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CORPORATE GOVERNANCE, CAPITAL INTENSITY AND FINANCIAL DISTRESS ON ACCOUNTING CONSERVATISM: THE MODERATING ROLE OF LEVERAGE

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ABSTRACT

This study aims to analyze the effect of corporate governance, capital intensity, and financial distress on accounting conservatism with leverage as a moderating variable. This study uses a quantitative approach on 18 insurance companies listed on the Indonesia Stock Exchange during the 2021–2023 period, with a total of 54 observational data obtained through a purposive sampling method. Secondary data were obtained from financial reports and analyzed using panel data regression and Moderating Regression Analysis (MRA) using EViews 12 software. The results of the study indicate that partially, institutional ownership, managerial ownership, independent commissioners, capital intensity, and financial distress do not have a significant effect on accounting conservatism ($p > 0.05$). The results of the MRA test also show that leverage is unable to moderate the effect of institutional ownership, managerial ownership, independent commissioners, and capital intensity on accounting conservatism. However, leverage is proven to weaken the effect of financial distress on accounting conservatism ($\beta = -0.0377$ $p < 0.05$). The coefficient of determination (R^2) value of 0.4456 shows that the independent variable is able to explain accounting conservatism by 44.56%, while the remainder is influenced by other factors outside the research model.

Keywords: Accounting Conservatism, Capital Intensity, Corporate Governance, Financial Distress, Leverage

ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh corporate governance, capital intensity, dan financial distress terhadap konservatisme akuntansi dengan leverage sebagai variabel moderasi. Penelitian ini menggunakan pendekatan kuantitatif pada 18 perusahaan asuransi yang terdaftar di Bursa Efek Indonesia selama periode 2021–2023, dengan total 54 data observasi yang diperoleh melalui metode purposive sampling. Data sekunder diperoleh dari laporan keuangan dan dianalisis menggunakan regresi data panel serta Moderating Regression Analysis (MRA) melalui perangkat lunak EViews 12. Hasil penelitian menunjukkan bahwa secara parsial, kepemilikan institusional, kepemilikan manajerial, komisaris independen, capital intensity, dan financial distress tidak berpengaruh signifikan terhadap konservatisme akuntansi ($p > 0{,}05$). Hasil uji MRA juga menunjukkan bahwa leverage tidak mampu memoderasi pengaruh kepemilikan institusional, kepemilikan manajerial, komisaris independen, dan capital intensity terhadap konservatisme akuntansi. Namun, leverage terbukti memperlemah pengaruh financial distress terhadap konservatisme akuntansi ($\beta = -0.0377$ $p < 0{,}05$). Nilai koefisien determinasi (R^2) sebesar 0,4456 menunjukkan bahwa variabel independen mampu menjelaskan konservatisme akuntansi sebesar 44,56%, sedangkan sisanya dipengaruhi oleh faktor lain di luar model penelitian.

Kata Kunci: *Konservatisme Akuntansi, Capital Intensity, Corporate Governance, Financial Distress, Leverage*

A. INTRODUCTION

The business world continues to experience rapid development along with increasing challenges and risks faced by companies in the future. In carrying out their activities, companies strive to obtain maximum profits as a form of business continuity. One way to maintain company performance and existence is by evaluating financial reports, which serve as the basis for managerial decision making (Saragih, Muda, & Rujiman, 2022). However, several cases in the Indonesian insurance sector show weak implementation of accounting conservatism principles and poor corporate governance. For example, at PT Asuransi Jiwa Adisarana Wanaartha (Wanaartha Life), the 2020 audit results showed a surge in liabilities from IDR 3.7 trillion to IDR 15.84 trillion due to previously unrecorded policies, causing equity to become negative at IDR 10.8 trillion and resulting in the revocation of its business license by the OJK in December 2022. A similar case occurred at PT Asuransi Bina Dana Arta Tbk (Oona/ABDA), which experienced a significant decline in profits in 2023–2024, as well as AJB Bumiputera, which received a warning from the OJK for lacking transparency in the disclosure of claim payment information. These phenomena illustrate weak supervision, abuse of authority, and a lack of application of the principle of conservatism in the presentation of financial reports, which has led to a decline in public confidence in the insurance industry.

To prevent these problems, the implementation of good corporate governance is very important. According to Gusti and Yuyetta (2022); Hajawiyah, Wahyudin, Kiswanto, Sakinah, and Pahala (2020); Pramudya, Herutono, and Kapti (2024) corporate governance plays a role in strengthening accounting conservatism through mechanism of supervision and control over management. Gusti and Yuyetta (2022) explains that effective governance can encourage the application of accounting conservatism, while weak corporate governance actually exacerbates agency problems so that conservatism functions as a substitute for managerial oversight.

In addition, capital intensity is also an important factor that influences accounting conservatism. Suharni, Wildaniyati, and Andreana (2019) states that capital intensity reflects the amount of assets owned by a company. Companies with high capital intensity tend to be more closely monitored by investors to safeguard their investments, thereby encouraging managers to adopt a more conservative approach in preparing financial statements. The findings of Halim (2023) and Saragih et al. (2022) support the notion that capital intensity has a positive affect on accounting conservatism.

Another influential factor is financial distress, which is a decline in financial performance that can be an early sign of bankruptcy (Stiawan, Ningsih, & Nurani, 2022). This condition can encourange management to make conservative decisions so as not to lose the trust of investors and creditors. Meanwhile, leverage acts as a moderating variable that strengthens or weakens the relationship between corporate governance, capital intensity, and accounting conservatism. Leverage measures the extent to which a company uses debt to finance its assets Gusti and Yuyetta (2022). A high level of leverage reflects significant financial risk, which can affect management's prudence in financial reporting.

This study refers to Hajawiyah et al. (2020) study, which found that institutional ownership and independent commissioners have a positive effect on accounting conservatism, while managerial ownership has a negative effect. In addition, leverage strengthens the influence of managerial ownership and independent commissioners on conservatism, but weakens the influence of institutional ownership. This study differs from previous studies by adding the variables of capital intensity and financial distress, as well as using the context of the insurance industry in Indonesia. Unlike previous studies that focused on manufacturing companies in the 2014-2016 period, which were relevant to various cases of default, profit decline, and weak governance after the COVID-19 pandemic. Thus, this study provides new empirical contributions to understanding leverage moderating the relationship between corporate governance, capital intensity, and financial distress on accounting conservatism in the context of the insurance industry in Indonesia.

B. THEORETICAL BASIS AND HYPOTHESIS DEVELOPMENT

Agency Theory

According to Jensen and Meckling (1976), an agency relationship is characterized by one or more individuals (principals) hiring another individual (agent) to perform a service on their behalf, including delegating decision-making authority to the agent. If both parties aim to maximize their utility, there is a concern that the agent may not consistently act in the principal's best interests. The principal can reduce the divergence from their interests by creating appropriate incentives for the agent and by incurring monitoring costs aimed at preventing inappropriate behavior by the agent (Jensen & Meckling, 1976).

This theory states that there is an agency relationship between managers and principals. Conflicts of interest arise because of the principal's complete trust in the manager who is tasked with operating the business to maximize profits. Sinambela and Almilia (2018) emphasize the need for investors to have confidence in corporate disclosures to ensure that managers report all expenses transparently. This transparency helps eliminate misunderstandings between managers and companies or between managers and investors. Agency theory, which mandates that companies account for all expenses and revenues, is associated with accounting conservatism. In addressing and resolving this agency problem, accounting conservatism serves as a control mechanism that aligns the interests of managers and stakeholders (Muhammad & Annisa, 2024).

