

## **The Effectiveness of Policyholder Protection in AJB Bumiputera 1912 Medan**

**Fitria Sarah<sup>1</sup>, Tri Inda Fadhila Rahma<sup>1</sup>, Nur Ahmadi Bi Rahmani<sup>1</sup>**

<sup>1</sup>Universitas Islam Negeri Sumatera Utara Medan, North Sumatra, Indonesia

Corresponding author e-mail: [fitriasarah14@gmail.com](mailto:fitriasarah14@gmail.com)

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**Abstract:** This study was motivated by a significant increase in the number of complaints against the insurance industry, especially cases of claim default in 2018-2022. The purpose of the study was to measure and analyze the effectiveness of policyholder protection at AJB Bumiputera 1912 Medan through a regulatory effectiveness approach as variable x is the legal factor itself, law enforcement factors, facilities or facilities, community factors, and cultural factors. The research method is descriptive quantitative. Primary data was obtained from questionnaires and interviews. While secondary data is in the form of documentation studies, in the form of Articles of Association, general conditions of the policy, and laws and regulations that support the research. The results of the study on respondents' responses show that all indicators of factors affecting the achievement of regulatory effectiveness have a fairly high percentage. However, it should be noted that the factors that produce ineffective percentages are 62.45% for law enforcement factors and 60.14% for community factors. Both factors are caused by the late presence of laws that clearly regulate the form of joint ventures, No. 4 of 2023 concerning Development and Strengthening of the Financial Sector (P2SK), where it is stated in article 53 paragraph 2e: "distribution of profits and losses on Joint Venture activities for members".

**Keywords:** AJB Bumiputera 1912, Effectiveness, Policyholder Protection

### **A. Introduction**

The insurance industry in Indonesia tends to record growth every year. This can be seen from the growth in premiums and assets of the insurance industry, which almost always increases (Putri & Rahayu, 2019). The number of insurance companies that exist results in competition between these insurance companies (Driyarkara & Natalia Yeti Puspita, 2023). Consumer complaints to financial sector regulatory and supervisory agencies in the insurance industry have increased as the sector has grown.

Data from the Financial Services Authority (OJK) from 2018 to 2022 the number of complaints has increased significantly. The most dominant consumer complaint is

asking for clarity regarding the payment of claims from insurance companies, especially in Jiwasraya, Bumiputera, Kresna Life and WanaArtha Life, said the Chief Executive of the NonBank Financial Industry Supervisor (IKNB) OJK, Ogi Prastomiyono. So this can be interpreted that the insurance industry needs to improve the quality of consumer protection, especially regarding dispute resolution for policyholders (Kahfita Ardana, Fauzi Arif Lubis, 2023).

Indonesia itself has the only mutual insurance company that has been established for 112 years and has more than 47,000 policyholders. The company is Bumiputra 1912 Joint Life Insurance. But unfortunately, since 2018 until now AJB Bumiputera 1912 has been experiencing problems in its operations. Based on the 2021 audited financial statements, there is a difference between assets and liabilities of IDR 23.3 trillion, higher than its liabilities/obligations. The action from OJK has never provided good news, causing delays in the payment of AJB Bumiputera 1912 claims (Putra, 2021).

To maintain the economic viability of the company and guarantee policyholders, AJB Bumiputera 1912 issued a decision on the results of the Financial Restructuring Plan (RPK) approved by OJK in the form of a Benefit Value Reduction (PNM). The decision was made in line with Article 38, Paragraph 4 of the AJB Bumiputera 1912 Articles of Association, which states that in the event of a company loss, the remaining losses will be pro rata distributed among the members of AJB Bumiputera according to procedures decided upon during BPA (Member Representative Body) sessions.

The PNM decision has disappointed AJB Bumiputera 1912 policyholders because they feel aggrieved over their rights. The reason is that PNM's decision makes policyholders receive the amount of insurance money not in accordance with the initial agreement. This incident also raises concerns about the negligence of OJK supervision, resulting in the losses of the AJB Bumiputera company being borne by policyholders.

