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Insurance Companies' Legal Obligations for Acts of Default Related to Consumer Protection

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ABSTRACT

A company that can handle all the risks that its clients face is the insurance business. Once the parties have achieved their respective goals, the insurance agreement can be successfully executed. One of the defaulting parties causes the agreement not to be effectively executed. However, what if the insurance provider defaults and violates the contract with the policyholder. The problem of this research is how to hold insurance companies legally accountable for their defaults and the types of settlements reached in the event of a dispute. Finding out how policyholders are legally protected against insurance company defaults is the aim of this study. This study uses a normative juridical approach. Based on the results of the study, the insurance company's default is legally responsible for fulfilling its obligations to policyholders who suffer losses in terms of filing claims, where the obligation of the insurance policyholder's customer is to pay premiums and the policyholder's customer's right is to receive compensation in the event of a claim. There are two ways to settle an insurance dispute: in court and out of court. Through the court, if the insurance dispute does not find a common ground between the insurer and the insured, out-of-court dispute resolution can be pursued through the BMAI dispute resolution institution through mediation, adjudication, and arbitration. Legal protection for policyholder customers by having authentic evidence, namely the policy.

Keywords: *Customer, Covenant, Insurance, Risk*

INTRODUCTION

As a risk bearer for the uncertainty experienced by the insured, the insurance company is responsible for the agreement or agreements that underlie the relationship between the insurer and its customers.¹ The type of protection provided by the insurance company to its customers has automatically formed a relationship between the insurance party and its customers, premiums or payments for insurance company protection services will then be provided by the client.

If the parties, the insured and the insurer, having fulfilled their responsibilities in line with the contract, and nobody has been hurt, the insurance agreement can be implemented properly.² However, there are times when one of the parties does not do what is expected of the agreement, which leads to the implementation of the agreement becoming ineffective. The word "default" comes from the Dutch language and means "poor performance". As for what is meant by "default", it is when one party is unable to fulfill the achievements as specified in the agreement due to its own negligence or fault.³

The beginning of the dispute between the parties occurs when the insurance company defaults and defaults on the insurance agreement with the policyholder, such as when the insurance claim is difficult to obtain or difficult to process. This is because there has been a default with all the legal consequences it causes. According to Law No. 21/2011, as stated in Article 55 Paragraph (1), One of the agencies tasked with providing such a legal requirement is the Financial Services Authority (OJK), which claims that: "OJK has been in charge of regulating and overseeing associated operations with capital markets, insurance, pension funds, financing institutions, and other financial service institutions since December 31, 2012, taking over the duties and authority of financial institutions, the Capital Market Supervisory Agency, and the Minister of Finance."⁴

When insurance policyholders and insurance companies have a dispute, the Consumer Dispute Resolution Process may be followed by the Financial Services Authority. either through judicial or litigation, or outside of judicial or non-litigation. Examining the legal responsibility of insurance firms for consumer protection defaults serves as the goal of this study.

¹ Mohammad Saleh Dede Dewi Sartika, "Perlindungan Hukum Terhadap Nasabah Dalam Proses Asuransi Kerugian," *UNES Law Review* 6, no. 4 (2024): 12081–12092.

² Agus Fauzi, Ismail Ismail, and Dewi Aryani, "Perlindungan Hukum Bagi Perusahaan Asuransi Dalam Perjanjian Leasing Terhadap Debitur Tertanggung Yang Mengalami Gagal Bayar," *JIM: Jurnal Ilmiah Mahasiswa Pendidikan Sejarah* 8, no. 4 (2023): 4713–4734.

³ Fernanda Naulisa Situmorang dan Kanika Dyon Geraldi Namira Diffany Nuzan, "Menelaah Lebih Dalam Perbedaan Perbuatan Melawan Hukum Dan Wanprestasi," *Jurnal Kewarganegaraan* 8, no. 1 (2024): 860–866.