According to Arsita and Kristanti (2019), agency theory in relation to accounting conservatism is manifested in the interaction between shareholders and managers, as well as between shareholders or managers and creditors. In addition, Maiyo, Cheboi, and Limo (2025) argues that there is a relationship between agency theory and accounting conservatism, which shows that an increase in company capital leads to increased protection for investors. This is exemplified by stricter supervision of manager performance, which helps reduce profit engineering practices, as managers tend to apply a more conservative approach in reporting profits (Muhammad & Annisa, 2024).

Accounting Conservatism

The official definition of conservatism can be found in FASB (Finnacial Accounting Statement Board) Glossary of Concepts Statement No. 2, which defines conservatism as a cautious response to inherent uncertainty to ensure that inherent uncertainty, risks, and uncertainties within the scope of business are properly accounted for. Rahmi (2013) explains that conservatism is a cautious approach to uncertainty and risk in business. According to Pramudya et al. (2024) accounting conservatism is a way for companies to overcome such uncertainty so that accounting practices are carried out to make the company more profitable. Accounting conservatism prioritizes the principle of prudence in conditions of corporate uncertainty. Companies do this by assessing assets, liabilities, costs, and other items more carefully, but without manipulation and truly reflecting the actual situation. Accounting conservatism is an effort to choose generally accepted accounting methods:

1. Delaying revenue recognition
2. Accelerating expense recognition
3. Loweing asset valuations
4. Raising debt valuations.

According to Islami, Solihat, Jamil, and Suryadi (2022), the application of conservatism demonstrates a cautious approach in recognizing and valuing lower income and assets or reporting higher debt levels. This is done as a way to recognize costs and losses earlier and delay the recognition of income and profits. This application results in lower reported profits for the current period, which in turn can lead to higher reported profits in future periods (Savitri, 2016).

Corporate Governance

According to the Organization for Economic Coorperation and Development (OECD) in a book written by Sudarmanto et al. (2021), Corporate governance is a set of relationships between company management, shareholders, and other parties who have an interest in the company. Corporate governance requires a structure to achieve objectives and monitor performance. Good corporate governance can provide incentives for internal actors and management to achieve objectives that are in the interests of the The purpose of corporate governance is to oversee these relationships, prevent major errors in company strategy, and ensure that any errors that arise can be addressed immediately (Sudarmanto et al., 2021).

- Intitusional Ownership

According to Rahmawati and Rohman (2024), intitutional ownership is the ownership of company shares by financial institutions such as insurance companies, banks, pension funds, and investment banks. In a book written by Manossoh (2016) highlights that by conducting effective monitoring, institutional ownership can supervise management so as to minimize profit management practices. The percentage of shares owned by certain institutions can influence the preparation of financial statements with the possibility of accruals being adjusted to management's interests.

- Managerial Ownership

According to research by Altania and Tanno (2023), managerial ownership refers to shares owned by management personally, as well as by subsidiaries and companies. Jensen and Meckling (1976) in their research stated that managerial share ownership plays an important role in aligning the interests of managers and shareholders. Thus, the greater the managerial share ownership, the better the performance of the company concerned. Company ownership is related to the operational management of the company. The greater the managerial ownership, the greater the freedom in determining accounting methods and important policies related to the future of the company. For better corporate governance, it is necessary to ensure that the company has one or more major shareholders.

- Independent Commissioner

An Independent Commissioner is a member of the board of commissioners who has no relationship with the board of directors, other members of the board of commissioners, and controlling shareholders, and is free from business or other relationships that could influence their ability to act independently or act solely in the interests of the company. The board of commissioners, as a corporate body, is collectively responsible for supervising and advising the board of directors and ensuring that the company implements GCG (Sudarmanto et al., 2021).

Capital Intensity

According to Suyanto and Sofiyanti (2022), capital intensity is a form of investment made by companies in relation to investments in fixed assets and inventories. Simply put, capital intensity describes how much a company invests in its fixed assets. Based on PSAK 16, there is a definition of fixed assets themselves, namely tangible assets owned by a company for the purpose of producing and providing goods or services to other parties or for administrative needs, without the intention of selling them in the future, and which have economic benefits (Arieftiara, 2022).

Financial Distress

Financial distress is a situation in which an organization's financial health is in crisis. The term financial distress has been used to describe a situation where an organization's working capital and long-term assets are insufficient to meet its short-term obligations. This can be caused by various reasons such as poor cash flow, excessive spending, or a lack of funds from external sources. In the book Goh (2023), Financial distress in companies can be caused by various factors, such as increased operating costs, excessive expansion, technological backwardness, competitive conditions, economic conditions, incompetent management, and a decline in industrial trading activity. Company management is a crucial factor because if it is not managed properly, even in stable economic conditions, the company is still at risk of experiencing financial difficulties. Financial distress can be identified through the company's ability to meet its maturing obligations based on cash flow turnover.

Leverage

According to Khoza (2025), leverage is an indicator that describes the extent to which a company obtains funding from loans. Excessive use of debt can be detrimental to a company because it can trap the company in extreme leverage, where it is difficult to reduce high debt burdens. The use of leverage can create burdens and risks for companies, especially if the situation worsens. In addition to having to pay increased interest expenses, it is possible that the company will receive penalties from third parties (Henry Jirwanto, Aqsa, & Se, 2024).

Table 1. Previous Research

No	Research	Research Title	Variable	Research Results
1	Khairunnisa and Saputra (2024), Journal of Comprehensive Science	The Effect of Financial Distress and Corporate Governance Mechanisms on Accounting Conservatism with Leverage as a Moderating	**Independent Variable:** 1. Financial Distress 2. Institutional Ownership 3. Managerial Ownership 4. Independent Commissioner **Dependent Variable:** 1. Accounting Conservatism **Moderate Variable:** 1. Leverage	• Intitutional ownership has a positive effect on accounting conservatism • Financial Distress, Managerial Ownership, and Independent Commissioners have no effect on Accounting Conservatism • Leverage strengthens the effcet of Financial Distress on Accounting Conservatism • Leverage cannot moderate the effect of Institutional Ownership, Managerial Ownership, and Independent Commisisoners on Accounting Conservatism
2	Pramudya et al. (2024), Jurnal Ekonomi, Manajemen dan Akuntansi	Corporate Governance, Accounting Conservatism and Leverage as Moderating Variables	**Independent Variable:** 1. Corporate Governance **Dependent Variable:** 1. Accounting Conservatism **Moderate Variable:** 1. Leverage	• Corporate Governance (number of audit committes and number of independent commissioners) and Leverage have a positive effect on Accounting Conservatism. • Leverage weakens the relationship betwen Corporate Governance (number of audit committees and number of independent

