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## RESEARCH ARTICLE

# Legal Protection Bumi Putera Joint Life Insurance Policyholders

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**Abstract:** This study aims to examine the legal protection provided to customers of life insurance policyholders in Bumi Putera, focusing on product transparency, fair and fast claim procedures, as well as appeal and lawsuit procedures. The method used field research with a qualitative approach through in-depth interviews with customers and related parties in Bumi Putera. The data collection techniques used were document studies and in-depth interviews. The collected data were analyzed by qualitative analysis methods, namely data reduction, data presentation, and conclusions. This research is expected to provide useful recommendations for Bumi Putera in improving legal protection for life insurance policyholder customers.

**Keywords:** insurance, policy, Bumi Putera, customer

## 1. Introduction

Customer legal protection is very important because it provides rights and security to customers in the process of transactions with financial institutions (Kristipabawni, 2018). Without legal protection, customers can become victims of harmful practices by financial institutions or third parties involved in financial transactions (Rambe & Sekarayu, 2022). Customer legal protection includes rights, such as the rights to clear and honest information, get privacy and security of personal data, fulfil of obligations and responsibilities of financial institutions, and receive compensation of a loss due to financial loss, agency error, or negligence (Nurfitriyani et al., 2021). With the customer legal protection, customers can feel safe and protected when transacting with financial institutions, thereby strengthening public confidence in the financial system and increasing overall economic growth (Noor Hediati, 2021).

Legal protection for customers is very important for insurance companies because they are responsible for safeguarding the interests of customers who have entrusted their funds and assets to insurance companies. Insurance companies must provide adequate protection to customers from all risks associated with the insurance products offered. In addition, insurance companies must also ensure that the information provided to customers is clear, accurate, and not misleading (Noor Hediati, 2021; Ratnaningsih, 2022). Customers must also be protected from harmful practices, such as fraud or abuse of trust (Noor Hediati, 2021; Rambe & Sekarayu, 2022).

If the insurance company does not provide adequate legal protection to customers, it can have a negative impact on the company's image, increase the risk of lawsuits, and can even have an impact on the continuity of the company's business. Therefore, insurance companies must ensure that they comply with the regulations and standards set by regulators, as well as provide adequate legal protection to customers to ensure customer trust and the continuity of the company's business. (Elfahra & Joesoef, 2021; Solaiman, 2018; Sugistiyoko, 2020).



PT Asuransi Jiwa Bumiputera 1912 (Bumiputera Indonesia) is the oldest life insurance company in Indonesia which was established in 1912. Bumiputera Indonesia is the second largest life insurance company in Indonesia with total assets reaching IDR 55,7 trillion (as of end 2020). Bumiputera Indonesia offers a variety of life insurance products, such as traditional life insurance, health insurance, and education insurance. In addition, Bumiputera Indonesia also offers sharia insurance products through Bumiputera Syariah (PENIRA et al., 2020) .

Bumiputera Indonesia has an extensive network covering all of Indonesia, with more than 200 branch offices spread across Indonesia. The company also has more than 27.000 agents who are committed to provide the best service to customers. As a life insurance company that has been established for more than 100 years, Bumiputera Indonesia has been proven to provide financial protection and security for its customers. The company continues to innovate products and services to answer customer needs, while strengthening its position as one of the leading life insurance companies in Indonesia.

In practice, insurance policies are vulnerable to harming customers for several reasons, including because customers' lack understanding of insurance products. Insurance products sometimes use difficult language for common people to understand, so that customers do not fully understand what they are buying and what is covered by the insurance policy (Listyaningsih et al., 2022). In addition, the lack of clarity and inaccuracy in explaining insurance products are also the factors of difficult language. The agent sometimes does not provide a clear and sufficiently detailed explanation regarding the insurance policy, so that the customer does not fully understand what is being offered as well as their rights and obligations, lack of adequate oversight, and regulation. There are forced or manipulative insurance sales, which are not properly monitored by regulators (Yulia Sukmawati, 2019). There is dishonesty insurers or their agents regarding providing inaccurate or misleading information, or even engaging in fraudulent practices. In order to prevent fraud in buying an insurance policy, customers need to understand insurance products well and ask for clear and detailed explanations before deciding to buy an insurance policy. Customers also need to choose a trusted and reputable insurance company, and know their rights and obligations as a customer. Adequate regulations and strict supervision from regulators are also very important to maintain security and customer trust in insurance products (Ratnaningsih, 2022).

