

## Legal Analysis of the Implementation of the Insurance Policy Guarantee Program Based on the Law of the Republic of Indonesia Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector

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**Abstract.** *The Policy Guarantee Program is a manifestation of the seriousness of the Indonesian Government in dealing with the increasing cases of failure to pay by Insurance Companies which have occurred almost 1 (one) decade since the enactment of Law of the Republic of Indonesia Number 40 of 2014 concerning Insurance, with the main aim being to protect policy holders and/or the insured. This research aims to determine the regulations for implementing the Policy Guarantee Program based on the PPSK Law and the implications of the presence of the Policy Guarantee Program for Insurance Companies, Policy Holders and/or Insureds, and Deposit Insurance Institutions. The method used in this research is normative juridical using the Legislative Regulations approach and the Case Approach. The research specification used is analytical descriptive, namely research that aims to provide a detailed, systematic and comprehensive description of something immediately related to the problem, by describing the applicable laws and regulations relating to the administration of policy guarantee programs. The results of this research show that the Policy Guarantee Program contains 5 (five) regulatory scopes, namely Scope of Participation, Guarantee, Funding and Contributions, Guarantee Mechanism, and Organizing Institution. The implications of the presence of the Policy Guarantee Program give rise to new rights, obligations and authorities, especially for Deposit Insurance Institutions which play multiple roles as Regulators, Liquidators, Reinsurers (Reinsurers), and can even act as GMS. Not only LPS, Insurance Companies and/or Sharia Insurance Companies are required to become Policy Guarantee Program Participants and fulfill all new obligations imposed as participants. As for policy holders and/or insureds, although the PPSK Law does not explicitly regulate new obligations for policy holders and/or insureds, the existence of new obligations imposed on Policy Guarantee Program Participants can have an impact on the transfer of obligations from policyholders. participants to policy holders and/or insureds, especially in the case of charging*

*contribution payments which are packaged in the form of expensive insurance premiums for policy holders and/or insureds.*

**Keywords:** *Insurance; Legal; Policy; Protection.*

## **1. Introduction**

Improving all aspects of the lives of society, nation, and state is one of the goals of the Indonesian state administration system. This goal is a mandate of the Indonesian constitution as stated in the opening of the 1945 Constitution of the Republic of Indonesia (UUD NRI 1945), namely to protect all Indonesian people and all Indonesian territory, advance public welfare, educate the nation's life, and participate in implementing world order based on independence, eternal peace, and social justice. The logical consequence of the nation's agreement on the goals of the state gives rise to an obligation for the state to guarantee the welfare of the Indonesian people.

If we try to understand the word welfare, both in text and context, it can be understood that the term welfare refers to a condition where people feel that their lives are safe and prosperous, both in terms of fulfilling basic needs and their desires. The Government of the Republic of Indonesia itself views welfare as a condition where the material, spiritual, and social needs of citizens are met so that they can live properly and are able to develop themselves so that they can carry out their social functions, where in an effort to achieve this welfare the government is required to build a national economic system that is organized based on economic democracy with the principles of togetherness, fair efficiency, sustainability, environmental insight, independence, and by maintaining the balance of progress and national economic unity as mandated by Article 33 of the 1945 Constitution of the Republic of Indonesia.

The implementation of the national economic system is a complex matter, because it talks about the country's economy both on a large scale (macro) and a small scale (micro) whose balance needs to be maintained to prevent collapse in the national economic order, therefore, the arrangement of the financial sector in the smallest context, namely investment management that directly touches the community as investors and the financial sector whose implementation directly touches the livelihoods of the community becomes crucial, in this case the implementation is carried out by the financial services industry. The financial services industry is also quite complex, because it includes various types of economic activities, namely banking, capital markets, insurance, financing, pension funds, and other financial services industries whose regulations are spread out in separate laws.

Along with the passage of time, economic dynamics are inevitable as an impact of globalization and the massive development of information technology that makes the government have to think hard so that the implementation of the financial

sector does not falter in keeping up with the times. The manifestation of the government's efforts is to overhaul various laws and regulations in the financial sector which are manifested in the form of Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector (PPSK Law) as one of the omnibus laws in Indonesia. If we look closely at the contents of the PPSK Law, the overhaul is quite radical because it has changed 17 laws and of the many changes to the financial sector as described above, one of the financial services industries that in carrying out its activities is in direct contact with the economic activities of the community is the insurance sector.

If we look at the rules contained in the PPSK Law, it is known that there are 3 (three) strategic issues that are the topic of the changes to the Insurance Law, namely: Implementation of Sharia Business Units, Implementation of Joint Business Insurance, and Policy Guarantee Program. Regarding these three strategic issues, one form of reform carried out by the government is the presence of a policy guarantee program, which has actually been an "old" mandate as contained in Article 53 paragraph (4) of the Insurance Law, namely "The Law as referred to in paragraph (2) (regarding the policy guarantee program) is formed no later than 3 (three) years since this law was enacted".

The policy guarantee program is a program that is formed to provide protection to policyholders and insured when the insurance company experiences financial problems (insolvency). This program is finally present after 9 (nine) years since the enactment of the insurance law which is a response from the government to the rampant cases of default by insurance companies. Some cases that have attracted public attention include: the case of PT Asuransi Jiwa Bakrie Life, the case of PT Asuransi Jiwa Kresna, the case of PT Asuransi Jiwa Adisarana Wanaartha (Wanaartha Life), the case of PT Asabri and the case of PT Asuransi Jiwasraya.

Based on the case examples above, it shows that there is a similar pattern that results in losses experienced by insurance companies, namely poor governance and failure in risk management resulting in improper investment management, either due to negligence in implementing the principle of prudence or investment management becoming a *modus operandi* by certain individuals to gain profit from funds collected through the community. The existence of these conditions results in the company's liquidity being disrupted which leads to the business license being revoked and all assets being insufficient to pay for all losses experienced by policyholders.

Because the presence of this policy guarantee program is a response to the rampant cases that have occurred, it is necessary to know what the concept of the policy guarantee program is as regulated in the PPSK Law, what are the implications for the elements that play a role in the scope of insurance activities, namely insurance companies, policyholders or insured, and parties authorized to organize the policy guarantee program, and whether the implementation of the policy guarantee program according to the concept proposed by the government

can overcome problems and prevent similar cases from arising and can provide benefits and justice for policyholders? so that with this writing, readers can find out the regulations for the implementation of the policy guarantee program based on Law of the Republic of Indonesia Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector and know the implications of the presence of the Policy Guarantee Program for Insurance Companies, Policyholders and/or Insured, and the Deposit Insurance Institution.

