

LEGAL PROTECTION FOR CONSUMERS OF LIFE INSURANCE PRODUCTS DURING COVID-19 PANDEMIC IN INDONESIA

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Abstract

Despite life insurance penetration rate has increased from year to year and the total premium income of the life insurance industry had reached trillions of Indonesian Rupiah by the end of 2020, it is undeniable that legal protection for consumers of life insurance products still has its shortcomings. This can be seen from the issuance of Law Number 8 of 1999 concerning Consumer Protection, in which its issuance was more or less influenced by the International Monetary Fund (IMF) during the 1998 monetary crisis. In contrast, regulation related to insurance has been stipulated decades before Indonesia's independence through *Kitab Undang-Undang Hukum Dagang* (KUHD / *Wetboek van Koophandel voor Indonesie*) or the Indonesia Commercial Code. A detailed regulation regarding life insurance was introduced through Law Number 2 of 1992 concerning Insurance Business which focuses on insurance companies and their supporting institutions. However, there was no specific regulation regarding protection for insurance consumers until 2013 when Financial Services Authority (OJK) issued Regulation Number 1/POJK.07/2013 concerning Consumer Protection in the Financial Services Sector which regulates consumer protection not only for insurance company, but also for other financial institutions including banks, securities company, investment advisor, pension fund, and financing company. Later, the Government of Indonesia (GoI) issued Law Number 40 of 2014 concerning Insurance in which, according to its elucidation, reflected great attention and support to protect consumers of insurance services. In 2020 during the global COVID-19 pandemic, the financial services sector was greatly affected and consequently, the condition also affected how insurance companies interact with their consumers due to some restrictions during the pandemic. In this regard, this study attempts to analyze regulations issued by GoI during COVID-19 related to consumer protection of life insurance products, within the scope of Law Number 8 of 1999, OJK Regulation Number 1/POJK.07/2013, and Law Number 40 of 2014.

Keywords: *Life Insurance; Consumer Protection Law; Insurance Law; COVID-19 pandemic.*

1. INTRODUCTION

It was March 2, 2020, when Indonesia confirmed its first cases of coronavirus. There were two Indonesians, a 64-year-old woman and her 31-year-old daughter, who tested positive after being in contact with an infected Japanese national, who lived in Malaysia and had tested positive after returning from a trip to Indonesia.¹ Following the incident, the Government of Indonesia (GoI) declared the Corona Virus Disease 2019 (COVID-19) emergency through the issuance of Presidential Decree Number 11 of 2020 concerning the Determination of Public Health Emergency COVID-19 on 31 March 2020.

Later, Indonesia Financial Services Authority or *Otoritas Jasa Keuangan* (OJK), as the supervisor of insurance companies in Indonesia, issued the OJK Letter Number S-7/D.05/2020 of 2020 Concerning Relaxation of the Deadline for Submitting Reports from

¹Reuters. "Indonesia confirms first cases of coronavirus." Published on 2 March 2020, from: <https://www.bangkokpost.com/world/1869789/indonesia-confirms-first-cases-of-coronavirus> accessed on 18th November 2021.

Non-Bank Financial Services Institutions to OJK on March 23, 2020. This letter mentioned that OJK was aware that several Non-Bank Financial Services Institutions (NBFI) have implemented work from home policies for their employees and thus caused a potential to become an obstacle for the NBFI to fulfill their obligation to submit periodic reports in a timely manner to OJK. Based on this consideration and to support the GOI's efforts to minimize the spread of the coronavirus, OJK provided relaxation on the deadline for submitting periodic reports for NBFI.²

A week later, OJK issued the OJK Letter Number S-11/D.05/2020 of 2020 concerning Countercyclical Policy to the Impact of Outbreak of the Corona Virus Disease 2019 (COVID-19) for Insurance Companies dated March 30, 2020 (OJK Letter S-11/D.05/2020) which is followed by the issuance of OJK Regulation Number 14/POJK.05/2020 concerning the Countercyclical Policy to Mitigate the Impact of Coronavirus Disease 2019 upon NBFI (POJK 14/2020) that came into force on 17 April 2020 and served as the basis, among others, for NBFI to provide debt restructuring to its consumers. This OJK regulation was then amended through the issuance of OJK Regulation Number 58/POJK.05/2020 concerning Amendment of OJK Regulation Number 14/POJK.05/2020 which was effective as of 16 December 2020 (POJK 58/20) and amended for the second time in January 2021 by OJK Regulation Number 30/POJK.05/2021 concerning Second Amendment of OJK Regulation Number 14/POJK.05/2020.

While the OJK Letter S-11/D.05/2020 only focused on 3 (three) issues, namely: extension of the deadline for a periodic report, implementation of fit and proper test for the primary party, and calculation of solvency level for insurance companies³, POJK 14/2020 as amended lastly by POJK 30/2021 has broadened the scope. According to Article 3 paragraph (1) of POJK 14/2020, the types of countercyclical policies impacting the spread of COVID-19 regulated in the POJK shall include:

- a. deadline for submission of periodic reports;
- b. implementation of fit and proper test;
- c. determination of asset quality in the form of financing and restructuring of financing;
- d. calculation of the solvency level of insurance companies, sharia insurance companies, reinsurance companies, and sharia reinsurance companies;
- e. calculation of the quality of funding for pension funds that organize defined benefit pension plans;
- f. implementation of the provisions on asset management according to the age of the participant group (life cycle fund) for pension funds that organize defined contribution pension plans;
- g. insurance company communication mechanism;
- h. training and development costs for employees of financing companies and sharia finance companies;
- i. working capital financing business activities using business capital facilities;

² Otoritas Jasa Keuangan, *Letter Number 7/D.05/2020 of 2020 Concerning Relaxation of the Deadline for Submitting Reports from Non-Bank Financial Services Institutions to OJK, 2020*

³ Otoritas Jasa Keuangan, *Letter Number Number S-11/D.05/2020 of 2020 Concerning Countercyclical Policy to the Impact of Outbreak of the Corona Virus Disease 2019 (COVID-19) for Insurance Companies, 2020*

- j. issuance of securities by financing companies and sharia finance companies;
- k. equity provisions for insurance brokerage companies and reinsurance brokerage companies;
- l. actuarial valuation provisions for employer's pension fund (DPPK);
- m. loan restructuring for information technology-based lending service providers; and
- n. other policies determined by the OJK through the Chief Executive of the Insurance Supervisory Board, Pension Funds, Financing Institutions, and Other Financial Services Institutions.⁴

It is quite rare to see a counter-cyclical regulation that applies to insurance companies in Indonesia. This type of regulation was primarily found in the banking sector rather than insurance. So, what is the purpose of counter-cyclical regulation? The International Center for Monetary and Banking Studies (2009) mentioned that:

“The main objective of counter-cyclical regulation should be to reduce the systemic risk that fluctuations in the conditions of an institution, or market, would have on the rest of the system. Systemic institutions (markets) should be regulated in direct proportion to their systemic risk.”⁵

In addition, according to Patricia A. McCoy from Boston College Law School in 2016, countercyclical regulation offers pre-commitment devices and objective tests to help insulate regulators from political pressure not to act.⁶ Therefore, the issuance of POJK 14/2020 and its amendments reflected an immediate action from OJK to respond to changes in risks that occurred to the financial industry due to COVID-19 in Indonesia.

