in accordance with SEOJK Number 14/SEOJK.07/2014.

Method of collecting data
The data used in this research is secondary data. The data collection method used is Statistical Dataset. This method is used because the required data is already available. Data on 5 aspects of consumer protection assessment and the ratio of insurance business results for all Life Insurance was obtained internally from the OJK.

4. Empirical Findings/Result

Panel Regression Results
The estimation results from the panel data linear regression model influence the implementation of consumer protection on the financial performance of insurance companies as indicated by the Insurance Business Results Ratio variable. The model is estimated with random effect panel data and robust standard errors according to test results from the LM test, Hausman test, and modified Wald test.

Table 3. Linear Regression of the Effect of Implementing Consumer Protection on the Financial Performance of Insurance Companies in Indonesia

	Model 1	Model 2
(Intercept)	-882.17	-1490.56***
	(-1.46)	(-2.87)
Financial Literacy (KK1)	7.37**	
	(2.76)	
Complaint Handling (KK2)		6.55**
		(2.46)
Information Transparency (KK3)	-9.61	
	(-1.55)	
Fair and Balanced Standard Agreement (KK4)	-5.21	-6.77
	(-1.23)	(-1.61)
Data Confidentiality and Security (KK5)	17.53***	17.13***
	(5.01)	(4.85)
Number of Observations	156	156
R2 within	0.2490	0.1836

Information:
**has positive significance with a confidence level of 95%
*** has positive significance with a confidence level of 99%

Model 1 is a regression model with the independent variables Financial Literacy (KK1), Information Transparency (KK3), Fair and Balanced Standard Agreement (KK4), and Data Confidentiality and Security (KK5). For model 2, the independent variables used are Complaint Handling (KK2), Fair and Balanced Standard Agreements (KK4), and Data Confidentiality and Security (KK5).

The regression results for model 1 in table 3 show two significant independent variables, namely the Financial Literacy variable (KK1) and the Data Confidentiality and Security variable (KK5) with their respective levels of significance.$\alpha = 0{,}05$And . On the other hand, for model 2 there are also two$\alpha = 0{,}01$The significant independent variables are the Complaint Handling variable (KK2) and the Data Confidentiality and Security variable (KK5). Regression analysis of both models shows consistent and strong results for the Data Confidentiality and Security variable (KK5).

Furthermore,*sign*(sign) of the coefficients for the three significant variables is positive. This shows that the higher the implementation of consumer protection, the more significant the financial performance of insurance companies in Indonesia will be. The coefficient values of the three significant variables are also large, namely 7.37 respectively for Financial Literacy (KK1), 6.55 for Complaint Handling (KK2), and 17.53 (model 1) or 17.33 (model 2) for Data Confidentiality and Security (KK5). The large value of this coefficient indicates that apart from the three variables, it is statistically significant (*statistically significant*), all three variables are also economically significant (*economically significant*).

Hypothesis testing

1. **Hypothesis Testing H1**:Implementation of Financial Literacy has a positive effect on the financial performance of Life Insurance Companies
   The KK1 variable has positive significance because the KK1 coefficient value is positive and the absolute value of the t-statistic is 2.76, namely; so that H0 is rejected at . Thus, the application of financial literacy has a positive effect on the financial performance of Life Insurance Companies. An increase in the value of KK1 by one unit is expected to increase the financial performance value of the Life Insurance Company by 7.37 units.$2.571 < |t_{stat}| < 4.032 \alpha = 0{,}05$
2. **Hypothesis Testing H2**: Implementation of Complaint Handling has a positive effect on the financial performance of Life Insurance Companies
   The KK2 variable has positive significance because the KK2 coefficient value is positive and the absolute value of the t-statistic is 2.46, namely; so that H0 is rejected$1.96 < |t_{stat}| < 2.576 \alpha = 0{,}05$.Thus, the implementation of complaint handling has a positive effect on the financial performance of Life Insurance Companies. An increase in the value of KK2 by one unit is expected to increase the financial performance value of the Life Insurance Company by 6.55 units.
3. **Hypothesis Testing H3**: Implementation of Information Transparency in the context of product marketing has a positive effect on the financial performance of Life Insurance Companies
   The KK3 variable has no significance because the absolute value of the t-statistic is -1.55$|t_{stat}| < 1.645$; so H0 cannot be rejected.Thus, the implementation of information transparency has no effect on the financial performance of Life Insurance Companies.
4. **Hypothesis Testing H4**: Implementation of Fair and Balanced Standard Agreements has a positive effect on the financial performance of Life Insurance Companies
   The KK4 variable does not have significance because the absolute value of the t-statistic is -1.23 in model 1 or -1.61 in model 2.$|t_{stat}| < 1.645$; so H0 cannot be rejected.Thus, the application of fair and balanced standard agreements does not affect the financial performance of Life Insurance Companies.
5. **Hypothesis Testing H5**: Implementation of Data Confidentiality and Security has a positive effect on the financial performance of Life Insurance Companies

