

## **ABSTRACT**

*This study aims to examine the effect of liquidity and solvency on financial distress with profitability as a moderating variable. In this study, financial distress acts as the dependent variable. The independent variables of this study are liquidity proxied by liability to liquid assets ratio and solvency proxied by risk based capital ratio. In addition, this study also uses firm size as a control variable, and profitability proxied by the commission ratio as a moderating variable.*

*This study uses secondary data obtained from the annual financial statements of insurance subsector companies listed on the Indonesia Stock Exchange (IDX) for the period 2020-2023. The research sample was selected using purposive sampling method, thus obtaining 56 observation data. Data analysis was carried out using the Moderated Regression Analysis (MRA) method.*

*The results showed that liquidity has a negative effect on financial distress, while solvency has no effect on financial distress. Profitability is able to moderate and strengthen the negative effect of liquidity on financial distress, but is unable to moderate the effect of solvency on financial distress.*

*Keywords: Financial distress, Liquidity, Solvency, and Profitability.*