Research written by Isna Nurul Ain, Muhammad Syahbudi in 2024, with the title "Legal Protection of Compensation for Disbursement of Funds Against Insurance Policyholders Experiencing Liquidity (Case Study of Joint Life Insurance Bumiputera 1812 Batang)", resulted in the protection of policyholders in the form of legal guarantees for the payment of funds for Joint Life Insurance Bumiputera 1912 Batang regulated in Articles 53 and 54 of Law No. 40 of 2014 concerning Insurance and Law No. 8 of 1999 concerning Consumer Protection (Isna Nurul Ain, Muhammad Syahbudi, 2024). Meanwhile, based on research by Utiyafina Mardhati Hazhin and Marchethy Riwani Dyaz in 2022, with the title "The Effectiveness of Legal Protection Forms for Kresna Life Insurance Policyholders After the Cassation Decision", it results in that legal protection regulations need to be improved regarding unit-linked insurance both from transparency and governance to

maximizing policyholder legal protection and implementing the creation of a Policy Guarantee Agency to attain efficacy (Khalisha Erfira Septianita, 2024).

To protect or empower policyholders a set of legal rules is required (Nugraha, 2020). A legal product is said to be effective if the legal product has been carried out in practice. According to Soerjono Soekanto's theory of legal efficacy, there are five aspects that impact a law's effectiveness: the legislation itself, factors related to law enforcement, facilities or other facilities, community considerations, and cultural factors. This essay attempts to determine how to assess and analyse the efficacy of policyholder protection at AJB Bumiputera 1912 Medan based on the background and pertinent prior research. It is anticipated that the study's findings will offer insightful information for regulators in improving the quality of policyholder protection and increasing the compliance of insurance sector companies in better fulfilling their social responsibilities.

### **Legality of AJB Bumiputera 1912**

Article 7 of Law Number 2 of 1992 about Insurance Business and Law Number 40 of 2014 concerning Insurance both stipulate that Mutual Business is a legitimate organization that organizes insurance business. In summary, after 102 years of operation, mutual firms were just regulated in 2014 (Noor Hediati, 2021). The Law on Insurance's article 6 paragraph (1) letter (c) has been addressed by the Government of Indonesia through Government Regulation Number 87 of 2019, which relates to Insurance Companies in the Form of Joint Ventures. This regulation was released in 2019. Further guidelines pertaining to joint business legal organizations mentioned in paragraph (2) shall be regulated in a government regulation in compliance with Article 6 Point (3) of the Law on Insurance. Nevertheless, Financial Services Authority Regulation Number 1/POJK.05/2018 concerning Financial Health for Insurance Companies in the Form of Joint Venture Legal Entities was released first, prior to the Government Regulation.

AJB Bumiputera 1912 was established without capital by the Dutch East Indies goeroe-goeroe (PGHB) based on sincere intentions and good faith for the welfare of the community. This company adheres to a mutual system and is regulated in the Articles of Association of AJB Bumiputera 1912 that if the company gets excess funds, it will be returned to policyholders as a bonus and if it suffers a loss, it will be borne prorate by the members. This policy is written in the Articles of Association of AJBB Article 38 without being followed by other laws. Article 22 of the General Conditions of the Policy on Dispute Resolution / Place of Residence is also notified that "in the event of a dispute between the agency and those interested in this insurance, the Agency and the policyholders agree to resolve by deliberation to reach consensus within 60 days. If no agreement is reached, then the policyholder in resolving through the court or through an alternative dispute resolution institution. If it is not resolved, the policyholder can submit an application to the OJK to

facilitate the settlement of consumer complaints”. The lack of understanding of policyholders regarding the AJBB business form and the lack of clear regulations from the regulator, the PNM policy is a big problem for policyholders. In order for AJB Bumiputera 1912 Medan to survive and develop well, it is necessary to regulate the protection of policyholders so that they can compete and win the competition (Nurjanah, Rahmi Syahriza, 2024).

