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Sharia Life Insurance in Indonesia

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Abstract

Sharia Life insurance is an institution that has an important role in Indonesia, because its activities play a role in protecting the risk of unexpected financial life caused aby someone's death. Sharia Life insurance is to minimize the occurrence of an accident that is not desired by someone, because a disaster will come without the person's knowledge. With an insurance company, a person can be borne by the insurance company. Insurance companies as service companies, on the one hand sell services to customers or customers, while on the other hand insurance companies as investors from public savings to productive investments., implementation of the settlement of sharia life insurance claims to its customers and obstacles in the implementation of the settlement of sharia life insurance claims to its customers at sharia life insurance company. The results of this study explain that in the implementation of the insurance agreement the customer is entitled to determine, for the implementation of claim settlement is very easy because the insurance company will help manage the claim in question and immediately get the compensation money, and for the settlement of obstacles will provide solutions to find a bright spot.

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INTRODUCTION

A person's life can be insured for everyone's needs, both for the duration of his life or for the time specified in the agreement. Interested people can provide insurance even without the knowledge or approval of the person whose life is insured. So everyone can insure their life, sharia life insurance can even be held for the benefit of third parties. Sharia life insurance can be held for life or for a certain period specified in the agreement.

The parties who bind themselves reciprocally are called the insurer and the insured. The insurer by receiving a premium provides payment, without mentioning the person appointed as the beneficiary. And health is also needed by all ages. Without health, it is impossible to carry out activities as usual. In the life of the nation, health development is actually very investment value. The value of the investment lies in the availability of resources that are always "ready to use" and remain protected from attacks by various diseases.

Health financing is increasing from time to time and is felt heavy both by the government, the business world especially the community in general. For this reason, various countries have chosen a model of a health financing system for their people, which is applied nationally. Various dominant models whose implementation is adapted to the conditions in each country.

To facilitate services, the government has provided a health service system based on "Health Insurance" in the form of a service system and administrative process that makes it easier for the community to bear some of their administrative problems in hospitals through government health insurance. Health insurance is a mechanism for transferring risk (illness) from individual risk to group risk. The insurance mechanism provides protection to the insured in the event of a risk in the future. If the risk occurs, the insured party will receive compensation equal to the value of the agreement between the two parties (the insurer and the insured).

Therefore, health financing sourced from health insurance is one of the best solutions to get insurance and protection from the risks that occur and anticipate the cost of expensive health services.

THEORETICAL BASIS

Definition of Insurance As regulated

Definition of Insurance As regulated in Article 1 point (1) of the Law of the Republic of Indonesia Number 40 of 2014 concerning Insurance, that Insurance is an agreement between two parties, namely the insurance company and the policy holder, which is the basis for receiving premiums by the insurance company in return for:

1. Provide compensation to the insured or policy holder due to loss, damage, costs incurred, loss of profit, or legal liability to third parties that may be suffered by the insured or policy holder due to the occurrence of an uncertain event.
2. Providing payments based on the death of the insured or payments based on the life of the insured with benefits whose amount has been determined and/or based on the results of fund management.

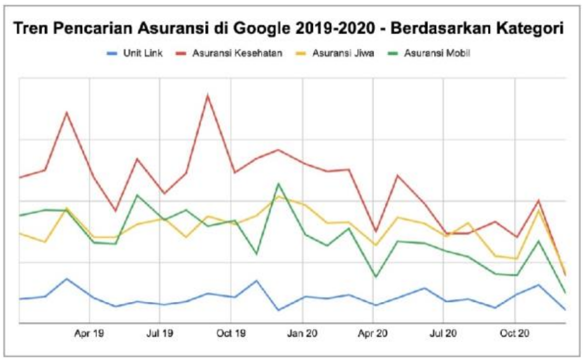
Definition of Insurance AsKUHD

KUHD (Book of Commercial Law) Chapter 9*Article* 246, that "Insurance or coverage is an agreement, by which an insurer binds himself to an insured, by receiving a premium, to compensate him for a loss, damage or loss of expected profit, which he may suffer due to an unspecified event." the KUHD thoroughly explains the provisions of the applicable type of coverage, the cause of the cancellation of the insurance process, and the coverage is compiled in writing in a deed or policy.

Definition of Sharia Life Insurance

According to Wirjono Prodjodikoro, sharia life insurance is an agreement regarding the payment of a sum of money by enjoying a premium that is related to the life or death of a person and includes an agreement made for money back with a note that the agreement does not include accident insurance. According to Wirjono Prodjodikoro, sharia life insurance is an agreement regarding the payment of a sum of money by enjoying a premium that is related to the life or death of a person and includes an agreement made for money back with a note that the agreement does not include accident insurance.