In explaining this discussion, the author uses the theory of economic approach to law. (Economic Analysis of Law), Theory of Legal Purpose, and Theory of Legal Protection. These three theories are combined to analyze the provisions of the Policy Guarantee Program regulated in the PPSK Law so that it can be known what the form of the regulation is in terms of value, usefulness, and benefits, as well as justice, benefits, certainty, and legal protection especially for Policyholders and/or insured.

## **2. Research Methods**

### **1. Types of research**

The type of research used in this study is normative legal research. The type of normative legal research is also known as the legal study research method, positive legal study research method, doctrinal legal research method and pure legal research method. Normative legal research is legal research that focuses on research on written regulations or legislation (law in books) or research based on the rules or norms that apply in society.<sup>1</sup> As in this writing, it will examine the concept of implementing a policy guarantee program which is something new as a form of protection for policyholders and/or insured and the implications of the existence of such regulations, especially for insurance companies, the Deposit Insurance Corporation, and policyholders and/or insured.

### **2. Method of collecting data**

The data collection method used in this study is literature study. Literature study is an activity (practical and theoretical) to collect (inventory), and study (teaching and learning), and understand (reflective, critical and systematic and logical) data in the form of the results of other people's processing in the form of authoritative texts (legislation, judge's decisions, treaties, contracts, state administrative decisions, public policies, and others), literature or textbooks, journals, archive articles or documents, encyclopedias and others that are public and private.

### **3. Data Analysis Methods**

Secondary data obtained from the study were analyzed using a qualitative approach without using statistical and mathematical formulas. Systematic data were then analyzed to obtain answers to the problems in this study. After all data

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<sup>1</sup>Muhammad Siddiq Armia, Determination of Methods and Approaches to Legal Research, Indonesian Constitutional Studies Institute, Faculty of Sharia and Law, Ar-Raniry State Islamic University, Banda Aceh, 2022, p. 7

was collected through library research, the data would be sorted to obtain legal principles for the formulated problems and then systematized to produce a classification that was in line with the problems of this study. Furthermore, the data obtained would be analyzed through qualitative research to reach a conclusion, so that the main problems studied in the study would be answered.<sup>2</sup>. Through this step, the correct conclusion will be obtained as an answer or explanation of the problem that has been formulated.

### **3. Results And Discussion**

#### **3.1 Implementation of Policy Guarantee Program Based on Law of The Republic of Indonesia Number 4 of 2023 Concerning Development and Strengthening of the Financial Sector**

A policy guarantee program is a program designed to protect policyholders and insureds when the insurance company faces financial problems (insolvency). Variations in coverage in policy guarantee programs depend on the program objectives and type of insurance policy. Policy guarantee protection can consist of:

1. Payment of insurance claims issued by an insolvent insurance company, regardless of whether the claim occurred before the insolvent insurance company became insolvent or after the insolvency occurred;
2. Providing protection in accordance with the insurance policy for a certain period of time; giving the policyholder sufficient time to obtain a replacement insurance policy;
3. Refund of premiums for insurance policy protection that has not been implemented;
4. Payment of benefits (either in the form of an annuity or a lump sum) on a life insurance policy;
5. Transferring the financing of an insurance policy to another insurance company or an intermediary insurance company established by the PPP organizing institution; especially long-term insurance policies.

Conceptually, the Policy Guarantee Program is different from reinsurance and co-insurance. The function of the Policy Guarantee Program is to protect the rights of policyholders if the insurance company loses its operating license or is liquidated, while reinsurance and co-insurance function to mitigate risks that cannot be borne by the insurance company itself (retained). The objects of co-insurance and reinsurance refer to the insured risk, while PPP protects the policyholder. PPP only applies when the insurance company's business license is revoked or liquidated, and the company is unable to fulfill its obligations with all of its assets, including all co-insurance and reinsurance contracts.

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<sup>2</sup>Bambang Sunggono, *Legal Research Methods: An Introduction*, PT Raja Grafindo Persada, Jakarta, pp. 195-196

In Indonesia, the policy guarantee program is a relatively new concept, so studies on this matter are still limited. However, in other countries, especially developed countries, the policy guarantee program has been around for a long time. Singapore has implemented a policy guarantee program since 1967, followed by the Philippines (1974), Thailand (1992), Korea (1995), Japan (1998), and Hong Kong (2013). Therefore, practices in other countries and international studies can be used as references to study the definition, concept, benefits, and technical aspects related to the implementation of the Policy Guarantee Program.

In the Insurance Law, the Policy Guarantee Program is still limited to a mandate that has not been realized so that the form of protection obtained is only through the Guarantee Fund, until in 2023 through the omnibus law method, the PPSK Law was formed which reformed the financial sector, including implementing the mandate of Article 53 of the Insurance Law by regulating the Implementation of the Policy Guarantee Program. Based on the PPSK Law, there are 5 (five) main points that are regulated as the basis for implementing the policy guarantee program which will be described as follows:

#### 1. Participation

Based on Article 53 paragraph (1) of the Insurance Law, it has been regulated that Insurance Companies and Sharia Insurance Companies are required to become participants in the Policy Guarantee Program. This is in accordance with the statement from World Bank Consultants that ideally the implementation of the Policy Guarantee Program is carried out when all insurance companies are in a healthy condition. However, if we wait for the ideal condition, the Policy Guarantee Program in Indonesia will be difficult to implement considering that the current condition of insurance companies still has financial health problems, so it is sufficient to look at the average general condition of insurance companies, if the general condition states that most of the insurance companies are in good and stable condition, then in the Author's opinion, the Policy Guarantee Program can be implemented.

Based on the above considerations, there are several alternative policies related to participation in the Policy Guarantee Program, namely whether to continue to choose the policy of requiring all insurance companies to become participants in the Policy Guarantee Program or only certain insurance companies that meet the requirements can become participants.