Law No. 4 of 2023 about financial industry Development and Strengthening (P2SK) Chapter VII, a legislative framework intended to govern and enhance the financial industry, was released in response to this one of which is joint venture insurance. Where mentioned in article 53 paragraph 2e: “sharing of profits and losses on Joint Business activities for members”.

### **Legal Basis of Insurance**

The rights and obligations are reciprocal between the insurer and the insured, the details of which are as follows:

1. The obligation to pay the premium is imposed on the insured (Articles 246-264 KUHD). Complete and clear notification is imposed on the insured (Article 251).
2. The faults of the insured cannot be transferred to the person in interest (Articles 276b-246 KUHD).
  - a. The insured is not an interested person in the coverage, not burdened with the obligations as stated in 283 KUHD, namely the obligation to do everything to prevent and reduce losses that may occur.
  - b. The insured has the right to demand the surrender of the policy (Article 257 paragraph 2 KUHD), while the interested person has the right to demand compensation from the insurer.

In an agreement there are arrangements for the rights and obligations of each party involved in the agreement, these rights and obligations are said to be achievements or are the contents of the agreement, if the debtor/lessee does not fulfill the achievement then he is said to have defaulted (Fauzi, 2019). Default is the negligence of the debtor to fulfill his obligations in accordance with the agreed agreement, causing losses suffered by the party whose rights are not fulfilled (Rapika Hannum Nasution, Nur Ahmadi Bi Rahmani, 2023). There are three circumstances where the debtor can be said to be in default, among others:

- a. The debtor performs no performance at all, which entails that the debtor does not carry out the responsibilities outlined in an agreement or the legal obligations contained in an obligation emanating from law.
- b. The debtor performs, but it is neither right nor wrong. In this instance, the debtor complies with legal requirements and carries out agreements, but not in the proper manner.

- c. Although the debtor completes the task, it is delayed. In this instance, the debtor performs as agreed, but he arrives after the agreed-upon hour. Doing something that according to the agreement should not be done

### **Policyholder Protection**

Customers and business actors have a reciprocal need relationship in commercial activity. The goal of business actors is to make money from their interactions with customers, whereas customers want to be satisfied when their wants for specific goods are met (Ratnaningsih, 2022). The relationship between customers and insurance companies is a relationship between legal subjects as carriers of rights and obligations (Amiruddin, 2018).

Policyholders in the financial services industry are protected under the Financial Services Authority Law (UUOJK), specifically Article 28. According to the article, OJK is empowered to take steps to prevent losses in order to safeguard the public and consumers. These steps include educating the public about the features of the financial services industry, its services, and its products; asking Financial Services Institutions to cease any activities that could endanger the community; and taking any other necessary steps in compliance with relevant laws and regulations. This demonstrates the need for consumers to have legal protection against dishonest commercial activities that could endanger them. Article 39 of the POJK on The Financial Services Sector has the following provisions for consumer protection:

1. The consumer may resolve the matter out of court or through the legal system if an agreement cannot be reached to settle the complaint.
2. An alternative conflict resolution organization handles the out-of-court dispute resolution mentioned in paragraph 1.
3. To expedite the resolution of consumer complaints hurt by financial services industry actors, consumers may apply to the financial services authority in the event that dispute resolution is not handled by the alternative dispute resolution institution mentioned in paragraph 2.

Policyholders' legal protection is crucial since it gives customers rights and security (Salsabilla, Amelia Putri Permata Sari, Gitra Permata, 2018). The legal protection afforded to policyholders encompasses a range of rights, including the right to transparent and truthful information, the right to privacy and security of personal data, the right to have financial institutions fulfil their obligations and responsibilities, and the right to compensation for losses resulting from negligence, agency errors, or financial losses (Haris Budiman, Bias Lintang Dialog, Iman Jalaludin Rifa'i, 2022). Customers can feel secure and protected when doing business with financial institutions thanks to policyholders' legal protection, which boosts public trust in the financial sector and accelerates economic growth generally (Fauziah et al., 2023).