Picture 1: The Growth of Life Insurance in Indonesia



RESEARCH METHODOLOGY

As a paper, it cannot be separated from the use of methods. In general, the research method or scientific method is a procedure or steps in gaining knowledge or knowledge. In detail Almack defines the scientific method as a way of applying logical principles to the discovery, validation, and explanation of truth. Departing from this understanding, it can be said that the existence of a research method has a very important function and becomes a guideline for doing a research, in order to produce a maximum paper.

The type of research used is a qualitative research method. Bogdan and Taylor define qualitative methodology as a research procedure that produces descriptive data in the form of written or spoken words from people and observable behavior. According to both, the approach with the qualitative method is directed at the background and the individual as a whole (holistic). The reason for taking this qualitative research method is because this study tries to uncover phenomena related to sharia life insurance in Indonesia. In addition, this method is suitable if researchers want to gain insight into sharia life insurance and how the development/growth of sharia life insurance in Indonesia. The next reason, because qualitative methods can provide complex details about phenomena that are difficult to reveal by quantitative methods.

DISCUSSION

Sharia Life Insurance Benefits

Sharia Life Insurance aims to cover unexpected financial needs due to someone's death too soon or life too long. For example, when someone dies suddenly, with Sharia Life Insurance, the bereaved family will receive insurance benefits so that their life needs can be met. In general, Sharia Life Insurance provides 7 benefits to Policy Holders/Recipients, namely:

1. Providing a sense of security and protection, as well as making life more calm, by having an insurance policy, the insured will avoid the possibility of risk of loss in the future and become calm in his soul and full of enthusiasm because he has protection guaranteed by the insurer.
2. Fairer distribution of costs and benefits, the cost of the insurance premium will be in line with the selected coverage risk.
3. Providing certainty is the main benefit of Sharia Life Insurance because basically Sharia Life Insurance seeks to reduce the uncertain consequences of an adverse situation, which has been previously estimated so that the costs or financial consequences of the loss are certain or relatively certain.
4. A means of saving, for certain types of Sharia rLife Insurance, the money insured has a cash value that can be taken, such as in Whole Life or Endowment Life Insurance. There is also a Sharia Life Insurance product that is combined with investment, namely Unit Link.
5. The instrument of risk transfer and distribution, through Sharia Life Insurance, the possibility of risk of loss can be transferred and distributed to the insurer.
6. Help improve the business activities of the insured, because some long-term investment risks (the insured's business) can be covered by Sharia Life Insurance to reduce risk.
7. Credit guarantees, Sharia Life Insurance policies can be used as credit guarantees, usually only for Sharia Life Insurance and are very selective on certain types of credit and banks.

Types of Sharia Life Insurance

There are 4 types of Sharia Life Insurance, namely Term Sharia Life Insurance, Whole Sharia Life Insurance, Endowment Sharia Life Insurance and Unit Link Sharia Life Insurance.

1. Term Sharia Life Insurance

   Sharia Life Insurance product that provides death compensation if the insured dies within the promised period. The period can be 1, 5, 10, 15, 20 years, or up to a certain age limit. The advantage of this life insurance is that the premiums are relatively lower than other life insurance products.
2. Whole Sharia Life Insurance

   Sharia Life Insurance product that provides death compensation if the insured dies with a lifetime insurance period for the insured. This Sharia Life Insurance can function as an investment instrument with a fixed yield.
3. Dwiguna Sharia Life Insurance (Endowment)

   Sharia life insurance product that has two benefits, namely paying death benefits if the insured dies during the insurance period and paying out-of-contract benefits if the insured is still alive at the end of the life insurance period. The insurance period can be 5, 10, 15, or even 30 years, or it can end at a certain age. This Sharia life insurance provides definite returns so that it can be used to plan children's education funds or prepare for retirement funds.
4. Unit Link Sharia Life Insurance

Sharia Life Insurance product that has two benefits, namely providing sharia life insurance protection and having a cash value where the value varies at any time according to the value of the investment asset. If you want to have Sharia Life Insurance and want to invest but don't understand investment, then you can choose this Sharia Life Insurance. This Sharia Life Insurance can also be used to plan a child's education fund or prepare a retirement fund.

