

Dualism of Credit Insurance and Suretyship Management by General Insurance Companies and Guarantee Institutions



Alheri¹, Imam Haryanto²

^{1,2} Pembangunan Nasional Veteran Jakarta University

ABSTRACT: This paper aims to investigate the dualism of the regulation of credit insurance and suretyship. The scope of research is General Insurance Company and Guarantee Institution. Insurance business by general insurance companies in Indonesia is not only limited to business lines as regulated in Law Number 40 of 2014 concerning Insurance, but also carries out Credit Insurance and Suretyship businesses. On the other hand, there are Guarantee Institutions that carry out similar activities based on Law Number 1 of 2016 concerning Guarantees. The results of the study found that the dualism of the administration was detrimental to the Guarantor Institution. The method used is normative juridical with the data obtained in the form of regulations related to general insurance, guarantee institutions and financial services authorities. The conclusion is that the Financial Services Authority as the Non-Banking Business Regulator must be able to guarantee the implementation of Credit Insurance and Suretyship Businesses by General Insurance Companies based on Financial Services Authority Regulation Number 69 of 2016 concerning Business Operations of Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, and Sharia Reinsurance Companies .

KEYWORDS: general insurance, guarantee institution, credit insurance, suretyship.

I. INTRODUCTION

One of the important factors as a determinant of the success of national economic growth and the development of an increasingly advanced business world in Indonesia is the emergence and development of the Guarantor Institution which was formed as a special financial institution that plays a role in encouraging business independence and empowering the business world so as to encourage the pace of the economy. The Guarantee Agency was born since the enactment of Law Number 1 of 2016 concerning Guarantees or hereinafter referred to as the "Guarantee Law".

Based on data released by the Financial Services Authority, as of June 30, 2020 there are 21 (twenty one) registered Guarantee Institutions, including State-Owned Enterprises (BUMN), namely PT Indonesia Credit Guarantee, 2 (two) Private Credit Guarantee Companies, namely PT There are 18 (eighteen) Regional Credit Guarantee Companies (Jamkrida).

The main focus of guarantee activities is to provide protection against the risk of loss that may occur, where the risk of loss must be measurable financially. The provisions of Article 4 paragraph (1) of the Guarantee Law regulates the guarantee business covering Credit Guarantee, Financing, or Financing based on Sharia Principles provided by Financial Institutions, Loan Guarantee by cooperatives and so on. Furthermore, the Guarantee Law also outlines the forms of guarantee activities, including guarantees for debt securities, guarantees for purchasing goods in installments, guarantees for trade transactions, guarantees for the procurement of goods and/or services (surety bonds), bank guarantees (counter bank guarantees), guarantees for letters of credit. domestically documented credit, letter of credit guarantee, customs bond, excise guarantee, provision of management consulting services related to Guarantee business activities, and other business activities after obtaining approval from the Financial Services Authority.

The problem that occurs is that business activities essentially provide credit guarantees and guarantee products, especially Suretyship or Surety Bonds, are also carried out by general insurance companies that carry out Credit Insurance and Suretyship products.

Even though the operation of credit insurance and suretyship businesses is slightly different from the scope of insurance operations in general, the Insurance Company as a business actor for credit insurance products and guarantees in the form of suretyship stipulates that the operation of credit insurance and suretyship activities is based on the provisions of Article 5 paragraph (1) of Law Number 40 of 2014 concerning Insurance ("Insurance Law") which states "the scope of the insurance business can be expanded according to the needs of the community".

The existence of dualism in the implementation of business activities, which are essentially the same, has led to a polemic in business operations, especially regarding legal certainty for business actors in the provision of credit insurance and suretyship products, as

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well as for consumers, in this case users of credit insurance and suretyship business services. there is an affirmation in the provisions of Article 61 paragraph (1) of the Guarantee Law which stipulates that, every person outside the Guarantee

Institution who has carried out guarantee activities prior to the enactment of the Guarantee Law is obliged to comply with the provisions of the Guarantee Law within a period of no later than 3 (three) years from the enactment of the Law. Guarantee.