Provisions regarding participation can be seen in Article 80 of the UUPPSK which stipulates:

- 1) Every Insurance Company and Sharia Insurance Company is required to be a participant in the policy guarantee program;
- 2) To become a participant in the policy guarantee program for the first time, Insurance Companies and Sharia Insurance Companies are required to meet certain health level requirements;

3) The criteria for certain health level requirements as referred to in paragraph (2) are determined by the Deposit Insurance Agency after coordination with the Financial Services Authority;

Looking at paragraph (2) of the a quo article, it is known that there are special requirements related to participation for Insurance Companies and Sharia Insurance Companies, so that a contrario it can be concluded that Insurance Companies and Sharia Insurance Companies that do not meet the requirements in question cannot become participants in the policy guarantee program. This raises the question, if there is an Insurance Company or Sharia Insurance Company that does not meet the requirements as referred to in paragraph (2) of the a quo article while it turns out that paragraph (1) has required every company to be a participant, are the Insurance Companies and Insurance Companies concerned considered to have violated the provisions of the law and can be subject to sanctions? Or on the contrary, is the obligation to be a participant canceled if the requirements related to a certain level of health are not met?

In relation to this, it has been regulated in POJK Number 5 of 2023 concerning the Second Amendment to POJK Number 71 of 2016 specifically for Conventional Insurance Companies and POJK Number 6 of 2023 concerning the Second Amendment to POJK Number 72 of 2016 for Insurance Companies based on Sharia Principles. A comparison of the rules related to the Health Level and the failure to meet the Health Level in the two rules is described in the following table:

**Table 1. Comparison of Health Level Requirements for Conventional Insurance Companies and Sharia Insurance Companies**

<b>POJK Number 5 of 2023 concerning the Second Amendment to POJK Number 71 of 2016</b>	<b>POJK Number 6 of 2023 concerning the Second Amendment to POJK Number 72 of 2016</b>
Measurement of the Company's financial health level includes: Solvency Level, Technical Reserves, Investment Adequacy, Equity, Guarantee Fund, Permitted Assets, Insurance Assets linked to investments, and other provisions related to financial health.	Measurement of the Company's financial health level includes: Tabarru Fund and Tanahud Fund Solvency Level, Company Fund Solvency Level, technical provisions, investment adequacy, equity, Guarantee Fund, Permitted Assets, Participant Investment Fund Assets, and other provisions related to financial health.
At the time the policy guarantee program is in effect, the provisions regarding guarantee funds only apply to Insurance Companies that do not meet the requirements to become	At the time the policy guarantee program is in effect, the provisions regarding guarantee funds only apply to Sharia Insurance Companies that do not meet the requirements to become participants in the policy guarantee

participants in the policy guarantee program and Reinsurance Companies.	program and Sharia Reinsurance Companies, and Sharia Units.
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Based on the comparison of the two POJK above, it can be concluded that both Insurance Companies and Sharia Insurance Companies in principle have the same indicators in assessing the health level of the company. Both regulations have also been explicitly regulated that if the Insurance Company and Sharia Insurance Company do not meet the requirements as participants, then the Guarantee Fund provisions will apply to the company. From these regulations, it can also be seen that the Guarantee Fund is still the government's choice in providing protection to Policyholders and/or Insured, so it can be concluded that there are 2 (two) forms of legal protection provided by the government through the PPSK Law, namely the Policy Guarantee Program and Guarantee Fund. The logical consequence of the existence of the 2 (two) forms of legal protection is that not all insurance companies and sharia insurance companies can become participants in the policy guarantee program, so the obligation to form a guarantee fund is still attached to the excluded companies.

## 2. Scope of Guarantee

The scope of policy guarantees is regulated in Article 83 paragraph (1) of the PPSK Law which stipulates that "the policy guarantee program only guarantees the protection element of insurance products in certain business lines. Paragraph (2) also states that "social insurance programs and mandatory insurance programs are excluded from the policy guarantee program. Based on these provisions, it is known that the policy guarantee program is only applied to certain types of insurance, so that not all types of insurance will receive protection through this program. The next question is which businesses will be the government's priority? If we look at paragraph (4) of the a quo Article, it is known that certain business lines that will receive protection through the policy guarantee program will be regulated in a Government Regulation after obtaining approval from the DPR. The preparation of the Government Regulation is still at the coordination stage between the Deposit Insurance Agency and the Ministry of Finance considering that there is still a transition period for the implementation of the PPSK Law which will come into effect on January 12, 2028.

Because the Government Regulation is still in the drafting stage, there are at least 3 (three) important points to consider for the content of the material related to the scope of policy guarantees, namely:

### 1) Policy Holder;

Policyholders are parties who bind themselves based on an agreement with an Insurance Company or Sharia Insurance Company to obtain protection or management of risks for themselves, the insured, or other participants. Referring to the general understanding of legal subjects and associated with the definition of policyholders, it is known that there are 3 (three) types of policyholders, namely



individuals, groups, and corporations. Of the three types, when associated with practices in other countries, this program is intended to protect individual policyholders with the consideration that individuals are considered not to have sufficient literacy to consider and choose a healthy insurance company, in contrast to other types of policyholders such as groups and corporations that have legal units or consulting services.

## 2) Business lines of guaranteed insurance

The preparation of Government Regulations related to the determination of this business line certainly needs to consider businesses that have a high level of urgency to obtain protection and the conditions of the community that dominate the position as policyholders / insured, especially the conditions of the community due to the rampant cases of default by insurance companies that have occurred recently. Referring to data from the OJK, currently there are 8 (eight) life insurance businesses, namely life insurance, endowment, lifetime, annuity, death insurance, personal accident, health, and PAYDI (Insurance Products linked to Investment). In addition to life insurance, general insurance also has a number of business lines, namely engineering, oil and gas, marine cargo, suretyship, aviation hull, marine hull, property, death, satellite, personal accident, various, credit, motor vehicles, and liability<sup>3</sup>.

Of the several types of business lines, if we refer to practices in other countries, this program is only focused on guaranteeing insurance policies owned by individuals or communities, for example personal accident insurance, fire insurance, health insurance, or motor vehicle insurance, while businesses with large coverage values such as marine hull or oil and gas are excluded from this program. Because not all business lines will receive protection through this program, the form of protection for other businesses can be in the form of an obligation to form a Guarantee Fund as mandated in Article 83 paragraph (3) of the PPSK Law.

## 3) Guarantee limitations on guaranteed business lines

Like deposit guarantees, limits on the amount of guarantees also need to be applied to policyholders. Given that each type of business has different characteristics, the guarantee limits for each type of business will also be different. In this regard, Article 85 of the PPSK Law only regulates the order to form a Government Regulation regarding the maximum guarantee limit by considering the sustainability of the policy guarantee program and the scope of the policy guarantee program.

