

# Analysis of the Role of Insurance Law of the Impact of the Covid-19 Pandemic for Indonesian Community Insurance

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**Abstract.** Insurance is something that is often discussed today in people's lives. The problems that will be discussed in this study are the public lack of understanding of insurance laws, inefficient or late payment claims processes, rejected insurance claims, unaffordable premiums for the lower middle class, and the causes of premium income to decline due to the Covid-pandemic. 19, weak regulatory oversight. The purpose of this study is to clarify the definition of insurance law, the selection of the right insurance, the rights of customer claims are regulated by the Financial Services Authority Rule, the customer understands insurance law regarding rejected claims, the role of a firm regulator in evaluating and supervising and overcoming problems in the insurance industry for legal protection. for the community. The method used in this research is qualitative research methods. The procedures for data collection in the form of interviews, data from field observations, analysis sourced from books. The results of this study indicate the insurance laws that govern the insurance industry in Indonesian society. Customer relationships with insurance companies are regulated by statutory regulations. Firmness of regulators in handling problems in insurance. The existence of insurance law must be understood and obeyed by the insurance company and the customer as well as the regulator must be able to be firm in carrying out its duties.

**Keywords** Insurance; Insurance Law; Claim; Premium; Regulator

## 1 Introduction

In recent years, the growth of insurance or coverage in Indonesia has been disrupted due to the Covid-19 pandemic. The middle and lower class entrepreneurs demanded that the insurance company pay claims for their business interference. Currently the Covid-19 pandemic has expanded and the possibility of increasing premiums could decline. If the company has to pay all claims rather than business interruption, the insurance company can consider it to go bankrupt. During this period, there were 30 million claims from small and medium enterprises. Here the insurance company will experience a very large loss.

There needs to be a role from the government and regulators, because decisions like this cannot unilaterally decide whether it is an insurance company. During a Covid-19 pandemic

like this, it cannot restore financial conditions in an instant, because it will burden the insurance company. The risk of covid-19 affects the insurer so that insurance suffers a loss, especially in an insurance interruption policy.

If the policy has a business interruption, the insurance will compensate for the profit due to constraints. However, the constraints referred to here are physical disturbances in the form of fire and accidents. Insurance actors who experience losses need to review the losses caused by the Covid-19 pandemic. It is very necessary that the position of both insurance and regulators can be clearly known.

When an event actually occurs that causes loss (the risk of turning it into a loss), the insured concerned will be paid compensation in proportion to the amount of insurance. In practice, the losses incurred are partial (partial loss), not all of them in the form of total loss. Thus, the insured enters into insurance with the aim of obtaining compensation payments for the damages he actually suffered.

There needs to be awareness from the public about the importance of protection against various kinds of risks. The risk can befall on insurance users at any time, this is one of the factors causing the high number of insurance users. Insurance is a noble business, even if you don't realize it. That's because insurance services are only useful and of high value when people are at critical times and need financial assistance. If the claim is not in accordance with the procedure of the agreement made by both parties, it will be beneficial for the insurance company that provides insurance services. There are still many people who do not understand or understand the use of insurance. The community also does not understand more in detail about legislation.

When viewed today with the development of the era and technology science which is increasingly increasing. Making human needs increase and this is due to technological developments. In the business sector, the competition between entrepreneurs is also getting higher. So, the level of risk that will occur in any human activity can be at any time. Insurance is the right way to solve problems that occur in the household to face the risks that will occur. Risks that can occur such as accidents, fire, and death. The insurance policy is an important role holder when a claim (compensation) by the insurance company pays to the insurer.

## **2 Result and Discussion**

### **2.1 Theoretical Foundations**

The qualitative method is a method commonly used in describing inductively, with assumptions based on the social reality construct, variables that are difficult to measure, complex and interrelated, and the data collected contains an in-depth perspective from the informant. Researchers use descriptive methods, descriptive research is to describe or describe existing phenomena, both scientific phenomena or human engineering.

Based on theoretical research, the researchers use insurance or coverage, insurance law, payment of claims according to the procedure, premiums and regulators. There is also a formulation of the problem, namely: How to analyze the role of insurance law from the impact of the Covid-19 pandemic for Indonesian people's insurance? The theory of legal protection for society includes two things, namely:

- a. Preventive legal protection, namely a form of legal protection in which the people are given the opportunity to submit objections or opinions before a government decision takes a definitive form.