Because insurance firms are in charge of defending the rights of clients who entrust them with their money and property, legal protection of clients is crucial to their operations. Insurance providers must also make sure that the data they give clients is accurate, comprehensible, and not deceptive (Hazhin & Diaz, 2022). Additionally, consumers must be shielded from dishonest behaviour like fraud and trust abuse (Kahfita Ardana, Fauzi Arif Lubis, 2023).

An insurance company's reputation may suffer, lawsuit risk may rise, and even the company's ability to continue operations may be jeopardized if it fails to offer sufficient legal protection to its clients. Insurance businesses must so guarantee adherence to rules and guidelines established by regulators and offer their clients sufficient legal protection. This preserves the insurance company's business continuity and upholds client trust (Jimmytheja Ng et al., 2023).

### **Regulatory Effectiveness**

The connection between goals and outputs is what determines effectiveness. It is a gauge of the extent to which the organization's output level, policies, and procedures meet its objectives. To ascertain if the actions taken, or the sequence of actions taken, are helpful or advantageous to the persons involved, effectiveness must be understood (Nurfitriyani et al., 2021). To protect or empower policyholders, a set of legal rules is required. Therefore, state intervention is required through the establishment of a legal protection system for consumers. In distributing rights and obligations, legislators have the goal of public happiness (Rambe & Sekarayu, 2022).

To find out whether a regulation or law is effective or not, we can look at five factors that influence it (Warto & Khumaini, 2022) Among them:

1. The legal variables themselves, which are restricted to laws, rules, and internal business policies in this study.
2. Elements of law enforcement, including those who create and implement the legislation
3. Factors of structures or facilities that support law enforcement
4. Community factors, or the setting in which the law is implemented or applies
5. Cultural elements, specifically as a result of labor, imagination, and taste derived from human existence.

### **B. Methods**

This is the quantitative study. The independent variable (x) used in this study is the effectiveness of regulations using the theory of factors that influence regulations. To collect internal data regarding the regulations it was carried out by the company by using interview. The resource person obtained was Mrs. Tien Devayanti, as Head of Administration and Finance, AJB Bumiputera 1912 Medan. This study was done at Asuransi Jiwa Bersama Bumiputera 1912 Medan, Jl. ST.Iskandar Muda No. 138,

Medan, North Sumatera, 20153. The research population is AJB Bumiputera 1912 Medan policyholders in 2018-2022 totaling 505 people. The Slovin Formula (Rahmalia, 2023) was used to calculate the sample:  $n = 83,47$

From the calculation results, it was rounded up to 83 respondents who were sampled. Simple random sampling is used in the sampling process. This approach makes use of random sampling procedures, disregarding the population's levels (Umar, 2022). Primary data obtained from questionnaires, and interviews. While secondary data is obtained from documentation studies in the form of Articles of Association, general conditions of policies and laws that support research. Descriptive analysis techniques are used to determine answers regarding regulatory effectiveness variables using a Likert scale. The authors employ alternative replies of just four, particularly, to prevent flaws where respondents tend to select neutral alternative answers that make it difficult to assess (Wirastomo & Maniza, 2021):

1. I strongly agree, receiving a 4
2. I agree; I received a 3
3. Disagree, receiving a 2
4. Firmly disagree, receiving a score of 1

Calculate the percentage of the average score of each variable using the following formula (Magdalena Rut, 2016):  $P = x \times 100\%$

Description:

- $P$  = percentage of the average score sought  
= total score of the study  
 $X_{id}$  = ideal score of each variable

The total score is obtained from: (Number of respondents who strongly agreed  $\times$  4) + (Number of respondents who agreed  $\times$  3) + (Number of respondents who disagreed  $\times$  2) + (Number of respondents who severely disagreed  $\times$  1). The ideal score is obtained from: maximum score  $\times$  amount of statements  $\times$  number of responders. The scores obtained will be converted through a percentage measure of effectiveness.