				commissioners) on Accounting Conservatsim.
3	Muhammad and Annisa (2024), Jurnal Ilmiah Akuntansi Universitas Pamulang	The Influence of Growth Opportunities, Audit Committees and Managerial Ownership on Accounting Conservatism	**Independent Variable:** 1. Growth Opportunitie 2. Audit Committees 3. Managerial Ownership **Dependent Variable:** 1. Accounting Conservatism	• Growth opportunities have a positive effect on Accounting Conservatism • Audit Committees and Institutional Ownership have no effect on Accounting Conservatism.
4	Halim (2023) Jurnal Akuntansi	Analysis of the Influence of Capital Intensity, Growth Opportunity, and Leverage on Accounting Conservatism	**Independent Variable:** 1. Capital Intensity 2. Growth Opportunity 3. Leverage **Dependent Variable:** 1. Accounting Conservatism	• Capital Intensity and Leverage have a positive effect on Accounting Conservatism • Growth Opportunity has no effect on Accounting Consevatism.
5	Saragih et al. (2022), Jurnal Mantik	The Effect of Capital Intensity, Company Size, Growth Opportunity, and Taxation on Accounting Conservatism with Leverage as a Moderating Vraible in Food and Beverage Companies Listed on the Indonesia Stock Exchange	**Independent Variable:** 1. Capital Intensity 2. Company Size 3. Growth Opportunity 4. Tax **Dependent Variable:** 1. Accounting Conservatism **Moderate Variable:** 1. Leverage	• Capital Intensity has a positive and significant effect on Accounting Conservatism • Growth Opportunity has a negative and significant effect on Accounting Conservatism • Company Size and Taxation have no significant effect on Accounting Conservatism • Leverage strengthens the relationship between Company Size and Accounting Conservatism • Leverage is unable to moderate the effect of capital intenisty, Growth Opportunity dan Taxation on Accounting Conservatism
6	Stiawan et al. (2022), Jurnal Ekonomi, Keuangan, Investasi dan Syariah (EKUITAS)	The Effect of Tax Incentives, Financial Distress, and Capital Intensity on Accounting Conservatism	**Independent Variable:** 1. Tax Incentive 2. Financial Distress 3. Capital Intensity **Dependent Variable:** 1. Accounting Conservatism	• Tax Incentives and Financial Distress have a negative effect on Accounting Conservatism • Capital Intensity has no effect on Accounting Conservatism.
7	Gusti and Yuyetta (2022), Diponegoro Journal of Accounting	The Effect of Corporate Governance and Leverage on Accounting Conservatism in Manufacturing Companies Listed on the Indonesia Stock Exchange during the Period 2018-2020	**Independent Variable:** 1. Independent Commissioner 2. Institutional Ownership 3. Managerial Ownership 4. Audit Comitte 5. Leverage **Dependent Variable:** 1. Accounting Conservatism	• Independent Commissioners, Institutional Ownership, Managerial Institutional, and Audit Comitte have a non-significant and negative effect on accounting conservatism. • Leverage has a negative effect on Accounting Conservatism
8	G. H. Putra and Satria (2022), Jurnal Owner: Riset & Jurnal Akuntansi	The Influence Independent Commissioners and Institutional on Accounting Conservatism in State-Owned Enterprises	**Independent Variable:** 1. Independent Commissioners 2. Institutional Ownership **Dependent Variabel:** 1. Accounting Conservatism	• Independent Commissioners have a positive effect on Accounting Conservatism • Institutional Ownership has no effect on Accounting Conservatism
9	Hajawiyah et al. (2020), Journal Cogent Business & Management	The effect of good corporate governance mechanisms on accounting conservatism with leverage as a moderating variable	**Independent Variable:** 1. Institusional Ownership 2. Managerial Ownership 3. Independent Commisione **Dependent Variable:** 1. Accounting Conservatism	• Institutional Ownership and Independent Commissioners have a significant positive effect on Accounting Conservatism • Managerial Ownership has a significant negative effect on Accounting Conservatism.

			Moderate Variable: 1. Leverage	• Leverage strengthens the effect of Managerial Ownership on Accounting Conservatism • Leverage weakens the effect of Independent Commisioners on Accounting Conservatism • Leverage cannot moderate the effect of Institutional Ownerahip on Accounting Conservatism
10	Hariyanto (2021) Jurnal Ilmiah Akuntansi	Analysis of Factors Affecting Accounting Conservatism	**Independent Variable:** 1. Profitability 2. Company Size 3. Institutional Ownership 4. Managerial Ownwership **Dependent Variable:** 1. Accounting Conservatism	• Profitability has a positive effect on Accounting Conservatism. • Company Size has a negative effect on Accounting Conservatism • Institutional Ownership has no effect on Accounting Conservatism • Managerial Ownership has a positive effect on Accounting Conservatism.
11	Sulastri and Anna (2018), AKUISISI: Jurnal Akuntansi	The Effect of Financial Distress and Leverage on Accounting Conservatism	**Independent Variable:** 1. Financial Distress 2. Leverage **Dependent Variable :** 1. Accounting Conservatism	• Financial Distress has a positive effcet on Accounting Conservatism • Leverage has a positive effect on Accounting Conservatism.
12	Andreas, Ardeni, and Nugroho (2017), Jurnal Ekonomi dan Bisnis	Accounting Conservatism in Indonesia	**Independent Variable:** 1. Company Growth 2. Profitability 3. Investment Opportunity Set (IOS) **Dependent Variable:** 1. Accounting Conservatism	• Company Growth, Profitability and Investment Opportunity Set have a positive effect on Accounting Conservatism

Hypothesis Development

The Effect of Institutional Ownership on Accounting Conservatism

Institutional ownership refers to the extent of share ownership held by institutions. Institutions can include insurance companies, investment companies, foreign institutions, and other institutional owners. The greater the amount of institutional ownership, the higher the application of accounting conservatism in companies because institutions tend to encourage more transparent and accurate reporting policies (I. G. B. N. P. Putra, Sari, & Larasdiputra, 2019). Research conducted by Hajawiyah et al. (2020); Khairunnisa and Saputra (2024) and I. G. B. N. P. Putra et al. (2019) states that institutional ownership has a positive effect on accounting conservatism.

H1: Institutional ownership affects accounting conservatism

The Effect of Managerial Ownership on Accounting Conservatism

Managerial ownership refers to sahres owned by a company's management and directors. The greater the amount of institutional ownership in a company, the stronger the application of accounting conservatism, because management that owns a large number of shares is more likely to prioritize the continuity of the company, avoid excessive risks, and prepare more careful and transparent financial reports in order to maintain financial stability and investor confidence (I. G. B. N. P. Putra et al., 2019). The results of studies conducted by I. G. B. N. P. Putra et al. (2019) and Mandasari, Indriani, and Hudaya (2022) state that managerial ownership has a positive effect on accounting conservatism.

H2: Managerial ownership affects accounting conservatism

The Influence of Independent Commissioners on Accounting Conservatism

Independent commissioners are individuals on the board of commissioners who are not affiliated with the board of directors, other members of the board of commissioners, controlling shareholders, and are free from business involvement that could influence their ability to make decisions independently or based on the interests of the company (G. H. Putra & Satria, 2022). Research by Rivandi and Putra (2021) shows that companies with independent commissioners comprising at least 30% of the total number of commissioners tend to apply the principle of accounting conservatism better. This makes companies more cautious in reporting their finances, thereby improving the quality and reliability of the reports (G. H. Putra & Satria, 2022). The results of studies conducted by Hajawiyah et al. (2020) and G. H. Putra and Satria (2022) state that independent commissioners have a positive effect on accounting conservatism

H3: Independent commissioners have an effect on accounting conservatism

The Effect of Capital Intensity on Accounting Conservatism

Capital intensity represents how efficiently a company uses its assets to generate revenue (Halim, 2023). Zahro (2021) states that capital-intensive companies will require large loans from external parties. In order to maintain the trust of creditors, management tends to be cautious so that its performance appears stable. Higher capital intensity will lead to higher accounting conservatism (Halim, 2023). The results of research conducted by Halim (2023) and Saragih et al. (2022) state that capital intensity has a positive effect on accounting conservatism.