For general insurance, COVID-19 will have a definite impact on the amount of premium that will be borne by the customers due to the extension of the loan tenor in connection with the credit restructuring.⁷ But how does COVID-19 impact the life insurance sector? Unlike general insurance, a life insurance contract or as we know as life insurance policy, is a long-term contract and requires the policyholder to pay premiums during the policy term, which sometimes for certain insurance contracts, the payment term shall be throughout the lifetime or until the death of the insured.⁸ Thus, the COVID-19 pandemic will have little to no impact for the life insurance consumer to obtain relaxation to pay the premium late or to have the

⁴ Otoritas Jasa Keuangan, *Regulation Number 30/POJK.05/2021 Concerning Second Amendment of OJK Regulation Number 14/POJK.05/2020 Concerning Countercyclical Policy to Mitigate the Impact of Coronavirus Disease 2019 for Non-Bank Financial Services Institutions, 2021.*

⁵ Brunnermeier, Markus., et.al. “The Fundamental Principles of Financial Regulation.” Geneva Reports on the World Economy 11 (2009).

⁶ Patricia A. McCoy. "Countercyclical Regulation and Its Challenges." *Arizona State Law Journal* 47, no.5 (2016): 1181-1237.

⁷ According to OJK's Things to Know About Credit Restructuring in Financing Companies Guide, Indonesia's General Insurance Association or *Asosiasi Asuransi Umum Indonesia (AAUI)* has stated that the insurance premium related to vehicle financing cannot be waived, however the premium can be calculated to be as light as possible considering the pandemic situation. From: <https://www.ojk.go.id/id/berita-dan-kegiatan/Documents/Pages/informasi-covid-19/Hal%20yang%20Perlu%20Kamu%20Tahu%20Mengenai%20Restrukturisasi%20Perusahaan%20Pembiayaan.pdf> accessed on 18th November 2021.

⁸ This applies to whole-life insurance product which is a permanent life insurance policy guaranteed to remain in force for the life of the insured as long as the premiums are paid. As cited from: <https://www.lhlic.com/consumer-resources/how-does-whole-life-insurance-work/> accessed on 18th November 2021.

amount of premium reduced due to the underwriting process, which determined the premium, has been stipulated at the beginning of insurance contract. On the other hand, COVID-19 has impacted the number of life insurance policy surrenders. According to Indonesia Life Insurance Association or *Asosiasi Asuransi Jiwa Indonesia* (AAJI), in Q1 2021, the number of policy surrender of life insurance policies had increased 30.61% year on year (YoY) to IDR 28.54 trillion from IDR 21.85 trillion. The Chairman of AAJI, Budi Tampubolon, mentioned that increase in the number of policy surrenders was expected due to the need for funds of consumers. One of the life insurance companies that also experienced growth in total surrender claims was BRI Life which had IDR180 billion total surrender until June 2021 and most of them are unit-link products. President Director of BRI Life, Iwan Pasila, said the total surrender claims increased due to the possibility of being influenced by the need for funds to deal with the pandemic.⁹

This study will attempt to show several legal issues that need to be addressed within the life insurance sector besides the legal or compliance obligation related to periodic mandatory reports, fit and proper test and solvency level calculation during the COVID-19, specifically that related to consumer protection of life insurance product.

2. RESEARCH METHODS

This research is normative or doctrinal legal research supported by the empirical legal study, including research on the principles of law, sources of law, legislation, the academic paper that analyzed the matters discussed and supported by data from OJK, AAJI, National Law Development Agency (*Badan Pembinaan Hukum Nasional* or *BPHN*), and also court decision published by the Supreme Court (*Mahkamah Agung*). This research was conducted to provide legal arguments as a basis for determining whether the purpose of regulations has been achieved, with a focus on examining the legal concept of consumer protection for the life insurance business during the COVID-19 pandemic. As mentioned by E. Saefullah Wiradipradja, quoting Peter Mahmud Marzuki, basically legal science is a prescriptive and applied science in addition to descriptive or sociological ones. As a prescriptive science, legal science studies the purpose of the law, values of justice, validity of the rule of law, legal concepts, and legal norms. As an applied science, legal science establishes standard procedures, provisions, and signs in carrying out the rule of law.¹⁰

The legal issue encountered in this study is finding legal cases that specifically related to consumer complaints of the purchase of life insurance products during the COVID-19 pandemic due to the issuance of the countercyclical regulations. Submission of consumer complaints through OJK online system is confidential and not available to the public. Although according to OJK from January 1 to November 25, 2021, there were 595,521 consumer complaints to the OJK in total, there were only 5,783 complaints regarding insurance, which included the complaints related to difficulties in insurance claims, products,

⁹ Adrianus Octaviano. "Masih Pandemi, Klaim Tebus Polis di Asuransi Jiwa Masih Terus Meningkat.", Kontan 14 Juli 2021. From: <https://keuangan.kontan.co.id/news/masih-pandemi-klaim-tebus-polis-di-asuransi-jiwa-masih-terus-meningkat> accessed on 2 December 2021.

¹⁰ E. Saefullah Wiradipradja. *Penuntun Praktis Metode Penelitian dan Penulisan Karya Ilmiah Hukum, Cetakan Kedua*. (Bandung: CV Keni Media, 2016), p. 24

or services that did not match the offer, and disputes between parties. Most of the consumer complaints reported to OJK during the COVID-19 pandemic in 2021 are related to financial technology (fintech) services with 50,413 complaints, exceeding complaints in banking services of 49,205.¹¹ These numbers are probably due to an increase in the number of fintech lending (online loan) or credit restructuring.