In accordance with the alternative score of the questionnaire answer which ranges from 1 to 4, many classes are determined as many as 4 classes. To determine the range, the largest and smallest percentage values are needed, including: There were 83 responses, with a measurement scale of 4 being the largest and a scale of 1 being the lowest. As a result, the largest cumulative total was  $83 \times 4 \times 1 = 332$ , and the smallest was  $83 \times 1 \times 1 = 83$ . Determining the largest and smallest percentage values.

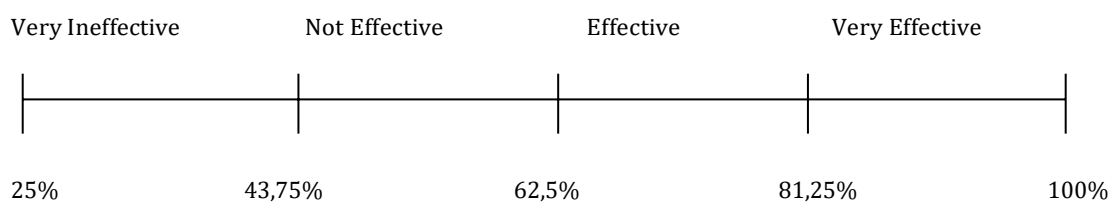
1. The value of the biggest percentage is  $= x \times 100\% = 100\%$ .
2. The value of the smallest percentage is  $= x \times 100\% = 25\%$ .
3. The range value is equal to 75% (100 - 25%).

If the range value is divided by 4 (many classes), the percentage interval value will be 18.75%. So that the percentage assessment classification is obtained as follows:

**Table 1. Classification of Percentage Assessment Categories**

No	Percentage	Category
1	25% - 43,75%	Very Ineffective
2	43,76% - 62,5%	Not Effective
3	62,6% - 81,25%	Effective
4	81,26% - 100%	Very Effective

To see the results of the total score of each variable, the following continuum line can be seen:



**Figure 1. Classification of Percentage Categories on a Continuum**

### C. Results and Discussion

#### The Legal Factor Itself

The results of measuring the effectiveness of policyholder protection at AJB Bumiputera 1912 Medan in terms of its own legal factors can be seen based on the following table 2:

**Table 2. Legal Factors**

No Item	Statement	Total Score	Ideal Score	Average (%)	Category
1.	Internal policyholder protection regulations have been enforced at AJB Bumiputera 1912.	220	332	66,26%	Effective
2.	Policyholder protection regulations in AJB Bumiputera are well interrelated and do not conflict with each other legislation in Indonesia.	220	332	66,26%	Effective
3.	Policyholder protection regulations at AJB Bumiputera 1912 are already running well	206	332	62,05%	Not Effective
Total		646		194,57%	
Average				64,86%	Effective

Based on data processing, it is obtained that the respondents' responses regarding the enforcement of internal regulations for policyholder protection at AJB Bumiputera 1912 Medan amounted to 66.26%. This means that some respondents think that the internal regulations for policyholder protection at AJB Bumiputera 1912 Medan have been enforced. Then 66.26% of respondents thought that the internal regulations that had been enforced were interrelated and did not conflict with Indonesian legislation. As many as 62.05% of respondents think that the



internal regulations for policyholder protection are running well, which is in the ineffective category. The average presentation is 64.86%, which means that the AJB Bumiputera 1912 Medan company has achieved effectiveness in the legal factor itself.

### Law Enforcement Factor

The results of measuring the effectiveness of policyholder protection at AJB Bumiputera 1912 Medan in terms of law enforcement factors can be seen based on the following table 3:

**Table 3 Law Enforcement Factors**

No Item	Statement	Total Score	Ideal Score	Average (%)	Category
1.	BPA /Direction of AJB Bumiputera 1912 company has made internal regulations on policyholder protection	220	332	66,26%	Effective
2.	BPA/Direction of AJB Bumiputera 1912 company has conducted socialization to the public about the internal regulation of policyholder protection.	219	332	65,96%	Effective
3.	BPA / Board of Directors of AJB Bumiputera 1912 company applies policyholder protection regulations properly	197	332	59,34%	Not Effective
4.	Law enforcement officials (OJK) have carried out their duties of supervision and law enforcement of policyholder protection regulations in a professional and responsible manner.	215	332	64,76%	Effective
5.	OJK has conducted socialization to the public on internal policyholder protection regulations.	203	332	61,14%	Not Effective
6.	Coordination and synergy between OJK and various law enforcement agencies related to policyholder protection regulations is already well underway.	190	332	57,23%	Not Effective
Total		1244		374,69%	
Average				62,45%	Not Effective