H4: Capital intensity affects accounting conservatism

The Effect of Financial Distress on Accounting Conservatism

According to Sulastri and Anna (2018) financial distress is a stage of financial decline that occurs before bankruptcy or liquidation. In the research by Sulastri and Anna (2018), the higher the financial distress of a company, the more it will encourage managers to increase the level of accounting conservatism, and conversely, if financial distress is low, managers will decrease the level of accounting conservatism. High financial distress is reflected in a lower Z-Score value, while low financial distress is reflected in a higher Z-Score value. Meanwhile, a high level of conservatism is reflected in a more negative CONACCit value and vice versa. Thus, when a company experiences high financial distress, it will become more conservative, and conversely, when a company has low financial distress, it will tend to be less conservative. The results of research conducted by Sulastri and Anna (2018) state that financial distress has a significant effect on accounting conservatism.

H5: Financial distress affects accounting conservatism

The Effect of Institutional Ownership on Accounting Conservatism with Leverage as a Moderating Variable

Agency theory reveals that high debt gives creditors the right to supervise the company's operational activities, so that the company will apply accounting conservatism. This is possible because creditors assume that companies with high profits can pay their debts on time. Creditors do not attempt to conduct intensive supervision but allow companies to carry out accounting procedures as desired. This condition shows that leverage is not the basis for considering the application of accounting conservatism in a company. This can be seen from the strength of institutional ownership, which directly plays an effective role in supervising companies to apply accounting conservatism. The results of studies conducted by Hajawiyah et al. (2020) and Khairunnisa and Saputra (2024) state that leverage cannot moderate institutional ownership of accounting conservatism.

H6: Leverage cannot moderate the influence of Institutional Ownership on Accounting Conservatism

The Effect of Managerial Ownership on Accounting Conservatism with Leverage as a Moderating Variable

The application of accounting conservatism will increase in line with the company's high debt level. This is because creditors expect the borrowed funds to remain secure. In addition, creditors demand more accurate financial reports, so they exercise more selective supervision and pressure management to prevent them from manipulating profits. In companies with high debt ratios, management is less prone to profit manipulation due to intensive supervision by creditors. When a company's risk is high, as measured by a high debt ratio, management attempts to reduce the risk perceived by creditors by presenting relatively more stable profits, meaning that managers do not manipulate profits. The results of research conducted by Hajawiyah et al. (2020) state that leverage strengthens the relationship between managerial ownership and accounting conservatism.

H7: Leverage strengthens the relationship between managerial ownership and accounting conservatism

The Influence of Independent Commissioners on Accounting Conservatism with Leverage as a Moderating Variable

The presence of independent commissioners in supervising company operations has proven to be effective. This is demonstrated by the influence of independent directors, which can increase the application of accounting conservatism. However, the role of creditors as lenders, who are supposed to assist in supervision, has proven to be less effective in pressuring management to apply conservatism in the company. This is possible because creditors assume that the company will be intensively supervised by independent commissioners so that creditors do not try to pressure company management through the debt agreements provided. The results of studies conducted by Hajawiyah et al. (2020) and Pratiwi and Zulfikar (2021) state that leverage strengthens the relationship between independent commissioners and accounting conservatism.

H8: Leverage strengthens the relationship between independent commissioners and accounting conservatism

The Effect of Capital Intensity on Accounting Conservatism with Leverage as a Moderating Variable

Companies with high capital intensity tend to have high leverage because they need external financing to support investment in fixed assets. This can increase financial risk, which requires careful management (Pramudya et al., 2024). The results of studies conducted by Puspitasari and Widiasmara (2023) state that leverage strengthens the relationship between capital intensity and accounting conservatism.

H9: Leverage strengthens the relationship between capital intensity and accounting conservatism

The Effect of Financial Distress on Accounting Conservatism with Leverage as a Moderating Variable

The higher the leverage, the greater the pressure from creditors on companies to implement more conservative accounting policies in order to reduce the risk of debt default. Leverage can strengthen the relationship between financial distress and accounting conservatism because companies with high debt levels will be more cautious in their financial reporting in order to meet their contractual obligations to creditors (Khairunnisa & Saputra, 2024). The results of research conducted by Khairunnisa and Saputra (2024) state that leverage strengthens the relationship between financial distress and accounting conservatism.

H10: Leverage strengthens the relationship between financial distress and accounting conservatism

C. RESEARCH METHOD

Type of Research

This study uses a quantitative approach with the aim of analyzing the effect of corporate governance and capital intensity on accounting conservatism with leverage as a moderating variable for insurance companies listed on the Indonesia Stock Exchange in 2021-2023. A quantitative approach was chosen because the research data is numerical and analyzed using inferential statistical techniques based on panel data regression.

Population and Sample

The population in this study consists of all insurance companies listed on the Indonesia Stock Exchange (IDX) during the period of 2021-2023, totaling 18 companies. The sampling technique used purposive sampling, with the following criteria:

1. Insurance companies that were consistently listed on the IDX during 2021-2023
2. Insurance service companies that published annual financial reports on the IDX in 2021-2023

Based on these criteria 54 observations (18 companies x 3 years).

Data Collection Techiques

The data used is secondary data obtained from:

- Annual financial reports of insurance companies through the official website of the Indonesia Stock Exchange (IDX) www.idx.co.id and the websites of each company
- Supporting literature such as journals, books, and scientific articles relevant to the research topic

Data collection methods were carried out through documentation and literature studies.

Operational Definition and Measurement of Variables

This study uses dependent, independent, and moderating variables.

Table 2. Operational Measurement of Variables

No	Variable	Measurement
1	Accounting Conservatism (Y)	$CON_{ACCit} = \frac{[NI_{it} + DEP_{it} - CFO_{it}] x [-1]}{TA_{it}}$ Source: Muhammad and Annisa (2024)
2	Institutional Ownership (X1)	$\frac{\text{Number od Shares Owned by Institutions}}{\text{Number of Shares Outstanding}}$ X 100% Source: Hajawiyah et al. (2020)
3	Managerial Ownership (X2)	$\frac{\text{Number of Sahres Owned by Managerial}}{\text{Number of Shares Outstanding}}$ X 100% Source: Mandasari et al. (2022)
4	Independent Commissioners(X3)	$\frac{\text{Number of Independent Commissioners}}{\text{Number of Commissioners}}$ Source: Hajawiyah et al. (2020)
6	Capital Intensity (X4)	$\frac{\text{Total Aset Tetap}}{\text{Total Aset}}$ Source: Stiawan et al. (2022)
7	Financial Distress (X5)	Z' = 0,717X1 + 0,847X2 + 3.107X3 + 0,42X4 + 0,998X5 Source: Stiawan et al. (2022)
8	Leverage (Z)	$\frac{\text{Total Debt}}{\text{Total Aset}}$ Source: Hajawiyah et al. (2020)

Data Analysis Method

Data analysis was performed using panel data regression with the help of Eviews 12 software. Panel data regression was chosen because it can combine time series and cross-sectional dimensions, resulting in more efficient and accurate estimates. Before testing the regression model, classical assumption tests were performed to ensure the validity of the model, including:

1. Normality Test: ensuring that the residuals are normally distributed
2. Multicollinierity Test: ensuring that there is no strong correlation between independent variables (VIF < 10)
3. Heteroscedasticity Test: using the Glejser test to check for differences in residual variance
4. Autocorrelation Test: using the Durbin-Watson test to see the relationship between residuals between periods.