3. ANALYSIS AND DISCUSSION

3.1. Principles and Objectives of Consumer Protection

Who is the consumer and what is consumer protection? Is there any universally agreed definition of these terms? Consumer protection, as defined by the Association of Southeast Asian Nations (ASEAN) and *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ) GmbH in its Handbook on Consumer Protection Laws and Regulations (2021), shall refer to the measures that aim to protect and promote the well-being and/or financial interests of consumers. Although the ASEAN Handbook emphasized that there is no standard or universally agreed definition of the term ‘consumer’ as different laws of countries might define differently depending on the varying purposes, contexts, and needs, the consumer shall be generally understood as: a purchaser of goods and services for the personal satisfaction of themselves or other members of their households, as distinct from use to generate further income.¹²

Why did the consumer need to be protected? It is because, according to the United Nations Conference on Trade and Development (UNCTAD) in 2016 from its Guidelines for Consumer Protection, consumers often face imbalances in economic terms, educational levels, and bargaining power and bearing in mind that consumers should have the right of access to non-hazardous products, as well as the right to promote just, equitable, and sustainable economic and social development and environmental protection.¹³

Dr. David M. L. Tobing, S.H., M.Kn., a prominent consumer protection lawyer in Indonesia, in the scope of relation between consumer and business actor in Indonesia, mentioned that:

“In the idea of consumer protection and standard clauses contained in the Academic Papers of the 1980-1981 Consumer Protection Bill, it was identified one of the consumer's weak points in relationship with producers, namely negative business practices carried out by producers in carrying out their business activities. Actions that harm consumers are called

¹¹ Novita Intan. “OJK: Pengaduan Konsumen di 2021 Mayoritas Mengenai Fintech.” *Republika* 4 Desember 2021. From: <https://www.republika.co.id/berita/r3lf2b414/ojk-pengaduan-konsumen-di-2021-mayoritas-mengenai-fintech> accessed on 5 December 2021.

¹² The ASEAN Secretariat. “Handbook on ASEAN Consumer Protection Laws and Regulations, Second Edition.” Jakarta (2021). <https://aseanconsumer.org/read-news-asean-launches-the-2nd-edition-of-the-handbook-on-asean-consumer-protection-laws-and-regulations>., p. 3.

¹³ The United Nations Conference on Trade and Development. “United Nations Guidelines for Consumer Protection.” Geneva (2016). https://unctad.org/system/files/official-document/ditccplpmisc2016d1_en.pdf., p. 6.

negative business practices. In the literature, this negative business practice is known as the abuse of circumstances (*misbruik van omstandigheden*).¹⁴

David Tobing also provided that the idea of negative business practices prohibition, such as prohibition to exoneration clause, is a policy from the GoI to provide limitation against the principle of freedom of contract and the recognition of doctrines that have been established in the legal practices but have a negative impact on the interests of consumers.¹⁵

3.2. Regulatory Framework of Protection for Consumers of Life Insurance Product

3.2.1. Consumer Protection Law Number 8 of 1999

Although based on the principle of *lex specialis derogat legi generali*¹⁶ the insurance company shall not implement the consumer protection based on Consumer Protection Law Number 8 of 1999 (Consumer Protection Law), Consumer Protection Law is still the main legal foundation for consumer protection in Indonesia and set the benchmark for business actors on how the consumers should be treated and protected. Therefore, it is essential to discuss how consumer protection is defined and implemented based on this law.

Consumer Protection Law defined consumers' protection as all means which guarantee the legal security to protect the consumers. Consumer shall be each individual user goods and/or services available in society, for the benefit of themselves, family members, other people, and other living creatures and which are not for trading.¹⁷ This definition resembles the one given by the ASEAN in its handbook. The principles of consumer protection are provided in Article 2 of Law Number 8 of 1999 which mentioned that consumer protection is based on the following principles, that are relevant to Indonesia's national development:

1. Principle of benefit (*asas manfaat*) which is intended to mandate that all efforts in the organization of consumer protection shall provide maximum benefit for the overall interests of the consumer and business actor.
2. Principle of fairness (*asas keadilan*) is intended so that the participation of all people can be realized maximally and to provide opportunities for consumer and business actor to obtain their rights and fulfill their obligations in a fair manner.

¹⁴ David M.L. Tobing, *Klausula Baku: Paradoks Dalam Penegakan Hukum Perlindungan Konsumen*, (Jakarta: Gramedia Pustaka Utama, 2019), p. 82-83

¹⁵ *Ibid.*

¹⁶ *Lex specialis derogat legi generali* is the principle of legal interpretation which states that special laws (*lex specialis*) override general laws (*lex generalis*).

From: <https://www.djkn.kemenkeu.go.id/artikel/baca/12716/Lelang-Bersifat-Lex-Specialis.html> accessed on 12 December 2021.

¹⁷ Indonesia, *Law Number 8 of 1999 concerning Consumer Protection*, 1999.

3. Principle of balance (*asas keseimbangan*) is intended to balance the interests of the consumer, business actor, and the government materially and spiritually.
4. Principle of consumer security and safety (*asas keamanan dan keselamatan konsumen*) is intended to guarantee the security and safety of consumers in the usage, consumption, and utilization of goods and/or services that are consumed or used.
5. Principle of legal certainty (*asas kepastian hukum*) is intended so that both business actors and consumers will comply with the law and obtain justice in the organization of consumer protection, and the state to guarantee legal certainty.¹⁸

Ahmadi Miru and Sutarman Yodo (2004), by using the 3 (three) legal pillars theory by Gustav Radbruch's The Legal Philosophy, mentioned that the 5 (five) principles mentioned in article 2 of Law Number 8 of 1999, can be categorized into 3 (three) groups of principles as follows:

1. Principle of purposiveness (*asas kemanfaatan*), which includes the principle of customer security and safety;
2. Justice principle (*asas keadilan*), which includes the principle of balance; and
3. Legal certainty principle (*asas kepastian hukum*).

Although Ahmadi Miru and Sutarman Yodo mentioned that the principle of justice (*asas keadilan*) will be the focus of both legislation and other various activities related to the consumer protection movement conducted by its involving parties¹⁹, however if we referred to the Bank Indonesia Regulation (PBI) Number 22/20/PBI/2020 concerning Consumer Protection of Bank Indonesia which is effective from 22nd December 2020, the definition of 'consumer protection' shall be: all efforts to ensure legal certainty to provide protection to consumers.²⁰ Therefore, from Bank Indonesia's perspective, as the PBI itself is considered as an achievement of consumer protection reformation²¹, the principle of legal certainty (*asas kepastian hukum*) shall be the focus of consumer protection, specifically for Bank Indonesia consumers, instead of the principle of justice (*asas keadilan*).