⁴ Alfi zakki Alfarhani, "Peran Otoritas Jasa Keuangan (Ojk) Dalam Penegakan Hukum Investasi Bodong," *JURIDICA : Jurnal Fakultas Hukum Universitas Gunung Rinjani* 4, no. 1 (2022): 13–31.

RESEARCH METHODOLOGY

The legal liability of insurance companies that commit defaults is a legal issue that will be discussed in this study, and this research method is adapted to these limits. These legal issues are addressed by normative legal study of this kind. A normative juridical study of pertinent laws and regulations that are pertinent to the issue under discussion serves as the foundation for this kind of research. The principle of normative juridical research is that the problem must be found, followed by the identification of the problem, and ultimately, the problem must be solved. This study uses an analytical descriptive approach, this indicates that the relevant laws and regulations are described in this study in light of constructive legal theories pertaining to the issue under investigation. The data analysis process of this research is carried out qualitatively, and the discussion and research findings are described using words taken from the data. Analysis of the data will be done in order to find and ascertain how the study data relate to the issues that were addressed.

RESULT AND DISCUSSION

Dispute Resolution in the Event of Insurance Company Default Regarding Consumer Protection

The legal connection between the policyholder and the insurance firm is shown by the insurance agreement that the policyholder signs. An agreement for insurance in the form of a standard agreement consists of clauses that put the policyholder in an unbalanced position with the insurance company. It is expected that the law provides clear legal guarantees and protections, but the characteristics of standard agreements in insurance legal relationships make the protection of policyholders weak.⁵ Policyholders become weaker and helpless after the signatories of the insurance agreement incorporate elements of the standard agreement or potentially adverse standard contracts, and the implementation of the contents of the insurance agreement becomes complicated and often difficult.

It is expected that the law provides clear legal guarantees and protections, but the characteristics of the standard agreement in the insurance legal relationship make the protection for policyholders weak.⁶ The position of policyholders is weakened and increasingly helpless because the act of signing insurance agreements already includes aspects of contracts or standard agreements that can be detrimental, and if combined with the implementation of the convoluted and

⁵ Nilam Nurainiyah, I. K Astawa, and Tri Setiady, "Perlindungan Hukum Bagi Pemegang Polis Dalam Konteks Pengalihan Liabilitas Dan Restrukturisasi Asuransi Berdasarkan Undang-Undang Nomor 40 Tahun 2014 Tentang Perasuransian," *UNES Law Review* 7, no. 1 (2024): 169–183.

⁶ Emilia Febriyanti, Wiwik Sri Widiarty, and Aartje Tehupeiory, "Perlindungan Hukum Terhadap Tertanggung Dalam Bentuk Penolakan Klaim Polis Asuransi Yang Telah Diberikan Ke Otoritas Jasa Keuangan," *Action Research Literate* 8, no. 5 (2024): 1–13.

often complicated content of the agreement, the situation becomes even more precarious.

Every agreement always has the possibility of disputes.⁷ With an agreement, the parties' rights and responsibilities start to be upheld. The party entitled to the duty will litigate for its rights if one of the parties fails to fulfill its commitments, resulting in default and disputes. The most common causes that cause legal disputes in insurance companies are :

1. The two parties differ in the way they understand the implementation of obligations;
2. The insurance company is not responsible for paying the insured for the claim;
3. The insurance company declines to pay the insured for the damages they have sustained;
4. Selling goods that do not have a permit from the authority;
5. Coverage without reinsurance.⁸

There are several ways to resolve an insurance dispute if there is a dispute between the insurer and the insured, namely:

1. Insurance Mediation and Arbitration Agency of Indonesia (BMAI)

The insured might settle the disagreement by requesting assistance from BMAI, one of the alternative dispute resolution organizations. BMAI was established to provide legal protection to insurance customers, increase public trust in insurance, and have the ability to support the future improvement of insurance due to its unbiased nature. BMAI does not act as legal consultant in dispute resolution; Instead, it serves as a mediator in the conflict between the two sides. BMAI offers services for resolving disputes between policyholders or covered parties and insurance firms. BMAI has several ways to resolve the dispute, namely:

- a. Mediation is a dispute resolution technique through discussion and compromise, with a third party acting as a mediator and providing facilitation. After receiving the applicant's request for dispute resolution and supporting evidence, the mediator will contact the applicant to obtain information about the dispute. After that, the mediator will conduct an investigation to find out the circumstances of the case. Furthermore, to help the parties reach an agreement, the mediator holds a meeting with them and tries to provide advice. After negotiations, it is

⁷ M.HUM. Endro Martono, SH. and M.Hum. Sigit Supto Nugroho, S.H., *HUKUM KONTRAK DAN PERKEMBANGANNYA*, ed. M.Hum Elviandri, S.HI., 1st ed. (Solo: Pustaka Iltizam, 2016).

⁸ Ferdianand Purnomo Brandon, "Analisis Faktor-Faaktor Penyebab Sangketa Klaim Asuransi Dan Penegakan Hukumnya," *Journal Of Social Science Reserach* 4, no. 2 (2024): 4297–4312.

expected that the parties will reach a consensus on one thing: whether the respondent changes its decision to reject its claim and pays its claim or whether the applicant can accept the respondent's reasons for rejecting his claim, meaning he will not receive payment of his claim.

The parties, not the mediator, make the ultimate decision throughout the mediation process. The negotiating parties can make a decision with the help of a mediator.⁹ Once the mediation process ends and the parties reach an agreement, a mediation agreement will be made. This agreement shall include all matters agreed upon by the applicant and the respondent. If it is unsuccessful, the applicant can ask the Chairman of BMAI to proceed to the adjudication stage or take other legal channels such as arbitration or court.

Article 4 of Decree No. 008/SK-BMAI/11.2014 concerning BMAI Mediation Regulations and Procedures regulates the requirements necessary for the resolution of insurance disputes through mediation that can be accepted by BMAI. This article includes BMAI which can handle any dispute if the following requirements are met:

- 1) The interested party is the applicant who submits the.
 - 2) Members who are still registered as Members must be parties to the dispute and be under the jurisdiction of BMAI.
 - 3) Differences of opinion arising due to matters concerning the relationship between the Applicant and the Member.
 - 4) Since the establishment of the BMAI, the dispute's scope must fall within the BMAI's jurisdiction.
 - 5) The Member is unable to settle the disagreement with the Applicant directly in line with the Applicant's demands within 30 (thirty) days of the Applicant submitting an objection to the Member.¹⁰
- b. The process of resolving disputes through a third party appointed by the disputing party to establish a decision is known as adjudication. Adjudication is an additional option available to the disputing parties in the event that mediation

⁹ Cahya Putri, "Peran Mediator Dalam Penyelesaian Permasalahan Hubungan Industrial," *Jurnal Jatiswara* 39, no. 3 (2024): 368–377.

¹⁰ Rudi Ansyah, "Penyelesaian Sengketa Asuransi Melalui Mediasi Di Lembaga Alternatif Penyelesaian Sengketa Sektor Jasa Keuangan (Laps Sjk)," *TAQNIN: Jurnal Syariah dan Hukum* 5, no. 02 (2024): 142–158.

fails to produce an agreement. To proceed with the adjudication, the parties may decline and look for alternative solutions to the conflict, but the mediator will ask the BMAI chairman for his consent. BMAI makes adjudication trials fast and cheap. The examination of disputes is carried out in writing, namely the application document and the insurer's answer, each with evidence. If necessary, the examination can be done orally or face-to-face. There are no replicas nor duplicates or conclusions.