The results of the research show that PT. Asuransi Jiwa (Life Insurance) is known to settle claims based on Market 31 paragraphs 3, 4 and 5 of Law Number 40 of 2014 concerning Insurance and applicable provisions. If there is a dispute between the insurer and the insured, a deliberation or discussion is carried out first, if no agreement is reached out of court through BMAI (Indonesian Insurance Mediation and Arbitration Agency) and LAPS (Alternative Dispute Resolution Institution) or through the court (Krisnawati et al., 2023). Different with other research results which state that the actions taken when agents make mistakes that harm policyholders are to take administrative actions, namely in the form of summons, warnings, unilateral termination, and compensation. Other legal actions report to the Indonesian Life Insurance Association (AAJI) is deactivated or the license can be revoked and as for other legal remedies, namely civil and criminal actions in accordance with applicable legal provisions (Sujatmiko et al., 2016).

Research on the legal protection of customers who hold life insurance policies with Bumi Putera is very important because there are still many life insurance customers who do not understand their rights and obligations as policyholders. In addition, there are a number of issues that are of concern to the insurance industry, such as unclear insurance products and lack of transparency in the claims process which can cause customers to suffer losses. In the context of Bumi Putera as the oldest and second largest life insurance company in Indonesia, this research can provide a better understanding of how life insurance companies can provide adequate legal protection for their customers.

## 2. Hypotheses

Hypotheses: Entrepreneurial competencies comprise those skills that are deeply rooted in a person's background as well as skills that can be acquired and learned at work (Man & Lau, 2005). According to Mitchelmore and Rowley (2013), one of the objectives to develop classifications of entrepreneurial competencies is to be able to measure such skills. It had been recognized as a specific group of skills that are relevant to business success among women entrepreneurs. Ahmad et al. (2010) have found eight competency domains, namely strategic, commitment, conceptual, opportunity, organizing and leading, relationship, personal, and technical competencies which are the most relevant and context-specific domains of entrepreneurs' entrepreneurial competencies.

Hence, this study examined every domain of the entrepreneurial competencies to investigate whether each of the competencies would be directly affecting the women micro-entrepreneurs business success. The investigation is based on the following hypotheses:

- H1: Strategic competency is significantly and positively related to business success among women micro-entrepreneurs.
- H2: Commitment competency is significantly and positively related to business success among women micro-entrepreneurs.
- H3: Conceptual competency is significantly and positively related to business success among women micro-entrepreneurs.
- H4: Opportunity competency is significantly and positively related to business success among women micro-entrepreneurs

## 3. Research Method and Materials

This type of research is empirical juridical (Soekanto, Soerjono; Mamudji, 2019). This method can be used to gain an in-depth understanding of the phenomenon under study, namely how the legal protection is provided to customers by the Bumi Putera life insurance company. Data collection techniques that can be used in this study are in-depth interviews with Bumi Putera customers and also staff from the Bumi Putera life insurance company. In addition, another data collection technique used participatory observation, in which the researcher directly observes the claim process at Bumi Putera. For data analysis techniques, qualitative analysis approaches such as thematic analysis was used. Thematic analysis aims to identify emerging themes from the data collected. The results of interviews and participant observations were then processed to find themes related to the legal protection of customers who hold life insurance policies with Bumi Putera. After the themes are identified, further analysis was carried out by comparing the emerging themes with the relevant literature, so that a better understanding of the phenomenon under study can be obtained.

## 4. Results and Discussion

### 4.1. *The company's obligation to provide clear information about Product Guarantees*

Insurance companies have an obligation to provide clear and easy-to-understand information about the insurance products offered to customers. This is very important thing because customers need complete and accurate information before deciding to buy a particular insurance product. Insurance companies also have an obligation to explain the rights and obligations of customers related to insurance products (Sugistiyoko, 2020). The obligation of insurance company to provide clear and easily understood information is regulated by Indonesian laws and regulations, specifically Article 19 paragraph (1) of the Insurance Law No. 40 of 2014, which states that insurance companies are required to provide sufficient, clear, accurate, and non-misleading information to the customers (Pisoni, 2021; Wrede, 2021).

In practice, there are several things that insurance companies must concern to provide clear and easy-to-understand information about insurance products, including the rights and obligations of customers. Insurance companies must use language that customers can easily

understand (Pisoni, 2021). So, the customers can understand well about the insurance products offered, and they can choose products that suit their needs and are able to understand their rights and obligations as customers (Dolk & Penning-Rowell, 2021; D. Kim et al., 2021). In addition, the insurance company must provide Comprehensive Information. Insurance companies must provide complete information about the insurance products offered. This information includes information about insurance benefits, risks borne, premiums to be paid, period of coverage, as well as rights and obligations of customers (Rho et al., 2021).