Selection of Panel Data Regression Models

The best model is determined through three stages of testing:

1. Chow Test: untuk memilih antara Common Effect Model (CEM) dan Fixed Effect Model (FEM)
2. Hausman Test: to determine whether the Fixed Effect Model (FEM) or Random Effect Model (REM) is more appropriate to use
3. Lagrange Mulltiplier (LM) Test: to compare the Common Effect Model and Random Effect Model

The most appropriate model will be selected based on the test results with the smallest significance value. If the test results show differences between entities (companies), then the Fixed Effect Model is used because it can capture the specific characteristics of insurance companies.

Hypothesis Testing

- **T-test (Partial):** To determine the effect of each independent variable on the dependent variable with a significance level of 5%.
- **Moderated Regression Analysis (MRA):** To test the role of leverage as a moderating variable in the relationship between corporate governance, capital intensity, and accounting conservatism. MRA model equation:

  Y = a + b1X1 + b2X2 + b3X3+ b4X4 + b5X5 + b6X1*Z + b7X2*Z + b8X3*Z + b9X4*Z+ b10X5*Z + e

  Explanation:

  Y : Accounting Conservatism
  X_1-X_5 : Independent Variables
  Z : Leverage
  e : Error (Error Rtae)
- **Determination Coefficient Test (R^2) :** Measures the extent to which the model explains the variation in accounting conservatism.

D. ANALYSIS AND DISCUSSION

Research Results

Descriptive Statistical Analysis

Table 3. Descriptive Statistics Results

	LNY	X1	X2	X3	X4	X5	LNZ
Mean	-3.062280	0.699708	0.041894	0.568519	0.043743	58.56863	-0.546358
Median	-3.059460	0.764645	0.000000	0.600000	0.025282	58.01030	-0.430197
Maximum	-1.481746	0.983642	0.623285	0.800000	0.203841	240.4461	-0.130649
Minimum	-4.733899	0.205658	0.000000	0.250000	0.000336	-253.0290	-1.740498
Std. Dev.	0.655963	0.214906	0.143609	0.129045	0.053254	82.38595	0.367435
Skewness	-0.093476	-1.003357	3.770300	-0.440794	2.053978	-1.371501	-1.779255
Kurtosis	3.146003	2.976545	15.48591	2.543624	6.069933	7.874491	6.050684
Jarque-Bera	0.126603	9.061756	478.7066	2.217323	59.17453	70.39063	49.43176
Probability	0.938660	0.010771	0.000000	0.330000	0.000000	0.000000	0.000000
Sum	-165.3631	37.78422	2.262274	30.70000	2.362146	3162.706	-29.50331
Sum Sq. Dev.	22.80524	2.447784	1.093043	0.882593	0.150305	359734.6	7.155435
Observations	54	54	54	54	54	54	54

Source: Data processed using Eviews 12, 2025

Based on the table above, the following data was obtained from 54 observations:

1. Variable X1 (Institutional Ownership) shows an average value of 0.699708, a minimum value of 0.205658, a maximum value of 0.983642 and a standard deviation value of 0.214906.
2. Variable X2 (Managerial Ownership) shows a mean value of 0.041894, a minimum value of 0,000000, a maximum value of 0.623285 and standard deviation of 0.143609.
3. Variable X3 (Independent Commissioners) shows an average value of 0.568519, a minimum value of 0.600000, a maximum value of 0.800000 and a standard deviation value of 0.129045.
4. Variable X4 (Capital Intensity) shows an average value of 0.043743, a minimum value of 0.000336, a maximum value of 0.203841 and a standard deviation value of 0.053254.
5. Variable X5 (Financial Distress) shows an average value of 58.56863, a minimum value of -253.0290, a maximum value of 240.4461 and a standard deviation value of 82.38595.
6. Variable Y (Accounting Conservatism) shows a mean value of -3.062280, a minimum value of -4.733899, a maximum value of -1.481746 and a standard deviation value of 0.655963.
7. Variable Z (Leverage) shows an average value of -0.546358, a minimum value of -1.779255, a maximum value of -0.130649 and a standard deviation value 0.367435.

Classical Assumption Test

Normality Test

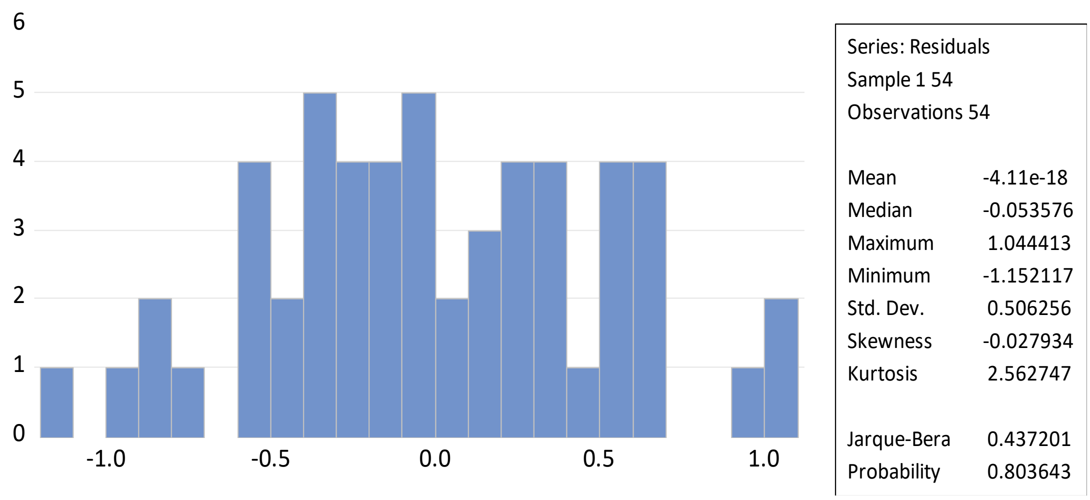

Figure 1. Normality Test Results

Source: Data processed using Eviews 12, 2025

Based on the Jarque-Bera test results in the figure above, it can be seen that the Jarque Bera value is 0.437201 with a probability value of 0.803643. Since the probability value is greater than 0.05, it can be said that the data is normally distributed.

Multicollinearity Test

Table 4. Multicollinearity Test Results

Variance Inflation Factors
Date: 03/25/25 Time: 21:52
Sample: 1 - 54
Included observations: 54

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.181053	34.17954	NA
X1	0.207180	20.92171	1.772912
X2	0.507078	2.105677	1.937666
X3	0.338582	21.70393	1.044700
X4	2.011281	1.783390	1.056850
X5	1.06E-06	2.023242	1.335542

Source: Data processed using Eviews 12, 2025

Based on the table above, it can be seen that the highest correlation value between independent variables (Institutional Ownership, Managerial Ownership, Independent Commissioners, Capital Intensity, and Financial Distress) only reached 1.937666, which was in Managerial Ownership. Because the value of 1.937666 < 10, it was decided that there was no multicollinearity. This confirms that the model is free from multicollinearity.