Each examination takes place behind closed doors, and the panel and parties must agree on whether or not any additional parties are allowed to attend. The law where the adjudication is carried out is the applicable law. The language used is Indonesian as well as other languages approved by the Assembly. The provisions required for the resolution of insurance disputes through adjudication are similar to the provisions required for settlement through mediation:

- 1) The interested party is the applicant.
 - 2) Since such members are still registered as BMAI members, they should be considered parties subject to BMAI's jurisdiction.
 - 3) Disputes stemming from relationship issues between the Applicant and Members.
 - 4) The extent of the issue must fall within the BMAI's jurisdiction since its founding.
 - 5) If the Applicant files an objection, the Member has 30 (thirty) days to settle the disagreement with the Applicant directly and meet the Applicant's demands.¹¹
- c. One way to settle civil issues outside of the regular courts is through arbitration. It is predicated on a signed contract between the disputing parties. Both sides requested that a third party who is impartial settle the matter. This arbitration is conducted behind closed doors, distinguishing it from the court because it maintains the confidentiality and good name of the parties to the dispute. An arbitration agreement including an arbitration provision must be drafted in order for arbitration to take place.

The agreement must expressly state that he or she is appointed as a member of the BMAI arbitration forum. It is

¹¹ Ida Ayu Surya Dwijayanti, I Nyoman Puru Budiarta, and Desak Gde Dwi Arini, "Penyelesaian Sengketa Perasuransian Oleh Badan Mediasi Dan Arbitrase Asuransi Indonesia (BMAI)," *Jurnal Preferensi Hukum* 2, no. 2 (2021): 377–381.

considered that both parties have reached a consensus to stop the case examination process through the District Court and/or other alternative dispute resolution institutions. Single judges or a panel of judges made up of three judges decide disputes. All parties agree to select a Single Arbitrator. In an Arbitral Tribunal, each party elects its own arbitrator, and one arbitrator is elected as the chairman of the tribunal. His job is to supervise and supervise the trial. The decision of the case is made by the three arbitrators with equal rights, and the decision of the panel is taken by the majority vote, i.e. the opinion of two or three arbitrators. The award made by the arbitral tribunal is final and binding.

The decision was reported by BMAI to the clerk of the District Court where the Applicant was located. Arbitrators shall be selected by the parties from the names listed in the BMAI arbitrator list. Persons who are not registered with the BMAI should not be appointed as arbitrators unless the registered arbitrator has the necessary expertise to examine the disputed case. The amount of the contested policy compensation or benefit claim cannot be more than For life insurance or social security claims, provide IDR 500,000,000; for loss or general insurance claims, provide IDR 750,000,000.¹²

2. District Court

In insurance disputes in court, the parties to the dispute hope that the other party can be forced to do what they have to do. Unlike the long process, dispute resolution in court allows the parties to take legal remedies if the court decision is deemed unfair. The High Court to the Supreme Court is where this legal remedy can be implemented. After being decided by the Supreme Court, the parties can still file for Review. The costs incurred are also high because the process is very long.

3. Law No. 8/1999 on Consumer Protection; Dispute Resolution

The insured is the customer, while the insurer is the business actor in an insurance contract. Article 251 of the Criminal Code states that the insured is in a disadvantaged position, so it is more on the side of the insurer. Even if done in good faith, any concealed conditions or inaccurate or misleading notifications nullify coverage. It is null and void if the insurer is aware of the actual conditions of all these things.

The insurer consistently denies claims in accordance with Article 251 of the Criminal Code. As a result, customers have a legal foundation

¹² Muhammad Rizky Aziz, "Insurance Alternative Dispute Settlement In Indonesia," *JISIP (Jurnal Ilmu Sosial dan Pendidikan)* 5, no. 2 (2021).

to protect their rights thanks to Law Number 8 of 1999 on Consumer Protection. Companies that avoid, ignore, or fail to meet customer demands may be sued by the Consumer Dispute Settlement Agency (BPSK) or brought before the customer directly, as stated in Article 23 of the Consumer Protection Law. Article 45 of the UUPK strengthens Article 23 by stating that consumers can sue business actors both in court and non-court.

The consumer's position and the policyholder's position under the Consumer Protection Law are proportionate; yet, the law, which includes Articles on consumer dispute resolution, may serve as a legal buffer for resolving disagreements over contracts or insurance agreements, provided that an organization exists that is capable of doing so.¹³

4. Based on Regulation Number 1/POJK. 07/2013 of the Dispute Resolution and Financial Services Authority, which deals with consumer protection in the financial services sector.