- b. Repressive legal protection, namely a form of legal protection which is more aimed at resolving disputes or conflicts during claims all community life in Indonesia has the right to legal protection. Because the basis of the Indonesian State is Pancasila. Legal protection provided to the community can provide comfort. With this, the community is safe in obtaining legal protection. Insurance law is a written or unwritten regulation, which is intended to bind the two parties who enter into an insurance agreement (the insurer and the insured). During the Covid-19 pandemic, many people experienced many difficulties in business. Many businesses have gone bankrupt due to the Covid-19 pandemic.

## **2.2 Role of Insurance or Coverage**

In Indonesia at this time the definition of insurance is listed in the Indonesian Commercial Code (KUHD) and is regulated in law number 2 of 1992 concerning insurance business. Insurance is an agreement as stated in the KUHD article 246, that:

"Insurance or coverage is an agreement whereby an insurer binds himself to an insured, by receiving a premium, for compensation to him due to a loss, damage or loss of the expected profit which he may suffer due to an uncertain event".

If you look at the law above, it looks very narrow because it only discusses loss, damage or loss of profits that can be obtained due to an unspecified event that could have occurred. When viewed in human life, the risks that occur are not just the three points that have been discussed in the KUHD. Hereby, Law No. 2 of 1992 concerning the insurance business has expanded the scope of protection to include risks from legal liability to third parties, life insurance, and life insurance interest. Article 1 and number 1 of law No. 2 of 1992 (the Insurance Law) states that:

"Insurance or coverage is an agreement between 2 (two) or more parties with which the insurer binds himself to the insured by receiving an insurance premium to provide compensation to the insured due to loss, damage or loss of expected benefits, or legal liability to third parties who may will suffer the insured arising from an uncertain event, or to make a payment based on the death of an insured person".

Humans always experience dangerous risks to their own lives. In avoiding the risks that will occur in human life, it is necessary to prevent, anticipate and reduce the risks that will occur. Risks can be transferred by law and insurance agreement procedures in accordance with existing principles. So that neither of the two parties suffers a loss. If one experiences a loss it will have fatal consequences for the insurance user. Here there must be an agreement between the two parties legally so that when the claim is done it can be paid to the party affected by the risk. The objectives of insurance are as follows:

- a. Provide a guarantee of protection from the risks of loss suffered by one party. When the insured person experiences problems in the form of loss, damage and even loss. If the insured has managed the risk properly, the insurer will immediately pay a loss to overcome this risk.
- b. Increase efficiency, because we do not need to specifically provide security and supervision to provide protection that takes a lot of energy, time and money. In this case, only pay the agreed amount.
- c. Helping to organize cost participation, namely it is enough only to pay premiums whose amount has been determined and regularly every period, so that there is no need to replace or pay for losses that arise which are uncertain and uncertain.
- d. The basis for granting credit from a bank or other financial institution, where in the provision of credit or leasing, the lender or leasing party requires a guarantee of protection

- for the loan collateral or leasing. From the insurance company the Bank can provide a sense of security to the customer.
- e. As savings, even more so, because what is paid to the insurance company will be returned with a larger amount. Thus, insurance is a means of investing so that it is equated with saving financial institutions.

### **2.3 Understanding of Insurance Claims**

A claim is a claim for a right that arises because the terms of the previously determined agreement have been met. An insurance claim is a claim from the policyholder or the one appointed to the insurance party, for the sum of the sum insured (UP) or cash value that arises because the terms of the insurance agreement have been fulfilled.

An insurance claim is a formal request to an insurance company, to ask for payment under the terms of the insurance policy. Insurance claims submitted will be reviewed by the company for validation and then paid to the insured party once approved. According to article 246 of the Indonesian Commercial Law (KUHD), insurance claims are demands from the insured in connection with an agreement contract between the insurance and the insured, each of which binds itself to guarantee payment of compensation by the insurer if the insurance premium payment has been made by the insured party, when a disaster is suffered by the insured party.

The purpose of an insurance claim is to provide benefits in accordance with the provisions of the insurance policy to the policyholder (the insured). In order for insurance claims to be processed and paid for by the insurance company, there are various important provisions regarding filing claims that must be considered.