Based on data processing, the percentage of law enforcement factors obtained is 62.45%. This means that law enforcement factors have not yet reached effectiveness in policyholder protection regulations. This can be seen by looking at the results of respondents' responses of 66.26% those internal regulations have been formed by the BPA / Directors of the AJB Bumiputera 1912 Medan company and 65.96% that socialization has been carried out to the community, but these regulations have not gone well. This evidence can be seen from the total percentage of 59.34% of respondents answering the regulations has been running well, which is in the ineffective category when viewed in table 1 classification of percentage assessment categories.

As many as 64.76% of respondents think that the OJK carries out its duties and law enforcement regarding policyholder protection. 61.14% of respondents thought that the OJK had conducted socialization to the public about internal regulations on policyholder protection. 57.23% of respondents thought that the coordination and

synergy between the OJK and law enforcement officials regarding policyholder protection regulations had gone well. So, it can be concluded that the internal regulation of policyholder protection is not effective because the role of the OJK and other law enforcement officials is not supportive.

### **Facility Factor**

The results of measuring the effectiveness of policyholder protection at AJB Bumiputera 1912 Medan in terms of facilities can be seen based on the following table 4:

**Table 4. Facility Factor**

No. Item	Statement	Total Score	Ideal Score	Average (%)	Category
1.	AJB Bumiputera 1912 has facilities that are used to disseminate information on internal regulations on policyholder protection.	243	332	73,19%	Effective
2.	The facilities used by AJB Bumiputera 1912 are very helpful for employees to find out information on internal regulations on policyholder protection.	242	332	72,89%	Effective
3.	With the existing facilities, internal regulations on policyholder protection become more informative for employees.	242	332	72,89%	Effective
Total		727		218,97%	
Average				72,99%	Effective

Based on the results of data processing, it is obtained that the respondents' responses regarding the facilities used to disseminate information on internal regulations for policyholder protection at AJBB are 73.19%. This means that some respondents think that AJB Bumiputera 1912 Medan already has facilities used to disseminate information on internal regulations for policyholder protection. As many as 72.89% of respondents think that the facilities used by AJB Bumiputera 1912 Medan are very helpful for the public to find out information on internal regulations on policyholder protection and with existing facilities, policyholder protection regulations become more informative for policyholders.

The results of the of 72.99% indicate that the facilities or facilities available at AJB Bumiputera 1912 Medan have achieved effectiveness in disseminating information related to policyholder protection regulations.

### **Community Factors**

The results of measuring the effectiveness of policyholder protection at AJB Bumiputera 1912 Medan in terms of facilities can be seen based on the following table 5:

**Table 5. Community Factors**

No. Item	Statement	Total Score	Ideal Score	Average (%)	Category
1.	I know the policyholder protection regulations at AJB Bumiputera 1912	202	332	60,84%	Not Effective
2.	I agree with the policyholder protection regulations applied by AJB Bumiputera 1912.	200	332	60,24%	Not Effective
3.	I understand the policyholder protection regulations applied by AJB Bumiputera 1912.	197	332	59,34%	Not Effective
Total		599		180,42%	
Average				60,14%	Not Effective

Based on the results of data processing, it is obtained that the respondents' responses regarding the knowledge of AJB Bumiputera 1912 Medan policyholders regarding internal regulations for policyholder protection are 60.84%. This means that some respondents think that there are still policyholders who do not know the internal regulations for policyholder protection. 60.24% of respondents thought that some policyholders agreed with the internal regulations for policyholder protection. 59.34% of respondents think that policyholders understand the internal regulations for policyholder protection. The result of the total percentage of 60.14% indicates that the community factor has not yet reached effectiveness in policyholder protection regulations.