The Financial Services Authority (OJK), a body that oversees the insurance sector, established Financial Services Authority Regulation Number 1 POJK.07/2013, which governs consumer protection.¹⁴ This regulation heavily relies on the good faith concept. Financial Service Actors have the right to verify that consumers are acting in good faith by acquiring information and/or documents that are truthful, transparent, and not deceptive, Article 3 of Financial Services Authority Regulation No. 1 POJK. 07/2013 states as much. In addition, as per Article 4 of OJK Regulation No. 1 POJK. 07/2013. Actors in the financial services industry are required to act in good faith by giving and/or communicating truthful, transparent, and non-misleading information regarding goods and services. Customers' rights and responsibilities as customers must also be explained by financial service providers.¹⁵ According to Article 40 (3) of the Financial Services Regulation on Consumer Protection, if a violation results in a disagreement with Financial Business Actors, the member of the Board of Commissioners of the Financial Services

¹³ Atikalina Aulia Sidabariba, M Hendra, and Pratama Ginting, "Perlindungan Hukum Terhadap Lembaga Perbankan Akibat Klaim Asuransi Jiwa Kredit Apabila Terdapat Penolakan Pembayaran Klaim," *Jurnal Notarius* 2, no. 2 (2023): 265–276.

¹⁴ Ahmad Ansyari, "Efektivitasperaturan Otoritas Jasa Keuangan (Ojk) Dalam Menjamin Perlindungan Hukum Bagi Pemegang," *Jurnal Review Pendidikan dan Pengajaran* 7, no. 3 (2024): 10616–10622.

¹⁵ Theresia Septrina, Fakultas Hukum, and Universitas Indonesia, "Kajian Hukum Pemberian Perintah Tertulis Di Sektor Jasa Keuangan Oleh Otoritas Jasa Keuangan Dalam Rangka Perlindungan Konsumen Sektor Jasa Keuangan," *UNES Law Review* 6, no. 3 (2024): 8380–8393.

Authority who is in charge of consumer protection and education has the right to hear complaints from customers.¹⁶

Such consumer problems if the insurance company does not fulfill its promises regarding insurance claims or demands that cause problems, can be resolved out of court or through court channels. Insurance claims or demands, which fall within the scope of the insurance agreement due to the failure of the insurance company, are the legal consequences of not fulfilling the insurance agreement. Although fulfilling the agreement is an achievement, failing to fulfill the agreement is also an achievement. As explained by Abdulkadir Muhammad, default comes from the Dutch term "wanpretatie", which means not fulfilling the responsibilities that have been stipulated in the agreement or agreement stipulated by law.¹⁷ Due to noncompliance with the insurance arrangement, policyholders have suffered losses. The policyholder must decide whether to settle the disagreement in court or out of court using the appropriate dispute resolution approach since they no longer have the right to use the insurance.¹⁸

Legal Responsibilities of Insurance Companies in Consumer Protection

The Criminal Code insurance law remains valid because there are no other laws and regulations that revoke it. The first legislation governing the insurance industry as a separate and autonomous nation and state of the Republic of Indonesia is legislation No. 2 of 1992 Governing Insurance Business. However, The Criminal Code's function in regulating different facets of insurance is not eliminated by this statute. Furthermore, due to its increased regulation of insurance companies, Law No. 2 of 1992 was modified. Law No. 40 of 2014 pertaining to insurance which is discussed in Chapter XVIII and Article 92, is stipulated as the official law that regulates insurance in Indonesia.¹⁹

Article 1774 of the Civil Code states that the agreement of profit in Indonesian legal literature also incorporates the idea of insurance or covering: "An act that benefits all parties and other parties that rely on unpredictable possibilities is known as a profit-making agreement."²⁰

¹⁶ MIG IRIANTO LEGOWO, ZABIDIN ZABIDIN, and AGNES MARIA JANNI WIDYAWATI, "Peran Badan Mediasi Dan Arbitrase Asuransi Indonesia (Bmai) : Analisis Proses Dan Sifat Putusan," *Ganec Swara* 17, no. 4 (2023): 1533.