Sharia Life Insurance Policy

Insurance Policy At the insurance company for each agreement it is necessary to make written evidence or a letter of agreement called a policy. Insurance policies are created by business organizations called insurance companies. Insurance companies have a number of policyholders, either obtained directly by representatives of insurance companies or through agents. Parties related to the insurance policy itself are divided into 3 (three) parties, namely:

1. For customers / consumers, the function of the policy is as a guarantee for compensation from the insurance party if something unwanted happens as stated in the policy. An insurance policy can be a weapon when filing a claim.
2. For insurance companies, the policy means proof of receipt of premiums that have been agreed upon from the customer. The insurance company will reimburse all costs and losses suffered by its customers according to the agreement in the insurance policy.
3. For other legal entities, Policy means proof of premium payment to the insurance company. The policy becomes a valid letter and can be processed by law if there is a conflict between the customer and the insurance company.

Forms of Legal Protection

The form of legal protection given to the insured in sharia life insurance is to provide a sense of justice. The fairness of contracting in insurance can be seen in an agreement when both parties reach an agreement to bind themselves together without pressure from the other party, in this case the contract that is carried out is carried out voluntarily. The Insured obtains legal protection in the following cases.

1. The review of the validity of the contract, this is in accordance with Article 18 of the contract validity, it is in accordance with Article 18 paragraph (1) letter g of Law Number 8 of 1999 concerning Consumer Protection.
2. The insured (consumer) fulfills its obligation to pay premiums beyond the maturity date, this is in accordance with Article 18 paragraph (1) letter g of Law Number 8 of 1999 concerning Consumer Protection
3. The Insured (consumer) dies after the Mass Release, this is in accordance with Article 18 paragraph (1) letter a of Law Number 8 of 1999 concerning Consumer Protection.
4. Premiums that have not been paid by the insured (consumers) and do not have cash value, this is in accordance with Article 18 paragraph (1) letter f of Law number 8 of 1999 concerning Consumer Protection.
5. Termination of premium payments and the policy already has a cash value, this is in accordance with Article 18 paragraph (1) letter f of Law number 8 of 11 1999 concerning Consumer Protection.
6. The insured wants to recover the policy, this is in accordance with Article 18 paragraph (1) letter g of Law Number 8 of 1999 concerning Consumer Protection.
7. The guarantee or compensation requested by the insured is due, this is in accordance with Article 18 paragraph (1) letter a of Law Number 8 of 1999 concerning Consumer Protection.
8. Materials for submitting a request for guarantee/compensation, this is in accordance with Article 25 letter a KEP of the Minister of Finance No. 422/KMK.06/2003 concerning Insurance Business Operators and Reinsurance Companies and Article 18 paragraph (1) letter a of Law Number 8 of 1999 concerning Consumer Protection.
9. The exception of the liability of the sharia life insurance agency (Insurer) for the loss of the insured (consumer), this is in accordance with Article 18 paragraph (1) letter a of Law Number 8 of 1999 concerning Consumer Protection.

Sharia Life Insurance Growth in Indonesia

The Covid-19 pandemic has impacted on the slowdown in the growth of many industries, including the sharia life insurance industry in Indonesia. AAJI noted that the sharia life insurance industry's revenue growth in 2020 reached Rp215.42 trillion or slowed to 8.6 percent. AAJI's data shows an increase in revenue occurred in the fourth quarter of 2020. In the third quarter of last year, total revenue reached IDR 50.56 trillion and rose 81.7 percent to IDR 91.86 trillion in the fourth quarter.

CONCLUSION

As in agreements in general, the sharia life insurance agreement is formed since there is an agreement or consensus between the insurance taker and the insurer, and since then rights and obligations arise between the parties. The existence of a policy in the sharia life insurance agreement is very important, in its position as the basis for the implementation of the rights and obligations of each party. Besides, the policy can be used as evidence. if there is a dispute between the parties, both disputes relating to the formation of an agreement or disputes regarding rights and obligations arising.

In the sharia life insurance agreement, the insurer can cancel the agreement that has been made, if it is proven that there is intentional intent which is a bad faith from the insurer or a person who has an interest in the sum insured, by aggravating the risk that is borne by the insurer. In the Sharia life insurance agreement, the insurer can limit or cancel his responsibility to pay the sum insured, if it is proven that the insured dies due to suicide, is sentenced to death, fights, due to the fault of the insurance taker or proven fault, and possibly other causes of death of the insured which depend on the assessment and consideration of the insurer. If it is proven that the responsible person dies due to suicide, is sentenced to death, fights in a duel, because of the mistake of the insurance taker or proven fault, and possibly other causes of death of the insured which depend on the assessment and consideration of the insurer.

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