### Cultural Factors

The results of measuring the effectiveness of policyholder protection at AJB Bumiputera 1912 Medan in terms of facilities can be seen based on the following table 6:

**Table 6. Cultural Factors**

No. Item	Statement	Total Score	Ideal Score	Average (%)	Category
1.	Family values and togetherness embraced by the Indonesian people support policyholder protection.	230	332	69,27%	Effective
2.	There is strong trust in the Indonesian people in the insurance industry as a reliable financial institution	229	332	68,96%	Effective
3.	AJBB companies are oriented towards the needs, expectations, and satisfaction of policyholders	236	332	71,08%	Effective
Total		695		209,31%	
Average				69,77%	Effective

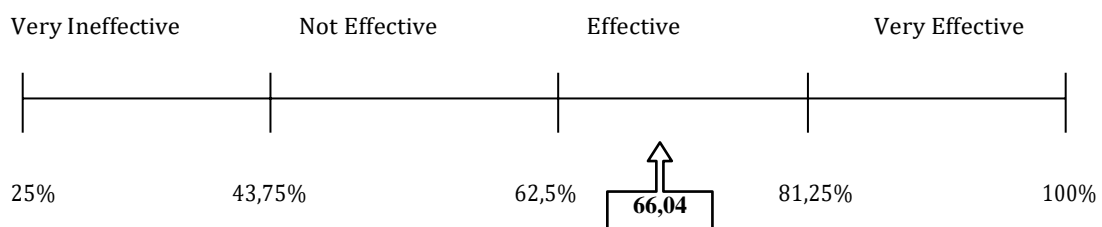
Based on the results of data processing, it is obtained that the respondent's response was 69.27%, meaning that the family values and togetherness adopted by the Indonesian people support policyholder protection. 68.96% of respondents think that there is strong trust in the Indonesian people in the insurance industry as a reliable financial institution. 71.08% of respondents think that the AJB Bumiputera 1912 Medan company is oriented towards the needs, expectations and satisfaction of policyholders. The total percentage of 69.77% indicates that cultural factors achieve effectiveness towards policyholder protection at AJB Bumiputera 1912 Medan. To

find out the results of research related to the Effectiveness of Policyholder Protection, the calculation of the number of distributions of research respondents' answers to the statement items on the Effectiveness of Policyholder Protection, which can be seen in the following table:

**Table 7. Percentage of Policyholder Protection Effectiveness**

No	Factor Effectiveness	Percentage	Category
1	The Law Factor Itself	64,86%	Effective
2	Law Enforcement Factors	62,45%	Not Effective
3	Facility Factors	72,99%	Effective
4	Community Factors	60,14%	Not Effective
5	Cultural Factors	69,77%	Effective
Average		66,042%	Effective

From the results of the average percentage of respondents' answers to the variable effectiveness of policyholder protection, it is obtained at 66.042%, so it is included in the "Effective" category on the continuum line.



**Figure 2. Classification of Percentage Categories on a Continuum Line**

Based on the percentage obtained that has been described in table 9 and shown as the "Effective" category on the continuum line, which is 65.61%, it can be concluded that the policyholder protection regulations at AJB Bumiputera 1912 Medan have achieved effectiveness because each statement indicator obtained from the theory of regulatory effectiveness gets a value or score above the average.

### **Analysis of the Effectiveness of Policyholder Protection at AJB Bumiputera 1912 Medan**

From the explanation related to the protection of policyholders carried out by the AJB Bumiputera 1912 Medan company above, it is appropriate if the research results on AJB Bumiputera 1912 are said to be "Effective" because AJB Bumiputera 1912 has made various efforts to protect policyholders to deal with customer complaints and provide solutions to problems encountered.