¹⁷ Besty Habeahan Rosiana Agnes Rizky Batubara, "Tinjauan Hukum Terhadap Wanprestasi Oleh Kreditur Yang Memberlakukan Pengakhiran Kontrak Sepihak Kepada Debitur Dalam Perjanjian Sewa Pakai Properti," *Jurnal Rectum* 7, no. 1 (2025): 34–44.

¹⁸ Shinta Andriyani, Wiwiek Wahyuningsih, and Arief Rahman, "Kekuatan Hukum Akta Pengikatan Dalam Jual Beli Tanah," *Jurnal Risalah Kenotariatan* 2, no. 1 (2021).

¹⁹ Nurjihad Nurjihad, "Konsekuensi Pilihan Bentuk Badan Hukum Perasuransian Di Indonesia," *Jurnal Hukum Ius Quia Iustum* 29, no. 1 (2022): 118–141.

²⁰ Jasran Asya, Remonth Pragiswa, and Inal Amroyasir, "Perspektif Perjanjian Untung-Untungan Terhadap Penyelesaian Pembayaran Klaim Asuransi Jiwa (Studi Kasus Putusan No . 2207 / Pdt . G / 2023 / PA . JB)," *Jurnal Ilmu Hukum, Humaniora dan Politik* 5, no. 1 (2024): 818–827.

If the parties, the insured and the insurer, carry out their respective actions in accordance with the agreement, and no party is harmed, the insurance agreement can be implemented properly. However, there are times when one of the parties does not do what is expected of the agreement, which leads to the implementation of the agreement becoming ineffective. The Dutch word for default, which means poor achievement. As for what is meant by "default", it is when one of the parties is unable to fulfill the achievement as specified in the agreement due to its own negligence or fault. The types of default are as follows:

1. Not fulfilling any achievements at all.
2. Meet the achievement but not on time.
3. Meet the performance but not suitable or wrong.²¹

In an insurance agreement, the performance is balanced, which means that the obligation of the insured or participant to pay insurance premiums periodically is proportional to the expected profit. The value of the risk transferred, or its performance in the classification, is positively correlated with the amount of premiums that must be paid periodically. For example, in a written health insurance agreement whether or not the transfer of risk due to all diseases includes the cost of health surgery, depends on the value of performance.²²

For example, for insurance companies in charge of health insurance agreements, it is natural for individuals who are very concerned about their health to avoid getting sick or needing surgery due to high costs. Pain a serious illness that requires expensive surgery, such as heart and pelvic surgery, among other things. However, any individual who routinely strives to stay healthy and not fall ill for years without suffering illness or undergoing surgery remains responsible for paying insurance premiums. An insured person still pays insurance premiums to the insurer or insurance company if he or she is not sick or does not undergo surgery. is a greater advantage for insurance companies or insurers.

As long as the payment of insurance premiums is made on time, no one wants to get sick or want to undergo surgery because of their illness. This protects the insured that the risk will be transferred to the insurer or insurance company if they later suffer from illness or undergo surgery. Since the policy is the only written document that can show that insurance has occurred, legal liability is required for the insurance policyholder. Insurance policies function as evidence of a binding insurance agreement through an insurance agreement, which indicates that there has been a transfer of risk.²³ According to Abdul Kadir Muhammad, the probability of

²¹ Satiah Satiah and Riska Ari Amalia, "Kajian Tentang Wanprestasi Dalam Hubungan Perjanjian," *Jatiswara* 36, no. 2 (2021): 126–139.

²² Abidah El-Khalieqy, "Akibat Hukum Bagi Nasabah Asuransi Selaku Debitur Terhadap Penolakan Klaim Asuransi Jiwa," *Jurnal Ilmiah Hukum Kenotariatan* 10, no. 1 (2021): 121–130.