- a. Claims as stated in the policy. Before submitting an insurance claim, make sure that you have the appropriate benefits recorded in the insurance policy. For example: you only have life insurance, so automatically if you file an insurance claim for hospitalization, the insurance company will not pay the claim. So, review the insurance benefits that you have taken, and make sure that you have the insurance benefits that you will claim.
- b. Policy still valid (inforce). You also have to make sure that your policy is still in an Inforce / valid / active condition. So in order for your policy to be in an inforce state, make sure you make payments / transactions regularly (especially in the first two years, don't let anyone slip).
- c. The policy is not in a waiting period. Make sure the insurance policy is not within the waiting period. The meaning of the waiting period is the period the insurance protection starts to take effect. For example: for inpatient protection caused by illness, such as: typhoid, dengue fever, etc. The waiting period is 30 days from being accepted as an insurance participant.
- d. Claims are included in the coverage. Make sure the claim you submit is not the exception stated in the policy. For example: you have had kidney stone surgery, when you apply for a type of insurance policy, you are advised by medical. It turned out that the medical results were not good enough, so he was sick because kidney stones were not covered. So if you file a claim for kidney stones, the insurance company will not automatically pay for it.

After all the conditions above have been fulfilled, then the claim you submit must be completed with all the necessary supporting requirements and documents. So before a claim is submitted, check the criteria for the claim to be submitted again or contact your agent to help whether everything is in order. After that the claim is immediately submitted to the best insurance company to speed up the claim process.

## 2.4 Claim Stage

There are three stages of claim, namely:

- a. Notification. Referring to the deadline for reporting claims, 7, 14, 30 days in accordance with the policy provisions. Report to the insurance company in writing (verbally and followed by a written report).
- b. Investigation (Fact-finding Survey at the location). Requests for several supporting documents for the value of the loss and other appointment of loss appraisal services (estimated claim value is required).
- c. Submission. The insured sends the claim supporting documents requested by the insurer. The insurer checks the conformity of documents to the policy, completes the documents requested by the insurer and sends them to the insurer.

The procedure submitted to the insurance company is in accordance with the claim points discussed above. Claims are submitted with the conditions set by both parties in accordance with these laws. When a claim against the company will not be rejected. Often problems occur when insurance claims are rejected due to delays in payment by customers, and incomplete document equipment as agreed. And also not on time in insurance claims.

### Insurance premium

The insurance premium is an amount of money that must be paid by registered customers to the insurance company as the insurer. The money paid monthly to the insurance company has been determined by the insurance company with due regard to the customer's situation. With this the premium between other customers is different or not the same. The function of an insurance premium is a financial return to a registered customer for losses incurred in the future. For example, if you have paid a vehicle insurance premium, when an accident occurs and you need to repair your vehicle, then the financing while in the workshop can be reduced or paid by the insurance company with the premium paid in the previous month by you.

The importance of the insurance premium which is a beneficial factor for the insurer. The results collected by the insured in large numbers. With this, the money that will be collected is very large. From these funds the insurance company is responsible for returning the insured from the bankruptcy experienced. The premium for the insured is also very important because it will affect the consumption of the premium. Thus, the premiums received, high or low, are considered by the insured.

## Regulator

The government needs to evaluate or supervise problematic insurance companies. In this case, the community gets legal protection from these regulators. If the increase in insurance crime in Indonesia, many people are concerned about the role of regulators, especially the Financial Services Authority (OJK). Law enforcement agencies need to monitor and address problems in the insurance industry. Legal protection for the community can run properly and correctly in accordance with legal procedures.

Every person in the daily life, especially in business, wants everything to run well without any problems. Everyone also will not be able to escape problems that suddenly occur. The importance of legal protection for middle and lower class businesses. Law as the basis for solving existing problems properly. With the existence of laws that regulate insurance, the insurer and the insured are not just oppressed. The government that enforces the regulations must enforce the law properly.

### 3 Conclusion

In accordance with the discussion of the chapters above, it can be concluded that: the public needs to understand the insurance industry that is not deceptive so that in the future when making claims there will be no problems. If there is negligence on the part of the insurer who pays the improper compensation, the insured party can take legal action. In this case, the insured can sue through the court to the insurer to pay according to the money to be paid.

An insurance company must comply with the laws stipulated in the trade law and the insurance business law. The liability of the insurer can pay the money to the insured party accordingly. The claims submitted must be in accordance with what has been mutually agreed in the insurance policy. If the insurance procedure does not pay according to what is in the policy, the insurance user can sue the court so that the case can be resolved.

Law No. 2 of 1992 which regulates insurance between the two parties who have entered into an agreement. An agreement that has been made by receiving an insurance premium and will be paid when the insured experiences a disaster. Actually, the insurer needs to explain to the insured the rules stated in the insurance law. So that no one is disadvantaged because they do not understand or understand the applicable legal rules.

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