## 3. Funding and Contributions

There are 3 (three) methods of collecting contributions for the Policy Guarantee Program, namely pre-funding, post-funding, and hybrid-funding.<sup>4</sup> Considering the

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<sup>3</sup>Academic Manuscript of PPSK Law.

<sup>4</sup>Ibid.

condition of the insurance industry in Indonesia and the contribution collection method implemented by LPS, contribution collection should be carried out through pre-funding. The pre-funding scheme can guarantee the availability of funds in the PPP. This scheme allows insurance companies to be more accurate in calculating PPP contribution costs, as well as protecting companies from risks related to additional contributions if the PPP experiences a funding deficit.

The funding scheme has been regulated in Article 82 of the PPSK Law which is basically divided into 2 (two) types of contributions, namely initial membership contributions and periodic guarantee contributions. The initial membership contribution is paid 1 (one) time when the Insurance Company and Sharia Insurance Company become participants, while the periodic guarantee contribution is paid 2 (two) times in 1 (one) year for payment periods from January 1 to June 30 and payment periods from July 1 to December 31, where each period is paid no later than January 31 and July 31. From this article, it can be seen that the Policy Guarantee Program in Indonesia uses a pre-funding funding scheme which is of course adjusted to the conditions of the insurance industry in Indonesia.

If we look at Article 82 of the a quo Law, there is no apparent regulation regarding the technicalities of fundraising based on the 2 (two) types of contributions, either the amount and/or percentage of contributions or the payment procedures. Referring to international practice, these contributions are determined based on the risks faced by each insurance, considering the different characteristics of each type of insurance. This will certainly spur the insurance industry to implement the principles of good corporate governance.

#### 4. Guarantee Mechanism

The guarantee mechanism is regulated in Article 84 of the PPSK Law which essentially states that the Policy Guarantee Program is implemented for insurance policies that are still active or have not expired and insurance policy claims from Insurance Companies and Sharia Insurance Companies whose business licenses have been revoked. For insurance policies that have not expired or are still active, the guarantee is carried out by transferring the policy portfolio or returning the rights of the policy holder, insured, or participant, while for insurance policy claims it is carried out by paying the guarantee claim. Regarding the transfer of the policy portfolio, the transferred policy remains valid as long as the Insurance Company and Sharia Insurance Company whose business license has been revoked are still in the process of being handled by the Deposit Insurance Agency in the context of implementing the Policy Guarantee Program.

In the event that the policyholder still has obligations to the Insurance Company and Sharia Insurance Company whose business license has been revoked, the transfer of the portfolio and return of the guarantee premium will be carried out after the policyholder's obligations have been calculated.

#### 5. Institutional

Based on Article 86 of the PPSK Law, the Policy Guarantee Program is organized by the Deposit Insurance Corporation. This attribution adds to the duties and responsibilities of the Deposit Insurance Corporation in maintaining the stability of the financial system in Indonesia. Therefore, the Deposit Insurance Corporation is required to implement good governance, good investment management, risk management, and internal control in carrying out its business activities guided by the principles of prudence, transparency, accountability, responsibility, professionalism, and fairness.

The role of the Deposit Insurance Corporation begins when the Insurance Company and Sharia Insurance Company are under supervision status by the Financial Services Authority. If the Financial Services Authority determines the supervision status that results in the revocation of the business license, the Deposit Insurance Corporation takes preparatory steps to implement the policy guarantee program. The preparatory steps are carried out by conducting an examination of the Insurance Company and Sharia Insurance Company based on data and information provided by the Financial Services Authority. If the Financial Services Authority revokes the business license, the revocation is submitted in writing and the settlement is submitted to the Deposit Insurance Corporation. Effective from the time the business license is revoked, all rights and authorities of shareholders, including the rights and authorities of the general meeting of shareholders or equivalent to shareholders and the general meeting of shareholders in a cooperative or joint venture legal entity, are transferred to the Deposit Insurance Corporation.

Based on the explanation above, it can be seen that the Regulation of the Implementation of the Policy Guarantee Program in Indonesia is carried out in the form of transferring part of the responsibility of the Insurance Company and Sharia Insurance Company, especially the responsibility regarding the insurance policy guarantee to a third party, namely the Deposit Insurance Institution. This partial transfer of responsibility is carried out with the existence of new rights and obligations owned by both the Insurance Company and Sharia Insurance Company as well as the Deposit Insurance Institution, which are basically contained in 5 (five) important points regulated in the PPSK Law, namely Membership, Scope of Guarantee, Funding and Contributions, Guarantee Mechanism, and Institutions appointed to implement the Policy Guarantee Program. Can the regulation based on the transfer of responsibility carried out by regulating new rights and obligations, both for the Insurance Company and Sharia Insurance Company as well as the Deposit Insurance Institution be assessed as Economic Law based on the Economic Analysis of Law approach?

As previously explained, the Economic Analysis of Law Approach is an approach used to evaluate the process, formation, structure, and/or impact of a regulation and/or policy on society. Laws that have been studied based on considerations of fairness or unfairness for humans, this time will be studied based on considerations of risk or benefit, considering that the basic nature of humans is

rational beings who determine choices based on considerations of profit and loss, advantages or disadvantages by comparing the costs that must be incurred and the results to be obtained. It is undeniable that the process of forming regulations, especially those related to the financial sector, is certainly based on economic considerations so that the resulting law can be implemented efficiently without sacrificing the values of justice for society.

Referring to the 3 (three) basic concepts of Richard Posner, namely value, utility, and efficiency in the Economic Analysis of Law approach, the Author will outline the five points of the Policy Guarantee Program regulations as follows:

1. From the participant side, it can be seen that the PPSK Law regulates participation specifically, where participants in the Policy Guarantee Program are only Insurance Companies and Sharia Insurance Companies that meet certain health level requirements, while companies that do not meet certain health level requirements cannot become participants and are required to form a guarantee fund. Based on data from the Central Statistics Agency, it is known that in 2023 the number of insurance companies in Indonesia is 136 (one hundred and thirty-six) insurance companies divided into 2 (two), namely Life Insurance totaling 58 (fifty-eight) companies and Loss Insurance totaling 78 (seventy-eight) companies<sup>5</sup>. Of that number, of course not all companies have the required health level. Thus, not all companies will become participants in the Policy Guarantee Program. This raises the question, what is the basis for the consideration of the law makers to regulate special requirements to become participants in the Policy Guarantee Program? If we look at other main points that are the basis for regulating the Policy Guarantee Program, it can be seen that this participation mechanism is accompanied by the obligation to pay contributions, both initial participation contributions and periodic guarantee contributions that must be paid by participants to the Deposit Insurance Corporation. The existence of such long-term obligations must of course also be accompanied by a stable financial condition of the company so that the health level of a company becomes an important point in this participation. However, considering the condition of the insurance industry in Indonesia, of course not all companies have healthy financial conditions, so if participation is required for all insurance companies and sharia insurance companies without limiting them with special conditions, this will actually make this policy guarantee program unable to be implemented properly because companies that do not have a good level of financial health will be constrained when paying contributions to the Deposit Insurance Corporation. These constraints are feared to cause new problems for the Deposit Insurance Corporation. Thus, the author argues that determining participation based on the health level of a company can theoretically be applied to achieve the goal of