¹⁸ *Ibid.*

¹⁹ Ahmadi Miru and Sutarman Yodo, *Hukum Perlindungan Konsumen*, (Jakarta: Rajagrafindo Persada, 2004), p. 26-27

²⁰ As defined in the Article 1 paragraph 3 of Bank Indonesia Regulation Number 22/20/PBI/2020 Concerning Bank Indonesia Consumer Protection. Although in Article 7 of Bank Indonesia Regulation Number 22/20/PBI/2020 it is mentioned that the principles of consumer protection shall include: a. equality and fair treatment; b. openness and transparency; c. education and literacy; d. responsible business conduct; e. protection of consumer assets against abuse; f. protection of consumer data and/or information; and g. effective handling and complaints resolution, but the principle of legal certainty was put first as part of the definition of Bank Indonesia consumer protection and thus has formulated the purpose of the PBI itself.

²¹ Bank Indonesia Press Release : Importance of Consumer Protection in the Digital Economy Era, published on 12 April 2021. From: https://www.bi.go.id/en/publikasi/ruang-media/news-release/Pages/sp_239621.aspx accessed on 25th November 2021.

Article 4 of Law Number 8 of 1999 provides the rights of the consumers are:

- a. to obtain comfort, security and safety in using or consuming the goods and/or service;
- b. to choose the goods and/or services and obtain goods and/or services in accordance with the promised conversion value and condition and warranty;
- c. to obtain correct, clear and honest information on the condition and warranty of the goods and/or services;
- d. to be heard in expressing opinion and complaints on the goods and/or services they use or consume;
- e. to obtain proper advocacy, protection, and settlement in the consumer's protection dispute;
- f. to obtain consumer's training and education;
- g. to receive proper and honest and nondiscriminatory treatment or service,
- h. to obtain compensation, redress and/or substitution, if the goods and/or services received are not in accord with the agreement or not received as requested,
- i. to obtain rights as regulated in the other provisions of the law.

Unfortunately, the reception of the Consumer Protection Law was not quite good. Some researchers stated that the law was drafted in a relatively short time after President Soeharto signed a Letter of Intent with IMF in order to secure loans in 1998, and was passed by both the House of Representatives (*Dewan Perwakilan Rakyat / DPR*) and executive branch of the GoI after only 3 to 4 months²². Az. Nasution in 2002 mentioned that if counted from the discussion of Consumer Protection Bill in DPR, it seemed as if the time used to ratify the Consumer Protection Bill into Consumer Protection Law was only around 3-4 months (December 1998 - March 30, 1999). In fact, various efforts that "took a lot of time, energy, and thought" have been carried out by various parties related to the formation of the law and consumer protection. Both from the governmental, non-governmental organizations, the Indonesian Consumers Foundation (YKLI), together with universities, who feel "called" to realize the Law on Consumer Protection. Some of these activities including the Seminar on the Center for Commercial Law Studies, Faculty of Law, University of Indonesia on Consumer Protection Issues which was carried out on 15 - 16 December 1998 and the research on consumer protection in Indonesia which was conducted during 1979 - 1980 by National Legal Development Agency (*Badan Pembinaan Hukum Nasional / BPHN*) from Ministry of Justice of the Republic of Indonesia²³.

²² Ira Aprilianti, *Protecting People: Promoting Digital Consumer Rights* (Jakarta, 2020), 12, <https://repository.cips-indonesia.org/publications/310040/protecting-people-promoting-digital-consumer-rights>.

²³ Az Nasution, "PERLINDUNGAN KONSUMEN; TINJAUAN SINGKAT UU NO. 8/1999 - L.N. 1999 NO. 42," *Jurnal Hukum & Pembangunan* 32, no. 2 (June 19, 2017): 112–113, <http://jhp.ui.ac.id/index.php/home/article/view/1329>.

Nevertheless, the law was far from perfect, especially regarding the authority of the Consumer Dispute Settlement Agency (*Badan Penyelesaian Sengketa Konsumen* or BPSK). Although the Minister of Trade and Industry of the Republic of Indonesia has issued the Decree Number 350/MPP/KEP/12/2001 concerning Implementation of the Duties and Authorities of the Consumer Dispute Settlement Agency (KEPMEN 350/2001)²⁴, in 2006 Minister of Trade and Industry of the Republic of Indonesia submitted request to the Supreme Court (*Mahkamah Agung*) stating that Law Number 8 of 1999 cannot be applied optimally due to various obstacles in its application, especially those related to its procedure (procedural law). Therefore, the Supreme Court issued the Supreme Court Regulation (PERMA) Number 1 of 2006 concerning Procedures for Filing an Objection to the Decision of the BPSK dated 13 March 2006.²⁵

However, the issue regarding the authority of BPSK continues. Even though according to KEPMEN 350/2001 and its amendment(s), it has been stipulated that authority of BPSK shall only be limited to the disputes between business actors and consumers who demanded compensation over damages, pollution and/or suffer losses as a result of consuming goods and/or utilizing services produced or traded²⁶, which shall fall under tort (*perbuatan melawan hukum*), the consumer still filed for their disputes regarding breach of contract (*wanprestasi*) with business actors to BPSK which ended up the nullification of BPSK Decision by the District Court.²⁷ More discussion is still needed in order to decide the competence of BPSK and the District Court to settle the consumer dispute from the basis of its lawsuit.

Considering that the law was enacted in 1999, it is understandable that Consumer Protection Law did not regulate consumer protection for goods or services purchased through online or electronic systems. E-commerce is currently regulated under Law Number 7 of 2014 concerning Trade, and its implementing regulation, Government Regulation Number 80 of 2019 concerning Trading Through Electronic Systems. However, the scope of regulation in Law 7/2014 and GR 80/2019 included all trading activities carried out using various modes and types of electronic communication systems, both online and offline. This will

²⁴ This regulation was then amended several times and lastly by the Minister of Trade of the Republic of Indonesia Regulation Number 72 of 2020 concerning Consumer Dispute Settlement Agency dated 14 September 2020.

²⁵ See Badan Litbang Diklat Hukum dan Peradilan Mahkamah Agung RI. “Artikel Sinopsis Naskah Akademis tentang Perlindungan Konsumen.” From: <https://bldk.mahkamahagung.go.id/id/component/content/article/53-puslitbang-kumdil/publikasi-litbang/203-naskah-akademis-tentang-perlindungan-konsumen.html> accessed on 6 December 2021.

