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ANALYSIS PROTECTIONLAW FOR POLICY HOLDERS IN INSURANCE AGREEMENTS IN INDONESIA

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ABSTRACT

An insurance contract is a legal relationship between an insurance company as the insurer and a customer as the insured or policyholder. In practice, disputes often arise related to claim rejections, late payments, and imbalances in the positions of the parties in standard contracts. This study aims to analyze the forms of legal protection for policyholders in insurance contracts in Indonesia and to identify obstacles in their implementation. This study uses a normative legal research method with a statutory and conceptual approach. The results show that legal protection for policyholders is regulated in the Commercial Code (KUHD), Law Number 40 of 2014 concerning Insurance, and Law Number 8 of 1999 concerning Consumer Protection. Legal protection is provided in preventive and repressive forms. However, its implementation still faces various obstacles, such as low public financial literacy, weak supervision, and the dominance of insurance companies in the preparation of standard clauses.

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I. INTRODUCTION

A. Background

The development of the modern economy and trade has led to an increasing public need for risk protection. One form of this protection is through insurance. Insurance plays a crucial role as a means of transferring risk from the insured to the insurer by paying a certain premium [1].

In the Indonesian legal system, insurance is regulated in the Commercial Code (KUHD) and Law Number 40 of 2014 concerning Insurance. Article 246 of the KUHD states that insurance is an agreement in which the insurer binds himself to the insured by accepting a premium to provide compensation for losses arising from an uncertain event [2].

Despite having a clear legal basis, insurance practices in Indonesia still frequently give rise to various problems. Disputes between insurance companies and policyholders frequently arise due to claim rejections, unclear policy content, or the use of standard clauses that are detrimental to consumers [3].

The policyholder's position in an insurance agreement is generally weaker than that of the insurance company because the insurance contract is made unilaterally by the company. This situation makes it important to protect the policyholder as a consumer of financial services legally [4].

Based on this description, research regarding legal protection for policyholders in insurance agreements is important to study further.

B. Formulation of the problem

1. What are the legal regulations regarding insurance agreements in Indonesia?
2. What form of legal protection is provided for policyholders in insurance agreements?
3. What are the obstacles in implementing legal protection for policyholders?

C. Research purposes

1. To find out the legal regulations for insurance agreements in Indonesia.
2. To analyze legal protection for policy holders.
3. To identify obstacles in implementing legal protection in the insurance sector.

II. RESEARCH METHODS

This research uses a normative legal research method with a statute approach and a conceptual approach. Primary legal materials consist of laws and regulations related to insurance and consumer protection. Secondary legal materials are obtained from books, scientific journals, and previous research results [5].

The legal data collection technique was conducted through literature studies. Data analysis was conducted using descriptive qualitative methods to gain an understanding of the legal protections for policyholders under insurance contracts.

III. DISCUSSION

A. Arrangement Law AgreementInsurance in Indonesia

An insurance agreement is a special form of agreement regulated in the Commercial Code and is subject to the general provisions of agreements in the Civil Code (KUHPerdata) [6]. Article 246 of the Commercial Code defines insurance as agreement between the insurer and the insured. Meanwhile, Law Number 40 of 2014 expands rules regarding insurance company institutions, supervision, company financial health, and shareholder protection police [7].

In agreement insurance there isseveral important elements, namely:

1. The existence of parties;
2. There is a premium; There is a risk;
3. There is compensation or paymentclaim [8].

Insurance agreements generally take the form of standard contracts drawn up unilaterally by the insurance company. Policyholders only have the option to accept or reject the terms of the contract. Therefore, legal protection is necessary to maintain balance between the parties [9].

B. Legal Protection for Policy Holders

Legal protection for policyholders can be divided into preventive and repressive protection.