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<sup>5</sup>Central Statistics Agency, Number of Insurance Companies and Insurance Support Companies 2021-2023, accessed from <https://www.bps.go.id/id/statistics-table/2/MTA4MCMY/jumlah-perusahaan-asuransi-dan-perusahaan-penunjang-asuransi.html>, accessed on October 28, 2024.

protecting policyholders. The existence of this differentiation of participation shows that the Lawmakers in providing protection to policyholders also consider the capabilities of a company.

2. In terms of the Scope of Guarantee, as previously explained, there are 3 (three) things that will be limited by the government in implementing the policy guarantee program, namely Limitation of protection to Policyholders which will only be given to individuals, certain insurance business lines that will be guaranteed, namely only focused on guaranteeing insurance policies owned by individuals or the community, and guarantee limitations on insurance business lines. This raises the question, why is it necessary to limit the subjects and objects of insurance while the purpose of the policy guarantee program is to provide protection for all types of insurance? When viewed from the value side (whether or not a rule can be enforced) and the usefulness side (functioning according to its purpose), the current condition of Indonesian insurance is dominated by insurance products owned by individuals or the wider community and the problems that color the insurance industry in Indonesia are also dominated by insurance products that are in direct contact with people's lives, so the author is of the opinion that the target of the current policy guarantee program is still specifically aimed at solving these problems and in addition to that, to provide special protection to individuals who do not have sufficient knowledge about insurance products. In addition, the policy guarantee program is a new program so that adaptation is still needed in its implementation by considering practices in other countries. If this relatively new program is immediately applied to all lines of insurance business without taking step by step action, it is feared that the objectives of this program will not be achieved. Likewise with the limitation of the amount of guarantee, this limitation is needed to reduce moral deviations for the Deposit Insurance Corporation in managing funds from participants in the policy guarantee program, and can also minimize the cost of paying periodic guarantee contributions which are the obligation of participants in the policy guarantee program.

3. From the Funding and Contribution side, it is clear that the PPSK Law adopts a prefunding scheme which can generally be interpreted as a type of funding designed to assist companies in the initial formation and initial operations. Since this funding is intended to be used to start a company's operations, this funding is usually not considered an actual funding round. In terms of value, utility and efficiency, the selection of a pre-funding scheme is a fairly wise step by the lawmakers because the implementation of the Policy Guarantee Program by LPS is something new, where initial funding is needed to carry out activities that are new tasks and responsibilities of LPS, especially in guaranteeing the policies of policyholders and/or insured from insurance companies and sharia insurance companies who are participants in the policy guarantee program. The existence of this pre-funding scheme certainly needs to be accompanied by the implementation of tasks and responsibilities by LPS to the maximum extent possible so that the funds that have been collected from participants in the policy

guarantee program can be distributed in accordance with the intent and purpose of the program. Therefore, the mechanism for collecting these funds is not sufficient to be regulated only in the PPSK Law, but technical regulations must be formed at the level of Government Regulations considering that each insurance company has different characteristics and risks so that the determination of the nominal contribution for participants certainly has a different calculation.

4. From the Guarantee Mechanism side, it can be seen that the PPSK Law guarantees in 2 (two) forms, namely: transfer of policy portfolio or return of policyholder, insured, or participant rights and payment of guarantee claims. When viewed from the value and utility side, payment of guarantee claims is basically a common and ordinary step because this mechanism is commonly applied by every insurance company in every country, so there is nothing special about using this mechanism. The most basic thing that needs to be considered by lawmakers regarding this mechanism is what the technical aspects of payment of the guarantee claim are, whether the policyholder and/or insured will receive the same amount according to the premium paid periodically or only a certain amount, considering the nature of insurance companies that have different characteristics and risks. Regarding other mechanisms, namely transfer of policy portfolios, the use of this mechanism is quite efficient as long as the transfer is carried out to insurance companies that are fellow participants in the policy guarantee program, considering that each participant in the policy guarantee program is under the supervision of LPS;

5. From the institutional side, it is seen that in its implementation, the lawmakers did not form a new institution, but instead appointed LPS which was given new authority as the organizer of the policy guarantee program. The selection of LPS is certainly considered more efficient because it can reduce the cost of forming a new institution and also professional staff who have certain expertise in the field of financial services. In addition, LPS is considered qualified to start the implementation of the policy guarantee program considering that the institution is an independent institution that has experience in guaranteeing savings of banking customers in Indonesia;

Value, utility, and efficiency in Economic Analysis of Law are one of the benchmarks used in determining a decision in order to provide the greatest possible benefit for the welfare of society, without sacrificing the value of justice in it. Lawmakers need to understand that the insurance industry in Indonesia is divided into 2 (two) different regulations, namely Conventional Insurance Companies and Insurance Companies based on Sharia Principles. The Policy Guarantee Program, theoretically, has sufficiently shown that in terms of value it can be applied, the targets achieved have been in accordance with its objectives and uses, namely to protect policyholders and/or insured, and its implementation is considered efficient because it appoints LPS as an experienced independent institution so that it can save costs. However, are the aspects of value, utility, and efficiency in accordance with sharia principles?