²⁶ See definition of Consumer Dispute in Article 1 of Minister of Trade and Industry of the Republic of Indonesia Decree Number 350/MPP/KEP/12/2001 concerning Implementation of the Duties and Authorities of the Consumer Dispute Settlement Agency and definition of Consumer Dispute in Article 1 of Minister of Trade of the Republic of Indonesia Regulation Number 06/M-DAG/PER/2/2017 as amended by Minister of Trade of the Republic of Indonesia Regulation Number 72 of 2020.

²⁷ See Decision of North Jakarta District Court Number 689/Pdt.Sus-BPSK/2019/PN Jkt Utr dated 2 December 2019.

include legal relations between business to business and business to consumers and may not be fully applicable or linked into the consumer protection area.

Based on the academic paper of the draft of Consumer Protection Law published by BPHN in 2020, the issue of e-commerce has been a part of communication technology improvement. In e-commerce, electronic agreements, e-contract, or digital contracts are always used. The characteristics of an e-contract or digital contract are as follows:

- a. standardized contract;
- b. (using) digital signatures;
- c. paperless;
- d. faceless (business actor and the consumer did not meet/have a face-to-face meeting);
- e. cashless (payments are made digitally without cash);
- f. borderless (agreements can occur across countries);
- g. multiple jurisdictions (applicable law may include laws from many countries).²⁸

However, although the insurance services (*jasa / layanan asuransi*), including the insurance contract/policy and insurance consumer disputes, were mentioned several times in the 2020 Consumer Protection Bill, the bill did not mention whether the consumer protection for insurance sector (or financial services sector) will be regulated under the Consumer Protection Law instead of OJK regulations.

3.2.2. Consumer Protection under OJK Regulatory Regime

Since the establishment of Indonesia Financial Services Authority or OJK in 2011 through Law Number 21 of 2011 concerning Indonesia Financial Services Authority, as of 31 December 2012 the functions, duties, and authority to regulate and supervise financial services activities in the Capital Market, Insurance, Pension Fund, Financing Institution, and other financial services institutions sector shifted from the Minister of Finance of the Republic of Indonesia and the Capital Market and Financial Institutions Supervisory Agency (*Badan Pengawas Pasar Modal dan Lembaga Keuangan*) to OJK.²⁹ Therefore, insurance company shall comply with the rules and guidelines issued by OJK during its day-to-day operation, including the consumer protection implementation.

According to POJK 1/2013, consumer protection is the protection of consumers within the scope of the behavior of financial services business actors. The consumers are defined as parties who place their funds and/or take advantage of the services available at financial services institutions including customers in banking, investors in the capital market, insurance policyholders, and participants in Pension Funds, based on the laws and regulations in the financial services

²⁸ Badan Pembinaan Hukum Nasional Kementerian Hukum dan Hak Asasi Manusia Republik Indonesia, *Hasil Penyelarasan Naskah Akademik Rancangan Undang-Undang Tentang Perlindungan Konsumen 2020*, p. 150-151.

²⁹ Article 55 of Law Number 21 of 2011.

sector.³⁰ The definition of consumer in POJK 1/2013 is the same as the definition of the consumer given in Law Number 21 of 2011 concerning OJK. And through the definition, we may see that the focus of OJK shall be the behavior of financial services institutions, which may lead to the implementation of market conduct from each institution.

Based on POJK 1/2013, financial services institution as the consumer protection providers are obliged to incorporate transparency (*transparansi*), impartial treatment (*perlakuan yang adil*), trustworthiness (*keandalan*), privacy and safety of customer data/information (*kerahasiaan dan keamanan data/informasi konsumen*), and simple treatment of complaints and customer disagreement resolution into their operations, along with fast and inexpensive charges (*penanganan pengaduan serta penyelesaian sengketa konsumen secara sederhana, cepat dan biaya terjangkau*).³¹

POJK 1/2013 did not specifically regulate consumer protection in purchasing financial products or services through online or electronic systems. In fact, there is only 1 (one) provision that mentions the use of electronic media by financial services business actors (*Pelaku Usaha Jasa Keuangan / PUJK*) in POJK 1/2013, which mentioned that PUJK was allowed to use the standardized contract (*perjanjian baku*) offered through digital or electronic media.³² Its implementing regulation, namely OJK Circular Letter Number 13/SEOJK.07/2014 concerning Standard Agreement (SEOJK 13/2014) also did not regulate further on how the standardized contract can be offered electronically and whether or not the financial services institution has to fulfill certain conditions to enable them to offer their products through electronic media. From the POJK 1/2013, it is also unclear whether the phrase “affixing signature” of the consumer, as a proof of consent, will apply to digital signature for standard contract offered electronically.³³

As part of the series of consumer protection, one of the most anticipated parts of consumer protection shall be the dispute settlement. In the view of POJK 1/2013, OJK issued the OJK Regulation Number 1/POJK.07/2014 concerning the Alternative Dispute Resolution Institution in the Financial Services Sector (*Lembaga Alternatif Penyelesaian Sengketa di Sektor Jasa Keuangan*). The list of alternative agencies for dispute resolution was initially released in 2015 and amended in 2016. These dispute resolution bodies included *Badan Mediasi dan Arbitrase Asuransi Indonesia* (BMAI), *Badan Arbitrase Pasar Modal Indonesia*

³⁰ Otoritas Jasa Keuangan, *Regulation Number 1/POJK.05/2013 Concerning Consumer Protection of the Financial Services Sector, 2013*

³¹ Sukarela Batunangar. 2019. *Fintech Development and Regulatory Frameworks in Indonesia*. ADBI Working Paper 1014. Tokyo: Asian Development Bank Institute. From: <https://www.adb.org/publications/fintech-development-regulatory-frameworks-indonesia>, p. 7. These are the principles of consumer protection in financial services sector as regulated in Article 2 of POJK 1/2013.

³² See Article 22 paragraph (2) of OJK Regulation Number 1/POJK.07/2013 concerning Consumer Protection in Financial Services Sector

³³ See Article III paragraph 6 (b) of OJK Circular Letter Number 13/SEOJK.07/2014 concerning Standard Agreement.

(BAPMI), *Badan Mediasi Dana Pensiun* (BMDP), *Lembaga Alternatif Penyelesaian Sengketa Perbankan Indonesia* (LAPSPI), *Badan Arbitrase dan Mediasi Perusahaan Penjaminan Indonesia* (BAMPPI), *Badan Mediasi Pembiayaan, Pegadaian dan Ventura Indonesia* (BMPPVI) as its official agencies.³⁴ In 2020, during the COVID-19 pandemic, those agencies are integrated into a single dispute resolution body under the Alternative Dispute Resolution Body for Financial Services Sector (*Lembaga Alternatif Penyelesaian Sengketa Sektor Jasa Keuangan*) or LAPS-SJK based on OJK Regulation Number 61/POJK.07/2020 (POJK 61/2020) and began its operation as of 1 January 2021.