Heteroscedasticity Test

Table 5. Heteroscedasticity Test Results

Heteroskedasticity Test: Glejser
Null hypothesis: Homoskedasticity

F-statistic	2.137123	Prob. F(5,48)	0.0769
Obs*R-squared	9.832448	Prob. Chi-Square(5)	0.0801
Scaled explained SS	8.707152	Prob. Chi-Square(5)	0.1213

Source: Data processed using Eviews 12, 2025

Based on the table above, the Chi-Square probability value is 0.1213, which is greater than 0.05. From the results of the heteroscedasticity test, it can be concluded that this study is free from heteroscedasticity issues.

Autocorrelation Test

Table 6. Autocorrelation Test Results

R-squared	0.738506	Mean dependent var	-3.062280
Adjusted R-squared	0.445633	S.D. dependent var	0.655963
S.E. of regression	0.488403	Akaike info criterion	1.708614
Sum squared resid	5.963434	Schwarz criterion	2.776772
Log likelihood	-17.13257	Hannan-Quinn criter.	2.120560
F-statistic	2.521588	Durbin-Watson stat	3.071381
Prob(F-statistic)	0.011055		

Source: Data processed using Eviews 12, 2025

Based on the test results in the table above, the Durbin Watson (DW) value is 3.071381. This means that 1.7814 > 3.071381 > 4, so Ho is accepted, meaning that there is no autocorrelation.

Selection of Panel Data Regression Models

Chow Test

Table 7. Chow Test Results

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.565076	(17,25)	0.1506
Cross-section Chi-square	39.137462	17	0.0017

Source: Data processed using Eviews 12, 2025

Based on the Chow test results, it can be seen that the Prob Cross Section Chi Square value is 0.0017, which is less than 0.05. Therefore, it can be concluded that the best model selected in the Chow test is the Fixed Effect Model.

Hausman Test

Table 8. Hausman Test Results

Correlated Random Effects - Hausman Test Equation: Untitled Test cross-section random effects			
Test Summary	**Chi-Sq. Statistic**	**Chi-Sq. d.f.**	**Prob.**
Cross-section random	20.456578	11	0.0395

Source: Data processed using Eviews 12, 2025

Based on the results of the Hausman test, the Prob Cros Section Random value is 0.0395, which is smaller than 0.05. This indicates that the appropriate model used for panel data regression is the Fixed Effect Model. Therefore, it can be concluded that the model selected in this study is the Fixed Effect Model, and this result is the final result of the selection in panel data regression.

Panel Data Regression Anallysis

After selecting the model and testing the classical assumptions, it can be seen that the selected model is the Fixed Effect Model with the following estimation results:

Table 9. Panel Data Regression Analysis Results Fixed Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-8.203258	4.274753	-1.919002	0.0665
X1	-2.392740	3.507220	-0.682232	0.5014
X2	5.321295	34.14214	0.155857	0.8774
X3	3.918694	3.167181	1.237281	0.2275
X4	-20.94749	21.20558	-0.987829	0.3327
X5	0.019671	0.011086	1.774340	0.0882
LNZ	-1.567115	2.472862	-0.633725	0.5320
X1Z	10.64286	9.005737	1.181787	0.2484
X2Z	-21.39529	42.53531	-0.503001	0.6194
X3Z	-1.592918	3.807820	-0.418328	0.6793
X4Z	53.09111	43.99083	1.206868	0.2388
X5Z	-0.037706	0.017200	-2.192272	0.0379

Source : Data Processed Eviews 12, 2025

Based on the test results from table 9, the regression model can be formulated as follows:

Y = a + b1X1 + b2X2 + b3X3+ b4X4 + b5X5+ b6X1*Z + b7X2*Z + b8X3*Z + b9X4*Z + b10X5*Z + e
Y = (-8.203258) + (-2.392740)*X1 + 5.321295*X2 + 3.918694*X3 + (-20.94749)*X4 + 0.019671*X5 + (-1.567115)*Z + 10.64286*X1Z + (-21.39529)*X2Z + (-1.59291)*X3Z + 53.09111*X4Z + (-0.037706)*X5Z + e

Description:

Y	: Accounting Conservatism
X_1	: Intitutional Ownership
X_2	: Managerial Ownership
X_3	: Independent Commissioners
X_4	: Capital Intensity
X_5	: Financial Distress
Z	: Leverage
X_1*Z	: Institutional Ownership with Leverage
X_2*Z	: Managerial Ownership with Leverage
X_3*Z	: Independent Commissioners with Leverage
X_4*Z	: Capital Intensity with Leverage
X_5*Z	: Financial Distress with Leverage
E	: Eror

Hypothesis Testing

T-test

The t-test is used to determine the effect of each independent variable on the dependent variable. To determine whether each independent variable has an individual effect on the dependent variable, a significance level of 5% is used.

Table 10. T-test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
X1	-2.392740	3.507220	-0.682232	0.5014
X2	5.321295	34.14214	0.155857	0.8774
X3	3.918694	3.167181	1.237281	0.2275
X4	-20.94749	21.20558	-0.987829	0.3327
X5	0.019671	0.011086	1.774340	0.0882
LNZ	-1.567115	2.472862	-0.633725	0.5320

Source: Data Processed Eviews 12, 2025

Based on the tests that have been conducted, the following values were obtained:

1. The effect of institutional ownership on accounting conservatism
   Based on table 10, the probability value is 0.5014. Whare the probability value is greater than 0.05. So it can be concluded that the variable of institutional ownership does not affect accounting conservatism.
2. The effect of managerial ownership on accounting conservatism
   Based on table 10, the probability value is 0.8774, wich is greater than 0.05. Therefore, it can be concluded that the managerial ownership variable does not affect accounting conservatism.
3. The effect of independent commissioners on accounting conservatism
   Based on table 10, the probability value is 0.2275, which is greater than 0.05. Therefore, it can be concluded that the independent commissioner variable does not affect accounting conservatism.
4. The effect of capital intensity on accounting conservatism
   Based on table 10, the probability value is 0.3327, which is greater than 0.05. Therefore, it can be concluded the capital intenisty variable does not affect accounitng conservatism.
5. The effect of financial distress on accounting conservatism
   Based on table 10, shows a probability value of 0.0882, which is greater than 0.05. Therefore, it can be concluded that the financial distress variable does not affect accounting conservatism.

Moderated Regression Analysis (MRA)

This analysis aims to determine whether the moderating variable will strengthen or weaken the relationship between the independent variable and the dependent variable.

Table 11. Results of Moderated Regression Analysis (MRA)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
X1Z	10.64286	9.005737	1.181787	0.2484
X2Z	-21.39529	42.53531	-0.503001	0.6194
X3Z	-1.592918	3.807820	-0.418328	0.6793
X4Z	53.09111	43.99083	1.206868	0.2388
X5Z	-0.037706	0.017200	-2.192272	0.0379

Source: Data Processed Eviews 12, 2025

Based on the tests that have been conducted, the following values were obtained:

1. Table 11 shows that the probability value of institutional ownership*leverage variable on accounting conservatism obtained a probability value of 0.2484. Where the probability value is greater than 0.05. Therefore, it can be concluded that the leverageonal ownership on accounting conservatism. It can also be concluded that the results of the sixth hypothesis are accepted.
2. Table 11 shows that the probability value of managerial ownership*leverage variable on accounting conservatism obtained a probability value of 0.6194. This probability value is greater than 0.05. Therefore, it can be concluded that the leverage variable cannot moderate the effect of managerial ownership on accounting conservatism. Therefore, it can also be concluded that the results of the seventh hypothesis are rejected.