1. Preventive Legal Protection

Preventive protection aims to prevent violations of policyholder rights before a dispute arises. Forms of preventive protection include:

a. Information Transparency Obligation Insurance companies are required to provide correct, clear, and honest information about insurance products to prospective customers [10]. This obligation is important so that policyholders understand their rights and obligations thoroughly.

b. Supervision by the Financial Services Authority (OJK) OJK has the authority to supervise insurance companies in order to protect the interests of financial services consumers [11].

c. Prohibition of Detrimental Standard Clauses Constitution ProtectionConsumers prohibit the inclusion of standard clauses that eliminate the responsibility of business actors or harm consumers [12].

2. Repressive Legal Protection Repressive protection is carried out if there has been a dispute between the insurance company and the policyholder.

a. Dispute Resolution Through the Courts Policyholders can file a lawsuit in court if the insurance company commits a breach of contract or an unlawful act [13].

b. Alternative Dispute Resolution Insurance disputes can also be resolved through mediation, arbitration, or alternative dispute resolution institutions in the financial services sector [14].

c. Complaint to OJK

Policyholders can submit complaints to the OJK if they feel they have been harmed by the insurance company [15].

C. Obstacles in Legal Protection for Policyholders

Even though regulations are available, legal protection for policyholders still faces several obstacles, including:

1. Low Financial Literacy

Many people do not understand the contents of insurance policies and claim submission mechanisms, so they are easily disadvantaged [16].

2. Imbalance in the Position of the Parties

Insurance companies have a more dominant position in determining the contents of the agreement because they use standard contracts [17].

3. Weak Supervision

The cases of default by several insurance companies show that supervision of the insurance industry still needs to be strengthened [18].

4. Complicated Dispute Resolution Process

Settling insurance disputes often takes a long time and costs a lot of money, making it difficult for policyholders [19].

IV. CLOSING

A. Conclusion

Based on the results of research and discussion regarding legal protection for policyholders in insurance agreements in Indonesia, the following conclusions can be drawn:

1. Insurance contracts in Indonesia have a strong legal basis, namely the Commercial Code (KUHD), the Civil Code (KUHPerdata), Law Number 40 of 2014 concerning Insurance, and Law Number 8 of 1999 concerning Consumer Protection. All of these regulations provide a legal basis for the rights and obligations of the parties in an insurance legal relationship.
2. Legal protection for policyholders comes in two forms: preventive and repressive. Preventive protection is implemented through mandatory information transparency, oversight by the Financial Services Authority (OJK), and regulations prohibiting standard clauses that harm consumers. Repressive protection, meanwhile, is implemented through dispute resolution mechanisms, both in court and out-of-court, such as mediation, arbitration, and alternative dispute resolution institutions.
3. In practice, the policyholder's position in an insurance agreement remains weaker than that of the insurance company. This is because insurance agreements generally take the form of standard contracts drafted unilaterally by the insurance company, leaving the policyholder with only the option of accepting or rejecting the terms of the agreement without the opportunity for fair negotiation.
4. The implementation of legal protection for policyholders in Indonesia remains suboptimal. This is evident in the numerous cases of claim rejections, late payment of insurance benefits, and insurance company defaults, which result in significant losses for the public. This situation demonstrates the need for stronger oversight of insurance companies.
5. Low levels of financial literacy in the public are also a major factor contributing to policyholders' frequent losses. Many people don't understand the contents of their policies, claims procedures, or the rights and obligations under insurance contracts. As a result, policyholders often lack a strong position in disputes with insurance companies.
6. The Financial Services Authority (OJK) plays a crucial role in ensuring effective legal protection for policyholders. The OJK serves not only as a supervisory body for the financial services industry, but also as an institution that receives consumer complaints and ensures that insurance companies conduct their business activities in accordance with the principles of prudence and consumer protection.
7. Thus, legal protection for policyholders in insurance agreements must continue to be improved through strengthening regulations, increasing supervision of insurance companies, strict law enforcement, and increasing public education and financial literacy to create legal certainty, justice, and balanced protection for all parties in insurance agreements.

B. Suggestion

1. The government and OJK need to increase supervision of insurance companies.
2. Insurance companies must provide transparent information to customers.
3. The public needs to increase their understanding of rights and obligations in insurance agreements.

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