In the time of Investment-linked Insurance Products (*Produk Asuransi Yang Dikaitkan dengan Investasi* or PAYDI)-related dispute that was ongoing between consumers and several life insurance companies³⁵, the establishment of new LAPS-SJK had given new hope for consumers protection, especially in the insurance industry to have an efficient dispute settlement out of the court.³⁶ However, although LAPS-SJK is recognized under the law as an independent body and its operation is approved by OJK, LAPS-SJK's budget is sourced from member fees (which is including insurance companies), grants, donations or non-binding assistance, and other receipts that do not conflict with the articles of association and/or the provisions of laws and regulations.³⁷ Thus, there was rejection from the life-insurance consumers to settle the PAYDI-related case in the LAPS-SJK for the reasons of, inter alia, OJK should be the one who settled the dispute instead of LAPS-SJK, the LAPS-SJK is funded by insurance companies, and some cases had been processed in Criminal Investigation Agency (*Badan Reserse Kriminal*) or Bareskrim of Indonesian Police Force.³⁸ However, in March 2022, the Chairman of LAPS-SJK claimed that some consumers of PAYDI who were under the dispute with the insurance company had agreed to settle their cases in LAPS-SJK.³⁹

It is too early to judge whether or not LAPS-SJK is the best forum to settle the dispute related to the unit-linked consumers, considering that until the date of

³⁴ Otoritas Jasa Keuangan, *Board of Commissioners Decision Number KEP-6/D.07/2016 dated December 20, 2016 concerning List of Alternative Dispute Resolution Agencies in Financial Services Sector, 2016.*

³⁵ At the time this paper was being made, there were 3 (three) insurance companies that are currently facing disputes with a group of unit-linked consumers, namely PT Prudential Life Assurance, PT AIA Financial, and PT AXA Mandiri Financial Services. The three have announced a settlement scheme through an arbitration process at LAPS-SJK. The settlement will be carried out in stages for one customer at a time and the process will begin around mid-February 2022. Sourced from: <https://finansial.bisnis.com/read/20220211/215/1499321/ojk-monitor-penanganan-unit-linked-lewat-laps-sjk> accessed on 11 April 2022.

³⁶ Suara Pembaruan, "Ketua LAPS SJK Ingin Penyelesaian Sengketa di Sektor Keuangan Lebih Efisien," published on 29 March 2021, from: <https://suara-pembaruan.com/ketua-laps-sjk-ingin-penyelesaian-sengketa-di-sektor-keuangan-lebih-efisien/> accessed on 10 April 2022.

³⁷ See Article 20 of OJK Regulation Number 61/POJK.07/2020.

³⁸ Selvi Mayasari. "Komunitas Korban Asuransi Unitlink Bersikukuh Tolak Penyelesaian Kasus di LAPS SJK", *Kontan* 16 Februari 2022, from: <https://keuangan.kontan.co.id/news/komunitas-korban-asuransi-unitlink-bersikukuh-tolak-penyelesaian-kasus-di-laps-sjk?page=2> accessed on 10 April 2022.

³⁹ Yosi Winosa. "LAPS SJK: Sejumlah Pemegang Unit Link Sudah Bersedia Tempuh Jalur Arbitrase," *Tren Asia* 24 Maret 2022, from: <https://www.trenasia.com/laps-sjk-sejumlah-pemegang-unit-link-sudah-bersedia-tempuh-jalur-arbitrase> accessed on 10 April 2022.

publication of this paper, LAPS-SJK was still in the process of requesting feedback from industry and public, on the draft of circular letter on the approval of LAPS-SJK Regulation (*Rancangan Surat Edaran OJK tentang Persetujuan Peraturan LAPS-SJK*) and draft of circular letter on the approval of LAPS-SJK Annual Work Plan and Budget (*Rancangan Surat Edaran OJK tentang Persetujuan Rencana Kerja dan Anggaran Tahunan LAPS-SJK*)⁴⁰ which indicates that LAPS-SJK is still in the process of settling their own rules and secretariat as a new institution. Based on the draft of circular letter on Annual Work Plan and Budget, it was mentioned that the member fees or *iuran anggota* is the main source of income.⁴¹ Further, it was also mentioned in LAPS-SJK website that the variables that are used as the basis for calculating the membership fees allocation are: assets and the proportion of assets, as well as the opportunity for disputes to occur, noted that the absolute dominance over the voting rights of the members is not allowed.⁴²

Lastly, OJK released the long-awaited regulation regarding PAYDI or commonly known as unit-link products through OJK Circular Letter Number 5/SEOJK.05/2022 (SEOJK 5/2022) on 14 March 2022. Through this SEOJK 5/2022, OJK encouraged the insurance companies to emphasize the explanation (to consumers or prospective consumers) that PAYDI is an insurance product with the aim of providing protection benefits against risks, as well as providing an explanation of the benefits associated with balanced investment between the potential return on investment and investment risk. OJK also set certain criteria for insurance companies that can market the PAYDI to customers, the criteria included the human resources capabilities, adequate information technology system capabilities, and meeting capital requirements with a certain minimum amount of equity based on Indonesian financial accounting standards, as listed in periodic reports submitted to OJK.⁴³ Based on this new regulation, from the aspect of compliance and substantial analysis as part of OJK's assessment during the product filing, it is also required for insurance companies to put LAPS-SJK as an alternative dispute resolution body in its policy.⁴⁴

3.2.3. Law of the Republic of Indonesia Number 11 of 2008 on Electronic Information and Transactions as amended by Law Number 19 of 2016

Although Law Number 11 of 2008 on Electronic Information and Transaction as amended by Law Number 19 of 2016 (EIT Law) did not regulate the mechanism of consumer protection; however, this is the only and current

⁴⁰ AAJI Letter Number SE No. 046/PRI/AAJI/III/2021 of 11th March 2022 concerning Request for Feedback on 2 (two) RSEOJK related to LAPS-SJK.

⁴¹ Appendix 1 of Draft of OJK Circular Letter concerning Approval of LAPS-SJK Annual Work Plan and Budget. From: <https://www.ojk.go.id/id/regulasi/otoritas-jasa-keuangan/rancangan-regulasi/Pages/Lembaga-Alternatif-Penyelesaian-Sengketa.aspx> accessed on 11 April 2022.