Companies must create the agreements with customers regarding the rights and obligations of customers related to insurance products. This needs to be done to maintain clarity on the rights and obligations of customers in using the insurance products they buy and provide Education Insurance companies also have an obligation to educate customers about the insurance products offered. This needs to be carried out so that customers can understand insurance products well and understand their rights and obligations as customers (Waghavkar & Sananse, 2015).

It is very important for insurance companies to provide clear and easy-to-understand information about insurance products, including the rights and obligations of customers. Insurance companies must ensure that the information provided to customers is complete, clear and easily understood by customers. That way, the customer will gain a good understanding of the insurance product purchased and their rights and obligations as a customer to avoid unwanted things in the future. Therefore, insurance companies must carry out their obligations with full responsibility and provide clear and easy-to-understand information to customers regarding the insurance products offered, including the rights and obligations of customers (Kim et al., 2020).

#### *4.2. Transparency in the Claim Process*

Transparency in the insurance claim process is very important to ensure customers get their rights fairly and on time. In the context of Bumi Putera, insurance companies must ensure that their claim process is completely transparent, so that customers can understand what is happening at each stage and can evaluate the decisions made by the company. It is important to remember that insurance claims occur at the most important time for the customer, which is when they face a loss or risk that was previously covered by the insurance policy. Therefore, the insurance company must ensure that the claim process is carried out quickly, fairly, and in accordance with the provisions of the insurance contract. In order to ensure transparency in the claim process, Bumi Putera can take several actions, such as providing clear and easy-to-understand information regarding claim requirements and procedures for claims that must be made by customers. This information must be available in a language that customers can easily understand and can be accessed through various communication channels, such as company websites, brochures or insurance contract documents (Dexe et al., 2021; Zakharkin et al., 2022).

Companies must be able to clarify the criteria used to determine whether customer claims will be accepted or rejected. This criterion must be based on fair and clear principles, and the customer must understand how the insurance company calculates the amount of claim payments and provides an explanation of the investigative process carried out by the insurance company. Customers should be informed about each stage of the investigation and how their claim status can be updated, and also the access for customers to view documents and information related to their claims (Franke, 2019; Schwarcz, 2014). Customers must be provided with access to documents necessary to verify their claims, such as:

- a) Insurance companies have an obligation to provide clear and easy-to-understand information regarding insurance products offered to customers. This is very important because customers need complete and accurate information before deciding to buy a particular insurance product. Insurance companies also have an obligation to explain the rights and obligations of customers related to insurance products.

- b) The obligation of insurance companies to provide clear and easy-to-understand information is regulated in Indonesian laws and regulations, namely Article 19 paragraph (1) of Law Number 40 of 2014 concerning Insurance which states that insurance companies are required to provide sufficient, clear, correct, and not misleading to customers.

In practice, there are several things that insurance companies must concern to provide clear and easy-to-understand information about insurance products, including the rights and obligations of customers. Insurance companies must use language that customers can easily understand. This is so that customers can understand well the insurance products offered, so they can choose products that suit their needs and are able to understand their rights and obligations as customers. Insurance companies must provide complete information about the insurance products offered. This information includes information about insurance benefits, risks borne, premiums to be paid, period of coverage, as well as rights and obligations of customers (Romanosky et al., 2019; Schwarcz, 2014).

Agreements with Customers Insurance companies must create into agreements with customers regarding the rights and obligations of customers related to insurance products. This needs to be carried out to maintain clarity on the rights and obligations of customers in using the insurance products they buy. Companies must provide Education Insurance companies also have an obligation to educate customers about the insurance products offered. This needs to be carried out so that customers can understand insurance products well and understand their rights and obligations as customers (Le et al., 2017; Marano & Siri, 2021).

It is very important for insurance companies to provide clear and easy-to-understand information about insurance products, including the rights and obligations of customers. Insurance companies must ensure that the information provided to customers is complete, clear and easily understood by customers. That way, the customer will gain a good understanding of the insurance product purchased and their rights and obligations as a customer, so as to avoid unwanted things in the future. Therefore, insurance companies must carry out their obligations with full responsibility and provide clear and easy-to-understand information to customers regarding the insurance products offered, including the rights and obligations of customers (Franke, 2019; Listiyaningsih et al., 2022).

## 5. Conclusion

Bumi Putera has provided adequate legal protection for customers who hold life insurance policies, especially in terms of product transparency and fair and fast claim procedures. However, there are deficiencies in the appeal and litigation procedures that can burden the customers if the claim is rejected by the insurance company. Therefore, it is recommended that Bumi Putera increase product transparency and provide clear and easy-to-understand information for customers, improve claims investigation and settlement procedures, as well as improve appeal and litigation procedures to make them more effective and efficient. In addition, insurance companies must also pay more attention to the rights and obligations of customers and provide sufficient education about insurance products so that customers can understand well and feel legally protected.

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