The provisions of Article 61 of the Guarantee Law as referred to contain an affirmation that any implementation of guarantee activities, including those that existed before the enactment of the Guarantee Law, must comply with the provisions of the Guarantee Law within a period of 3 (three) years from the enactment of the Guarantee Law, in this case the Guarantee Act is promulgated. on January 19, 2016. Furthermore, the Elucidation of Article 61 paragraph (1) of the Guarantee Act provides an elaboration that underwriting activities under the Guarantee Act involve 3 (three) parties, collect guarantee fees, have guarantee certificates, claim and payment of claims, and transfer of claim rights . Therefore, the guarantee that is carried out is not based on this principle, it is not included in the category of guarantee referred to in the Guarantee Act.

Whereas up to now insurance companies are still providing credit and suretyship insurance with the following facts:

- a) The total value of guarantees for suretyship products by general insurance companies in 2018 was Rp. 142.9 trillion and the value of guarantees by guarantee companies in 2018 was Rp. 35.6 trillion with a total of both Rp. 178.61 trillion or 43.48% of the total infrastructure spending in 2018 amounted to Rp.410.7 trillion.
- b) As of November 30, 2019, the credit insurance and suretyship businesses carried out by 40 general insurance companies received premium income of Rp. 13.88 trillion or 20.66% of the total premium income. Of the 40 general insurance companies, there are 7 general insurance companies that get more than 40% of their premium income from credit insurance and suretyship businesses, with 4 (four) companies including BUMN, BUMN subsidiaries, and BUMD.
- c) With equity as of November 2019 of Rp.13.59 trillion, in accordance with the provisions that require the gearing ratio of guarantee companies for productive businesses to be a maximum of 20 (twenty) times, the maximum guarantee capacity of guarantee companies is Rp.271.91 trillion.
- d) The new guarantee company can serve productive credit guarantees and suretyship of Rp. 134.18 trillion with a gearing ratio of 9.87 times. Thus, based on the gearing ratio at the end of November 2019, the guarantee capacity provided by the guarantee company was only available at Rp. 137.74 trillion.
- e) Assuming the general insurance company maximizes direct investment by 10% of the total investment, there are 43 general insurance companies that can establish a guarantee company, with a total paid-up capital of Rp.6.73 trillion, a guarantee capacity of Rp.134.55 trillion is obtained.
- f) Meanwhile, taking into account the existing direct investment, there are only 33 (thirty three) general insurance companies that can establish a guarantee company, with a total paid-up capital of Rp.3.55 trillion so that a guarantee capacity of Rp.70.97 trillion is obtained.

Based on these facts, the implementation of a guarantee business for suretyship products by general insurance companies makes a large contribution to the business world, while the value of guarantees by guarantee companies as of 2018 is still far below the contribution of general insurance companies, however, if the general insurance company cannot run a credit insurance business and suretyship, this can cost the general insurance company some of its premium income. Therefore, it is necessary to have regulatory certainty regarding the operation of credit insurance/credit guarantee and suretyship products by business actors of General Insurance Companies which based on applicable regulations are subject to the Insurance Law, but on the other hand the implementation of credit insurance and credit guarantees and suretyship products must not conflict with guarantee rules as regulated in the Guarantee Act.

The fact of the problems that occur in the implementation of credit insurance and credit guarantee businesses by General Insurance Companies and Guarantee Institutions, especially the dualism of regulations in different laws and regulations should be studied by reviewing the role of the Financial Services Authority (hereinafter referred to as "OJK Law") as the institution has the function, duty and authority to regulate and supervise financial service activities in the banking sector, capital market, including financial service activities in the insurance sector, pension funds, financing institutions and other financial services institutions.