⁴² *Iuran Anggota* LAPS-SJK, from: <https://lapssjk.id/iuran-anggota/> accessed on 11 April 2022.

⁴³ See Article II and V of OJK Circular Letter Number 5/SEOJK.05/2022.

⁴⁴ *Ibid.*, Appendix III.

regulation that specified the sanction for any person who knowingly and without authority disseminates false and misleading information resulting in consumer loss in electronic transactions.⁴⁵ As a comparison, the implementing regulation of POJK 1/2013 which is supposed to regulate how to handle consumer personal data and/or information within the financial services sector, namely OJK Circular Letter Number 14/SEOJK.07/2014 concerning Confidentiality and Security of Consumer Data and/or Personal Information (SEOJK 14/2014) did not regulate the sanction of misuse of consumer data/personal information conducted by financial services institution. The SEOJK 14/2014 only required financial services institutions to obtain consumer consent for the purpose of disseminating the consumer's personal data and/or information to third parties.

EIT Law can be applied when a consumer of an insurance company suffers a loss due to misuse of his personal data related to insurance products purchased online. The focus of Law Number 11 of 2008 on Electronic Information and Transaction as amended by Law Number 19 of 2016 shall be the personal data protection in the scope of information technology utilization.

3.3. Technical Adjustment based on OJK Letter Number S-18/D.05/2020 & OJK Regulation Number 14/POJK.05/2020

IMF mentioned that the adoption of e-commerce and digital financial services has increased rapidly amidst COVID-19 related lockdowns and social distancing, mitigating the economic fallout. The authorities of Indonesia have facilitated this expansion through regulatory measures. However, to tap its potential, important challenges need to be addressed in the areas of digital infrastructure, worker skills, regulations, with due regard to financial stability and integrity, and consumer protection.⁴⁶ Specifically, within the life insurance industry, insurance agent, as the representative of insurance company, has been a key player in contributing the insurance company's income by marketing the insurance product directly to consumers. However, during the COVID-19 pandemic, GoI has restricted the face-to-face meeting and limited certain activities of the people through the issuance of Government Regulation Number 21 of 2020 on Large-Scale Social Restrictions to Accelerate the Handling of COVID-19 Pandemic (GR 21/2020) and thus, affected the role of insurance agents in selling through the face-to-face meeting to (prospective) consumers.

As a response to the issuance of GR 21/2020 that regulated the restrictions in schools, workplaces, entertainment areas, religious activities, and/or activities in public places or facilities, as well as in responding to the request from AAJI, OJK issued OJK Letter Number S-18/D.05/2020 concerning Technical Adjustments of the Marketing of Investment-Linked Insurance Products (*Produk Asuransi Yang Dikaitkan Dengan*

⁴⁵ See Article 28 paragraph (1) and 45A paragraph (1) of Law Number 19 of 2016.

⁴⁶ International Monetary Fund Asia and Pacific Dept. "Indonesia : 2020 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Indonesia." From: <https://www.imf.org/en/Publications/CR/Issues/2021/03/01/Indonesia-2020-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-50131>, p. 22 accessed on 6 December 2021.

Investasi / PAYDI) in Responding to the Impact of the Spread of Corona Virus Disease 2019 for Life Insurance Companies and Sharia Life Insurance Companies on 27 May 2020 (OJK Letter No. S-18/2020).

Through this regulation, OJK tried to address several difficulties in implementing other OJK regulations regarding the selling of insurance products. Those regulations are OJK Regulation Number 23/POJK.05/2015 concerning Insurance Product and Marketing of Insurance Product (POJK 23/2015) and OJK Circular Letter Number 32/SEOJK.05/2016 concerning Bancassurance (SEOJK 32/2016). In December 2020, OJK issued the POJK 58/2020 which amended several provisions both in POJK 14/2020 and OJK Letter No. S-18/2020 accordingly.⁴⁷

Some technical adjustments according to OJK Letter No. S-18/2020 which was amended by POJK 58/2020 that impacted the marketing of insurance products shall be as follows:

a. Marketing of Investment-Linked Insurance Products (PAYDI) through Electronic System.

Based on POJK 23/2015, the marketing of PAYDI through long-distance communication media must be followed up by a face-to-face meeting.⁴⁸ However, during the COVID-19 Pandemic, OJK allowed insurance companies to conduct the follow-up meetings through digital means or electronic media such as video conferencing, video calls, or a combination of these media.⁴⁹ Through the issuance of SEOJK 5/2022 in March 2022, insurance company is required to document the marketing of PAYDI, including the explanation of insurance product and statement of prospective policyholder stating their understanding of the insurance product, in the form of recorded video and/or audio. Such record must be verified, kept and maintained in accordance with each company's policy so that the documentation can be used as the evidence during the dispute with consumers.⁵⁰

b. Digital Signature in Consumer's Statement Letter.

Based on SEOJK 32/2016, it is required to affix a prospective consumer's wet signature in a statement letter mentioning that the prospective consumer (policyholder, insured, or participant) has obtained an explanation and understands the benefits, costs, and risks of the insurance product. However, OJK allowed that a wet-signature be replaced with an electronic signature as stipulated in the provisions of the regulation regarding electronic information and transactions.

⁴⁷ OJK did not amend the provisions of technical adjustment of the marketing of Investment-Linked Insurance Product (PAYDI) in the POJK 30/2021 concerning the Second Amendment of POJK 14/2020.

⁴⁸ See Article 47 paragraph (3) of OJK Regulation Number 23/POJK.05/2015 concerning Insurance Product and Marketing of Insurance Product.

⁴⁹ OJK Letter Number S-18/D.05/2020 concerning Technical Adjustments of the Marketing of Investment-Linked Insurance Products (PAYDI) in Responding to the Impact of the Spread of Corona Virus Disease 2019 for Life Insurance Companies and Sharia Life Insurance Companies on 27 May 2020.

⁵⁰ See Article V paragraph A section 6 and 7 of OJK Circular Letter Number 5/SEOJK.05/2022.