3. Table 11 shows that the probability value of the independent commissioner*leverage variable on accounting conservatism obtained a probability value of 0.6793. This probability value is greater than 0.05, it can be concluded that the leverage variable cannot moderate the effect of independent commissioners on accounting conservatism. Therefore, it can also be concluded that the results of the eighth hypothesis are rejected.
4. Table 11 shows that the probability value of the capital intensity*leverage variable on accounting conservatism obtained a probability value of 0.2388. This probability value is greater than 0.05. Therefore, it can be concluded that the leverage variable cannot moderate the effect of capital intensity on accounting conservatism. Therefore, it can be concluded that the results of the ninth hypothesis are rejected.
5. Table 11 shows that the probability value of the financial distress* variable on accounting conservatism obtained a probability value of 0.0379. This probability value is greater than 0.05, it can be concluded that the leverage variable weakens the effect of financial distress on accounting conservatism. Therefore, it can be concluded that the results of the tenth hypothesis are accepted.

Coefficient of Determination

Table 12. Coefficient of Determination Results

R-squared	0.738506	Mean dependent var	-3.062280
Adjusted R-squared	0.445633	S.D. dependent var	0.655963
S.E. of regression	0.488403	Akaike info criterion	1.708614
Sum squared resid	5.963434	Schwarz criterion	2.776772
Log likelihood	-17.13257	Hannan-Quinn criter.	2.120560
F-statistic	2.521588	Durbin-Watson stat	3.071381
Prob(F-statistic)	0.011055		

Source: Data Processed Eviews 12, 2025

Based on the results in the table above, the Adjusted R-square value is 0.445633. This indicates that the contribution of all independent variables in explaining the dependent variable is 44.5633%, while the remaining 55.4367% is explained by other variables not measured in this regression model.

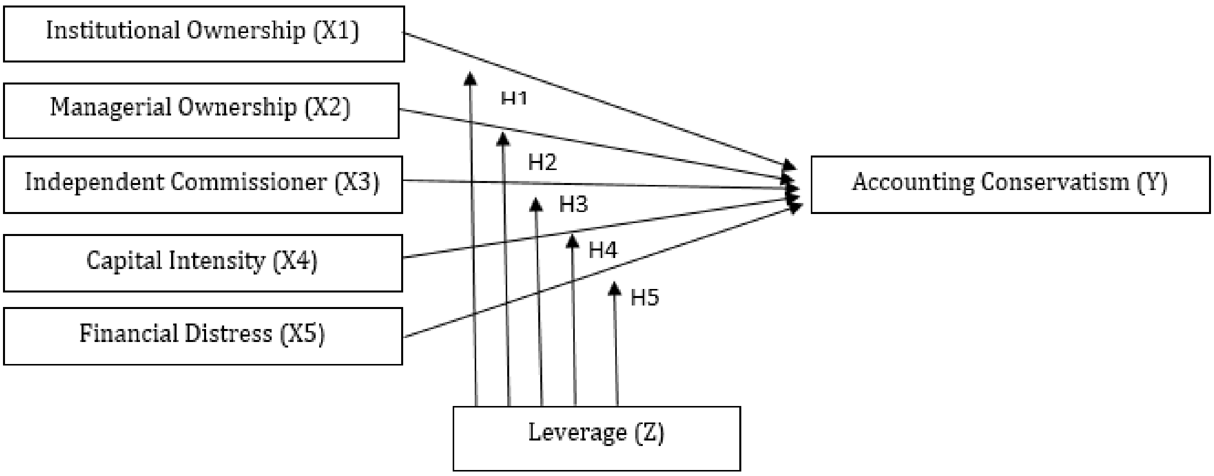

Figure 2. Conceptual Framework

Discussion

The Effect of Institutional Ownership on Accounting Conservatism

The Effect of Institutional Ownership on Accounting Conservatism The analysis results show that institutional ownership has a coefficient of -2.392740 with a probability value of 0.5014 (>0.05), so this variable does not have a significant effect on accounting conservatism. Thus, **H1 is rejected**. This finding is not in line with agency theory, which assumes that institutional ownership can reduce agency conflicts through its supervisory function over management. In the context of this study, high institutional ownership has not been able to perform its monitoring function effectively. This is thought to be because institutional investors are more oriented towards high profits and dividends than the application of conservatism principles. The results of this study are consistent with the findings of G. H. Putra and Satria (2022) and Hariyanto (2021), who also found that institutional ownership has no effect on accounting conservatism. However, these results differ from those of Hajawiyah et al. (2020) and I. G. B. N. P. Putra et al. (2019), who found a positive influence between institutional ownership and accounting conservatism.

The Effect of Managerial Ownership on Accounting Conservatism

The analysis results show that managerial ownership has a coefficient of 5.321295 with a probability of 0.8774 (>0.05), which means that this variable does not have a significant effect on accounting conservatism. Thus, **H2 is rejected**. This finding does not support agency theory, which assumes that increased managerial ownership can align the interests of managers and shareholders, thereby reducing opportunistic behavior and encouraging the application of conservatism principles. In the context of this study, managerial ownership in the insurance sector is still very low, and in some companies, it does not exist at all. This condition causes managers to lack a sense of ownership of the company, so that financial reporting decisions are more oriented towards personal interests and tend to be aggressive. The results of this tudy are in line with Muhammad and Annisa (2024) and Khairunnisa and Saputra (2024), who found that managerial ownership has no effect on accounting conservatism. However, these results differ from the findings of I. G. B. N. P. Putra et al. (2019) and Mandasari et al. (2022), who stated that there is a positive influence between managerial ownership and accounting conservatism.

The Effect of Independent Commissioners on Accounting Conservatism

The results show that independent commissioners have a coefficient of 3.918694 with a probability value of 0.2275 (>0.05), thus having no significant effect on accounting conservatism. Therefore, **H3 is rejected**. This finding is not in line with agency theory, which emphasizes the role of independent commissioners in supervising management so that the interests of shareholders are maintained and financial statements are presented conservatively. However, in this study, the proportion of commissioners was only around 25%, which is not in line with the ideal provisions, resulting in low supervisory effectiveness. This condition meant that independent commissioners did not have sufficient power to pressure management to apply the principle of conservatism in financial reporting. The results of this study support the findings of Khairunnisa and Saputra (2024) who found that independent commissioners have no effect on accounting conservatism. However, this differs from Hajawiyah et al. (2020) and G. H. Putra and Satria (2022), who showed a positive effect.

The Effect of Capital Intensity on Accounting Conservatism

The analysis results show that capital intensity has a coefficient of -20.94749 with a probability value of 0.3327 (>0.05), so it does not have a significant effect on accounting conservatism. Thus, **H4 is rejected**. This finding does not support agency theory, which assumes that companies with high fixed asset intensity will be more cautious in their financial reporting. In the context of this study, fixed assets are considered difficult to manipulate, so they do not encourage the application of conservative principles. Management tends to present stable or even aggressive financial reports to maintain their image and attract investors. Thes results are in line with Stiawan et al. (2022) research, which found that capital intensity does not affect accounting conservatism, but differ from Halim (2023) and Saragih et al. (2022) who found a positive effect.