In connection with the description of the background of the problem, the problems that become legal issues are formulated as follows:

1. What is the position of the Financial Services Authority in implementing the function of regulating and supervising activities in the financial services sector?
2. What is the difference between the regulation of the Insurance Business and the Guarantee Business and whether credit insurance and Suretyship organized by the insurance company are included in the scope of guarantee as referred to in the Guarantee Act?

II. LITERATURE REVIEW

Based on the provisions of Article 1 of Law Number 40 of 2014 concerning Insurance or hereinafter abbreviated as "Insurance Law", Insurance Business is all businesses related to insurance services or risk management, risk reinsurance, marketing and distribution of insurance products or sharia insurance products, consulting and intermediary insurance, sharia insurance, reinsurance, or sharia reinsurance, or assessment of insurance or sharia insurance losses. Furthermore, Insurance Companies are general insurance companies and life insurance companies, as follows:

- A. General Insurance Business is a risk insurance service business that provides compensation to the insured or policy holder due to loss, damage, costs incurred, loss of profit, or legal liability to third parties that may be suffered by the insured or policy holder due to the occurrence of an unforeseen event. Certain.
- B. Life Insurance Business is a business that provides risk management services that provide payments to policyholders, the insured, or other entitled parties in the event that the insured dies or remains alive, or other payments to policyholders, the insured, or other parties entitled to a certain time as stipulated in the agreement, the amount of which has been determined and/or based on the results of fund management.

Explicitly, the Insurance Law does not explicitly regulate the Credit Insurance and/or suretyship business line as well as the health insurance business line and the personal accident insurance business line as part of the insurance business scope (see Article 2 of the Insurance Law) as follows:

- A. General insurance companies can only organize:
 - 1) General Insurance Business, including health insurance business line and personal accident insurance business line; and
 - 2) Reinsurance business for the risk of other General Insurance Companies.
- B. A life insurance company can only operate a Life Insurance Business including annuity business line, health insurance business line, and personal accident insurance business line.
- C. Reinsurance companies can only operate Reinsurance Business.

That what is meant by credit insurance as regulated in Article 1 number 22 POJK 69/2016 is "General Insurance business line that provides guarantees for fulfilling the financial obligations of credit recipients if the credit recipient is unable to fulfill his obligations in accordance with the credit agreement".

Suretyship is regulated in Article 1 number 23 of POJK 69/2016, namely "General Insurance business line that provides guarantees on the ability of the principal to carry out obligations according to the main agreement between the principal and the obligee".

The provisions of Article 4 paragraph (1) of the Guarantee Law regulates the Guarantee Business including Credit Guarantee, Financing, or Financing based on Sharia Principles provided by Financial Institutions, loan guarantees by cooperatives and so on.

The provisions of Article 4 paragraph (2) of the Guarantee Law states that in addition to the Guarantee business as referred to in paragraph (1), the Guarantee Company can carry out guarantee activities on debt securities, guarantee the purchase of goods in installments, guarantee trade transactions, guarantee the procurement of goods and/or services (surety). bonds), bank guarantees (counter bank guarantees), etc. (suretyship activities).

Article 61 paragraph (1) of the Guarantee Act stipulates that:

"Every person outside the Guarantee Agency who has carried out guarantee activities prior to the enactment of this Law is obliged to adjust to this Law within a period of no later than 3 (three) years from the enactment of this Law".

The Guarantee Law was promulgated on January 19, 2016. Furthermore, the Elucidation of Article 61 paragraph (1) of the Guarantee Law regulates:

"Guarantee activities based on this Law involve 3 (three) parties, collecting guarantee fees, there is a guarantee certificate, claims and payment of claims, as well as transfer of claim rights. Therefore, the guarantee that is carried out is not based on this principle, it does not fall into the category of guarantee referred to in this Law".