In order to implement the non-face-to-face meeting with consumer insurance company needs to fulfill several requirements which, among others: having an adequate information and infrastructure system—which backed with the statement letters from IT services providers or demo and statement letter from a director or its equivalent who is responsible for risk management function, having a standard of procedure to support the digital marketing, obtaining a documented statement from prospective consumers of their willingness to have a non-face-to-face meeting and have obtained the explanation of the insurance product (in the form of video and audio), having the supportive infrastructure to authenticate the electronic signature, and the policy schedule/ certificate is still required to be delivered in hardcopy to the consumers.⁵¹

The insurance company is also obliged to fulfill other regulations such as insurance law, laws on the electronic transaction, electronic signature, electronic information, and electronic document, the law on consumer protection in the financial services sector, and anti-money laundering and counter-terrorist funding regulation. OJK also emphasized that insurance companies cannot implement technical adjustments as a reason to reject the policyholder's claim.⁵² The countercyclical policy related to the marketing of insurance products as mentioned above shall remain valid in line with the status of emergency for COVID-19 as set by the GoI.

However, based on those technical adjustments, there are still several issues that need to be addressed such as:

- a. Issues regarding digital signature in prospective consumer's statement letter. Based on the current regulation, Indonesia still acknowledges 2 (two) types of digital signature, namely certified (*tanda tangan elektronik tersertifikasi*) and non-certified digital signature (*tanda tangan elektronik tidak tersertifikasi*), in which the latter was made without using the services from Indonesian electronic certification operator.⁵³ Both types are acknowledged under the law, however, the certified digital signature will have stronger evidentiary value and shall be equivalent to a wet signature.⁵⁴ However, rooting in the scope of consumer protection, the digital signature will be prone to fraud and has issues with its reliability. Thus, it should be regulated by OJK which type of digital signatures will suffice the aspect of consumer protection. As we know, one of the principles of consumer protection in the financial services sector shall be trustworthiness (*keandalan*), which means anything that can provide accurate services through reliable systems, procedures, infrastructure, and human resources. Unsure whether the non-certified digital signature will fulfill this trustworthiness aspect as it was generated by each organization's electronic system and thus the digital

⁵¹ See Article 20B of OJK Regulation Number 58/POJK.05/2020 concerning Amendment of OJK Regulation Number 14/POJK.05/2020.

⁵² *Ibid.*

⁵³ See Article 60 of Government Regulation Number 71 of 2019 concerning Implementation of Electronic System and Transaction

⁵⁴ Direktorat Jenderal Aplikasi Informatika - Kementerian Komunikasi dan Informatika Republik Indonesia, "Kuntungan Pakai TTE Tersertifikasi", from: <https://tte.kominfo.go.id/blog/60f0f35a7eec0973a8711c38> accessed on 17 December 2021.

signature may vary. As the regulation regarding digital signature is currently under the domain of the Minister of Communication and Informatics of the Republic of Indonesia (KOMINFO), OJK needs to address the issue of digital signature in the scope of consumer protection in the financial services sector.

b. Issues regarding implementation of the electronic/digital insurance policy.

As the continuation of successful insurance product offering and selling (whether it is conducted offline or online), the insurance company will issue the insurance contract or policy to its consumers. However, based on current regulations and the countercyclical policy POJK 58/2020, OJK still implements the obligation for insurance companies to deliver insurance schedule/certificates in hardcopy (or in paper) to consumers despite the selling being conducted online/electronically. This obligation also applies to the policy of micro-insurance products which had simpler and shorter provisions. Amid COVID-19 and the development of insurtech, conversion to a paperless insurance policy should be considered. Other than that, a paperless policy will also increase the accessibility for the consumer to receive their insurance contract and be more cost-effective. However, these issues are not accommodated by OJK, even during the COVID-19 outbreak. If the issuance of an electronic insurance policy (e-policy) has been agreed upon by the consumer, the e-policy shall not be considered to have violated any of the principles of consumer protection as regulated under POJK 1/2013.

3.4. Other Unsettled Issue on Consumer Protection in Insurance Industry that Relevant with COVID-19 Pandemic

The unsettled issue that linked the current Insurance Law with insurance company's consumer protection should be the establishment of a policy guarantee program (*program penjaminan polis*) as mandated by Chapter XI Article 53 of Law Number 40 of 2014 concerning Insurance (Law 40/2014). The implementation of the policy guarantee program shall be set by the law, which shall be formed at the latest 3 (three) years after the Law 40/2014 is promulgated. Unfortunately, until the end of 2021, the draft of the policy guarantee program law has not been released to the public.

The elucidation of Article 53 provided that the policy guarantee program is intended to guarantee the refund of part or all the rights of policyholder, insured, or participant from an insurance company whose business license is revoked and liquidated.⁵⁵ During the COVID-19 pandemic, insurance companies faced a high number of claims which impacted their financial condition. According to the Indonesian Life Insurance Association (AAJI), industrially health claims and deaths related to COVID-19 until June 2021 that have been paid reached IDR 3.74 trillion.⁵⁶ If the insurance company is unable to pay the high number of claims due to Covid-19, then the company is very likely to have its license revoked and liquidated under applicable regulations. If this happens, the consumer of the insurance company will suffer a loss. Thus, the law on policy guarantee program will greatly help the condition of the insurance industry as well as strengthen consumer protection in the future.

4. CONCLUSION

The implementation of protection for life insurance consumers is regulated under OJK regulations instead of Consumer Protection Law. The spirit of consumer protection under Consumer Protection Law has been adjusted by OJK under its scope of consumer protection in the financial services sector. During the COVID-19 OJK has issued the countercyclical policy to cater to some restrictions made by GoI against the global pandemic. However, some adjustments to the countercyclical policy are necessary to help insurance companies keep selling the insurance product as well as providing protection for their consumers. Nevertheless, some adjustments or tentative measures are worth considering to be permanent, especially related to the development and the rise of information technology utilization in the insurance industry. Paperless insurance policy is not only relevant during the COVID-19 pandemic, but also will be efficient for the industry in the future. Utilization of information technology shall be increased even after the COVID-19 pandemic ended, therefore it is important to connect and regulate the relationship between utilization of information technology in the insurance sector with its consumer protection aspect so that the application of sanctions and law enforcement can be carried out properly. Lastly, the mandate of Insurance Law to the issuance of policy guarantee program law must be

⁵⁵ Elucidation of Article 53 paragraph (1) Law Number 40 of 2014 concerning Insurance.

⁵⁶ Adrianus Octaviano, "Perusahaan Asuransi Terus Berkomitmen Bayarkan Klaim Covid-19," Kontan.co.id 21 September 2021, from: <https://keuangan.kontan.co.id/news/perusahaan-asuransi-terus-berkomitmen-bayarkan-klaim-covid-19> accessed on 5 December 2021.

accelerated to help the insurance industry in Indonesia as well as to increase public confidence and interest in using insurance products and services.

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