Unlike conventional insurance. Sharia insurance has a legal basis based on Islamic law, namely the Qur'an, hadith, ijma, qiyas, and fatwas of scholars, where the main principle of sharia insurance is cooperation, mutual assistance, and enthusiasm in preparing for the future. This is reflected in the main legal basis of sharia insurance, namely the Qur'an, especially the argument about mutual assistance in QS Al-Maidah verse 2 which means "And help each other in (doing) goodness and piety, and do not help each other in committing sins and transgressions. And fear Allah, surely Allah is severe in punishment". In addition to the Qur'an, sharia insurance law has also been accommodated in the Fatwa of the Indonesian Ulema Council (MUI) as an answer to the needs of the majority Muslim community. If we look at the basic principles of sharia insurance and relate them to the objectives of the policy guarantee program, it can be seen that the objective of implementing the policy guarantee program is to protect policyholders and/or insured parties, which is basically in line with the principles of sharia insurance, both in the Qur'an, the MUI Fatwa and other Islamic legal bases. Although the main objective of the policy guarantee program is in line with sharia principles, in its technical implementation it is certainly necessary to pay attention to the rules that have been determined based on sharia principles which are certainly different from conventional insurance. Therefore, in the preparation of technical regulations at the level of Government Regulations, Ministerial Regulations, to Deposit Insurance Agency Regulations, it is mandatory to involve related parties, especially stakeholders who play a role in running the sharia insurance industry in Indonesia.

### **3.2. Implications of the Implementation of the Policy Guarantee Program for Insurance Companies, Policy Holders and/or Insured and Deposit Insurance Institutions**

#### **1. Implications for Insurance Companies and/or Sharia Insurance Companies**

The presence of the Policy Guarantee Program is like two sides of a coin for the insurance industry in Indonesia. On the one hand, this program lightens the burden by taking on the obligations of the Insurance Company and/or Sharia Insurance Company for Policyholders and/or Insured but on the other hand, the Insurance Company and/or Sharia Insurance Company are required to follow all provisions as participants in the Policy Guarantee Program, including making initial membership fee payments and periodic fees. If we look at the PPSK Law, there are several new obligations that the Insurance Company and/or Sharia Insurance Company have which will be described as follows:

#### **Article 80**

- 1) Every Insurance Company and Sharia Insurance Company is required to be a participant in the policy guarantee program;
- 2) To become a participant in the policy guarantee program for the first time, Insurance Companies and Sharia Insurance Companies are required to meet certain health level requirements;

3) The criteria for certain health level requirements as referred to in paragraph (2) are determined by the Deposit Insurance Agency after coordination with the Financial Services Authority.

**Article 81**

1) Insurance Companies and Sharia Insurance Companies that are participants in the policy guarantee program are required to:

a. Submit the following documents:

1. Copy of the articles of association and/or deed of establishment of the Insurance Company and/or Sharia Insurance Company and amendments thereto;

2. Copy of the licensing documents of the Insurance Company and/or Sharia Insurance Company; and

3. A statement letter from each Controller and member of the board of directors, member of the board of commissioners or equivalent to a member of the board of directors, member of the commissioners in a legal entity in the form of a cooperative or joint venture, which contains:

a) The commitment and willingness of each member of the board of directors, member of the board of commissioners, and controller or equivalent member of the board of directors, member of the board of commissioners, and controller in a legal entity in the form of a cooperative or joint venture to comply with all provisions as stipulated in the Deposit Insurance Agency Regulations;

b) Willingness to take personal responsibility for negligence and/or unlawful acts that result in losses or endanger the continuity of the business of the Insurance Company and Sharia Insurance Company; and

c) Willingness to release and hand over to the Deposit Insurance Corporation all rights, ownership, management and/or interests if the Insurance Company and Sharia Insurance Company's business licenses are revoked;

b. Pay the initial membership fee;

c. Pay periodic guarantee fees;

d. Submit regular reports in the specified format;

e. Submitting data, information and documents required for the implementation of policy guarantees;

f. Placing proof of participation in the business offices of Insurance Companies and Sharia Insurance Companies or other places so that it can be easily known by the public; and

g. Fulfilling the provisions of laws and regulations regarding the implementation of policy guarantee programs

Article 83 paragraph (3)



Insurance Companies and Sharia Insurance Companies that do not meet the requirements to become participants in the policy guarantee program as referred to in Article 80 paragraph (2) are required to form a guarantee fund.

Based on the description above, it can be seen that Insurance Companies and Sharia Insurance Companies that meet the requirements as participants in the Policy Guarantee Program have greater obligations compared to Insurance Companies and Insurance Companies that are required to form a guarantee fund. This is because the management of funds allocated as collateral for policyholders is managed by an external party, namely LPS, so coordination between Policy Guarantee Program Participants and LPS, especially regarding Data, Information, and Company Performance, is absolutely necessary. This is different from the formation of a guarantee fund, because it is managed separately by Insurance Companies and Sharia Insurance Companies. When viewed from the 2 points of the theory of legal objectives, namely legal benefits and certainty, the benefits and legal certainty are more pronounced for Insurance Companies and Sharia Insurance Companies through the presence of a policy guarantee program. Why is that? This is because some of the main responsibilities of Insurance Companies and Sharia Insurance Companies are transferred to LPS, which will manage contributions from participants as a guarantee of protection for policyholders and/or insured parties when participants experience revocation of their business licenses or are liquidated. In contrast to the Guarantee Fund, which although managed internally by each company so that it does not have large obligations as for Policy Guarantee Program Participants, internal management has a higher risk of misappropriation of funds that have been specifically plotted as collateral for policyholders. The benefits and legal certainty felt by these participants are certainly balanced by the considerable obligations that must be carried out as Policy Guarantee Program Participants.

**Article 88 paragraph (1)**

Insurance Companies and Sharia Insurance Companies are required to submit policy data based on policyholders, insured persons, and/or participants to the Deposit Insurance Corporation to determine which policies are eligible for payment;

**Article 88 paragraph (3)**

Insurance Companies and Sharia Insurance Companies are responsible for the accuracy and completeness of policy data based on policyholders, insured persons and/or participants submitted to the Deposit Insurance Agency as referred to in paragraph (1).

Policy data is one of the data that is confidential so it becomes one of the things that is included in the insurance confidentiality provisions. This is reasonable considering that policy data contains all the identities of policyholders and/or insured so that it is the responsibility of each Insurance Company and Sharia Insurance Company to maintain its confidentiality. However, this confidentiality

provision is exempted when the Insurance Company and Sharia Insurance Company become Participants in the Policy Guarantee Program.