The KK5 variable has positive significance because the KK5 coefficient value is positive and the absolute value of the t-statistic is 5.01 in model 1 or 4.85 in model 2, namely; so that H0 is rejected$|t_{stat}| > 2.576\alpha = 0{,}01$.Thus, implementing data confidentiality and security has a positive effect on the financial performance of Life Insurance Companies. An increase in the KK5 value of one unit is expected to increase the financial performance value of the Life Insurance Company by 17.53-units in model 1 or 17.1-units in model 2.

The results of hypothesis testing can be seen in the table below:

Table 4. Hypothesis Conclusion

	Hypothesis	Model 1 Test Results	Model 2 Test Results
H1	The implementation of good financial literacy has a positive effect on the financial performance of life insurance companies in Indonesia.	H0 is rejected at$\alpha = 0{,}05$. The KK1 variable is significantly positive.	--
H2	The implementation of good complaint handling has a positive effect on the financial performance of life insurance companies in Indonesia.	--	H0 is rejected at$\alpha = 0{,}05$. The KK2 variable is significantly positive.
H3	Implementing good information transparency has a positive effect on the financial performance of life insurance companies in Indonesia.	H0 cannot be rejected. The KK3 variable is not significant.	--
H4	The implementation of fair and balanced standard agreements has a positive effect on the financial performance of life insurance companies in Indonesia.	H0 cannot be rejected. The KK4 variable is not significant.	H0 cannot be rejected.The KK4 variable is not significant.
H5	Implementing good data confidentiality and security has a positive influence on the Life Insurance Industry in Indonesia.	H0 is rejected at$\alpha = 0{,}01$. The KK5 variable is significantly positive.	H0 is rejected at$\alpha = 0{,}01$. The KK5 variable is significantly positive

Coefficient of Determination (R^2)

The test results from table 3 show that the coefficient of determination R2 within is 0.2490 for model 1 and 0.1836 for model 2. The R2 within value for both models is quite high for estimation measures using panel data (above 0.1), but also not too high (below 0.5) to avoid cases of model overfitting. Thus, the R2 value for the two models is appropriate

5. Discussion

The Effect of Implementing Financial Literacy on the financial performance of Life Insurance

The research results show that implementing good Financial Literacy has a positive effect on the financial performance of Life Insurance. Thus, the better the implementation of Financial Literacy, the higher the financial performance. Vice versa, the less well the implementation of financial literacy, the lower the financial performance of Life Insurance. The results of this research also show that the hypothesis stated previously, namely that the application of Financial Literacy has a positive effect on the financial performance of Life Insurance, is proven. This is in line with research by(Ball elt al., 2020; World Bank elt al., 2011)states that insurance companies that provide good understanding to consumers will build consumer trust and loyalty, resulting in better economic performance for the organization.

The Effect of Implementing Complaint Handling on the financial performance of Life Insurance

The research results show that implementing good complaint handling has a positive effect on the financial performance of Life Insurance. Thus, the better the implementation of complaint handling, the higher the financial performance. Vice versa, the less well the implementation of complaint handling, the lower the financial performance of Life Insurance. The results of this research also show that the hypothesis stated previously, namely the implementation of good complaint handling, has a positive effect on the financial performance of Life Insurance. This is in line with research by Guillen, M., Neilseln, JP, & Perelz-Marin, AM (2018) entitled "The need to monitor customer loyalty and business risk in the European" showing evidence that insurance companies that have settlement monitoring guidelines Consumer complaints so that loyalty is built will reduce the rate of insurance policy cancellations.