²³ Wetmen Sinaga, "Tinjauan Yuridis Terhadap Hak Dan Kepentingan Pemegang Polis Asuransi," *Jurnal Hukum to-ra : Hukum Untuk Mengatur dan Melindungi Masyarakat* 8, no. 3 (2022): 341–356.

an occurrence that leads to losses that jeopardize the insured's interests is passed to the loss insurance business as the insurer, according to the terms of the risk insurance agreement.²⁴ Insurance companies often reject insurance policyholders' claims for a variety of reasons. Therefore, the Financial Services Authority's responsibilities include overseeing, regulating, and safeguarding the rights of insurance policyholders. and protecting insurance consumers.

The Financial Services Authority regulates all financial services, including insurance, since it is an independent body that does not depend on outside forces to carry out its responsibilities. The Financial Services Authority has the authority to regulate and supervise the delivery of insurance services, according to Article 8 of Law No. 21/2011, as mentioned below:

1. Creating the guidelines for this law's implementation;
2. Enacting legislation and rules pertaining to financial services;
3. Establishing OJK rules and guidelines;
4. Create rules governing oversight in the financial services industry;
5. The establishment of guidelines for carrying out OJK tasks;
6. Prescribing guidelines for the process of evaluating written orders against specific parties and financial services institutions;
7. Establishing guidelines for the processes used to decide how to administer legislation in financial services organizations;
8. Control, manage, and administer assets and obligations, as well as establish organizational structures and infrastructure; and
9. Establishing rules for how penalties are applied in compliance with legal and regulatory requirements in the financial services industry.²⁵

Insurance businesses that violate rules and regulations may face administrative sanctions from the Financial Services Authority. Articles 70 and 71 of Law Number 40 of 2014 outline all the items that are prohibited from being broken, and infractions will result in administrative punishments such as:

1. A warning in writing.
2. Prohibitions on usha activities for all or a portion of company operations.
3. Marketing of insurance or sharia insurance products is prohibited for specific business lines.
4. Business license revocation.
5. Revocation of insurance brokers', reinsurance brokers', and insurance agents' registration statements.

²⁴ R C B PYOH, D T Antow, and A T Koesoemo, "Tinjauan Hak Dan Kewajiban Penanggung Dan Tertanggung Dalam Perasuransian Di Indonesia Berdasarkan Undang-Undang Nomor 40 Tahun 2014 Tentang Perasuransian," *Lex Crimen* XII, no. 2 (2023).

²⁵ Rila Kusumaningsih, "Peran Penyidik Otoritas Jasa Keuangan Dalam Menjaga Stabilitas Sektor Jasa Keuangan Indonesia," *Jurnal Res Justitia: Jurnal Ilmu Hukum* 4, no. 1 (2024): 26–41.

6. Registration statements for public accountants, appraisers, actuarial consultants, and other individuals who work with insurance firms may be canceled.
7. Revocation of authorization for groups or institutions involved in mediation.
8. Fines imposed by the administration.
9. The sharia supervisory board is forbidden from holding any of the following positions in a legal body, such as a cooperative or safe joint venture: shareholder, controller, director, board of commissioners, or their equivalent, according to article 6 paragraph 1 letter c. or hold a position equal to an executive position under the Board of Directors in a legal body in the form of a cooperative or joint venture, as specified in Article 6 paragraph 1 letter c, or hold an executive position under the Board of Directors in an insurance company.²⁶

The Insurance Law No. 40 of 2014, Chapter 15, outlines the regulations that must be followed and the administrative penalties that can be applied to insurance businesses who do not, including the failure of insurance companies.²⁷ It has been mentioned about the consequences that can be accepted by an insurance company if it does not fulfill its responsibilities or violates the terms.