Based on Article 88 paragraph (1) and paragraph (3) of the PPSK Law, Policy Guarantee Program Participants are required to submit policy data where the data must be maintained and its truth and completeness must be ensured. Reviewed from the theory of legal protection, the existence of responsibility regarding the truth and completeness of policy data is a form of protection for the personal data of policyholders and/or insured so that the data submitted to LPS is valid data so as not to cause losses to policyholders and/or insured, in addition to that in submitting, maintaining the truth and completeness of policy data, each Participant is required to pay attention to the provisions of Law of the Republic of Indonesia Number 27 of 2022 concerning Personal Data Protection. With the existence of responsibility based on the Law for all policy data, including its truth and completeness, it will provide justice and legal certainty for policyholders and/or insured.

## 2. Implications for Policyholders and/or Insured;

If we look at the provisions on the Policy Guarantee Program, starting from Article 79 to Article 103 of the PPSK Law, there are no explicit rules regarding the new rights and obligations imposed on policyholders and/or insured in the implementation of the policy guarantee program. The only article that contains implicit provisions regarding the rights of policyholders and/or insured can be seen in Article 79 paragraph (2) of the PPSK Law which stipulates that "The implementation of the Policy Guarantee Program as referred to in paragraph (1) aims to protect policyholders, insured, or participants of Insurance Companies and Sharia Insurance Companies whose business licenses have been revoked due to financial difficulties". The word "protect" in this article has legal consequences for Insurance Companies and Sharia Insurance Companies as well as LPS to be obliged to provide protection in the form of guarantees for policyholders and/or insured, and vice versa, if there is an obligation for one party then there is a right for the other party, in this case policyholders and/or insured have the right to receive protection for the insurance policies they own.

The right to receive such protection is limited because it only guarantees the protection element of insurance products in certain business lines. In addition to being limited to certain business lines, the policy guarantee program is also only implemented for insurance policies that are still active or have not expired by means of transferring the policy portfolio and insurance policy claims by means of guarantee payments. Another limited nature is in the amount of nominal limits received by policyholders and/or insurance, according to the risk and characteristics of each type of insurance product.

When viewed from the theory of legal protection, the position of policyholders and/or insured is on the weak side both in terms of literacy and inclusion so that protection for them is absolutely necessary. Legal protection for policyholders

and/or insured is provided as an effort to provide a sense of security, in addition as a means to protect policyholders and/or insured from detrimental actions carried out by Insurance Companies and Sharia Insurance Companies. The existence of this form of protection also provides benefits and legal certainty for policyholders and/or insured to determine their choices in insurance in Indonesia. Talking about rights, it cannot be separated from the word obligation. Although the PPSK Law does not explicitly regulate new obligations for policyholders and/or insured, the existence of new obligations imposed on Policy Guarantee Program Participants can have an impact on the transfer of obligations from participants to policyholders and/or insured. One of the obligations that may be transferred is the obligation to pay membership fees and periodic guarantee fees. The existence of the obligation to pay these fees allows participants to increase the cost or cost of insurance registration, premiums, or other administrative costs to be charged to policyholders, so that an obligation arises for policyholders and/or insured to pay for insurance products at a higher price than before. Therefore, to avoid this, technical regulations are needed regarding guarantee limits and contribution payment mechanisms by LPS while still paying attention to the balance between the ability to pay Policy Guarantee Program Participants and policyholders and/or insured.

### 3. Implications for the Deposit Insurance Corporation

Public trust in the insurance industry in Indonesia is one of the important aspects in maintaining and preserving the stability of the insurance industry. This trust can be obtained by having legal certainty in the regulation and supervision of Insurance Companies and Sharia Insurance Companies, especially in terms of policy guarantees from policyholders and/or insured. By paying attention to the efficiency aspect, the institutionalization of this Policy Guarantee Program is organized by the same institution as the organization of the deposit guarantee program in the banking industry, namely the Deposit Insurance Agency (LPS).

The selection of LPS as the Implementer of the Policy Guarantee Program began with the idea of unifying the functions of deposit guarantee and policy guarantee, because one of the objectives of the Policy Guarantee Program is to maintain the stability of the financial sector. In addition, the selection of LPS can facilitate the implementation of this program, one of which is because the governance used can refer to LPS governance practices in implementing the deposit guarantee program in the banking industry.

The mandate given to LPS is accompanied by a number of new rights, obligations, and authorities imposed on it. The regulation regarding LPS in organizing the Policy Guarantee Program dominates almost all provisions in the PPSK Law. This can be seen from the total number of Articles in the PPSK Law related to the Policy Guarantee Program, namely starting from Article 79 to Article 103, where the regulation related to LPS begins to be regulated in Article 86 to Article 103 of the

PPSK Law. From these articles, a number of new tasks and responsibilities owned by LPS can be outlined as follows:

a) Acting as Reinsurer

In general, reinsurers can be interpreted as re-insurers. Talking about parties who act as reinsurers, of course, cannot be separated from the concept of reinsurance. Although the position of LPS can be analogized as a reinsurer that is similar to the concept of reinsurance, both reinsurance and policy guarantee programs have different mechanisms. The reinsurance mechanism runs when a claim is submitted by the policyholder to the insurance company and/or sharia insurance company. When a claim occurs, the insurance company and/or sharia insurance company first pays the claim to the policyholder and/or insured, after which it submits a recovery to the reinsurance company, while the Policy Guarantee Program Mechanism runs when the insurance company and/or sharia insurance company is liquidated or its business license is revoked.

Acting as a Reinsurer, LPS has the rights and obligations as regulated in the PPSK Law, namely:

- 1) Receive policy data based on policyholders, insured persons, and/or participants whose accuracy and completeness have been guaranteed from insurance companies and/or sharia insurance companies;
- 2) Conducting policy data checks based on policyholders, insured persons, and/or participants;
- 3) Requesting data, information and/or other documents from other parties;
- 4) Receive reports regarding the determination of the supervisory status of insurance companies and/or sharia insurance companies from the Financial Services Authority;
- 5) Conducting inspections of insurance companies and/or sharia insurance companies that are under supervision status and resulting in the revocation of business licenses;
- 6) Receive data and information on insurance companies and/or sharia insurance companies that are under supervision status and have an impact on the revocation of business licenses from the Financial Services Authority;
- 7) Receive reports regarding the revocation of business licenses of insurance companies and/or sharia insurance companies from the Financial Services Authority;

b) Act as Regulator;

As an institution appointed to organize the Policy Guarantee Program, LPS is authorized to draft derivative regulations related to the implementation of the program. Some of the derivative regulations are as follows:

- 1) Criteria for certain health level requirements for insurance companies and/or sharia insurance companies as a condition for Policy Guarantee Program Participants;
- 2) Administrative requirements for insurance companies and/or sharia insurance companies that are participants in the Policy Guarantee Program;
- 3) Procedures for payment of initial membership fees and periodic guarantee fees;
- 4) Good governance includes investment management, risk management, internal control in conducting business activities based on the principles of prudence, transparency, accountability, responsibility, professionalism and fairness;
- 5) Submission of policy data based on policyholders, insured persons, and/or participants from insurance companies and/or sharia insurance companies;
- 6) Types, forms, and procedures for providing data and information on insurance companies and/or sharia insurance companies that are under supervision status and have an impact on the revocation of business licenses from the Financial Services Authority; and
- 7) Implementation of Liquidation of insurance companies and/or sharia insurance companies including honorarium for the liquidation team;

Acting as a regulator is not easy, and this considerable authority is a challenge for LPS. Therefore, in its preparation, LPS is required to be careful, thorough, and apply the principle of prudence so that derivative regulations containing the technical implementation of the Policy Guarantee Program can achieve their main objective, namely to protect policyholders and/or insured parties while still paying attention to the procedure for preparing regulations based on Law of the Republic of Indonesia Number 13 of 2022 concerning the second amendment to Law Number 12 of 2011 concerning the Formation of Legislation.

c) Acting as Liquidator;

The legal consequence of the revocation of a company's business license is that the company will undergo a liquidation process. This also applies to insurance companies and/or sharia insurance companies whose business licenses have been revoked by the Financial Services Authority. Based on Article 92 of the PPSK Law, it is determined that LPS has the authority to liquidate insurance companies and/or sharia insurance companies, namely:

- 1) Exercising all rights and authorities of shareholders, including the rights and authorities of the General Meeting of Shareholders (GMS) or the equivalent of shareholders and GMS in legal entities in the form of cooperatives or joint ventures;

- 2) Selling and/or transferring assets and/or liabilities of insurance companies and/or sharia insurance companies to other parties without requiring the approval of creditors, debtors or other parties;
- 3) Providing advances for payment of outstanding employee salaries and advances for employee severance pay in the amount of the minimum severance pay as stipulated in laws and regulations;
- 4) Taking necessary actions to secure the assets of the insurance company and/or sharia insurance company before the liquidation process begins; and
- 5) Deciding on the dissolution of the legal entity of the insurance company and/or sharia insurance company, forming a liquidation team, and declaring the status of the insurance company and/or sharia insurance company as a company with the status of being in liquidation;
- 6) Carrying out supervision over the implementation of liquidation of insurance companies and/or sharia insurance companies;
- 7) Order the liquidation team to announce the end of the liquidation and notify the relevant authorities regarding the deletion of the name of the insurance company and/or sharia insurance company; and
- 8) Disband the liquidation team.

From the authority of LPS as mentioned above, especially in numbers 1 to 5, it is clear that LPS does not only act as a liquidator, but also acts as a GMS, which is one of the Company's organs in a legal entity company other than the board of directors and commissioners. As a GMS, LPS has its own authority that is different from the board of directors and commissioners. However, because the authority of LPS is limited to the liquidation process, the authority of LPS to act as a GMS is also limited to matters relating to the settlement of company assets, not the authority of the GMS as a whole as regulated in the Limited Liability Company Law. The role of LPS acting as a GMS is expressly stated in Article 93 of the PPSK Law which stipulates that starting from the time the business license of the Insurance Company and Sharia Insurance Company is revoked by the Financial Services Authority, all rights and authorities of shareholders, including the rights and authorities of the general meeting of shareholders or equivalent to shareholders and the general meeting of shareholders in a legal entity in the form of a cooperative or Joint Venture are transferred to the Deposit Insurance Agency.

Based on the above description, associated with Satjipto Rahadrjo's legal protection theory, it can be concluded that the new duties and responsibilities carried out by both insurance companies and/or insurance companies and LPS are a manifestation of the government's seriousness in providing protection for policyholders and/or insured. As mentioned, legal protection is expected to function as a means to protect the community from actions that are detrimental or cause suffering to life, either by other parties, the community itself, or the authorities, so with the presence of this Policy Guarantee Program, it is expected

to be a means to protect policyholders and/or insured. This form of legal protection, when associated with the priority principle of the theory of legal objectives, also has a philosophical purpose, namely to provide justice and benefits, not only for policyholders and/or insured but also for insurance companies and/or sharia insurance companies. The presence of LPS as an Organizer is a means to achieve the objectives of the Policy Guarantee Program, and the presence of the Policy Guarantee Program in the PPSK Law is also a form of legal certainty given to the government to guarantee protection, as well as provide justice and the widest possible benefits for policyholders and/or insured. Thus, it can be said that legal certainty is a bridge or tool used by the government to achieve justice and benefits for the community.

#### **4. Conclusion**

Based on the results of research and discussion conducted by the Author, the following conclusions are drawn:

- 1) The Policy Guarantee Program as regulated in Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector contains 5 (five) areas of regulation, namely:
  - a. Participation, where every Insurance Company and/or Sharia Insurance Company is required to become a Participant in the Policy Guarantee Program by fulfilling certain health level requirements;
  - b. Guarantee, where the Policy Guarantee Program is limited to individual policyholders and insured persons and to insurance products with certain business lines;
  - c. Funding and Contributions, namely there are 2 (two) types of contributions that must be paid by Policy Guarantee Program Participants, consisting of Initial Participation Contributions and Periodic Guarantee Contributions;
  - d. Guarantee Mechanism, which is carried out in 2 (two) forms, namely transfer of policy portfolio or return of rights of policy holders, insured or participants and payment of guarantee claims.
  - e. The institution appointed to implement the Policy Guarantee Program, in this case the Deposit Insurance Corporation;
- 2) The implications of the presence of the Policy Guarantee Program give birth to new rights, obligations, and authorities, especially for the Deposit Insurance Institution which plays a dual role as a Regulator, Liquidator, Reinsurer (Reinsurer), and can even act as a GMS. Not only LPS, Insurance Companies and/or Sharia Insurance Companies are required to become Participants in the Policy Guarantee Program and fulfill all new obligations imposed as participants. As for policyholders and/or insured, although the PPSK Law does not explicitly regulate new obligations for policyholders and/or insured, the existence of new obligations imposed on Policy Guarantee Program Participants can have an impact on the transfer of obligations from participants to policyholders and/or insured, especially in terms

of burdening payment of contributions packaged in the form of expensive insurance premiums for policyholders and/or insured.

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