



Identification of Life Insurance Company Compliance Provides Sustainable Financial Reports

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Abstract In the insurance sector, sustainability has become a major problem. Environmental, Social, and Governance (ESG) is known as a strategic method for evaluating an insurance company to risk management, stakeholder trust, and company stability. In fact, sustainability reports that describe a company's performance in terms of ESG aspects are used to make ESG disclosures. OJK Regulation Number 51/POJK.03/2017 on the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public firms was released by the Financial Services Authority (OJK) and is also applied to life insurance company. The study's aim is assessing life insurance companies to comply their responsibility to provide sustainability reports. Using information from OJK's data, a descriptive quantitative method was used. Only 38 of the 48 conventional life insurance register's companies have their sustainability reports accessible on their websites. With 5% margin error, there are 13 companies were sampled to be the study's focus and sustainability reports from 2024 were studied. The findings show that not every indicator was fully found. On the economic aspects, most companies reported sales or revenue, net profit or loss, and the volume of goods or services sold. When it came to the environmental aspect, companies frequently reported energy use, but they all fulfilled the social aspect.

Keywords: ESG, life insurance. sustainability report

1 Introduction

Sustainability reporting is seen as a crucial way to improve the openness of a company's non-financial information, whether through specialized sustainability reports or environmental, social, and governance (ESG) reports. These reports facilitate the evaluation of sustainability performance, risk management, and long-term prospects by acting as a communication channel between the business and its stakeholders, especially investors. By reducing information asymmetry between businesses and investors, The ESQ report has a substantial quality, typically "signaling power", that influences investment decisions in emerging countries [1].

Sustainability reporting is crucial to corporate value though its effects on short-term may not clearly defined [2]. ESG procedures and sustainability reporting are crucial for risk management, company value, protection, and increasing sustainability and ethical

standards [3]. Sustainability has become a strategic concern for the insurance sector. Insurance companies are dealing with managing and transferring risk, so they have uniquely positioned to focus sustainable development by underwriting activities, investment management, product innovation, and responsible corporate governance. Research by [4] explained that sustainability-related risks and opportunities influence all aspects of the insurance companies, which are including assets, liabilities, and the corporate entity. Regarding climate change, insurance companies also face various social and governance issues that can impact their performance, reputation, and long-term competitiveness.

Findings from [5] highlight the importance of implementing ESG practices within the insurance industry, as they demonstrate a tangible link between ESG performance and the value of insurance companies in capital markets. Investors are increasingly taking sustainability into account when making investment decisions, making effective ESG management a vital component in creating corporate value and sustaining market confidence. Research in the insurance sector by [6] shows that employee recognition of a company's ESG activities can boost organizational commitment, a sense of empowerment, and service-oriented work behavior.

The implementation of sustainability within Indonesia's financial services sector, including insurance industry, has been stated by the Financial Services Authority Regulation (POJK) [7] on the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies. To comply with this POJK regulation, insurance companies must submit Sustainability Reports that clearly explain transparency on their economic, social, and environmental aspect as well as financial reports.

The insurance sector has a crucial role to the financial system. They offer protection to encounter many risks to individuals, families, or business organizations. An insurance policy is agreement between an insurance company and a policyholder, with the company receiving premiums in exchange for compensation for potential losses or benefits related to the insured's life or death, as per reference [8].

Life insurance companies have a important role to provide financial protection against risks which are related to life. They cover death, health issues, and accidents, as well as the need of long-term financial planning. The policy defines rights and obligations all of the parties including the policyholder, the insured, or a designated beneficiary when the insured's death, survival, or at a predetermined time, as outlined in the Insurance Law. In line with global developments and growing attention to environmental, social, and governance aspects, the insurance industry, including the life insurance sector, is required to comply with business sustainably.

This study's aim is to assess the life insurance companies to comply with POJK Number 51/POJK.03/2017. Specifically, the aim is to check whether their sustainability reports comply the regulation which measures all performance including economic, environmental, and social aspects as specified in Annex II. The 2024 sustainability

reports data of life insurance companies is utilized in this study. All data is obtained from the companies' websites.