Further regulations pertaining to criminal charges are governed by Chapter 16 of the Insurance Law Number 40 of 2014. This chapter covers corporal penalties and fines for each offense. Prison sentences can range from as low as 5 years to as high as 15 years, along with fines of up to 1 billion rupiah to 600 billion rupiah. The insurance company can be penalized for being considered to have committed a violation. Violation of an agreement committed by one of the violating parties is regulated in the Civil Law, namely:

1. Article 1243 of the Civil Code states that the debtor, even though it has been declared negligent, starts to incur expenses, losses, and interest as a result of breaching the contract, still does not comply with the agreement, or if something that must be given or done can only be done within a time beyond the predetermined time, a civil lawsuit can be filed on the basis of default.
2. If the debtor cannot prove that the agreement was not executed or not executed on time due to unforeseen events that cannot be insured to him, costs, losses, and interest will all be penalized for the debtor. In compliance with Civil Code Article 1244, there is no bad faith against him.

²⁶ Presiden Republik Indonesia, *Undang-Undang Republik Indonesia Nomor 40 Tahun 2014* (Jakarta, 2014).

²⁷ Shella Aqmadea Eshafia, "Perlindungan Hukum Pemegang Yang Tidak Diikutsertakan BPJS Oleh Perusahaan," *Jurist-Diction* 5, no. 1 (2022): 379.

3. The only things the debtor must pay are the costs, losses, and interest that were anticipated or reasonably foreseeable at the time the engagement was conducted. unless he fails to fulfill the agreement because he is deceiving. Fees, losses, and interest will be paid, even if the agreement is not fulfilled due to the debtor's fraud. Profits and losses will be incurred by creditors. exclusively covers issues that arise directly from the agreement's non-implementation (as defined by Articles 1247 and 1248 of the Civil Code).
4. The agreement stipulates that the non-performing party must compensate the other party for any damages by paying a specific sum. According to Article 1249 of the Civil Code, money more or less than that amount may not be given to other parties.
5. Reimbursement of expenses, losses, and interest resulting from implementation delays is limited to the interest specified by law in an agreement that just entails the payment of a set amount of money, without affecting the passage of certain laws and regulations. It is not necessary to demonstrate that the creditor experienced a loss in order to pay fees, losses, and interest. After being requested in advance of the Court, new costs, losses, and interest must be paid. unless it is legally justified by law (Article 1250 of the Civil Code).
6. Interest may also be generated from collectible principal, either by application before the court or by special consent, provided that the request or approval relates to interest payable for one year. However, money that can be collected, such as land rent and other rent money, perpetual interest or lifetime interest, yields interest from the day the prosecution or consent is made. Interest paid by a third party to creditors for the release of debtors, as well as the proceeds of rent returned, must be regulated in the same way (Articles 1251 and 1252 of the Civil Code).²⁸

In order to maintain balance, this rule stipulates that not only the insured must fulfill its obligations, but also the insurance service provider who has obligations regulated by the regulations. In addition, there is an agency responsible for overseeing the operations of insurance companies.

²⁸ Nur Azza Morlin Iwanti and Taun, "Akibat Hukum Wanprestasi Serta Upaya Hukum Wanprestasi Berdasarkan Undang-Undang Yang Berlaku," *The Juris* 6, no. 2 (2022): 361–351.

CONCLUSION

There are several ways to resolve a dispute if the insurer is not eligible against the policyholder. One of them is through the court or out of court. Should the insurance issue remain unresolved between the policyholder and the insurer (insurance company), out-of-court settlement can be made through BMAI, a legitimate dispute resolution agency, through mediation, adjudication, and arbitration. In addition, The Financial Services Authority was also founded by the government, which has the responsibility to resolve disputes related to insurance contracts. The legal liability of an insurance company for an act of default means that the insurance company is liable to the policyholder who suffers losses if a claim is filed. Meanwhile, policyholders can show that they have fulfilled their obligations to pay premiums and other predetermined conditions, and the presence of administrative punishments outlined in Law Number 40 of 2014's Article 71 on Insurance, specifically written warnings, limitations on company operations, license termination, and payment.

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