AJB Bumiputra 1912 is the only joint venture in Indonesia. This company was founded by the Dutch East Indies Goeroe-goeroe (PGHB) with the aim of helping the welfare of the Indonesian people in overcoming concerns. This business is typical of Indonesian society with a culture of gotong royong and kinship as stated in article 33

of the 1945 Constitution. This is evidenced by the results of the percentage of effectiveness of cultural factors of 69.77%.

The results of interviews with Mrs. Tien Devayanti, as the head of administrative and financial affairs of AJB Bimputera 1912 Medan, stated that internal regulations governing in detail about consumer protection have not been fully enforced, but to ensure the trust of customers and prospective customers in the company can be reviewed from the Articles of Association of AJB Bumiputera 1912 and the general conditions of the policy. This regulation is submitted to customers or policyholders when submitting a proposal. External regulations themselves that clearly regulate the form of joint venture that losses are borne prorata to the owners of the company are only found in Law No. 4 of 2023 “. Unfortunately, the regulation was passed after the AJB Bumiputera 1912 dispute which created an inequality of understanding between policyholders and the company. The rest of OJK’s regulations on consumer protection can also guarantee policyholders.

Government Regulation No. 87 of 2019 and Law No. 40 of 2014 outline the laws and regulations that govern mutual business enterprises. Prior to the issuance of the government regulation, the Financial Services Authority published Regulation Number 1/POJK.05/2018, which addressed the financial health of insurance companies operating as joint venture legal entities. The Articles of Association of AJB Bumiputera 1912, which are included in the policy book, contain the internal regulations itself.

Thus, there are regulations that provide legal protection for AJB Bumiputera 1912 policyholders, there are no strict rules. The legal status of AJB Bumiputera 1912 policyholders, in the view of the Insurance Law and government regulations mentioned above, is interpreted as the owner of the entity with the term member, who has the right to profit and the obligation to bear the losses of AJB Bumiputera 1912. This situation is contrary to the basic principle of insurance which consists of an agreement between the insured and the insurer to transfer the risk of loss or death of the insured (an uncertain event) with the payment of a premium. Naturally, if the results of the calculation of the percentage of law enforcement factors amounted to 62.45%.

#### **D. Conclusion**

The research results of respondents’ responses show that all indicators of factors that influence the achievement of regulatory effectiveness have a fairly high percentage. However, it should be noted that the factors that produce ineffective percentages are 62.45% for law enforcement factors and 60.14% for community factors. These two factors are caused by the late presence of a law that clearly regulates the form of joint venture, namely No. 4 of 2023 concerning Development and Strengthening of the Financial Sector (P2SK), where it is stated in article 53 ayat 2e: “distribution of profits

and losses on Joint Business activities for members”. This results in PNM’s decision becoming a problem for policyholders because they feel disadvantaged due to a lack of knowledge regarding the form of joint business. The effectiveness of policyholder protection at AJB Bumiputera 1912 Medan is seen based on its own legal factors of 64.86%, which means it has achieved effectiveness. The law enforcement factor is 62.45%, which means it has not yet reached effectiveness. The facilities factor is 72.99%, which means it has achieved effectiveness. The community factor is 60.14%, which means it has not yet achieved effectiveness, and the cultural factor is 69.77%, which means it has achieved effectiveness. The average percentage of the variable effectiveness of policyholder protection is obtained at 66.042%, giving the conclusion that the protection of policyholders at AJB Bumiputera 1912 Medan is included in the “Effective” category or has achieved effectiveness.

### **Acknowledgments**

We are very grateful to my family, friends, my supervisor or the people closest to me who have helped or supported me in carrying out my final project and we also have advice for OJK that OJK needs to improve its ability to socialize and educate prospective policyholders in the insurance sector. This aims to avoid misunderstandings and disputes that may occur in the future. On the other hand, AJB Bumiputera 1912 needs to emphasize the form of joint business to policyholders and strengthen internal regulations regarding policyholder protection. This research only discusses from the point of view of AJB Bumiputera 1912 Medan company employees, for this reason, future researchers should analyze the effectiveness of regulations based on the point of view of the company’s customers themselves.

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