2 Data and Methods

This study employs a descriptive quantitative approach aimed at identifying the ESG practices implemented by life insurance companies in Indonesia. The quantitative approach was chosen because it is well-suited for describing, summarising, and analysing the collected data [9]. The data used in this study comprises secondary data from the 2024 sustainability reports of life insurance companies registered with the OJK.

In 2025, data from OJK showed that 48 conventional life insurance companies were operating in Indonesia, yet only 38 of them had their sustainability reports accessible on their respective websites. Using the Slovin formula with a 5% margin of error, 13 companies were randomly selected as the research sample. These 13 companies comprised 8 local life insurance firms and 5 firms with mixed or foreign capital. To ensure data confidentiality, the names of the life insurance companies included in the study are listed in alphabetical order, from A to M.

The Sustainability Aspect Performance Summary must comprise a comparative analysis of the past three years' performance, as detailed in Appendix II of POJK Number 51/POJK.03/2017, which pertains to Financial Services Institutions, Issuers, and Public Companies with more than three years of operation, and encompasses economic, environmental, and social indicators. The economic aspect should comprise, at a minimum, the quantity of products or services sold, revenue or sales, net profit or loss, eco-friendly products, and the involvement of local parties in Sustainable Finance business processes. Environmental considerations must include at a minimum energy consumption (encompassing electricity and water usage), reduced emissions, decreased waste and effluent generation (waste released into the environment), and biodiversity conservation. The social aspect encompasses a description of the positive and negative effects of implementing Sustainable Finance on the community and the environment, including people, regions, and funds.

3 Results and Discussion

3.1 Results

In terms of corporate age, all life insurance companies selected for the study sample have been in operation for more than three years. Although two of the thirteen companies underwent name changes, their prior track records confirm that they have indeed been operating for over three years.

Figure 1 illustrates the economic aspect: twelve of the sampled life insurance companies reported indicators for revenue/sales and net profit/loss, whereas only

eleven disclosed the volume of products or services sold. Only three companies reported that their products were environmentally friendly and involved local parties.

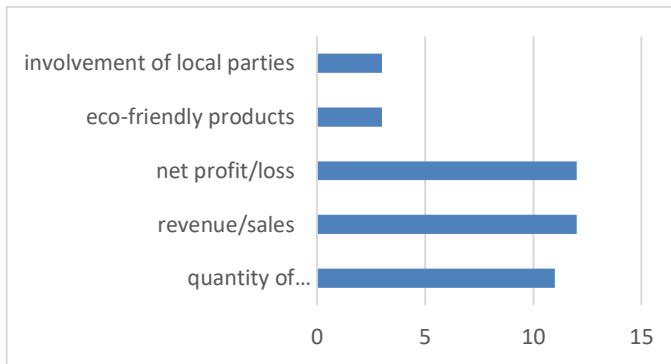


Figure 1 Economic Aspect

Table 1 Economic Aspect Performance

Economic Aspect					
Compan y's code	quantity production/ser vices sold	revenue/s ales	net profit/l oss	eco- friendly products	involvement of local parties
A	v	v	v		
B	v	v	v		
C		v	v		
D	v	v	v		
E	v	v	v	v	v
F	v	v	v		
G	v	v	v		
H	v	v	v		
I	v	v	v		
J	v	v	v	v	v
K		v	v		
L	v	v	v	v	v
M	v	v	v		

Table 1 shows that only three life insurance companies reported on all activities included in the economic aspect indicators. Most companies reported on only three activities: the quantity of products or services sold, revenue or sales, and net profit or loss. Two companies reported on two indicators: revenue or sales, and profit or loss.

Meanwhile, regarding the environmental aspect shown in Figure 2, all companies reported energy usage; however, only four companies reported on biodiversity conservation, and eight companies reported on the reduction of generated emissions as well as the reduction of generated waste and effluents (waste released into the environment).