The Effect of Financial Distress on Accounting Conservatism

The analysis results show that financial distress has a coefficient of 0.019671 with a probability value of 0.0882 (>0.05), so it does not have a significant effect on accounting conservatism. **Thus, H5 is rejected**. This finding does not support agency theory, which assumes that managers will be more conservative when companies experience financial pressure to reduce conflicts and information asymmetry with creditors and shareholders. In practice, management tends to be optimistic in order to maintain market confidence and the company's image, so conservatism is not always applied during times of distress. The results of this study are in line with the research by Khairunnisa and Saputra (2024) which found that financial distress does not affect accounting conservatism, but differs from Sulastri and Anna (2018), who found a positive effect.

The Effect of Institutional Ownership on Accounting Conservatism with Leverage as a Moderating Variable

The results show that leverage has a coefficient of 10.64286 with a probability value of 0.2484 (>0.05), indicating that leverage is unable to moderate the effect of institutional ownership on accounting conservatism. Thus, **H6 is rejected**. This finding is not in line with agency theory, which states that high debt levels encourage supervision from creditors and the application of accounting conservatism. However, the results show that creditors tend to trust companies with high profits to fulfill their obligations, so supervision is not tightened. As a result, leverage is not an important factor in the application of accounting conservatism. These results are consistent with the research by Hajawiyah et al. (2020) and Pratiwi and Zulfikar (2021), who also found that leverage does not moderate the relationship between institutional ownership and accounting conservatism.

The Effect of Managerial Ownership on Accounting Conservatism with Leverage as a Moderating Variable

The results show that leverage has a coefficient of -21.39529 with a probability value of 0.6194 (>0.05), indicating that leverage cannot moderate the effect of managerial ownership on accounting conservatism. Thus**, H7 is rejected**. This finding is not in line with agency theory, which assumes that creditors can help company owners supervise management. However, the results show that the level of leverage does not affect management's decision to apply conservative accounting principles, as this decision is more influenced by the company's economic condition than by creditor pressure. These results are in line with the research by Khairunnisa and Saputra (2024) which states that leverage does not moderate the influence of managerial ownership on accounting conservatism, but differs from Hajawiyah et al. (2020), which states that there is a moderating effect.

The Influence of Independent Commissioners on Accounting Conservatism with Leverage as a Moderating Variable

The results show that leverage has a coefficient of -1.592918 with a probability value of 0.6793 (> 0.05), so that leverage is unable to moderate the influence of independent commissioners on accounting conservatism. Thus, **H8 is rejected**. This finding is inconsistent with agency theory, which assumes that creditors can assist in the management oversight process. However, the results show that the role of independent commissioners is still limited, mainly because their proportion is only around 25%, so that the effectiveness of oversight on the application of accounting conservatism principles is not yet optimal. Despite pressure from creditors due to high leverage, independent commissioners are not strong enough to influence management's accounting decisions. These results are in line with the research by Khairunnisa and Saputra (2024) which states that leverage is unable to moderate the influence of independent commissioners on accounting conservatism, but differs from the findings of Hajawiyah et al. (2020) and Pratiwi and Zulfikar (2021), who found a positive moderating effect.

The Effect Capital Intensity on Accounting Conservatism with Leverage as a Moderating Variable

The results show a coefficient value of 53.09111 with a probability of 0.2388 (> 0.05), indicating that leverage cannot moderate the effect of capital intensity on accounting conservatism. Thus, **H9 is rejected**. This finding is not in line with agency theory, which states that creditors can pressure companies to apply more conservative reporting. However, the results show that capital intensity, which focuses on fixed assets, is stable and difficult to manipulate, so that pressure from creditors through leverage does not have a significant effect on accounting conservatism decisions. In other words, the amount of investment in fixed assets does not make management more conservative, even if the company has high debt. The results are in line with the research by Saragih et al. (2022) which found that leverage cannot moderate the effect of capital intensity on accounting conservatism. However, these results differ from those of Puspitasari and Widiasmara (2023) which show a positive moderating effect.

The Effect of Financial Distress on Accounting Conservatism with Leverage as a Moderating Variable

The results show a coefficient value of -0.037706 with a probability of 0.0379 (< 0.05), indicating that leverage strengthens the effect of financial distress on accounting conservatism. Thus, **H10 is accepted**. This finding is in line with agency theory, which explains that financial distress increases the potential for conflict between managers and creditors due to financial pressure and uncertainty. In this situation, leverage acts as an external control mechanism, where pressure from creditors encourages management to be more cautious and apply the principle of accounting conservatism in order to maintain transparency and investor confidence. The results of this study are consistent with the findings of Khairunnisa and Saputra (2024), who stated that leverage can strengthen the influence of financial distress on accounting conservatism.

E. CONCLUSION AND RECOMENDATIONS

Conclusion

This study aims to analyze the effect of corporate governance, capital intensity, and financial distress on accounting conservatism with leverage as a moderating variable in insurance companies listed on the Indonesia Stock Exchange for the period 2021-2023. Based on the analysis results, the following conclusions can be drawn:

1. In general, corporate governance elements (institutional ownership, managerial ownership, and independent commissioners), capital intensity, and financial distress do not have a significant effect on accounting conservatism. This indicates that the application of conservatism in insurance companies does not only depend on ownership structure or board composition but also on industry regulations and internal policies.
2. Significant results were only found in the relationship between leverage and financial distress, where leverage was found to strengthen the influence of financial distress on accounting conservatism. This means that when companies face high financial pressure, high debt levels make management more cautious in recognizing income and tend to apply the principle of conservatism to maintain the trust of creditors and stakeholders.
3. The theoretical contribution of this study reinforces agency theory, which states that external pressures such as debt can serve as a control mechanism against opportunistic management behavior, especially when companies experience financial difficulties.
4. In practical terms, these results confirm that the application of accounting conservatism in the insurance industry is not solely influenced by governance mechanisms, but also by financial pressures and leverage risk. This is an important basis for management and regulators to strengthen reporting and monitoring systems in order to improve the transparency and credibility of financial reports.

Recommendations

1. For Regulator (OJK and IAI)
   It is recommended to tighten the implementation of conservative accounting principles in the insurance industry, especially during times of financial stress. Regulations that emphasize prudence in the recognition of assets and income can prevent financial statement manipulation and strengthen public confidence.
2. For insurance company management
   It is expected that internal control functions and independent boards of commissioners will be strengthened to improve the effectiveness of good corporate governance. In addition, internal policies are needed to ensure that leverage and financial risk levels are taken into account in reporting so as not to mislead stakeholders.
3. For Investors and Creditors
   The results of this study indicate that leverage and corporate financial conditions should be a primary consideration in investment decisions or lending. The level of accounting conservatism can be used as an indicator of management's prudence in managing financial risk.
4. For Future Research
   Other variables such as company size, profitability, or audit quality can be added to broaden the understanding of factors that influence accounting conservatism, as well as expand the research object to sectors other than insurance with a longer observation period.

Research Limitations

This study is limited to 18 insurance companies in the period 2021–2023, so the results do not represent the entire financial industry in Indonesia. In addition, the variables used are still limited to aspects of corporate governance, capital intensity, financial distress, and leverage. Therefore, further research is expected to expand the scope of variables and research sectors to obtain more comprehensive results and stronger generalizations.

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