The Effect of Implementing Information Transparency on the financial performance of Life Insurance

The research results show that implementing good information transparency has no effect on the financial performance of Life Insurance in Indonesia. Thus, whether or not the implementation of information transparency in product marketing is better or not has no effect on Life Insurance's financial performance. In other words, Life Insurance that applies the principles of good information transparency will not have the same financial performance. The results of this research also show that the hypothesis stated previously, namely that good information transparency has a positive effect on the financial performance of Life Insurance in Indonesia, is not proven. Researchers suspect that the reason this hypothesis is not proven is because the public is likely to be less careful in understanding the offer of an insurance product. As a result, there is a possibility that the data is not appropriate when compared to when the insurance product was first offered. This discrepancy can cause the information transparency variable data to be overestimated and make the regression estimation results inaccurate. The results of this research are strengthened by the research referred to in the research (Homburg, Koschate, & Hoyer, 2015) which states that information transparency increases customer satisfaction and long-term business performance.

The Effect of Implementing a Fair and Balanced Standard Agreement on the financial performance of Life Insurance

The research results show that the application of fair and balanced standard agreements does not affect the financial performance of Life Insurance in Indonesia. Thus, the better or better the application of standard agreements in product marketing has no effect on the financial performance of Life Insurance. In other words, Life Insurance that implements good, fair and balanced standard agreements will not have the same financial performance. The results of this research also show that the hypothesis stated previously, namely that the application of fair and balanced standard agreements has a positive effect on the financial performance of Life Insurance in Indonesia, is not proven. Researchers suspect that the reason this hypothesis is not proven is because people are less careful in understanding the offer of an insurance product. As a result, there is a possibility that the data is not appropriate when compared to when the insurance product was first offered. This discrepancy can cause the standard agreement variable data to be overestimated and make the regression estimation results inaccurate.

The Effect of Implementing Maintaining Data Confidentiality and Security on the financial performance of Life Insurance

The research results show that the implementation of data confidentiality and security has a positive effect on the financial performance of Life Insurance. Thus, the better the implementation of data confidentiality and security by a life insurance company, the higher the financial performance. Vice versa, the less well the implementation of data confidentiality and security, the less life insurance's financial performance will be. The results of this research also show that the hypothesis stated previously, namely the implementation of good data confidentiality and security, has a positive effect on the financial performance of Life Insurance. Research by Research by OECD (2020); entitled "Financial Consumer Protection Policy Approaches in the Digital Age: Protecting consumers' assets, data and privacy" states that damage to company performance, such as cases of data leaks, can result in the loss of consumers and reduced income, even fines.

6. Conclusions

Based on the results of the data, the implementation of consumer protection in the insurance industry in Indonesia plays a very important role in influencing the performance of insurance companies. Consumer protection in this research is divided into five aspects: Financial Literacy (KK1), Complaint Handling (KK2), Information Transparency (KK3), Fair and Balanced Standard Agreements (KK4), and Data Confidentiality and Security (KK5). Among these five aspects, three variables—Financial Literacy (KK1), Complaint Handling (KK2), and Data Confidentiality and Security (KK5)—significantly enhance the performance of insurance companies, confirming their critical role in contributing positively to the industry. Conversely, the Fair and Balanced Standard Agreement (KK4) and Information Transparency (KK3) variables do not have a significant impact on the performance of insurance companies, indicating that the role of the insurance industry in these two aspects is not yet optimal, particularly during the research period from 2019 to 2022. The Financial Services Authority (OJK) is encouraged to continue fostering the implementation of consumer protection, as empirical evidence demonstrates that three aspects significantly influence insurance company performance, which is expected to lead to higher quality consumer protection.

This study has certain limitations that should be acknowledged. First, the research focuses solely on the period from 2019 to 2022, which may not capture the evolving trends and external factors impacting the insurance industry over a longer period. Second, the data used in this study is limited to the Indonesian insurance industry, which may restrict the generalizability of the findings to other countries or regions. For future research, it is recommended to extend the study to include a broader time frame and comparative analysis across multiple countries to better understand the global applicability of consumer protection practices. Additionally, exploring other variables that may influence the performance of insurance companies, such as digital transformation, customer engagement strategies, and regulatory changes, could provide deeper insights into optimizing consumer protection in the insurance sector.

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