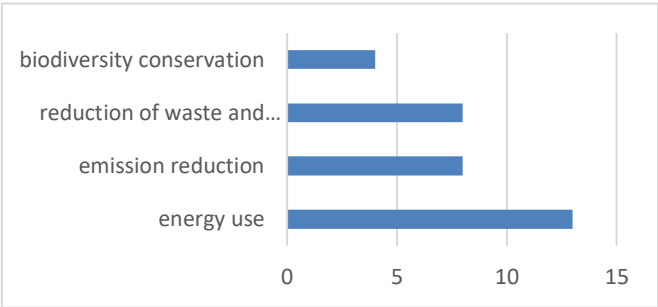


Figure 2 Environmental Aspect

Table 2 Environmental Aspect Performance

Company's Code	environmental aspects			
	energy use	emission reduction	Reduction of waste and effluent	biodiversity conservation
A	v			
B	v			
C	v	v		
D	v	v	v	
E	v	v	v	v
F	v		v	
G	v	v		
H	v	v		
I	v		v	
J	v	v	v	v
K	v		v	
L	v	v	v	v
M	v	v	v	v

Table 3 Social Aspect Performance

Company's Code	Social Aspect
	an overview of the positive and negative impacts of implementing sustainable finance
A	v
B	v
C	v
D	v
E	v
F	v
G	v
H	v
I	v
J	v
K	v
L	v
M	v

Table 2 shows that four companies reported addressing all indicators within the environmental aspect. Two companies reported on only one indicator: energy use. Additionally, two companies reported on energy use and emission reduction, while another two reported on energy use as well as waste and effluent reduction. One company reported on three indicators: energy use (including electricity and water), reduction of generated emissions, and reduction of generated waste and effluents (waste released into the environment). Regarding the social performance aspect, all companies reported on social aspects; this is shown in Table 3.

3.2 Discussion

Implementing ESG not only yields reputational benefits but also enhances a company's financial performance and long-term resilience[10]. Furthermore, good governance is a crucial factor driving the creation of greater ESG value [11]. Research by [12] indicates that ESG practices can improve efficiency and strengthen corporate resilience in the face of economic policy uncertainty.

In Indonesia, financial services companies—including life insurance firms—must comply with OJK Regulation (POJK) Number 51/POJK.03/2017 regarding the

submission of sustainability reports, which utilize economic, environmental, and social indicators. Sustainability reporting represents a comprehensive effort by the financial services sector, including the life insurance industry, to foster sustainable economic growth by aligning economic, social, and environmental interests.

In general, companies present their profit and loss statements for the past three years within their sustainability reports. Indirectly, volume of products or services sold, revenue or sales figures, and the net profit or loss are reflected in sustainability report of the life insurance company. This report rarely mentions environmental aspect and local community engagement. Life insurance companies that incorporate indicators regarding environmentally friendly products ensure that their products and premiums remain accessible to diverse segments of society. Companies ensure that every product carries a measurable and reasonable level of risk that aligns with the company's risk ratios. Meanwhile, companies directly participate in channeling funds and investing in financial instruments used to finance projects or business activities with environmental and social objectives.

On the environmental aspect, energy usage indicators are reflected in the management of electricity, paper, and water consumption, which aims to minimize the impact of operational activities on environmental sustainability. Insurance companies are facing digital transformation in their business processes too. Many applications was developed to facilitate interactions among stakeholders. To implement responsible waste management, companies commit to reduce emission indicators. In operations and investments, companies have also adopted policies to decrease carbon emissions. They focus primarily on energy efficiency and environmental conservation. The third parties, like building management or certified entities, handle domestic waste management. The movement like the "One Policy, One Tree" shows the companies also concentrate in biodiversity conservation activities,

In the social performace, where indicators consist of descriptions of the positive and negative impacts of implementing Sustainable Finance, some companies do not clearly explain in detail. Nevertheless, financial literacy, including the product understanding, benefit and necessity of life insurance, product access, are promoted by almost all life insurance companies. Companies also report providing a safe and comfortable work environment, fostering harmonious, productive, and collaborative working relationships, and ensuring equal opportunities for all individuals.

4 Conclusion

In general, life insurance companies in Indonesia have complied with sustainable financial reporting requirements under POJK Regulation No. 51/POJK.03/2017, which mandates the inclusion of a Sustainability Performance Summary, covering economic, environmental, and social indicators, that compares performance over the last three years (for Financial Services Institutions, Issuers, and Public Companies that have been in operation for more than three years). However, the life insurance companies still

focus on standard internal economic performance and community, such as oriented social and educational programs. Implementing ESG initiatives that make a direct contribution to the natural environment—such as creating green investment or environmentally conscious business products and engaging in biodiversity conservation—remains a challenge that most life insurance companies need to address by stepping up their efforts.

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