Whereas the legal basis for expanding the scope of the general insurance business as explicitly regulated in POJK 69/2016 refers to the provisions of Article 5 paragraph (1) of the Insurance Law, which regulates:

- 1) The scope of the General Insurance Business and Life Insurance Business as referred to in Article 2 paragraph (1) and paragraph (2) as well as the Sharia General Insurance Business and Sharia Life Insurance Business as referred to in Article 3 paragraph (1) and paragraph (2) can be expanded according to the needs of the community.
- 2) The expansion of the scope of the General Insurance Business, Life Insurance Business, Sharia General Insurance Business, and Sharia Life Insurance Business as referred to in paragraph (1) may be in the form of additional benefits, the amount of which is based on the results of fund management.

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- 3) Further provisions regarding the expansion of the scope of the General Insurance Business, Life Insurance Business, Sharia General Insurance Business, and Sharia Life Insurance Business as referred to in paragraph (1) and paragraph (2) shall be regulated in a Financial Services Authority Regulation.

Based on the provisions of Article 5 paragraph (3) of the Insurance Law, OJK stipulates POJK 69/2016, one of which regulates the Credit Insurance and Suretyship Business lines. Whereas the scope of the Credit Insurance and Suretyship business lines can only be implemented after the General Insurance Company has obtained approval for the expansion of the business scope by the OJK and must meet the following provisions:

- 1) the minimum solvency level of the Insurance Company, Sharia Insurance Company, or Sharia Unit in the Insurance Company;
- 2) is not being subject to a sanction for limiting business activities for an Insurance Company, Sharia Insurance Company, or Sharia Unit in an Insurance Company; and
- 3) based on the results of the risk assessment conducted by the OJK, the risk level is low or medium-low.

In addition to meeting these requirements, the provisions of Article 13 of POJK 69/2016 stipulates that General Insurance Companies that expand the scope of business in Credit Insurance and Suretyship business activities must comply with the laws and regulations in the field of Credit Insurance and Suretyship business operations and pay attention to the laws and regulations in the insurance sector.

III. RESEARCH METHOD

The research used is a normative juridical research method. This research is analytical descriptive in nature so that this research is expected to provide a straightforward, systematic and comprehensive description of all matters relating to legal issues in the implementation of credit insurance and suretyship within the scope of the insurance and guarantee business which is one of the scopes of the implementation of the Financial Services Authority. The research was conducted by examining books and laws and regulations as library materials. Legal materials or secondary data are selected through literature study, then arranged systematically so that a comprehensive picture of legal principles, legal rules, and legal provisions is obtained then analyzed qualitatively and logically and the data obtained through research will be studied in depth as a study. In a comprehensive manner, the results of the analysis will be presented in a descriptive analysis in order to draw general conclusions.

IV. RESEARCH RESULTS AND DISCUSSION

1. Legal Position Of The Financial Services Authority (OJK) In Implementing The Regulation And Supervision Of Financial Services Sector Activities
 - A. Based on the provisions of Article 1 point 1 of Law Number 21 of 2011 concerning the Financial Services Authority (hereinafter referred to as the "OJK Law"), the Financial Services Authority, hereinafter abbreviated as "OJK" is an institution that is independent and free from interference from other parties, which has the functions, duties and authorities of regulation, supervision, examination, and investigation as referred to in the OJK Law. Furthermore, Article 5 regulates the function of OJK as an institution that organizes an integrated regulatory and supervisory system for all activities in the financial services sector.
 - B. In carrying out this function, OJK is tasked with regulating and supervising financial service activities in the banking sector, capital market, including financial service activities in the insurance sector, pension funds, financing institutions, and other financial services institutions.
 - C. That in order to carry out the regulatory duties as referred to, OJK has the authority to:
 - 1) To stipulate implementing regulations for the OJK Law;
 - 2) Establishing laws and regulations in the financial services sector;
 - 3) Establish OJK regulations and decisions;
 - 4) Establish regulations regarding supervision in the financial services sector;
 - 5) Establish policies regarding the implementation of OJK duties;
 - 6) To stipulate regulations regarding procedures for determining written orders against Financial Services Institutions and certain parties;
 - 7) To stipulate regulations regarding the procedure for determining the statute manager at Financial Services Institutions;
 - 8) Establish organizational structure and infrastructure, as well as manage, maintain, and administer assets and liabilities; and
 - 9) Establish regulations regarding procedures for imposing sanctions in accordance with the provisions of laws and regulations in the financial services sector.
 - D. Furthermore, to carry out supervisory duties, OJK has the authority to:

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- 1) Establishing operational policies for supervision of financial service activities;
 - 2) Supervise the implementation of supervisory duties carried out by the Chief Executive;
 - 3) Supervise, examine, investigate, protect Consumers, and other actions against Financial Services Institutions, actors, and/or supporting financial service activities as referred to in the laws and regulations in the financial services sector; Give written orders to Financial Services Institutions and/or certain parties;
 - 4) To appoint a statute manager;
 - 5) Determine the use of statutory managers;
 - 6) Establish administrative sanctions against parties who violate the laws and regulations in the financial services sector; and
 - 7) Grant and/or withdraw: business license, individual permit, the effectiveness of the registration statement, registration certificate, approval to conduct business activities, endorsement, approval or determination of dissolution; and other stipulations,
 - 8) As referred to in the laws and regulations in the financial services sector.
- E. Thus, OJK is the only institution that has the functions, duties and authority to implement an integrated regulatory and supervisory system for all activities in the financial services sector in the Banking and Capital Markets sector, including financial service activities in the Insurance, Pension Fund, Financing Institutions, and Financial Services sectors. and Other Financial Services Institutions.
2. Arrangements Of Insurance Business And Credit Guarantee Business And Review Of Credit Insurance And Suretyship Opened By Insurance Company Based On The Guarantee Law
 - A. Insurance Business
 1. Based on the provisions of Article 1 of Law Number 40 of 2014 concerning Insurance or hereinafter abbreviated as “Insurance Law”, Insurance Business is all businesses related to insurance services or risk management, risk reinsurance, marketing and distribution of insurance products or sharia insurance products, consulting and intermediary insurance, sharia insurance, reinsurance, or sharia reinsurance, or insurance or sharia insurance loss assessment. According to Wirjono Prodjodikoro in the Indonesian Insurance Law book, the definition of insurance is an agreement in which the guaranteeing party promises to the guaranteed party to receive a certain amount of premium money as compensation for losses that the guaranteed party may suffer due to an unknown event. Furthermore, Insurance Companies are general insurance companies and life insurance companies, as follows:
 - a) General Insurance Business is a risk insurance service business that provides reimbursement to the insured or policy holder due to loss, damage, costs incurred, loss of profit, or legal liability to third parties that may be suffered by the insured or policy holder due to an event that does not occur. Certain.
 - b) Life Insurance Business is a business that provides risk management services that provide payments to policyholders, the insured, or other entitled parties in the event that the insured dies or remains alive, or other payments to the policy holder, the insured, or other parties entitled to a certain time as stipulated in the agreement, the amount of which has been determined and/or based on the results of fund management.
 2. Explicitly, the Insurance Law does not explicitly regulate the Credit Insurance and/or suretyship business line as well as the health insurance business line and the personal accident insurance business line as part of the insurance business scope (see Article 2 of the Insurance Law) as follows:
 - a) General insurance companies can only organize: (1) General Insurance Business, including health insurance business line and personal accident insurance business line; and (2) Reinsurance business for the risk of other General Insurance Companies.
 - b) A life insurance company can only operate a Life Insurance Business including annuity business line, health insurance business line, and personal accident insurance business line.
 - c) Reinsurance companies can only operate Reinsurance Business.
 3. Whereas the implementation of the insurance business by the General Insurance Company has developed not only limited to the line of business as regulated in the scope of business as referred to in the Insurance Law, but along with the development of the General Insurance Business, the insurance activities carried out by the General Insurance Company extend to the Credit Insurance business line. and Suretyship.
 4. Paying attention to the development of the insurance business carried out by General Insurance Companies, especially the Credit Insurance and Suretyship business lines, OJK as an institution that has the functions, duties and authorities of regulation and supervision in the financial services sector stipulates Financial Services Authority Regulation Number 69/POJK.05/ 2016 concerning Business Conduct of Insurance Companies, Sharia Insurance

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Companies, Reinsurance Companies, and Sharia Reinsurance Companies or hereinafter abbreviated as “POJK 69/2016”) which regulates Credit Insurance and Suretyship.

