ABSTRACT

This study investigates the association between the effectiveness of risk disclosure practices, stock return volatility, and firm value. The independent variable is the effectiveness of risk disclosure practices, measured using a risk disclosure index for insurers. It is composed of 30 items organized into seven main categories: risk management, underwriting risk, market risk, credit risk, operational risk, liquidity risk, and other risk. Stock return volatility and firm value are the dependent variables of this study.

The data used in this study are secondary data sourced from annual reports of insurances companies that are listed consistently on the Indonesia Stock Exchange between 2012-2016. Samples were collected by purposive sampling method and analyzed by multiple linear regression.

The result shows that corporate risk disclosure has a negative effect in the stock return volatility and financial crisis has not significant in moderating the relationship between risk disclosure and stock return volatility. Then, corporate risk disclosure has a positive effect on firm value.

Keywords: risk disclosure, stock return volatility, financial crisis, firm value