5. Based on the provisions of Article 1 number 22 POJK 69/2016:
Credit Insurance is a line of General Insurance Business that guarantees the fulfillment of the financial obligations of the credit recipient if the credit recipient is unable to fulfill his obligations in accordance with the credit agreement.
6. Based on the provisions of Article 1 number 23 POJK 69/2016: Suretyship is a general insurance business line that guarantees the principal's ability to carry out obligations according to the main agreement between the principal and the obligee.
7. Taking into account the provisions of POJK 69/2016 as referred to, OJK in carrying out the regulatory function has provided legality to the implementation of the Credit Insurance and Suretyship business lines organized by General Insurance Companies as stipulated in Article 4 letter a number (3), as follows:
“The scope of business of an Insurance Company or Sharia Insurance Company can be expanded according to the needs of the community with the following provisions: a. General Insurance Company can only do, b. Credit Insurance and Suretyship business activities.”
8. Whereas the legal basis for expanding the scope of the general insurance business as explicitly regulated in POJK 69/2016 refers to the provisions of Article 5 paragraph (1) of the Insurance Law, which regulates: Article 5 Insurance Law (4) The scope of the General Insurance Business and Life Insurance Business as referred to in Article 2 paragraph (1) and paragraph (2) as well as the Sharia General Insurance Business and Sharia Life Insurance Business as referred to in Article 3 paragraph (1) and paragraph (2) can be expanded according to the needs of the community. Based on the provisions of Article 5 paragraph (3) of the Insurance Law, OJK stipulates POJK 69/2016, one of which regulates the Credit Insurance and Suretyship Business lines.
9. Whereas the scope of the Credit Insurance and Suretyship business lines can only be implemented after the General Insurance Company has obtained approval for the expansion of the business scope by the OJK and must comply with the following provisions: The minimum solvency level of the Insurance Company, Sharia Insurance Company, or Sharia Unit in the Insurance Company; is not being sanctioned with restrictions on business activities for an Insurance Company, Sharia Insurance Company, or Sharia Unit in an Insurance Company; and based on the results of the risk assessment conducted by OJK, it has a low or medium-low risk level.
In addition to meeting these requirements, the provisions of Article 13 of POJK 69/2016 stipulates that General Insurance Companies that expand the scope of business in Credit Insurance and Suretyship business activities must comply with the laws and regulations in the field of Credit Insurance and Suretyship business operations and pay attention to the laws and regulations. in the insurance sector.

B. Guarantee Business

1. In relation to guarantees in the financial services sector, the provisions of Law Number 1 of 2016 concerning Guarantees apply, hereinafter abbreviated as "Guarantee Law" which regulates Guarantee as an activity of providing guarantees by the Guarantor for the fulfillment of Guaranteed financial obligations to the Guarantee Recipient.
2. The provisions of Article 4 paragraph (1) letter a of the Guarantee Act stipulates that the scope of the Guarantee includes:
 - a) Credit Guarantee, Financing, or Sharia Financing from financial institutions;
 - b) Loan Guarantee distributed by Savings and Loan Cooperatives;
 - c) Credit Guarantee and/or Partnership Program Loans distributed by SOEs.

Furthermore, based on Article 4 paragraph (2) of the Guarantee Law, in addition to the guarantee business as regulated in Article 4 paragraph (1) letter a of the Guarantee Law, the Guarantee Company may also undertake, among others: Guarantee on debt securities, Guaranteed purchase of goods in installments, Guarantee of trade transactions, Guarantee for the procurement of goods and/or services (surety bond), Bank guarantee (counter bank guarantee), Guarantee of foreign documents of credit, Letter of credit guarantee, Customs guarantee (customs bond), excise insurance, Providing management consulting services related to Guarantee business activities; and other business activities after obtaining approval from OJK.

Surety Bond is an agreement between 3 (three) parties, namely the Guarantor on the basis of his belief in the Guaranteed/Principal jointly promises to the Guarantee Beneficiary (Obligee/Bouhweer) that in the case of the Guaranteed/Principal due to a certain reason, he is negligent or fails to carry out the work or experiences If the payment fails in accordance with the agreement with the Beneficiary/Obligee/Bouhweer, the Guarantor declares

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a commitment to be responsible for the Beneficiary of the Guarantee/Obligee/Bouhweer to settle the obligations of the Guaranteed/Principal.

Based on these provisions, there are differences in the arrangement of the Credit Insurance and Surety business lines, which are essentially a guarantee business, but in their development these business lines have also been organized by the General Insurance Company.

Furthermore, to find out about the Credit Insurance and Suretyship business lines included in the scope of Guarantee as referred to in the Guarantee Act, it is necessary to state the characteristics of the Guarantee as regulated in the Elucidation of Article 61 of the Guarantee Law, as follows:

- a) Involving 3 (three) parties;
- b) Collect guarantee fees;
- c) There is a guarantee certificate;
- d) The existence of claims and payment of claims; as well as
- e) Transfer of claim rights.

In this regard, in the event that the guarantee carried out is not based on principles or does not meet the characteristics as specified in the Elucidation of Article 61 of the Guarantee Law, it is not included in the category of guarantee referred to in the Guarantee Act.

For this reason, OJK needs to identify the Credit Insurance and Suretyship business lines carried out by General Insurance Companies based on the provisions concerning Guarantees regulated in the Guarantee Act.

3. Then, taking into account the provisions of Article 61 of the Guarantee Act, it has been explicitly determined that everyone outside the Guarantee Agency who has carried out guarantee activities prior to the enactment of this Law is required to comply with this Law within a period of no later than 3 (three) years since the enactment of this Law, and the provisions as referred to in paragraph (1) do not apply to guarantee activities carried out under a separate law.

V. CONCLUSION

- a. The Financial Services Authority is the only institution that has the functions, duties and authority to implement an integrated regulatory and supervisory system for all activities in the financial services sector in the Banking and Capital Markets sector, including financial service activities in the Insurance, Pension Fund, and Financial Services sector, and Other Financial Services Institutions.
- b. General Insurance Company that organizes Credit Insurance and Suretyship business lines based on the provisions of Article 5 paragraph (1) of the Insurance Law, and on the basis of the provisions of the Financial Services Authority Regulation Number 69/POJK.05/2016 concerning the Operation of Insurance Companies, Insurance Companies Sharia, Reinsurance Companies, and Sharia Reinsurance Companies, the Credit Insurance and Suretyship business lines can be implemented by the Insurance Companies provided that they comply with the laws and regulations in the field of Credit Insurance and Suretyship business operations and pay attention to the laws and regulations in the insurance sector.

VI. SUGGESTION

In connection with the different arrangements for the Credit Insurance and Surety business lines, where the Guarantee Act regulates the characteristics of the Guarantee business, so that in the event that the guarantee is carried out not based on principles or does not meet the characteristics as stipulated in the Guarantee Law, it is not included in the category of guarantee referred to in Guarantee Act. For this reason, OJK needs to identify the Credit Insurance and Suretyship business lines carried out by General Insurance Companies based on the provisions concerning Guarantees regulated in the Guarantee Act. On the other hand, OJK needs to review the Financial Services Authority Regulation Number 69/POJK.05/2016 which provides an expansion of the business scope of General Insurance Companies in organizing Credit Insurance and Suretyship business lines.

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